

Impact Fee Advisory Committee Minutes April 3, 2007

Attendance:

Committee Members

Janet Donahue
Dick Ainsworth
John Freer
Collin Bangs
Mark Muir
Jerry Ford
Jinny Iverson
Derek Goldman (absent)
Jim Galipeau (absent)

Staff

Bruce Bender, CAO
Brentt Ramharter, Finance Director
Amber Blake, OPG
Mike Kress, OPG

Other

Mark Bancale, WGM Group

Mark Muir moved to approve the [March 13, 2007](#) minutes, Dick Ainsworth seconded the motion. The minutes were approved.

Sewer Development Fee Report for Revenue and Expenditures

[CIP – Impact fees, FY 2007 – 2011 Budget](#) was handed out

Brentt Ramharter and Bruce Bender talked about the sewer development fee fund. The sewer development fee was around \$350 for several years. About five years ago, it was updated to \$1,450 for a single family residence. The current fee was present valued on a ten-year CIP and it has not been adjusted due to the CIP. This fee is designed to deal with any construction that is in relation to the wastewater treatment plant and system that is growth related. When the treatment plant had to add a centrifuge, which is a high production dewatering of the sludge, the current demand was about half the capacity of the centrifuge. The investment to buy the centrifuge was about \$800,000 and half the cost was allocated to the current sewer fund and half was allocated to the sewer development fee fund. The excess capacity of the dewatering system was funded by the sewer development fee fund. That is the first project that sewer development fees have actually been used on at the treatment plant. It is eligible to be used for projects at the treatment plant, even the major expansion on the plant which increased the capacity from 9 MGD to 12 MGD, a 30% increase. Sewer development fees were not used on it because the fees have predominantly been used for expansion of the collection system.

Fees were used in the Mullan interceptor expansion, where \$1 million was used. The idea behind the sewer development fund is that the money goes toward the large collector systems which serve a large region, like lift stations and large pipes. When the city has participated in a subdivision, the developer would size the sewer pipe to serve the development and the city would oversize the pipe to serve the region. The over sizing cost is to enable the city to serve the region. The current project that is being funded with sewer development fees is the West Third Street project, where the interceptor will be brought down West Third to Tower Street. This will enable the city to be able to start the project with a major interceptor that will serve all of Target Range.

Mr. Ramharter mentioned the Revenues and Expenditures for the Sewer Development Fee Fund reports that were handed out at the last meeting. In [FY 05](#), there was about \$500,000 in expenditures, for Mullan Road sewer interceptor. The city had a million dollar obligation, and the county billed the city incrementally as the project progressed. In [FY 06](#), the centrifuge was paid for in the amount of \$403,000 and in [FY 07](#), the 44 Ranch oversizing of the sewer pipe cost a couple thousand dollars. Mr. Bender said the West Reserve project is quite significant, which will be two or three million dollars worth of sewer pipe. In order to supplement the development in the area, the city is loaning money to enable a water main to be extended which will enable city service to be available in the area along with the city sewer. One million dollars is being loaned to Mountain Water to enable the water main extension to occur. The city has entered into an agreement that the sewer development fund will receive connection payments that Mountain Water will collect and the developers are agreeing to give up their rights to the rebate. In a normal process, there would be a ten year window before it would be paid back to the fund and then more money would come back to the fund in the future. It has always been difficult for the developers and the city to extend the sewer lines without having water because fire services cannot be provided. This is a significant step the city has made to bring water down Third Street at the same time as the sewer. There will be public water in the Third Street area which is a big accomplishment.

Mr. Ramharter said the city usually brings in annually between \$800,000 and \$1.2 million in sewer development charges. The fund has around \$4 million right now and could pay for the West Reserve project as it is now. There is more development happening toward the Wye area. There will be an interlocal agreement for the development and the city's share for oversizing the line is around \$700,000. Janet Donahue said Mountain Water has spoke with the Airport Authority and asked to use their property to expand their service. It would be beneficial to both the city and Mountain Water to add sewer at the same time. Mr. Bender said the city has asked Mountain Water if there was a possibility to work with them in the Wye area like has been done on Third Street. Mark Muir said one of the early issues with Mountain Water was that they wanted to get a return on their investment quicker. Ms. Donahue said it was a 40 year pay back. Mr. Bender said that when Mountain Water receives any development constructed water main, they are obligated to pay it back over a 40 year period of time. That is a very slow return and it is a major constraint on the building community. A tariff was just changed that allows Mountain Water to set up the rebate, which is why on the West Reserve project, the city will be able to work with Mountain Water. Collin Bangs said Mountain Water used to have it set up that if someone paid to put the water main in, as other people hooked up to the main, money was refunded to the person who put the main in, but it was difficult to maintain the accounting. Mr. Muir said Montana Power did the same thing when they were first trying to push natural gas. Jerry Ford asked if there was any problem using the money for something other than what it is designated for and Mr. Bender said it is a loan and it is being tracked. There was special authorization by City Council to permit it, so the records are very specific to how the money is being used. The money is also interconnected with a sewer main extension, which enables the city to be able to bring sewer and water to the area at the same time. It will encourage more development in the area, which will allow the city to recover the investment for the water and the sewer investment, which will return the money faster. Mr. Ramharter said the money is returned pretty fast as it will be approximately eight years before the city has the principal back. It will also continue to bring in revenue for the next 15 years. Mr. Bender said that Mountain Water is paying back their amount over 40 years, and then as people connect to the line, the city is getting paid back from them also, which is \$5,000, which is why the payback is fairly fast.

Mr. Bangs said the sewer development fee has worked the way it is supposed to. Development would not have happened out Mullan Road if the sewer line had not been put in.

Calculation of Growth Share ([handout](#))

At the March 13, 2007 meeting, “Mr. Bangs asked about the percentage that is attributable to growth in [Figure 6 on page 11](#) of the [March 8, 2007 Transportation Study](#). He also asked if there is someplace the committee can look to understand why Mullan Road from Reserve Street to Mary Jane had 57% contributable growth where Mary Jane to Cote is only 36% and asked where the numbers come from. Mark Bancale said the capacity of the roadway and the existing volume of traffic on the road determines the percentages. The volume changes between Reserve Street and the WalMart entrance. Ms. Donahue asked Mr. Bancale if they measured between the sections and Mr. Bancale said yes. Mr. Bangs asked for a copy of how the percentages are determined and Mr. Bancale said he could provide the documentation.”

Mr. Bancale spoke about the handout. WGM identified a particular set of improvements and estimated costs associated with the projects. The transportation fee wouldn't fund 100% of the projects because the existing populous would also benefit from the improvements, so the growth share has been calculated. It was calculated on Mullan Road by dividing the existing traffic volume by the improved capacity of the road. Examples are shown on the handout. When this project first began, it was a Mullan Road corridor impact fee, which is why all the examples are for Mullan Road. The calculations were used by the consultant to determine the citywide fee. The capacities for a three lane and five lane road are 17,700 and 29,800 respectively and were taken out of the urban transportation plan update. The average daily traffic for Mullan Road from Mary Jane to Cote Lane was counted at 11,240 vehicles, based on actual counts that WGM conducted in November 2006. The 11,240 vehicles was divided by the capacity of a three lane arterial which equals 63.5% taken up by traffic that is already there, which leaves only 36.5% that could be contributed to growth. Cote Lane to Phantom/Quail was estimated the same way. Mary Jane to Reserve Street had two traffic counts done, one east of the WalMart driveway and one west of the WalMart driveway. Those counts were then averaged and the same calculation was used, which made the growth share 45.3%. They also did another calculation using just the numbers on the west side of the WalMart driveway and the growth share is 56.7%. The 56.7% calculation is what was carried through the remainder of the calculations.

Mr. Bangs handed out an “[Impact Fee Priority List](#)” that he created. He said that assuming the capacity for a three lane urban road is 17,700, and the average of the counts on both sides of the WalMart driveway is 16,315, it means that there is already enough traffic that would be required to have a three lane urban road. There is not a three lane urban road, there is a two lane country road. There are no curbs, sidewalks, bicycle lanes, turn lanes, etc. He stated that the committee needs to look at what it would cost to bring the road up to standard, which is a three lane urban road, before it can look at the cost for a five lane road. Ms. Donahue asked Mr. Bancale to respond about why a three lane calculation was not used. Mr. Bancale said the three lane was not used to calculate the Reserve Street to Mary Jane because it is assumed that in the future it will be a five lane. The average traffic count of 16,315 is an estimate of east and west of the WalMart driveway. In the area that Mr. Bangs said is a two lane country road, west of the WalMart driveway, the traffic count is 12,898, and the capacity is 17,700. Mr. Bangs said on his priority list (see below), it shows a cost analysis per mile to go from a two lane country road to a three lane urban road, which is what Mary Jane to Cote Lane should be.

“The Mary Jane to Cote Lane cost analysis shows us that it will take \$9,330,000 to upgrade that portion of Mullan Road to a 3 lane urban road or \$3,455,556 per mile. If you assume that .5 mile of the Reserve to Mary Jane section needs to be upgraded to reach present needs that would mean \$1,727,777 would need to be spent before impact fees should be used at all.” (Number 1, Paragraph 2 on Mr. Bangs’ Impact Fee Priority List)

Ms. Donahue said that bringing that section of Mullan Road up to five lane road would include the cost for upgrading to a three lane and asked why it would go from a two lane, to a three lane, to a five lane. In a five lane calculation, everything that is included in a three lane road (curbs, sidewalks, etc) is calculated into a five lane road and Mr. Bangs said because impact fees cannot be used to pay for existing deficiencies. Ms. Donahue clarified that Mr. Bangs is saying it is deficient because it is not a three lane now and Mr. Bangs said yes, because it is over capacity. Mr. Bancale said it is not over capacity and Mr. Bangs said for a two lane country road it is over capacity. Mr. Bancale said there is no traffic standing still on Mullan Road, so it is not over capacity. Mr. Bangs said at the Mullan Road/Flynn Lane intersection on the first day of school, there is a mile long backup and Mr. Bancale said schools are an exception. Ms. Donahue said she has not seen the congestion except right at WalMart, and she drives out there all the time. Mr. Bangs said the road needs to be brought up to standards for present use, before people can start being charged for improvements.

Mr. Bender clarified that Mr. Bangs is saying the impact fee should only pay the difference between the cost of a three lane and five lane road. The reality of construction is that to build the road as a five lane road instead of a three lane road, all the amenities (curbing, sidewalks, widening the road, etc) would still have to occur. It does not make sense to look at the cost for building a three lane road and a five lane road and only pay the difference between them. To go from a two lane to a three lane is extremely expensive because all the curbing, sidewalk, etc is done. Mr. Bangs said he agrees that it is more efficient to go from 2 lane country road to a five lane road, but there needs to be some consideration given that a current problem is being fixed as it is not up to capacity now. Mr. Bancale said it makes an interesting case, because if the committee looks at Mr. Bangs’ argument that the road needs to be improved to a three lane now and then to a five lane, the growth would have to pay 100% of the cost from the three lane to the five lane. If citizens had to pay 100% of the cost from the three lane compared to the 57% of the cost as calculated now, there will not be very much of a difference.

Mr. Bangs said that assuming that growth is the only thing that causes the increased traffic, which it is not, the calculation of the growth share has to be fair. If just one formula is used to take to the citizens, it will be questioned, because there are several ways to calculate the formula and the people need to understand the fee.

Mike Kress said that on [page 24](#) of the December 12, 2006 Road Impact Fee Feasibility PowerPoint, Dwayne Guthrie showed three different methods for calculating the growth share by comparing current volume to future capacity, future capacity to current capacity and current volume to current capacity, so any additional increase would be due to growth. Mr. Bangs said that all three formulas are based on the assumption that the existing infrastructure is up to standard. Mr. Kress said the standard that was put forth in the study was approximately 7,000 vehicles per lane, which is a reasonable assumption. Mr. Bangs said that the formulas assume the existing infrastructure is up to standard and Mr. Kress said the 7,000 vehicles per lane show that it is up to standard and there will be a different growth share

depending on what formula is used. Mr. Bangs said that a lot of the cost has nothing to do with growth, it is curbs, sidewalks, landscaping, etc. Those things are not there now and they should be because it should be a three lane urban road. Mr. Kress said Mr. Guthrie has stated these formulas are legitimate, can be justified based on the calculations and have been tested in court. Mr. Bangs said that in former discussions with other impact fees Mr. Guthrie helped with, it was based on the assumption that the current infrastructure is up to standard. In the new law, it states that impact fees cannot be used to bring things up to standard. In this case, the city would be doing that because existing standards for streets should be curbs, sidewalks, etc, which are not there.

Mr. Bancale questioned if curbs, sidewalks, etc should be on Mullan Road now given the current level of development. There are long stretches of agriculture that sidewalks are not needed for. Mr. Bender and Ms. Donahue said that curbs, sidewalks, etc will be needed in the future as growth happens. Ms. Donahue said impact fees will not be paying 100% of the cost. Mr. Bender agreed and said as Mr. Bancale mentioned earlier, growth should pay 100% of the incremental cost for the difference between a three lane road and five lane road. If a three lane road serves the population now, 100% of going to a five lane road should be paid by growth. Mr. Bender said the cost of going from a three lane road to a five lane road would be expensive as the road has to be totally rebuilt. If five lanes are there to serve the growth, Mr. Bender said that 100% of the cost should be paid by growth and Mr. Bangs disagreed.

Mr. Kress said that on [page 6](#), under 'Citywide Transportation Impact Fee' of the [March 8, 2007 Feasibility Impact Fee Study](#), it states "The City of Missoula will use an incremental expansion cost methodology for transportation impact fees. This methodology follows the same basic steps as plan-based fee, but the fees are calibrated to existing transportation infrastructure rather than future improvements". It is not whether it is at capacity or not, the fees are calibrated to what is existing now. Anything new that is needed is due to growth, and what share of impact fees pay for, will be a political decision made by the City Council.

Mr. Bender stated the law says growth cannot pay for current deficiencies. If the committee was trying to say that growth should pay 100% for upgrading Mullan and Reserve, that would be against what the law says. On this portion of Mullan Road, there are not enough of deficiencies. Mr. Ramharter said the incremental approach is different than plan based approach. It is the current level of what there is, and anything that is new would be 100% of growth for the fee. Mr. Bender said this is the calibration of the fee. The argument could be made that the fee could not be used for current deficiencies. If the city took the fee and built a three lane road on the portion that should be a five lane road, citizens would be upset as it is only being built to meet the existing needs, not the future capacity need. John Freer said the big picture is that there are multiple ways to massage the data to have multiple outcomes. He agrees with Mr. Bangs and said that the committee has to be careful about looking at the roads that are listed well over capacity, but traffic flows and citizens don't sit in traffic. Ms. Donahue said the data is used to come up with an impact fee itself. She would like to discuss where the impact fee should be set or if it should be recommended at all. Mr. Bender said when the city was implementing the sewer development impact fee, it started around \$1,800 for a single dwelling unit and it was finally set at \$1,400 as a reasonable number. He said that Ms. Donahue is correct in saying an impact fee is justifiable, but what is a reasonable amount to charge. It needs to be reasonable enough to be acceptable in the market, but also enough that it produces enough revenue that something can be built.

Annual Impact Fee Report FY07

The [Annual Impact Fee Report FY07](#) was discussed at the March 13, 2007 meeting, along with [FY06](#) and [FY05](#). This is an interim report through February, 2007. There is now a link on the City of Missoula website from the Finance Department's page. The report will be updated monthly. The link to the webpage is http://www.ci.missoula.mt.us/Finance/Impact_Fees.htm and follow the link in the left hand column. Mr. Ramharter said the report shows what permits money has been collected for Ms. Donahue confirmed that this report shows project that impact fees have been collected for and how it is being dispersed. Mr. Bender said the CIP report shows how it is being spent.

CIP Impact Fees FY 2007 – 2011 Budget ([handout1](#) [handout2](#))

Mr. Ramharter said the first couple of pages are an overview of the CIP and the following pages have the details. These are specific projects. There is a column where impact fees are identified as the funding stream. Impact fees typically fund only part of the project, and other parts are funded by other revenue streams. Mr. Freer asked if projects listed on the handout are the only projects identified and Mr. Ramharter said yes. Mr. Freer also asked about the funds for the city hall expansion and if the funds had been spent yet and Mr. Ramharter said it just happened. About one third of the cost was growth related and paid by impact fees. Mr. Ramharter said the current impact fee ordinance was adopted about a year and a half before the law was adopted. There are some changes with the law, but the city's ordinance is grandfathered in. One example is police cars, which is shown on handout 2. As the police force grows, which is about 3% a year, the same growth rate as the city, more vehicles need to be added to the fleet. Vehicles are used 24/7 and are used up in three years, if they are not in accidents before that. As vehicles are added to the fleet, the current ordinance allows the addition to be paid with growth, so impact fees can be used. The new state law says that equipment that is added using impact fees has to have a useful life for ten years. Fire equipment and street sweepers that have a useful life of ten years or more meet the new law requirements, but police cars don't. As the transportation impact fee is brought forward with a recommendation, during the implementation stage, the current ordinance may need to be brought into compliance with the new law, which will make it very difficult for purchasing new police cars with impact fees.

Mr. Bangs said one of the goals of the committee should be to negotiate lowering some of the other fees and not just taking them out all together. He said that the transportation fee will need the money more than some of the other impact fees. Mr. Ramharter said it will be a problematic point which is why he handed out all the detail. Some of the information could change by the time the fee is negotiated. The City of Bozeman had a lawsuit that stopped all impact fee projects for three years. A lawsuit against the city would stop all the sewer projects and is not a good resolution. Ms. Donahue said cutting some fees back to boost others might not be a good idea. The projects compete for the impact fee money at some level in the CIP and it is all the same pot of money. Mr. Muir said an example would be that the police and fire impact fee are paying for the new building on Water Works Hill. There was \$100,000 in equipment housed in an old dilapidated building, and there is another \$100,000 in equipment that needs to be installed and the building does not have the room to house it. The cost has been split 50/50, half the money is coming from impact fees and half from the general CIP fund money. Mr. Bangs said the police and fire impact fee is one that the city has never had problem a with. Mr. Freer said that the city hall expansion has the highest amount for using impact fees. If there isn't anything in the CIP that will replace that project, as it was 30% of the total, will there be a surplus on the transportation impact fee. Mr. Ramharter said that the city hall expansion happened faster than the city thought it would. The cost of the impact fees that was used for the project will be paid back to the general CIP fund for the next

couple of years. There is money in the parks impact fee fund because they have been working on the aquatics projects and are just starting the park expansion this year. There is money in the bank to pay for park expansions, but not enough to pay for the projects that need to occur and would cost a couple hundred thousand dollars.

Ms. Donahue said that is a discussion for the committee in the future because the committee will annually be reviewing what is in the bank and what projects are being worked on or need to be started. In the future, some of the fees may need to be adjusted, but the committee does not have enough experience to adjust them.

Mr. Ramharter asked the committee to look at the handout and bring any questions to the next meeting.

Discussion/Questions on Citywide Transportation Impact Fee

Ms. Donahue asked the committee for any discussion items or questions.

Mr. Bangs said the general discussion should be of what the committee sees the total impact fee being. Ms. Donahue said the committee asked to have the transportation fee broken down by size, like the sewer development fee is. Mr. Kress said the OPG staff has been working with Mr. Guthrie who asked for housing data. OPG staff has been trying to get the information out of the state assessor's data. Mr. Kress said that Mr. Guthrie will have the information soon. Mr. Bender asked why the impact fee sizing that is already identified wouldn't be used and Ms. Donahue said they need to be the same as the other fees were set on. Mr. Bender said to use the existing parameters that are used now and Mr. Kress said he hadn't seen it, but will pass it along to Mr. Guthrie. Mr. Ramharter said he will get the information to Mr. Kress. He said it is the current ordinance as well and Mr. Bender said to use the parameters that are in the ordinance.

The committee discussed the other impact fee amounts and the recommended citywide fee for transportation which is \$2,477, and needs to be broken down by square footage. They also decided that an average home would be 1,500 – 2,000 square foot. The Parks and Open Space impact fee is \$422; Fire and Emergency Medical is \$112; Law Enforcement is \$54; and Community Services is \$238 for a total of \$826. Community Services include the expansion of government offices, etc. Mr. Kress said he will get the data to Mr. Guthrie so he can calibrate it.

Mr. Bangs said this fee is three times as much for the other four together. As being the go between for the city, realtors and builders, it was difficult to get people to agree to the \$826 without threatening lawsuits. If that total will be raised to \$3,200 (\$826 and \$2,477), there will be a fight. It will also be very difficult to build houses that people can afford in the city, which has been a losing battle recently. If anything more than double of the \$826 is proposed, it will create a real problem. Given the fact that there is a question about the legality of the current ordinance and the new law, one of the goals would be to make people relatively happy. Mr. Freer said the point that was made earlier with what happened in Bozeman where the lawsuit froze all the CIP projects, and part of the role of the committee is to evaluate the fee after it is implemented, it leaves the avenue to raise the fee at a later date. Breaking the fee out incrementally by square foot is very onerous. The smaller square foot houses will see the most increase. The committee needs to strategize it and make sure the fee makes sense. Mr. Kress said that the fees in [figure 9](#) on page 15 of the March 8, 2007 Transportation Impact Fee Study are the maximum supportable impact fees. The fees need to be adjusted.

Ms. Donahue said there is a consensus among the committee that the maximum amount will not be charged and a second consensus is that the fee needs to be broken out by square footage. Everyone was in agreement.

Mr. Ramharter handed out a [fee table per housing unit](#) to use in calculating the fees and Mr. Bender wrote all the factors on the white board, starting with a \$2,000 fee for more than 2,500 square feet. Mr. Bangs said one thing to keep in mind is that an unfinished basement is included in the total square footage of a home, which makes a big difference. Mr. Freer said \$2000 is too high and will be challenged.

<1,000 sq ft	\$1,333	\$1,000
1,000 – 1,499	\$1,590	\$1,190
1,500 – 1,999	\$1,760	\$1,320
2,000 – 2,499	\$1,890	\$1,420
>2,500	\$2,000	\$1,500

Mr. Bangs said an 880 square foot home with an unfinished basement is around \$157,000. That home will be charged in the 1,500 – 1,999 square foot range with the basement. Mr. Ramharter said the two largest categories the city is seeing for permits are 1,500 and 2,000.

Jinny Iverson said if the committee could see different scenarios as they were brought up and could see the numbers change as the factors change, that would be helpful. Ms. Donahue said the committee will have an Excel spreadsheet set up so the figures can be adjusted as discussion happens at the next meeting.

Ms. Donahue asked what the average cost of a house (sales price) for each category is. Mr. Freer said it is very difficult to do that where the unfinished basement has to be included in the square footage. Mr. Freer said a \$2,000 fee would be passed on as a \$2,700 increase to the consumer and Ms. Donahue asked why. Mr. Freer said the cost of construction and paying more for the loan, etc. Ms. Donahue asked if the developer includes the \$2,000 in the percent of profit, and Mr. Freer said they have to because they are at risk for that money. Mr. Bangs said part of the reason it gets multiplied is that when the builder gets loan to build house, they are paying interest on the loan while they are building the home.

Mr. Freer asked how difficult it would be get projections on the revenue that would be brought in. Ms. Iverson said that could be another column on the spreadsheet that was mentioned before. Ms. Donahue asked the committee to start to look at the transportation fee being \$2,000 and under, using the square footage table. Mr. Ainsworth clarified that the \$2,000 would be for the >2,500 square foot home and decrease by the increments.

Mr. Bangs said the committee needs to look at other impact fees and see where money is being spent on things that are no longer eligible. Ms. Donahue said impact fees are not being spent on things that are no longer eligible, per the ordinance. They are not eligible according to the new law, but they are grandfathered in. She said she is concerned that the impact fees have not been in place long enough to make an educated decision on whether the money should be moved around or not. The committee will

look at the fees in the future and adjust them if necessary, but that shouldn't be part of the discussion now. Mr. Bangs asked the committee what other impact fees they would want to lower, if any. Ms. Donahue said the committee doesn't have enough experience to lower any of the fees and could look at them next year before the budget. Mr. Bangs said if the city is going to take a recommendation to the realtors and builders, there should be a relief on the parks impact fee, as they pay for parks three times. Politically, it would be extremely important to decrease the parks impact fee.

Mr. Ramharter said somehow the committee will have to figure out how to look at the other fees when the transportation fee is being brought forward. If the building community is going to be resistant with leaving the current fees as is, there will be no movement on the fee. He has requested that Mr. Guthrie give the city an estimate to do an update for current fees. The current fees are based on estimates done five or six years ago and have not been adjusted. The committee would have a valid way to compare the fees. If the ordinance is changed at all, it then has to be brought into compliance with the new law, which could hurt the city. Ms. Donahue said she asked Mr. Guthrie to get the committee an estimate of what the fee is for a community the size of Missoula. Ms. Iverson asked how long the existing impact fees have in place and Mr. Ramharter said three years. Ms. Iverson clarified that the fees were set using a CIP that is about five years old and Mr. Ramharter said yes. Ms. Iverson asked that when creating an impact fee, the committee should look at the CIP and determine how much money is needed. Mr. Ramharter said yes, in general, and Ms. Iverson said there might be some rationale in looking at phase one of the impact fees along with the transportation fee. Mr. Freer said as a member of the building community, the general consensus is that they are being charged more every year, and this fee has to be something that will be accepted and Ms. Donahue said that ultimately it is up to City Council as to what is adopted; the committee is just giving them a recommendation.

Mr. Kress wanted to let the committee know that in terms of the contract with TischlerBise, Inc. and Mr. Guthrie for this project, they are at the end of phase two, which is the feasibility report. Phase three is the preparation of the ordinance and regulations.

Ms. Donahue asked Mr. Ramharter what he had stated about the projection of today's dollars for the impact fees that are already in place. Mr. Ramharter said that there are some problems with it because they are based on a CIP that is very outdated. It is based on dollars from FY00 and has not been trended. Mr. Kress said he liked Mr. Guthrie's recommendation for the transportation fee being indexed to the engineering record construction cost and Mr. Bender said the standard is to use the index. Mr. Ramharter will get the ENR index to the committee.

Next meeting is next Tuesday, April 10 at 4:00 pm in the Mayor's Conference Room, 2nd Floor City Hall.