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Fee waivers, incentives benefit Escondido

By: Sam Abed - Commentary

Escondido, in 1996, has wisely established a fee waiver and fast development permit process program called the Business Enhancement Zone. This strategy was designed as a catalyst for economic growth and to stimulate redevelopment of the city's aging urban commercial core. Eight years later, this successful program helped position Escondido as a viable city enjoying better recognition in the North County region.

Public debate on fee waivers has mostly focused on money invested by the city on several key projects. The return on investment and public benefits, however, has been largely understated. The \$1 million provided under the BEZ has contributed to job creation, significant revenues and better appearance in our city.

Since 1996, the city's business base grew from 6,000 to 10,000 today, added thousands of jobs and increased the city's general fund revenues from \$37 million in 1996 to \$72 million annually today. The additional \$35 million a year continues to improve the city's services, programs and the quality of life to everyone who calls Escondido home.

Another \$1 million matching incentive provided to hundreds of small businesses under the Facade and Property Improvement Program has generated \$18 million in private investment and helped create a more attractive downtown and better business districts in East Valley, Mercado and South Escondido Boulevard. Here are some examples:

- The Gateway project on Tulip and Valley received a \$337,000 credit incentive for sewer and street improvements paid by the developer in lieu of fee payments and \$171,000 for traffic impact fees. The fee waiver should be viewed as an investment, considering that the project generates nearly \$400,000 annually in sales tax alone. In addition, the former Michael's and Barnes & Noble sites have been leased to new tenants, providing additional revenues to the city.
- The recently approved South Escondido Boulevard mixed-use project was given \$25,000 in direct incentives. The City Council also honored the fees promised to the developer when the project was proposed, similar to a grace period approved for downtown. Other fee waivers are credits for fees already paid for the existing structure and undergrounding of utilities. These incentives combined will nearly be recovered in one year from property and sales taxes from the commercial part of the project and will stimulate redevelopment of the city's southern gateway, which has been depressed for 15 years.

Many of these projects wouldn't have been realized without the city's proactive participation. Another reason for incentives is the additional cost of redevelopment in older cities like Escondido: The cost to purchase land with older structures exceeds credits given by the city for already paid development fees.

Labeling fee waivers as wasting taxpayers' and public funds is a political characterization that fails to recognize the substantial benefits to the city and the general public. However, public policy needs to be evaluated and geared toward economic prosperity, financial stability and job opportunities, goals that have been set recently by the council in the city's Action Plan.

Sam Abed is an Escondido city councilman.