

Testimony in Support of Council Bill No. 16-05 to Increase School Construction Mitigation Fees

Steve McKay, 3810 Shakespeare Way, Monrovia

Earlier, I told you that you have a very simple decision before you. You have an accepted methodology to calculate fees. The key variable in that methodology is school construction costs. Costs have increased so now you need to raise the fees. This methodology was even written by and for the development community. So really, what's the issue here?

Now, Councilmember Chmelik would like to ignore the fact that these mitigation fees were put in place at the request of the development community, so that they could keep building houses even if the schools are too crowded. He wants to ignore that fact and, instead, argue that these fees are unfairly targeted at the development community. Wait, what? How can a fee that was put in place less than five years ago at the request of the developers, now somehow be unfairly targeting them? I'm stumped on that one.

I suppose the argument from Councilmember Chmelik, and probably Delauter and Shreve are that these fees really shouldn't be paid only by the developer ... setting aside the fact that they asked for them. No, this argument goes right to the big question – who should pay for the cost of new development?

New homes generate the new demand for seats in schools. Each time a new home is added, it creates a life-cycle demand for new school seats (along with other services). Moreover, it creates that demand right up front without any prior payment history. You see, each existing home has built up its own payment history, from one owner to the next, to support public facilities and infrastructure. Existing homes, and the families who own them, have contributed the full panoply of taxes - property, income, and sales taxes - that contribute toward the cost of these public facilities. So when you add a new home, and that home generates immediate need for new facilities, then yes, that home should pay these additional fees – whether impact or mitigation fees - to kick off their contribution toward the cost of the public facilities.

New homes are unique this way. A new liquor store does not generate the need for new seats in schools, as Councilmember Chmelik suggested. Astra Zeneca doesn't generate that need either, although if their employees build new homes, than those employees would. Each new home represents a long term increase to the demand for public facilities, an increase that hasn't been previously accommodated in the tax base, and one which should be mitigated through these fees.

After all, what is the alternative? As I said earlier, you can ignore the fact that schools are overcrowded – and that's precisely where these mitigation fees apply. You can ignore the fact that costs have risen. You can leave the fees alone and kick the can down the road. Or I suppose you can heed what Councilmembers Chmelik and Delauter seemed to be suggesting – a county-wide tax increase. You could have all of us pay the burden for new development, instead of demanding that from the developers. You can do that, but I wouldn't want to be you when you try it.

Listen, this is a simple issue. Costs have risen and under the methodology put in place FOR the developers, this simply means that the fees have to go up. I urge you to support the bill.