



Agenda Item Number: 2009-2-12A

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: February 24, 2009

Department: County Commission Staff Contact: Commissioner Art De La Cruz, District 1

TITLE: Impact Fee Waiver

ACTION: Discussion of potential waiver of Impact Fees

SUMMARY:

In order to stimulate the local economy, Commissioner Art De La Cruz has asked staff to review the fiscal impact of waiving impact fees in the unincorporated area of Bernalillo County.

Impact Fees are collected by the County to provide funding for roads, drainage, parks, open space and emergency management associated with new development. Fees are dependent on the amount of permitting activity within the County, which has lessened significantly over the last six months due to the downturn in both the local and national economies. Waiving fees for new development could allow business to undertake anticipated work at reduced cost, thereby generating additional revenues and helping to stabilize employment and market conditions within the metropolitan area.

Service areas for each of the categories of impact fees are established as follows:

- (1) *Parks service areas.* Five service areas are established within the County boundaries and outside the incorporated limits of any municipality as follows:
 - (a) The East Mountain Service Area
 - (b) The Northeast Service Area
 - (c) The Northwest Service
 - (d) The South Service Area
- (2) Open space service area. One service area is established consisting of that area within the County boundaries, outside the incorporated limits of any municipality.
- (3) Fire/EMS service area. One Countywide service area is established within the County boundaries and outside the incorporated limits of any municipality.
- (4) Roadway service areas.
 - (a) *Countywide service area.* One service area is established consisting of the area within the County boundaries and outside the incorporated limits of any municipality.
- (5) Drainage service areas. Five service areas based on major watershed boundaries and hydrologic characteristics are established within the County boundaries
 - a. The East Mesa Service area
 - b. The Valley Service Area
 - c. The Mesa del Sol Service Area
 - d. The Southwest Mesa Service Area
 - e. The Northwest Mesa Service Area

Annual impact fee revenue have varied from a low of \$901,000 in FY01 to a high of \$1,597,720 in FY02. Last year FY08 revenue was \$1,214,059. The current revenue for the first two quarters of FY09 amount to \$364,597. 2008 impact fee revenues average \$60,000 per month, with approximately 50% generated by expansion of existing facilities and the remaining 50% coming from new projects. Any impact fees waived during the moratorium period are required by state law to be replaced by other sources of revenue to provide the necessary facilities and equipment normally paid for by impact fees. Staff would monitor the level of permitting activity to determine the overall benefit of the moratorium.

The County's liability for waived impact fees will be determined by district and function as the fees are waived. As each impact fee is waived the Impact Fee Coordinator will accumulate the cost of the waived fees for the appropriate district and function such as fire/EMS, roads, drainage, parks and open space. Primary sources for funding of the waived impact fees will be bond funds and the general fund.

FISCAL IMPACT

The amount of impact fees waived, approximately \$60,000 per month (\$720,000 per year) must be budgeted to replace the waived impact fees. Primary sources for replacement funds are General Obligation Bonds and the General Fund.

Bond Funds, when available, can be used in lieu of Impact Fees for the following:

- a. Parks and Recreation improvements
- b. Road improvements and Regional Roadways
- c. Drainage improvements
- d. Open Space Infrastructure
- e. Fire & Emergency Management

Remaining Expenditures would become a budgeted item in the General Fund.

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

It is difficult to determine the exact cost of waiving fees but the potential positive economic impact could out weight the County financial implications. I recommend the Board authorize a short trial period for this waiver. TL 2/19/2009

DEPUTY COUNTY MANAGER FOR FINANCE

The County would be required to utilize funds from a revenue source other than non recoupment impact fees to offset the impact fee revenue lost as a result of impact fees waived during the waiver period. See fiscal impact statement. Dan Mayfield, 2/17/09