

Impact Fee Advisory Committee Minutes February 6, 2007

Attendance:

Committee Members

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

Staff

Bruce Bender, CAO
Brentt Ramharter, Finance Director
Cindy Wulfekuhle, OPG
Amber Blake, OPG
Dave Gray, OPG
Mike Kress, OPG
Dave Prescott, OPG

Other

Dwayne Guthrie, Tischler Bise Inc
Brent Campbell, WGM Group
Greg Robertson, Missoula County
Dale Bickell, Missoula County
Bill Carey, County Commissioner
Jean Curtiss, County Commissioner
David Edgell, Citizen
Tom Alsaker, Citizen

Chief Administrative Officer Bruce Bender facilitated this meeting.

Introductions of the committee, staff and citizens in attendance were made.

It was explained that the Impact Fee Advisory Committee is a citizen advisory committee for the city looking at the transportation impact fee. This is a new committee that has been established, and this is the third meeting. The main focus for the committee is to advise the city on implementing a transportation impact fee.

Public comment: Tom Alsaker lives in the county and recently created a small subdivision of 19 lots. He incurred some impact fees on the subdivision that some people told him were illegal and uncollectible, but he paid them to be able to get the subdivision done. Mr. Alsaker stated his subdivision is in the county where it is sparsely developed. There are 600 blocks between the subdivision and the Mullan Road/Reserve Street intersection. Mr. Alsaker is concerned with equality as the people within the 600 blocks will be using Mullan Road, and they are not paying the impact fees.

The [January 23, 2007](#) minutes were approved.

Dwayne Guthrie from Tischler Bise, Inc. updated the county commissioners on the January 23 meeting. He stated that the committee wanted to have a meeting with the commissioners with the purpose of understanding the county's interest in impact fees. The amount of the fees were discussed at that meeting, and the committee was concerned that county properties in the same geographic areas would possibly have an incentive to build there over city properties because of differential fees. The service aspect on Mullan Road was also discussed. Growth in the county to the west of Reserve Street will be using Mullan Road and will receive benefits from the improvements.

Discussion with County Commissioners

Mr. Guthrie thanked the county commissioners for attending the meeting and asked for questions from the committee.

Colin Bangs stated he has a couple of concerns. One, the city is talking about putting an impact fee in an area where most of the land is not in the city. The impact fee would only be paid by those annexed into the city, and existing lots would not have the impact fee. Second, in seeing Missoula grow and the struggle in providing affordable housing, the Mullan Road area is the last best hope to provide the type of building that can provide affordable housing -- not subsidized affordable housing, but housing for sale on the market that an average family can afford. If there is a strong incentive to subdivide into one-acre lots and build trophy homes as opposed to four to six units per acre, which lowers the price to where average families can purchase a home, the land will go toward one-acre lots. That would be very poor planning and a waste of land close to Missoula, and it will severely hurt affordable housing. Mr. Bangs thanked the Commissioners for coming to the meeting to discuss the impact fees.

Bill Carey agreed with Mr. Bangs about the poor planning to incentivize moving to the county with one-acre lots. He stated he is certainly willing to listen and communicate to see what the city and county can do together.

Janet Donahue stated that at the last meeting it was discussed that the Miller Creek area will have the same kind of issues. While the committee is focused on Mullan Road, it is a more long-term issue.

Jean Curtiss stated the county has not held any public hearings on impact fees. Even though the Tischler study was a joint effort, the county could not do anything further until the Public Works Department had their building inspection permits in place. Now that those are in place, the county is more in a position to have discussions on joint impact fees.

Bruce Bender asked if the county has discussed what kind of impact fees they would be implementing. Ms. Curtiss said police and fire were discussed. Mr. Carey stated that the county has been charging a mitigation fee, like they did with Phantom Hills residents. Ms. Curtiss said the Linda Vista area has also been charged mitigation fees. The county doesn't have any parks, so they will not be implementing a parks impact fee.

Jim Galipeau stated the City of Missoula keeps growing as properties are annexed, and will continue to grow, so Missoula County is shrinking. Jean stated the county is actually getting bigger because there are more people in less area. There are more roads being built within the county as well as new subdivisions being added. The population in Swan Valley has increased 24%, and it cost more to serve the areas farther out.

Mr. Bender asked what the intent of the county is regarding impact fees and what the timeline is. He asked if the county planned to implement impact fees this year now that the building permit process is in place. Dale Bickell said that after the legislative session is complete, the county will form an advisory committee. They are in the process of trying to recruit for that committee now. The plan would be to use a plan-based approach for certain projects, such as the Mullan Road area or Public Safety Building. They hope to assess fees for transportation (Mullan Road), Florence/Carlton schools, Frenchtown Rural Fire and the Public Safety Building this spring.

John Freer asked Mr. Guthrie what accommodations were made for the amount of traffic attributable to the county versus the city in the study. Mr. Guthrie said they used the long-range plan, which is a 25-year plan and was done for the whole urban area. Mr. Freer asked if there was a breakdown of shares with a

percentage that would be attributable to the county, and Mr. Guthrie said allocation of the cost of the improvement have just been calculated for the city. Mr. Freer asked if any of the traffic count was attributed to the county, and Mr. Guthrie said the total design capacity was used and they were not concerned about city/county counts. Dick Ainsworth said it would add units that would be applied to the cost and in theory would lower the cost for everyone. Mr. Guthrie said it might go down a couple hundred dollars, but it would not be cut drastically. Mr. Bender asked about the service area the committee is talking about in the county. Mr. Guthrie said the city would have to decide what makes sense to be in the service area: out Mullan Road, out to Frenchtown, Kona Ranch Road bridge. Mr. Bender asked about going to the other side of the river, and Greg Robertson said it should stop at the bridge.

Mr. Bangs asked how it is taken into consideration that the same number of households continue to have more vehicle trips as time goes by, as the number of household trips has increased significantly in the last ten years. Mr. Guthrie said that was taken into consideration, as vehicle miles have been increasing faster than population. Brent Campbell said it is driven by land use.

Mr. Bangs asked if there is a possibility in setting up a joint Mullan Road Transportation District between the city and county. Mr. Bender said the study was a city/county study, and it would be simple to modify the study based on the numbers in the county and then suggest a fee. Mr. Bangs asked the county commissioners if the committee should work on something that could be taken to the county. Mr. Carey said they would be willing to look at what the committee puts together. Mr. Guthrie said the study excluded the Wye and airport area, as they are a different service area, and Tischler was trying to make sure the study and the fees that are being imposed benefit the users. Mr. Kress said that funding came from the transportation planning fund and was approved by the Transportation Policy Coordinating Committee (TPCC) As the contract manager for the consultant, he is asking that everything that is being decided be within the scope of the contract.

Mr. Robertson asked if it would be hard to augment the budget and get more funding. Mr. Kress said he would have to do an amendment to the work program and take it back to the committee for review and approval. Mr. Bender said that in the budget there is different money set aside for different phases and asked if money could be moved from those phases. Mr. Kress said the contract is a fixed fee, not a cost plus contract.

Define citywide impact fee methodology

Mr. Bender mentioned the updated [Road Impact Fee Study](#), dated February 6, 2007. The committee requested Mr. Guthrie spread the cost to all the various units, and he said there are modifications to the citywide fee. Mr. Guthrie stated on the Mullan Road area fee, he took out the \$1.5 million segment of George Elmer Drive across the airport property, which made the fees go down some. He also changed the growth share cost allocation. [Page 10](#) in the study summarized the capital improvements. The total capital of the improvement program was \$20 million before and is now \$18,930,000. The growth share calculation increased per lane mile, but the lane miles decreased by taking out the segment of George Elmer Drive. The fees did go down slightly from \$3,655 to \$3,066. [Page 16](#) shows the new fee schedule.

Mr. Ainsworth asked if the numbers are based on the citywide impact fee. Mr. Guthrie said the new fee schedule on [page 16](#) is only for the Mullan Road area. The citywide methodology is in [Appendix C](#), which starts on page 35. Mr. Guthrie did some additional work on the citywide fee per the last committee meeting. The fees have been calculated just to principal arterials, where before minor arterials were calculated. He

was trying to reduce the lane miles but put intersections into the infrastructure standards. The data show that three intersections will need to be improved in the next five years. [Page 40](#) shows the lane miles and that the city would need to add five lane miles of additional arterials, which Mr. Guthrie thinks is high. If the committee continues with a citywide methodology, they will need to work with Mr. Kress' staff on cutting back some of the principal arterials that are at or above capacity.

Mr. Guthrie asked if the committee is still interested in the citywide impact fee, and then he could work on refining it more. The main benefit for doing the citywide impact fee is that there are not the big deficits that there are when the plan-based method is used. There is also some flexibility with the citywide impact fee, which gives the city the ability to do improvements throughout the city instead of just one area. [Page 43](#) shows the new fee for the citywide impact fee as \$2,326. Mr. Bangs asked if this number included Mullan Road, and Mr. Guthrie said yes. It is set up now as either a citywide fee of \$2,326 or a Mullan Road fee of \$3,066. Mr. Ainsworth said that with the citywide fee, the majority of the infrastructure is out Mullan Road. Mr. Guthrie said the city has to be able to justify the need for the improvements on Mullan Road and not use that money for improvements in other parts of the city. There should be at least some intersection improvements in other areas like the Rattlesnake. Mr. Kress reminded the committee that impact fees cannot be used to correct deficiencies.

Mr. Freer asked how the city would prioritize the projects to determine the distribution of money. Mr. Bender said that it goes through the CIP process and the projects are ranked. Mr. Freer asked that with the CIP, can certain target projects be paying a higher percentage? Mr. Bender said that the Mullan Road project could be attained as a separate fee and then the citywide fee would be different. Mr. Kress said the transportation plan would be used to identify target areas.

Mr. Guthrie asked the committee and staff to identify specific improvements if the citywide impact fee will be used. Mr. Bender asked Mr. Guthrie if those improvements need to be identified prior to creating the fee. Mr. Guthrie said no, but it would make citizens comfortable knowing what intersections would be improved and where lane miles would be added. Mr. Bender said the CIP already lists improvements that need to be done but that money is not allocated to the projects. The growth would be what determines the priorities.

Mr. Galipeau asked how long the fee is good for. If the fee starts at \$3,066, or citywide of \$2,326, what does it take to change it at a later time? Does that amount stay on the books for the next ten years? Mr. Guthrie said that fee would only be paid for a year or two until more engineering design work is done to get ready to build it. Once that is done, and the cost will probably be higher then, the fees would be adjusted. Mark Muir asked if it is only adjusting for inflation, and Mr. Guthrie said yes unless the plan changes for what is being built. Mr. Galipeau asked if City Council will make the final decision on what the amount is, and Mr. Bender said yes, according to the ordinance. The current impact fees have been in place for two and a half years and have not increased.

Mr. Ainsworth asked if it was determined to do the citywide fee, what does that do for the county agreeing to a joint fee? Mr. Bangs said he thought it would keep the county from doing a joint impact fee. The more he has thought about the citywide fee, the less he likes it because it does not solve the Mullan Road problem. Most citizens will not pay the impact fee for Mullan Road when they are building in another area of Missoula.

Mr. Bangs also spoke on the local option tax and asked members of the committee to contact the legislators supporting the tax. He stated that money needs to come from people out of state and out of town who use the facilities and infrastructure in Missoula. He also stated that the committee should concentrate on a joint city/county transportation district to cover the Mullan Road area.

Mr. Kress stated he would prefer the citywide impact fee because he is concerned about a leapfrog system if an impact fee is only done in one area at a time. Also, there are other areas in Missoula that are still growing. If there is a system for where the next improvements are to be done, citizens can see that. If building permits are monitored, that will show where money is being generated and then the money can be proportioned to that area. Mr. Campbell said the citywide fee would keep from breaking the city into smaller districts and doing a study on each one. Mr. Bangs stated he is not against a citywide impact fee in the future, but with the option to do a joint impact fee with the county; that is what needs to be focused on now. Janet Donahue said that both could be done, maybe Mullan Road first and then a citywide fee. Mr. Campbell said if the local option tax does not pass the Legislature, a local option gas tax could be voted into place.

Mr. Bender asked the committee if they were at the point to make some advisory recommendations. Mr. Bangs suggested the committee move forward in working on a joint city/county transportation area on Mullan Road. Mr. Muir asked if it could be considered just west of Reserve Street, which would include the 3rd Street and Target Range areas. There are similarities in those areas to the Mullan Road area. This would be a joint city/county study for west of Reserve Street and then retain the ability to have the remainder of the city addressed as a citywide fee.

Mr. Carey asked how the committee would go about looking at the joint city/county committee. Would there be a subcommittee formed? Mr. Bender said this is a city advisory committee, and they will advise the city to work with the county agencies. Mr. Carey asked when the committee will be ready to propose a structure of some kind. Mr. Bender said the city is ready with the study that was done, and, it could start being implemented. If the county decided to do a joint fee, the study would need to be modified a little bit and would probably bring the cost down a little.

Mrs. Donahue stated that one concern for Brentt Ramharter is having something that could be put in the FY 2008 budget. If there was a placeholder number, the budget could be amended once the actual number is known and Mr. Ramharter agreed.

Mr. Freer stated that he understands the issues with allocating funds with the citywide fee. He stated that only doing an impact fee in one area is like putting a big Band-aid on one section of the problem. One of the main concerns is the amount per household to affect just one localized area. He asked what avenues there are other than the local option tax or citywide impact fees, to think about mitigating some of the cost involved. Mr. Bender said historically gas tax funds have been used. The problem with those funds is that with inflationary cost that the city was incurring, and the gas tax funds have not increased with those, so there is less for big improvements. A lot of the gas tax funds were used on South Avenue, and the city has not been able to recover from that. What is received annually in gas tax funds is being used just for maintenance. SIDs are the other option, which again is a property tax assessment. Mr. Campbell said another option is for voters to vote in a 2-cent gas tax. The city tried it in 1995 to build north Reserve Street, and it failed. Mr. Bender said the problem with that was that it was only for one area. If the city tried it again, it would be for diverse projects throughout the community. Mr. Ainsworth asked what kind of

money that would generate. Mr. Bender said it would be about \$5 million countywide, and it does have to be a countywide fee. He also said the city is not confident that it would pass the vote. Mr. Galipeau asked if the area-wide impact fee would be assessed only on new construction, and Mr. Bender said yes. There are certain parameters in the current ordinance about remodeling and increasing the capacity of living space.

Mr. Goldman said he is also concerned about the citywide fee because it could cause a disincentive for development. He is leaning toward the area-wide fee and then waiting for the county to decide if they want to do a joint city/county fee. Mr. Ainsworth asked when the county might determine if they want to do the joint fee. Mr. Bickell said the county's goal is to have a decision made before the building season. Mr. Ainsworth said that is fairly soon, so it would be good for the committee to wait until that time.

Mr. Bender asked the committee if they would want to wait and see what the county does. Ms. Donahue asked Mr. Ainsworth if he was talking about a citywide fee, and Mr. Ainsworth said the area-wide. Mr. Bangs said if the committee can get the county information on whether they want to do a joint fee, then proceed forward, that would be best as the committee should know what the county wants to do before proceeding. Mr. Goldman asked the county what the minimum time would be before the committee would know. Mr. Bickell said a lot of it is based on successful recruiting for their committee.

Mr. Bender asked for a simple vote regarding what option the committee wanted to move forward with. The final vote was six to two in favor of the citywide fee.

Mullan area only – Mr. Bangs and Mr. Goldman

Citywide – Ms. Donahue, Mr. Galipeau, Mr. Ainsworth, Mr. Freer, Mr. Muir, Ms. Iverson

Mr. Bender asked the committee how they would want to start implementing the citywide fee. Does the committee want to try to do both at the same time, the Mullan area and the citywide or one then the other? Mr. Galipeau wanted clarification that Mr. Bender thought there would be a citywide fee and then a separate fee for the Mullan Road area. Mr. Bender clarified with the committee that there was one fee for the whole city, not having a higher fee for the Mullan Road area. Mr. Muir talked about equality and said he feels that the county fee might come up to what the citywide fee would be. For building encouragement, the lower fee, if it is assessed to everyone on the valley floor, would come out closer to what is being talked about. Mr. Goldman asked why people in the city should have to pay for the Mullan Road area. Mr. Campbell said funds have to be proportioned throughout the geographic area, and a lot more money can't be spent in one area over another. Ms. Donahue said it will be driven by the CIP, and Mr. Muir stated the city could ask the county for funding for the Mullan Road area because they will be collecting fees that are contributable to the impact fee.

Mr. Campbell said that one-third of the revenue has to go to the Mullan Road area per year. Mr. Ainsworth asked if that amount of money would still get the work done. Mr. Ramharter said it would be a little slower on the building as all the work could not be done at once. Mr. Campbell said the city could bond it and then pay the bonds, which would allow all the work to get done at one time. Mr. Bender said the intersections are the most important, so they would be built first.

Mr. Bender asked for the consensus of the group. If the city implements a citywide fee, it will be the same amount for everyone and not have the Mullan Road area separated out. Mr. Galipeau said most everyone goes everywhere in Missoula. Everyone is using the roads, everyone should pay. Mr. Goldman disagreed with Mr. Galipeau because people living on the other side of town are not using the same amount of

infrastructure in the Mullan Road area as those who commute on Mullan Road. Developers who are doing an urban renewal project in the city should not have to pay for the Mullan Road area. He said equality in the citywide fee is an issue. Mr. Galipeau said there will be a lot of people from different areas who will use Mullan Road, and it will not be equitable for everyone with every project the city does. Mr. Freer said he feels it is burdensome to have targeted areas and a series of Band-aids instead of looking at the whole problem. It is a citywide problem, and the city should share the responsibility.

Mr. Bender asked Mr. Guthrie if the county could use the perspective of the study and how much of a stretch it would take to adjust the citywide perspective to the countywide perspective. Mr. Guthrie said the methodology is the same, and the lane mile inventory would already be in the transportation plan, so it would just be plugging in the county's numbers. The cost factor is not going to be drastically different.

Mr. Bender said the charge of the committee is to consider the different fees some more. He also asked for a recommendation to the county. If the committee is talking about a citywide fee, is the committee recommending a countywide fee in this urbanized area? Ms. Donahue said yes, in the urbanized area. Mr. Bender asked if anyone disagreed. Mr. Bangs said thinking of the citywide fee brings up a lot of questions. How much does growth actually affect the number of transportation needs in the city? How much is created by people from outside the city, how much is created by tourists, etc? It was easier to see what portion of the Mullan Road increase would be caused by growth. Mr. Freer asked if it is possible to show the proportionality if there is a citywide fee with target areas. Mr. Guthrie said it depends on the roads that are added. Everything is based on trips to development in the city.

Mr. Bender said Mr. Guthrie's contract budget is spent, for this particular scope of work and he will not be back until the committee makes a decision and brings a recommendation to the elected officials. He would be available for a conference call if needed. Ms. Donahue asked how well developed the citywide fee is. Mr. Guthrie said the committee had talked a little about that at the last meeting and said there are a few little things that still need to be done. He also confirmed he would be available by phone for the committee meetings. Mr. Bender asked how much time Mr. Guthrie needed, and he said he would accommodate when the next meeting was.

Mr. Bender said the report on revenues from other impact fees for [FY 06](#) and [FY 05](#) were handed out for the committee to review and said they will be discussed at the next meeting.

The next meeting is scheduled for March 13 at 4:00 pm in the City Council Conference Room, 140 W Pine.