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City delays builder fees to help out

By MIKE WIGGINS/The Grand Junction Daily Sentinel

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Confronted with sinking building permit numbers and developers struggling to get their projects off the ground, Grand Junction city planners are instituting what they think will be a small but helpful change to get cash flowing into developments.

The city no longer will require builders to pay an assortment of fees when they file their development applications, instead allowing them to wait until their project is essentially completed before they pay up.

“It’s not a huge thing, but we’ve heard that fees are always an issue, and if (developers) can get under way on construction (and delay paying fees), it helps them with their cash flow,” Public Works and Planning Director Tim Moore said.

At least one local contractor called the change “ludicrous.” He said moving the time at which the fees are due does nothing to solve what he claims is a greater problem of burdening developers with tens of thousands of dollars in fees.

“The city is arrogant. They don’t understand business,” said Merv Heinecke, president of Extreme Construction and chairman of the board of directors for the Western Colorado chapter of Associated Builders and Contractors.

City officials say they are trying to kick-start building activity that has stalled. Building permits issued in the city in May dropped 52 percent from May of last year. Year-to-date, permits are down nearly 45 percent compared to the same time last year.

Moore said delaying fee payments should free up money that builders can invest in construction.

The change could put the city at some financial risk, because developers theoretically could virtually complete a project without paying a dime to the city. Moore, though, categorized that risk as low.

He said the city could withhold hooking up water or sewer lines until those fees are paid. And no certificate of occupancy will be issued, the final step in a project, until all development fees are paid.

The city could pursue a lien on a property in the event of unpaid fees.

Steve Kesler, president of The Kesler Group, a real estate investment and development company, said he was pleased to hear the city is responding at a time when builders are having trouble borrowing money from banks.

“Every little bit right now helps,” Kesler said.

But Heinecke said shifting the time at which the fees are due does nothing to encourage businesses to expand or relocate here.

He said the fees charged by the city discourage companies that receive free water and sewer taps, tax breaks or other

financial assistance from other communities.

Heinecke said he is working with three national businesses that are looking to relocate to the Grand Valley.

Two of them will settle outside the city limits because of troubles with the city's planning process, he said.

City development fees

A list of city fees developers will be allowed to delay paying until their project is completed:

- Sewer tap fee: \$2,500.
- Transportation impact fee: \$2,000.
- Water tap fee: \$1,000.
- School land-dedication fee: \$460.
- Park land-dedication fee: \$225.

Note: Fees are for single-family homes.

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