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Council opts not to change impact-fee increase schedule

By Cindy Barks

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PRESCOTT - Local resident Jack Hellman had a succinct message for the Prescott City Council this week: Stop throwing money away, and put a new round of impact-fee increases into effect.

"I see no reason not to get on with it," Hellman said Tuesday, referring to the water and sewer impact fee increases that the council first approved in October 2008, and then deferred from the original January effective date until July 11.

"I'm perplexed; it seems like we're throwing money away," Hellman added.

A majority of council members appeared to agree. After discussing a possible new round of deferrals for the impact-fee increase, the council voiced no support for bringing the matter back for further discussion.

And that likely means that the decision to increase water and sewer impact fees by about \$2,235 for an average-size new home (up from about \$11,841 to \$14,076) will stand, and will become effective in July.

The discussion item was on the agenda this week after the council had heard recent appeals from the Prescott Chamber of Commerce and the League of Arizona Cities and Towns about impact fees.

From the beginning of Tuesday's discussion, however, it was obvious that council members were concerned about the revenue that the city had lost because of the original deferral, as well as the cost of a possible new postponement.

Deputy City Manager Craig McConnell kicked off the discussion by noting that the city had lost about \$177,000 in impact-fee revenues because of the first six-month deferral.

And, based on the building projects that currently are in the plan-review stage at city hall, McConnell said the lost revenue for the next six months would be about \$800,000.

Referring to that as a "sizable (amount of) revenue that cannot be recovered," McConnell pointed out that the absence of impact-fee revenue seriously would affect the city's plans for new water and sewer projects.

At the same time, the council again heard an appeal from the building industry about how a new round of impact-fee increases could add to the problems of the current ailing economy.

Gary Hudder, who headed a committee that looked into finding an alternative to the impact-fee increases, told the council, "We do not support the increase, and we would support a continuance of the deferment."

Over the past several months, the committee looked a number of alternatives - some of which Hudder said were worth further consideration, such as an additional construction sales tax.

"We're not conceding," Hudder said of the impact-fee debate. He added that the group's findings "would merit the continuation of the committee" during the city's next review of possible impact-fee increases.

But local resident Howard Mechanic voiced a concern about imposing a sales tax on construction costs, noting that such an increase would apply not only to new homes, but also to existing residents who might be remodeling their home or building a new deck.

"Let's stick with growth paying for growth," Mechanic said.

Councilman Bob Roecker defended the council's earlier deferral decision, maintaining "We did the right thing when we deferred this." But he added, "I also believe now is the right time to reinstate (the fee increases)."

Mayor Jack Wilson concluded the meeting by pointing out that the majority of the council appeared to support making no changes in the fee-increase schedule.

"I believe we have the support of the council to not do anything and let the fees go into effect in July," Wilson said.

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