

## City imposes impact fee hikes, with six-month delay

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By Cindy Barks, The Daily Courier

Tuesday, October 28, 2008

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PRESCOTT - For local contractor Gary Hudder, the "developer vs. citizen" tone of the recent argument on water and sewer impact fee increases has not presented an accurate portrayal of the matter.

"There's a real economic impact for what the developers do," Hudder said this week, noting that developers' payroll and taxes help to fuel other parts of the local economy as well.

"This isn't an issue that (should have) developed into the developers vs. the citizens," Hudder said.

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But for local resident Leslie Hoy, the argument comes down to who will be paying for the infrastructure improvements that will be necessary because of growth.

And she worried that a postponement of the proposed impact fee hikes by the city would put more of the burden for growth-related costs on residential water and sewer customers like her.

"We don't have a choice; we're already stuck paying our 20 percent," Hoy said, referring to the city's recent increase in residential water and sewer rates to cover a portion of the necessary water and sewer improvements.

The two divergent views summed up the quandary Prescott City Council members found themselves in as they debated whether to increase the fees that new homebuilders pay, even though the building industry is suffering a major downturn.

Ultimately, council members split on the matter. In a 4-3 vote on Tuesday, they approved the increase, but imposed a six-month delay in implementing it.

Council members Bob Bell, Bob Roecker, Mary Ann Suttles, and Jim Lamerson voted for the motion, while Mayor Jack Wilson and council members Lora Lopas and Robert Luzius leaned toward imposing the fees now, and voted against the motion.

The proposed schedule would have made the fees effective in January, but the schedule that the council approved will defer the start date until July 2009.

At that time, the hike will add about \$2,235 to the water and sewer impact fees for a new home (up from about \$11,841), and thousands more for a new business, depending on the size of its water meter.

In recent months, the impact fee discussion has centered on the local economy, and how the increase might affect the already lagging home-building industry.

But Lopas maintained this week that the city's fee hike would have little effect on the matter, when compared to the larger issue in the lending industry.

"Delaying this impact fee isn't going to change the credit crunch," Lopas said. "That's beyond what we can control. If people can't get a loan, they're not going to build and they're not going to buy. That's the bottom line."

Others maintained, however, that the thousands more in impact fees could affect business decisions - especially for those who are planning commercial projects, where the impact fee increases would be significantly greater than the residential hikes.

That led the council to ask Prescott Economic Development Director Jane Bristol for her views on how the fee increases might affect business development.

While Bristol said any cost increases concern her, she pointed out that a postponement in the impact fee increases could serve to delay necessary water and sewer improvements projects.

Noting that Prescott is running out of commercial space, Bristol said a delay in developing such property with the proper infrastructure "is of equal concern."

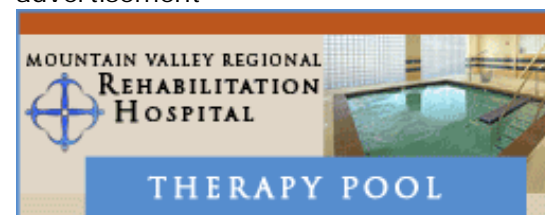
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## Reader Comments

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**Posted: Wednesday, October 29, 2008**

Article comment by: **MAYORAL POLITICAL PANDERING**

PURE AND SIMPLE, POLITICAL PANDERING. TO NO GROWTH. Another needle in the heart of the economy. RETIREES (1) WORKING YOUNG PEOPLE (0). Remember the Alamo come next election.

**Posted: Wednesday, October 29, 2008**

Article comment by: **Feeling Hornswaggled**

My my I guess no one is really paying attention here. Will we hear you whining and screaming when the user fees continue to go up? You all seemed to be so against the contractors for whining about these impact fees because as Mr mechanic stated "the users will wind up paying these fees if you don't adopt the increase" Again I say, no one is really paying attention here, If you would bother to really listen you would have heard that the user fees are going up too. The users get to pay for the failing infrastructure. The contractors get to pay for the failing infrastructure and the new construction. Well I for one will be waiting and listening to all the screaming and blubbering when the monthly bills start coming in showing the increases. Have a very happy new year folks.

**Posted: Wednesday, October 29, 2008**

Article comment by: **yee haw!**

Feeling Hornswaggled: Pretty good information. I didn't realize that the developer paid up front, therefore having to borrow the money until the house sold. I guess building in the county makes sense if you have to pay up front. Now there's nothing I like better than a good old dirt road, a straw in the ground, a nice septic tank and a shiny new propane tank. Yee haw!

**Posted: Wednesday, October 29, 2008**

Article comment by: **Dinasoars**

Unless you're a builder who's saved his money when times were good you're gonna be leaving Prescott before this is over, or you're going to be in another line of work. Single family home construction will die, and when it comes back prices will be the same as they were 4-5 years ago, not what people are asking now. There's nothing can be done about that, it's pretty much etched in stone nationwide. So looking at the big picture I don't think any current builders will even be affected by this, and it'll be years before the city sees much money in their coffers. Time to look elsewhere for dough, building houses is a dinasoar, making money off housing sales/real estate is over with too. Growing weeds is a "wide open field"! lol

**Posted: Wednesday, October 29, 2008**

Article comment by: **Good move**

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Nobody's going to build anything around here in the next 6 months anyway (take that to the bank!). The number of local homes and businesses for sale will increase, and prices will decrease. We all know that will happen. So a 6 month "delay" is meaningless in the big picture. The fee increase was needed, and now it's law. Good.

**Posted: Wednesday, October 29, 2008**

Article comment by: **Think About It.**

At last the Politicians are thinking of the Tax Paying folks. If an increase of \$2,235 will kill all building, BOY SOME THING IS WRONG. If the Building Contractors believe this just don't add the \$2,235 to their overpriced house or buildings. Thank you Council, You Increased the Fee and Didn't Tax Me. You have my vote next election. It is time the Politicians Think About the Tax Payer!

**Posted: Wednesday, October 29, 2008**

Article comment by: **Feeling Hornswaggled?**

Well, if any building is going to happen in this City, it will show up within the next 8 months with contractors/ developers trying to beat the impact fees. I don't blame them. But you see, the operative word here is "if". Back in 2005 the City talked about imposing impact fees on the water and managed to approve the development and impact fee based on the size of a water meter. This affected Residential and Commercial and was substantial. These fees took affect in May of 2006. I remember the City building division being swamped with plans by builders trying to beat the high impact fees. So the first three months of the year there was 500 plans dumped on the building division. I don't think that is going to happen this time because the economy has virtually tanked since then. Now, when the City Council and "Staff" recommended these fees back then they also approved the raising of user fees. The user fees were considerable and the citizens screamed bloody murder. One thing that people should know, the water and sewer impact fees are not the only impact fees imposed on construction in this city. For residential only there is an impact fee of 3227 dollars additional to water and sewer. these dollars go for police, fire, parks, rec, library, public buildings, and streets. So you see the contractors also pay fees to fund these entities. Notice that "Streets" is included. Now back to raising the user fees, You did hear McConnel say that the users fees would go up also and that the CIP money would be borrowed from this and paid back. He never got around to answering Mrs. Hoy about how that would happen. If you bother to check out how the user fees are brought about check out the approval of 2005/2006. Your user fees will continue to go up and up every year for the next ten years, and now with this new adoption they will be doubled again. Oh remember that streets fee imposed on residential construction only, what does that do? I don't know how many of you really paid attention to sneaky sly talks of McConnel but he did say that user fees are what pay for the existing repairs and such of the infrastructure. So the contractors are paying a one time fee for new construction. Has anyone bothered to notice all the empty half done subdivisions in Prescott Lakes and around town? Thats what you call new construction folks. These subdivisions are growing weeds today and a good portion of them don't even have all the infrastructure in place yet. Oh gee the contractors/developers actually had to pay for that themselves while you and I as the rate payer are paying for the existing systems that are failing around town. So ask yourselves what happened to all those impact fees that the City collected during the years of 2005/2006 and 2007? Did the City use this money to fix any failing infrastructure. Or did they use this money to build new buildings for the City. Back to those impact fees that are collected on Residential only. Why were these fees not imposed on commercial? I do remember a few big projects of multifamily that had the impact fees waived by the City. So that fell on the single family homes. Now, here is the thing to really think about, Why should a contractor build a house in the City and have to pay somewhere around 25,000 dollars for permits when he can build the same house in the county, chino valley, or prescott valley for around 10,000 dollars in permit fees? Well get used to seeing your user fees go up folks because that is exactly what is going to

happen. Now I did hear Mr. Blair say that the Council should be raising the Property taxes to pay for the problems we find ourselves in. Geez! more taxes. Lets just give all our money to city Tax,tax, tax. ya gotta love it.

**Posted: Wednesday, October 29, 2008**

Article comment by: **Tom Steele**

would Gary Hudder like a little cheese with his "whine"? Golly, with lenders huddled in a dark corner and people worried about their jobs or retirement funds, not too much is happening period. It's not good growth that takes us to using up our precious, life giving water supply for jobs. One in three may owe their income to construction of mainly single family homes, however, we must transition to industrial jobs in the future or run out of water! This insanity must slow down to replacement housing at some time.

**Posted: Wednesday, October 29, 2008**

Article comment by: **R**

Bell, Lamerson, Roecker & Suttles. Hand-in-hand with the shades of Simmons & Blair. The residue of the 'Bob the Builder' City Council... What did you expect?

**Posted: Wednesday, October 29, 2008**

Article comment by: **Paul**

The City of Flagstaff dropped their Impact fees to about \$800 for a single-family home from a hopping 14K. What are we doing here?

**Posted: Wednesday, October 29, 2008**

Article comment by: **Is anyone really surprised?**

The YCCA wins again (gee, what a surprise). What do you want to bet there will be some problem implementing them in July 2009 and they will again be "delayed"? Lamerson, Bell, Roecker, and Suttles again forgot they were elected to represent the citizens of Prescott, not be agents for the YCCA. They should all be replaced.

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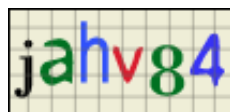
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