

Impact Fee Advisory Committee Minutes
April 24, 2007

Attendance:

Committee Members	Staff	Other
Janet Donahue	Bruce Bender, CAO	
Dick Ainsworth	Brentt Ramharter, Finance Director	
John Freer	Dave Prescott, OPG	
Collin Bangs	David Gray, OPG	
Mark Muir		
Derek Goldman		
Jim Galipeau		
Jerry Ford		
Jinny Iverson (absent)		

Jim Galipeau motioned to approve the [April 10, 2007](#) minutes and Collin Bangs seconded the motion. The minutes were approved.

[Local Government Study Commission Survey](#) – only the pages that contain information on transportation.

Bruce Bender said this study was funded by the Local Government Study Commission and was done in 2005 with 404 surveys taken. There is more substance in the study than what was given, but it did not pertain to transportation. The top issues facing Missoula are growth management and traffic congestion, with street maintenance as third. The street maintenance section shows more/wider streets, which goes back to the traffic congestion. It appears to be showing a traffic capacity issue. The ratings for Missoula show fire protection, parks/recreation, police protection and wastewater services as excellent. Traffic congestion, planning for growth and affordable housing are under the problematic rating. The graph for “Rating Transportation Services” shows sidewalks/trails, mass transit and snow removal as high (positive); traffic congestion was low (negative). Street maintenance refers to traffic congestion, not potholes and such. Citizens said Missoula needs wider streets, which goes back to traffic congestion.

Janet Donahue clarified that on the “Top Problems Facing Missoula” page, the Citywide, Central, North, etc is broken out by population. It is not the area of the city with the congestion; it is the percentage of where people live.

Mr. Bender asked the committee why this study had been requested and Ms. Donahue said so the committee could see what areas Missoula citizens were concerned about. When looking at decreasing some of the other impact fees, it would be good to see what Missoulians thought.

Fees broken down by square footage in 100 foot increments

Ms. Donahue said she had requested information on fees being broken down in 100 foot increments so that this fee is the same as the other impact fees the city has. Tischler-Bise prepared a [memo](#) regarding the conversion of Impact Fees to Square Foot of Housing.

Mr. Bender said page 5 and page 7 of the memo shows what the numbers are based on: the number of people living in a house and the average weekday vehicle trips. The numbers were based on the Tischler-Bise study with the fees around \$2,600.

Brentt Ramharter said the original fees were in categories of 500 feet, and the fees were flat in each category. If it is tiered out every 100 feet, it gives a little more benefit to the smaller homes and more cost to the larger. The fee is almost doubled for larger homes, which is clear in the graph on page 7. Dick Ainsworth said the square foot could still be grouped together, which would make it easier to work with if it is the same increments the city has for other fees. That would keep the cost of the smaller houses down.

John Freer asked why it is still un-proportionate as it is still 30% higher per square foot for a smaller house. If you look at a 2,600 square foot house, it is just over \$1.00 per square foot; for a 1,200 square foot house, it is \$1.36 a square foot. Mr. Bender said the numbers are generated based on trips. The trips do not increase with the size of the house. Mr. Freer said he likes the fee broken down by 100 square foot increments better than the 500 square foot increments because it did change the fees significantly. Mr. Bender said the numbers Tischler-Bise has are more accurate.

Ms. Donahue said it would be confusing if there are separate ways to determine fees; one for transportation and one for the others and Mr. Bender agreed it would be difficult to manage. Mr. Ramharter said the fees would need to be figured the same. Derek Goldman asked about the breakdown by 500 square foot. Mr. Bender said that is the way the other impact fees are figured. Mr. Freer said if the committee is already changing the original impact fees and want the categories to match, changing the original fees has the same effect by breaking them out incrementally by 100 square foot. That would make those fees less of a burden on the smaller house as well. Mark Muir asked if the original fees can be changed and Mr. Ramharter said yes. Ms. Donahue said the fees need to be consistent. The city will still end up with the same amount of money. Mr. Bender said by having increments of 100 square foot, the revenue would be a little less than the 500 square foot. Mr. Galipeau clarified that if the category is 1,500 to 1,999 square foot and there is a home that is 1,501 square foot and a home that is 1,999 square foot, the fees currently would be the same and Mr. Bender said yes. Mr. Ainsworth asked if the committee was talking about leaving the existing fees at 500 square foot increments or changing them to the 100 foot increments and Mr. Ramharter said he thought the existing fees were changing. Ms. Donahue said she thought the committee would be recommending changing the existing fees.

Mr. Bangs said the committee was going to start the fees at 1,000 square feet and Tischler started the fees at 1,200. Mr. Bender said that on page 4 of the memo, it states an average home for Missoula is 1,400 square foot. Ms. Donahue said if the committee looks at the impact fees that have been collected over the last few years, it would show what category the homes have been built in.

Ms. Donahue asked if the committee wants to breakdown the other impact fees by 100 square foot. Mr. Freer asked what is the most functional when it comes to administering the fees and Ms. Donahue said the concern is consistency. Mr. Muir said that that would cause an issue with commercial and Mr. Ramharter said commercial would be broke out by 1,000 square foot. The Building Department actually has the fees broken down one level further per square foot. Mr. Muir clarified that commercial calculations are based on the exact square footage and Mr. Ramharter said yes.

Jerry Ford asked if the fees for housing include multi-family units and Mr. Ramharter said it is per unit because they are usually smaller.

Dave Gray from OPG had a presentation based on square footage and put into Google Earth. He said homes under 1,200 square feet would be considered infill. Ms. Donahue asked how many homes are in the 1,200 square foot category and Mr. Gray said he didn't go into that much detail. The frequency distribution was based on square footage. Mr. Ainsworth asked what time frame this information is for and Mr. Gray said from 2000 to the present. Mr. Ramharter said from 2000 to the present, there have been 1,700 single family homes built within the city limits.

Estimated fees and revenues for all current city impact fees by eliminating all equipment with useful life less than ten years

Mr. Ramharter said he was asked to take the current fees and back out from the original study at the point of adoption any equipment for the four impact fees (parks, fire, police and community service) that doesn't meet the current useful life definition in the new state law, which is ten years. This is getting rid of all the smaller vehicles and equipment. He showed the spreadsheet that was used to initially size the current fee and then showed each fee downsized by removing all the vehicles and equipment that does not meet the useful life of ten years.

Mr. Ramharter also showed the [Summary of Municipal impact fees](#), [Parks impact fee](#), [Fire Department level of service standards](#), [Police impact fee](#), and [Community Service impact fee/level of service standards](#) with the cost of equipment and vehicles without a ten year useful to show what the new impact fees would be. The Fire Department has larger items that have a 20 year useful life, such as ladder trucks. The Police Department was decreased by 65% because the new law doesn't allow impact fees to purchase police cars. Ms. Donahue said the new police facility is not reflected in the numbers and Mr. Ramharter said the information is about five years old, but it would be included in the future. Mr. Bender said a new CIP would be done and the new police facility and fire station would be listed in it. Mr. Muir said the assessment study does reflect the current position of being undersized. It shows what it should be today and what is expected with

growth to 2025. Mr. Bangs said for the current police impact fee to stay the same, a study would have to be done. He said the fee could be reduced now until Tischler did a study and Ms. Donahue asked why Tischler would need to do another study as that would be in the CIP. Mr. Bender said the city should use their assistance as it wouldn't take a lot for them to update the current model. This would remove all the ones that are not eligible and then add the value of the building. There would be an analysis on the building such as what percentage is related to growth. Ms. Donahue said the Police Department consultant is doing that. Mr. Ramharther said it gets a little tricky because there is going to be a bond issued for that building. Mr. Bangs said one of the goals of the city would be to work with Tischler only as long as necessary to get numbers to add to the CIP. Mr. Ramharther said the city has a much better vision and a new ten-year plan because of better information.

Mr. Ford asked when figuring useful life, how is that determined and Mr. Ramharther said the items are on the replacement schedule in the CIP. Most pickups are three to five years, police cars are three years. Each item is listed separately on the CIP. Ms. Donahue said they are based on the mileage that accumulates annually. Mr. Ramharther said the big fire engines try to go 12 years on the front line and then 8 in the back line/reserve capacity. Mr. Bender said trucks for the Streets Department usually go ten-years.

Mr. Ramharther said on the [Summary](#) handout, the fee decreased 15%. It shows the current fee as well as the fee after the vehicles and equipment without a useful life of ten years was removed, as well as the percentage it changed. The [Detail](#) handout shows each impact fee category with the same information as the summary handout. The average percentage for parks was about an 11% decrease. They don't use a lot of impact fees as most of it was on the infrastructure they put it, not the land acquisition, and the vehicles were removed. Fire decreased about 10% because most of their vehicles are large with a useful life of over ten years. Police decreased 65% because of the police cars being taken out. Community Service decreased about 9% because it is for big buildings, infrastructure, etc. Impact fee support for the expansion of City Hall came out of the Community Service category. Residential impact fees decreased about 13% and commercial decreased about 16%, for a total of about 15%. Mr. Goldman clarified this is an average of all the impact fees and Mr. Ramharther said yes. Mr. Muir asked how much of a change there would be if the fees go to 100 square foot increments and Mr. Ramharther said it won't change the amount much, just who pays the fees.

Mr. Bangs said when doing a big building like the fire station or police facility, most of it will be done on bond and Mr. Ramharther said any money in the future will mainly go for a new building. Mr. Ford said the city should get more money back as the insurance rates are down. Ms. Donahue said that information comes from the Office of Planning and Grants and is taken into consideration every year. The city would not see immediate results. Mr. Muir said the monies could be applied to an advanced purchase of land for a fire station to be built on and Mr. Bender agreed. Mr. Ramharther said in looking at the historical cost for fire and when the study is redone, the fire fee would not be changing very much.

Ms. Donahue asked Mr. Ramharter about the new fee on the summary handout which shows an average size house went from \$886 to \$768, but in the minutes from the last meeting, on page 6 it shows \$824. Mr. Bangs said there needs to be a deeper cut in the parks fee as the LGSC survey showed parks and trails are doing great but the roads need to be fixed. Mr. Ramharter asked for clarification on what the committee is trying to target as an overall amount. Ms. Donahue said on page 6 the resulting amount, including the transportation fee, was \$1,670 and parks was cut almost in half with the resulting amount at \$200. Mr. Ramharter said the reason the police fee was cut so much was because there was some historical data on the police headquarters of just over a million dollars, and that is nothing close to the actual cost. Mr. Ramharter said the police fee at the adjusted level went from \$54 to \$19 because of the value of the headquarters that is in the data. Most of it is on the bond. Ms. Donahue said the police and fire would be \$121. Mr. Bender said the community service fee didn't drop very much. Mr. Galipeau said not all the fees have to drop. If the committee wanted to leave police and fire where they are, can't they do that? Mr. Ramharter said he spoke with Mr. Guthrie and was told if the ordinance is changed it has to be in compliance for all fees. Mr. Muir said it makes sense to standardize the fees so the explanation is consistent. Mr. Bangs said if the committee starts low with the fees and then tells the building industry what is expected when next study is done, that would help.

Mr. Muir said with a bond being used for the new headquarters, the police fee won't bounce back up as there is not a lot that qualifies for growth. Mr. Bender said in talking about significant value, if the correct numbers are in the data, the numbers might increase. A lot of that will be for growth. Mr. Muir said 1/3 of it is due to growth, which is to maintain a 20 year useful life. Mr. Ramharter said the police fee would cost about \$120 per house and bring in around \$100,000 a year. Mr. Bender suggested the committee have a conversation with Mr. Guthrie as parameters might give some guidance.

Ms. Donahue asked what the numbers would be for a 1,500 to 1,999 square foot structure. Mr. Bender wrote the following numbers for a 1,500 to 1,999 square foot home on the board as determined by Mr. Ramharter's numbers.

Fee	Amount Now	Resulting Amount
Parks	\$420	\$190
Community Service	\$238	\$220
Police/Fire	\$166	\$120
Transportation	\$0	\$1,100
Total	\$824	\$1,630

Mr. Bangs gave the committee some statistical numbers from the building industry. From 1996 – 2001, the amount of fees paid for a 1,100 square foot home doubled and from 2001 – 2007, the amount of the fees doubled again. This is due to all the other building permit fees going up, as well as impact fees. The total cost of the home went up about 30 percent.

Projected expenditures associated with revenue in the next five years using the middle three sections from spreadsheet at last meeting (\$2,000, \$1,500 and \$1,000)

Mr. Bender talked about two handouts, one for [\\$1 million revenue](#), which is what the \$1,100 transportation fee would net and one for [\\$2 million revenue](#). He met with the Public Works Department to determine projects. On each of the projects, additional funds would be necessary as not all of it can be attributed to growth.

- The number one project is 3rd Street from Russell to Reserve. About 1/3 of the cost would be assessed to the property owners and 2/3 would be paid for by the impact fee. The sidewalk and curbs would be assessed to the property owners and the street would be built by impact fee money. Over a two year period, the street could be built as it is estimated to be a \$2.3 million project.
- Mary Jane to Broadway and Mary Jane to Mullan Road; if Mary Jane gets dedicated to either Broadway or Mullan Road, the signals need to be installed quickly.
- The Miller Creek project is interesting as the study has been completed and the federal analysis said the bridge cannot be justified because it would increase the congestion on Highway 93. They want to run the Miller Creek traffic through old Highway 93 as a three lane system with a light at Reserve Street, which would improve the traffic problems. Ms. Donahue said two fairways and greens of the golf course that would have to be moved. Mr. Bender said it could be possible for the city to build it not using federal standards, and possibly not have to take out the hedge in the right of way. He said the city has looked at building it incrementally instead of all at once.
- The city is struggling getting Russell built between Third Street and the new bridge. The cost is not bad, possibly a million dollars because there would not have to be a right of way and it could be built quickly. The bridge is around \$7 million and there is \$5 million allocated to it. The intersection at Russell and Broadway will be expensive as some property is being taken out. There is some immediacy to the intersection so that Russell would function between Third and Broadway. Mr. Bender said the city could probably not get a permit to build the bridge because of the EIS.

Mr. Bangs said originally the thought was that there was enough federal money to build both Russell and Third Street. Mr. Bender said Third Street was going to be done first, which was about a \$3 million project at the time. When the city wanted to start working on Russell at the same time, the state wouldn't let the city work on Third Street until Russell was completed. The state tied the projects together and it became a \$40 million project.

Mr. Bender then spoke about the \$2 million handout. Some of Mullan Road could be built and signals could be added at George Elmer and Broadway. Also, a signal at Spurgin which will be necessary as the Target Range area keeps growing.

Mr. Goldman asked if the projects were listed in priority order and Mr. Bender said it would go to a couple of committees to determine the priority. It would also have to go through the CIP and committees with citizens. The two projects on Mary Jane depend on the developers.

Ms. Donahue asked for a recommendation to take to the Mayor, City Council and Administration.

The average size home of 1,500 to 1,999 square foot is what the recommendations are based on. All the other fees will be apportioned to these fees.

- Mr. Bangs made a motion to accept the fees as discussed (below) and recognize that there will be an increased police fee once a study is complete for the new building and Mr. Ainsworth seconded the motion. The motion was unanimously approved.

Fee	Amount
Parks	\$190
Community Service	\$220
Police/Fire	\$120
Transportation	\$1,100
<i>Total</i>	<i>\$1,630</i>

Mr. Freer said he wanted to discuss keeping the increments at 500 square foot. By going with 100 square foot increments, it is more affordable and less of a burden for the smaller homes. He would like to have increments of 100 square foot. Mr. Ainsworth asked what the downside of going to 100 square foot increments are and Mr. Freer said since the city is already changing the existing ordinance, going to 100 square foot increments would not jeopardize the ordinance.

- Mr. Freer motioned to break down the fees by 100 square foot increments using the 1,700 to 1,799 square foot home representing the numbers above. Mr. Ainsworth seconded the motion. The motion was unanimously approved.
- Mr. Goldman motioned to reduce the lowest tier bracket below the 1,200 square foot that is listed in the transportation study. Mr. Bangs said it should start at 1,000 square foot and go up incrementally by 100 square foot, ending at 3,200 square foot and above. Mr. Freer seconded the motion. The motion was unanimously approved.

Ms. Donahue said the next step is to meet with the Mayor to present the recommendations of the committee. If he agrees with the recommendations of the committee, it will be referred to City Council.

Mr. Bender thanked the committee for their hard work on the impact fee and said it will take a couple of weeks to get the information ready for a recommendation. He encouraged members of the committee to attend meetings concerning the fee to help answer any questions there may be.

Mr. Galipeau asked what the committee's responsibility is now. Mr. Ramharter said that annually the committee will meet and be updated with the previous year's numbers. Spring will be the best time for the meeting.

Respectfully Submitted
Melani Coyle