City Council of Peachtree City
WORKSHOP MINUTES
April 7, 2009
6:30 p.m.

The Mayor and Council of Peachtree City met in a workshop session on Tuesday, April 7, 2009, with the Impact Fee Advisory Board. Mayor Logsdon called the meeting to order at 6:30 p.m. and thanked the committee for their work on the proposal. Council Members attending were Don Haddix and Doug Sturbaum. Advisory Committee Members attending were Planning Commissioner Patrick Staples, Dan Petry of the Midwest Georgia Homebuilders Association, Scott Bradshaw of Bradshaw and Company, Mark Hollums of the Development Authority of Peachtree City, and Jeff Carson of Pathway Communities. The City's consultant, Bill Ross, was also present.

City Planner David Rast provided some background, saying the City began looking at the impact fees and ordinance in January 2008. Staff worked with Bill Ross of Ross and Associates for several months developing the methodology report and Capital Improvement Element (CIE). In August, staff met with Council and discussed the methodology and the plan to replace the current impact fees with a program based on build-out population and the City's needs in the future.

Rast said the intent of the methodology report was to develop the maximum impact fee, with Council to determine the actual fee within that context. The current ordinance established fees for residential development only, and Council had supported adding fees for non-residential development based on square footage, with the option to exempt economic development projects. Rast said the original intent was also to change from the multiple service areas in the current ordinance to a single, City-wide service area.

Rast continued that staff had presented the draft CIE to Council in November 2008, and Bradshaw had questioned the process at that time. Council appointed a nine-member Impact Fee Advisory Committee, which had met three times in the ensuing months. Rast said the committee was at a point where Council input was needed about the fees and whether to change to a single service area, as well as the timing of implementing the new fee structure and collecting the fees from developers.

Rast noted that state law had changed since the City implemented impact fees in the early 1990s, and the City needed to change the time of collection from the start of development to later in the process when a building permit or Certificate of Occupancy (CO) was issued. He then reviewed several of the votes taken on different options for implementing and administering the program.

Ross said the four major changes he was proposing were adding impact fees for non-residential development, changing to a City-wide service area, determining when to charge the fee, and adding an exemption for economic development. Ross added that the City would still need to provide the covered services to exempted projects.

Logsdon said his understanding was the main area of disagreement among the committee members was whether there should be one or multiple service areas. Bradshaw said he felt strongly that the City should keep the village concept because every decision made about the City had been made on that concept, from roads and paths to zoning and impact fees. Bradshaw said that a single service area would be legal, but the current method had been working. He also said the older service areas had lower fees, while the fees for the newer areas were significantly higher. The Kedron area, where he owned additional undeveloped property, had financed most of the improvements for that area. The fees for the Crabapple area were much higher because the cost of paving Crabapple Lane was calculated into the service area. Rast added that there were still several tracts in that area that could be requested for rezoning to residential lots.

City Manager Bernard McMullen said he wanted to give a financial perspective on the capital projects that had been included in the current impact fees. The cost of the Kedron Fire Station equipment had been $497,000, and impact fee collections through 2007 (which was the date of the last fees paid in that area) were $260,567, so there was a $233,000 balance that was eligible to be paid by impact fees. The cost of the Crabapple Lane improvements still had an unrecovered balance of $445,000, and Sumner Road still had an unrecovered balance of $244,000.

Bradshaw said the law stipulated that impact fees could only be used for a proportional share of improvements that were brought about by the development. Some of the existing population would cause a need for those improvements as well. Logsdon said that, with that in mind, a single service area made more sense. The Crabapple Fire Station served any part of the City when needed and if the closer station was already committed. The police covered the entire City, as did the parks and the library.

Staples asked what the decision matrix was, saying he felt a lot of what Ross said made sense. He said some of the discussion had been about additional studies that would be required for each service area if the single service area were not adopted. He said his question was whether the intent was to establish a better legal foundation for the fees in the future, or if was it for some other reason. He asked if some of the arguments were moot if the City did not have the legal foundation to support the argument. Ross said it was not necessarily moot because it was important for Council to hear their thoughts.

Ross said it was not that a single service area was simpler, but a matter of how the services were provided, which was realistically on a City-wide basis. He acknowledged that if roads were included, the separation into service areas would be the obvious choice, but even fire services were provided on a City-wide basis.

Bradshaw said that, under the current fees, the first $1,083 were designated for City-wide use. Haddix reiterated that the services were not determined by the villages. The fire services were based on distance radius from the stations while the Police Department had zones that did not really correspond to the village boundaries. Bradshaw said the focus was where the money would be spent, noting that the Wilksmoor annexation would add a significant amount of service demand. The cost for that should not be spread among all the new construction.

Sturbaum asked if places, like Atlanta, that had different police stations and zones, had zoned impact fees to fund those separate facilities. McMullen said he did not know – in Fulton County, where he previously worked, they were only dealing with the unincorporated areas. Ros said that the City of Atlanta had a single service area for impact fees.

Staples said that the group felt a single service area was appropriate for non-residential, and that action was needed to start collecting fees from those projects as soon as possible.

Rast said most of the current fees were the same as they had been when the ordinance was adopted in the early 1990s, and they had not been adjusted in years. Logsdon asked if he understood Rast to say the older fees should be adjusted upward. McMullen said the fees only covered about 55% of the actual costs of projects included in their calculation. Petry noted that was all collected from the homebuilders because non-residential was not paying impact fees.

Hollums explained that no one on the committee could come to agreement on the costs to administer separate service areas, and there were issues on what would happen to the funds collected if a service was not implemented.

Bradshaw said he was proposing a 20% increase on the existing fees, and McMullen expressed concern about the basis for his proposal. Ross cautioned that the fees had to be fair and supportable. Haddix asked if fees could be used for some of the improvements planned to the fire stations. Ross said that refurbishment of a fire station could not use impact fees, only the expansion of the station. The fees could only be used for expanded or new services. He also said that fees could only be charged on redevelopment that increased the demand for services through an increase in the number of residential units or an increase over the existing square footage of non-residential development.

Ross clarified that the committee's goal was to determine the foundation for the fee and the maximum fee that could be set. Council would ultimately set the fee. Staples asked Ross to comment on discriminating between types of uses. Ross said both residential and non-residential had to be treated equally – Council could not opt to set residential fees at 50% of the maximum and non-residential uses at 100% of the maximum. He said looking carefully at what types of uses Council wanted to encourage and how the established fees would impact those uses would be very important. Sturbaum said they needed to look at the cost of services and weigh in the inflationary index over time to get a good idea of where the fees should be.

Logsdon asked if the McMurrain development on SR 54 West would be covered under the fees, and Rast said yes, if the fees were set before the building permit was obtained. Logsdon asked about Sany, and Rast said they had some of the permits but not all. Ross added that projects paying impact fees when the development permit was issued would be grandfathered and would not have to pay again at the time of the building permit. Rast noted that Sany and McMurrain would be subject to the fees because the City had not charged non-residential fees in the past.

Ross said it was also important to get the word out that the City was looking at establishing the non-residential fees so it would not come as a surprise to developers.

Bradshaw said that, if the City decided to go with a non-residential fee, Ros had given a detailed list of associated land uses; however, Bradshaw felt it would be smarter to base the non-residential fees on the zoning and the size of the building to avoid ending up with hybrid use buildings that would require a lot of staff interpretation to arrive at the fee. Ross said state law required publishing the non-residential impact fees according land use. The fees were ultimately calculated on a per capita basis, either as number of residents in residential units or the number of employees in non-residential units.

Logsdon asked how much additional residential development remained, excluding the Wieland and Scarborough property in Wilksmoor and Bradshaws's approximately 130 lots in Kedron. Staff said the build-out estimate was a total of 1,435 more units, which only left about 56 lots beyond those three noted by Logsdon.

Staples noted some of the proposals on which the committee had been unable to agree, which included a two-year implementation for the new residential fees. He explained those proposals were made in an effort to gain some type of consensus while getting the non-residential fees in place.

Bradshaw said he was one of the two members who felt that road improvements (adding or widening roads) should be included in the impact fees. Ros said the City did not have the data to include roads at this time – it would take additional time and funding to conduct the appropriate studies to include future road project costs. Sturbaum asked what other cities and counties were doing. Ros said that roads were generally the most problematic element. However, if the City had some major road projects in the future and needed a funding source, including them in the impact fees was an option.

Petry noted that impact fees would soon be included on closing statements, so buyers would know they were paying what was essentially a tax and would be asking what they were getting for it. This was important in Peachtree City, where people from surrounding jurisdictions came in and used the services.

Logsdon thanked the committee again. Bradshaw had one final suggestion, that Council have an ongoing impact fee committee to evaluate the fees regularly in the coming years. McMullen said he thought periodic review was part of Ross's proposal.

The meeting adjourned at 7:50.

Betsy Tyler, City Clerk

Harold K. Logsdon, Mayor