



November 23, 2008

Reno wants new impact fees for development projects

By Susan Voyles
svoyles@rgj.com

Despite protests from builders that the timing couldn't be worse, the Reno City Council will seek new impact fees on development projects to pay for police and fire stations, a strategy that also will require existing taxpayers to pay their fair share for the new buildings.

Impact fees to build up to three new police stations and new fire stations as the city grows geographically are expected to be ready for a council vote a year from now. Impact fees to build parks in new areas of the city also would be part of the package.

The fees are among the last steps to fulfill a commitment required by the Truckee Meadows Regional Plan for growth pay for itself.

But under state law, existing residents will be required to pay their share.

"We all agree on the principle," Reno planning consultant Bill Thomas said of having impact fees.

"But the timing couldn't be worse," said Randy Walter, another planning consultant. "It's not a time to be adding fees."

Community Development Director John Hester last week explained how that would work.

If the city needs to build a new police headquarters to replace the aging downtown station serving the entire city, the cost could be split between existing residents and future residents. Given the city of 220,000 people is forecast to grow to 340,000 by 2030, that's an increase of about one-third.

Using that proportion of growth, existing residents would be expected to pick up two-thirds of the cost of the new station. Impact fees on new housing and commercial development would pay the remaining one third.

Under Reno's master plan for facilities, it is planning for three new police stations including a new downtown station, one for the North Valleys and one for the south end of the city. That cost was estimated at \$65.7 million in a failed countywide vote for a quarter-cent sales tax increase for public safety in 2006.

Under state law covering impact fees, the city must have the planned facilities under construction within five years and completed within 10 years. If that's not accomplished, the city would be required to return the impact fees to property owners.

Given there's a year before a vote is expected, Hester said the city council has six years to come up with a new revenue source for existing residents pay their share of the new buildings.

He said he doubts the city budget could otherwise absorb the cost.

That new revenue stream could require voters to approve a property tax increase, some new version of a sales tax increase or other funding.

Hester stressed the new police stations need to be built regardless.

"Over the next six years, the citizens of the community can figure out what they want or we lose the option of having one-third of the facilities paid for by new development," he said.

A fairer way?

Impact fees are considered a fairer way of raising costs than the current system.

For instance, the Lakeridge Place project approved Wednesday night included provisions for impact fees of up to \$500 per condo for police and \$300 for fire to be paid until the impact fee system is put in place. Other impact fee would be assessed against the 402,000 square feet of office space.

A smaller housing project or commercial venture not requiring council approve would escape any exactions if no approvals for special use permits or zoning changes are required to be reviewed by the planning commission or city council.

Rob Dunbar, of Ryder Homes of Nevada, said the home-building industry has been in a depression the past few years and the effort might not be worth the bother. If fees were imposed, he said there would be very little money collected.

Dunbar also questioned whether the city's tax base will be large enough to maintain the new buildings. "Without that (construction industry) engine, your existing tax base is in trouble," he said.

Thomas told the council it needs to "look carefully at its actual needs or wants."

A step ahead

The council also shared concerns the city is ahead of Washoe County and Sparks in advancing these new fees. When approved, they would put Reno in a less competitive position for drawing new development.

"We need to work that out and make sure the playing field is level," Councilman Pierre Hascheff said.

"We need to go slow on this," said Dave Howard, another business lobbyist. He said builders also might be faced someday with impacts fees to help build new schools. And other impact fees for roads and building permit and planning fees are already high.
