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Fees increased to pay for effects of development
Council says traffic impact fees system in need of overhaul

By MIKE WIGGINS
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The Grand Junction City Council bumped up the fees developers of homes and businesses pay for roads but not without first suggesting the system that charges the fees is in need of an overhaul.

Council members approved a 60 percent hike in the fee for new homes beginning July 1 and the fee for commercial, office and industrial developments beginning Jan. 1, 2009.

The decision means the fee for a single-family home will jump from \$1,589 to \$2,554, while the fee for a shopping center between 100,000 and 249,000 square feet will increase from \$2,448 to \$3,935 per 1,000 square feet. All other fees will increase by the same proportion.

City engineers and public works officials say the extra money is needed to offset rising construction costs and compensate for the toll new development takes on local roads.

Mesa County, Grand Junction, Fruita and Palisade, which all charge the same traffic impact fee, have grappled for the last several months with how to respond to construction inflation and a surge in population in the Grand Valley. The local governments decided to go their own routes in deciding what that fee should be next year.

Council members said Wednesday they were frustrated with city staff's recommendation of a 60 percent fee increase because of a policy change the city implemented three years ago with assurances that it would generate enough funding.

The city in 2004 revised the way developers were charged traffic impact fees and the accompanying improvements were made. Based on a study that was conducted in 2002, the council voted to triple the impact fee from \$500 to \$1,500. In exchange, the city assumed responsibility for making improvements. The goal was to create predictability for developers who were trying to figure out what improvements would cost and generate more money to install the infrastructure.

Council members were told Wednesday the policy change is not accomplishing what city officials thought it would.

“We do these studies to come up with these numbers. Then, when we come up with the numbers, we say, ‘Boy, we’d better study this.’ That concerns me,” Mayor Jim Doody said.

Councilman Gregg Palmer said Thursday the council may have made a mistake by changing the policy

in 2004.

“I’m fairly disappointed that the promises that were made didn’t come true,” he said.

Diane Schwenke, president of the Grand Junction Area Chamber of Commerce, asked the council Wednesday not to increase the fees for commercial developments. She said it will cost local businesses looking to expand thousands of dollars.

Builder Ted Munkres said raising fees on homes will only make them more expensive.

“We’re fighting every day in this community to make housing more affordable,” Munkres said.

City Manager Laurie Kadrich told council members that standing pat would only widen the gap between the city’s traffic impact fee and the actual cost of new development.

“My concern is that if no fee increase is approved tonight, we’ll be even further behind in a year or two,” she said.

Council members urged developers, city staff and other stakeholders to form a group and begin addressing the city’s impact fee policy.

“Everybody wants the other guy to pay,” Palmer said. “The truth is, we all have to pay.”

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