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'Menu of choices' urged to help Surprise developers with fees

by **Lily Leung** - Aug. 7, 2009 11:36 AM
The Arizona Republic

Community Development Director Jeff Mihelich on Thursday suggested the City Council tweak Surprise's development-impact fee policy to give developers more options.

Like many Valley cities, Surprise uses impact fees to fund infrastructure, such as water and sewer, parks, and most importantly, major roads. In some cases, the city reimburses developers for infrastructure already built.

At this week's special City Council work session, Mihelich suggested offering developers a "menu of choices" instead of what the city does now: Ask for an up-front impact fee. These fees are determined by traffic count.

The alternatives include:

- Create a community facilities district, a separate taxing district that would be used solely for major roads.
- Allow the developer to use future sales tax to pay for the impact fee, on the condition that 50 percent of it would go to annual sales tax and the rest will be used to pay the impact fee.

- Institute private cost sharing, in which developers plan and build major roads together. The money spent would be credited toward the impact fee.
- Put the burden completely on future residents. The impact fee would be rolled into the cost of the home.

"We would show the alternatives to the developers and work with them in a partnership," Mihelich said. "Any one of these may work given the individual set of circumstances."

The meeting was discussion only, so no vote was cast.

Mayor Lyn Truitt was a fan of Mihelich's plan, suggesting it could be tried on Fry's supermarket, which has been deterred from building in far northwest Surprise for some time.

Residents of the area, particularly those who live in the Desert Oasis neighborhood, suspect grocery stores and pharmacies are avoiding the area of 163rd Avenue and Jomax Road because the impact fees are about three times higher than the built-out area of the city.

Councilman Joe Johnson was wary of the sales-tax idea because it could divert money from the general fund.

Discussion on impact fees was reignited after 500-plus far northwest Surprise residents signed a petition asking city officials to lower development-impact fees in their area.

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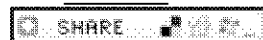
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