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Madison Utilities says it will end waiving impact fees for developers

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Over the past three years, Madison Utilities has waived \$550,000 in impact fees to help create more commercial development in the city.

But that process is changing because the board has lost money with the plan.

The utilities board, formerly called the Madison Water and Wastewater Board, did not renew its impact fee waiver agreement with the city before it recently expired.

The big reason is cost, said Ricky Ponders, the board's general manager. He said because of the board's current financial situation, the board will have to have money up front to be able to install water and sewer for new sites.

So, the City Council is trying to figure out a way to pay the costs since the city benefits the most from increased sales taxes from new commercial developments.

"We want to retain this as an economic development tool," said Larry Vannoy, a City Councilman appointed to serve on the utilities board.

The agreement was first put into place in 2005 when council members complained that potential commercial property owners annexed into Huntsville instead of Madison because of the fees.

The issue came up at the Nov. 14 City Council work session. The council and Mayor Paul Finley agreed they want to retain the waiver as an option for future retail recruitment. The council asked Finley to meet with Ponders to work out an agreement in which the city will bear the cost burden for such waivers.

Finley suggested the waivers be considered on a case-by-case basis.

Woody Sanderson, attorney for the utilities board, suggested at the Nov. 17 board meeting that an economic formula be created to justify when waivers are granted or turned down.

Steve Haraway, also a councilman appointed to serve on the utilities board, asked Pounders to consult with Finley if approached by anyone about the waivers.

"We'll explore our alternatives," Pounders said. "And we'll do the best we can."

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