

Front

## City faces losing cash for projects

[Print Page](#)

Casa Grande to study effect of new state law limiting builders' impact fees

By **HAROLD KITCHING**  
Staff Writer

Published: Friday, September 30, 2011 8:30 AM MST

Casa Grande is doing a development impact fee study and drawing guidelines to meet requirements of a new state law pushed through the Arizona Legislature by homebuilders and developers to limit what fees may be charged and how the city may use the money.

Casa Grande has used the fees for part of the cost of some street work, expanding the Len Colla Recreation Center, the new Public Safety Facility and a new fire station. It had planned to use some of the funds for expanding the Main Library.

The law, SB1525, requires that after Jan. 1, the city must follow the new definitions of "necessary public services," meaning uses for which it can and cannot levy fees. By Aug. 1, 2014, the city must be in full compliance with the law.

After Jan. 1, the city has 10 years to complete any project for which it has earmarked impact fees in full or in part. Wastewater project spending would be limited to 15 years.

However, if a bond issue debt is still being paid on a project, such as the city's wastewater treatment plant expansion, the fees may continue to be charged for that.

Whether that creates a loophole the city could use by issuing debt in advance of a project remains unclear.

"What if we issued debt to go ahead and build it and then we collect the impact fees over a period of time associated with it?" City Manager Jim Thompson said about possible future projects during a City Council study session. "Some of those issues are still debated, it's a gray area, so we're challenged by some of those."

Also unclear is whether the city could phase a major project such as a highway interchange in 10-year increments and charge the fees for each 10 years. That question becomes important in light of the estimated 22 interchanges, overpasses and underpasses the city will need in the future.

As Chris Culliman of the city's impact fee consultants TischlerBise put it, "I believe there's a phrase that essentially says you need to be providing the service within 10 years. I would interpret it [that] you need to be able to get a beneficial use out of it."

Councilman Steve Miller asked if improvement districts were being studied, under which residents of the district would pay a special assessment for development infrastructure costs borne by city taxpayers. Culliman said those types of districts, along with public-private partnerships, would have to be considered.

As Miller put it, "I believe that might drive these guys [homebuilders] back to the table. You want to build out there? We'll have to put an improvement district all the way out there. I think, just go back to basics, and I think that might be one of them."

Another consideration would be telling homebuilders that they could build their large subdivisions in outlying



Oscar Perez/Dispatch (2005) The city of Casa Grande might lose infrastructure improvement funds from impact fees paid by builders due to a state law taking effect on Jan. 1.

areas of the city but the city would not pay to run infrastructure to them.

Thompson said the city staff will bring the council a list of what fees are charged today, which ones will be eliminated under the law and what the city now faces.

"Obviously, it's going to be substantially less, substantially less in the way of our ability to provide for some of the growth, some of those fiscal impacts to us," he said.

"I know there's been debates of this, of why, why now, is it going to stimulate the economy when they can build again? The answer to many is no. It's supply and demand, fiscal economics. When we have a large supply out there and very little demand, it's not going to occur. You can do all you want to to address things like this and start to change things. All it does is postpone the inevitable. You're eventually going to have to pay for these capital items."

The list of impact fees now charged is available on the city's website, [www.casagrandeaz.gov](http://www.casagrandeaz.gov), under Finance Department. The latest totals of impact fees already collected and what has been spent for which projects is available in the agenda for the Sept. 6 City Council meeting, available at [www.casagrandeaz.gov/web/guest/cdc](http://www.casagrandeaz.gov/web/guest/cdc), clicking on HTML.

Copyright © 2011 - Tri Valley Central

[\[x\] Close Window](#)