

**Impact Fee Advisory Committee Minutes
April 22, 2010**

Attendance:

Committee Members	Staff	Other
Janet Donahue	Bruce Bender, CAO	
Dick Ainsworth	Brentt Ramharter, Finance Director	
John Freer	Donna Gaukler, P&R Director	
Collin Bangs		
Jerry Ford		
Derek Goldman		
Jim Galipeau		
Mark Muir		

Detailed Information on Existing Parks – Janet Donahue/Donna Gaukler

Janet Donahue updated Donna Gaukler, Director of Parks and Recreation on what the committee asked for at the last meeting. There were questions about having more information about existing parks and how impact fees are being used, particularly as it relates to the CIP items. Bruce Bender said Collin asked specifically about Fort Missoula and Playfair Park. He said there were no issues with the new parks in the growth area, but the issues are Fort Missoula and Playfair.

Collin Bangs said impact fees are supposed to be for increased capacity. If it is for new parks, it is obvious and it certainly could be increased capacity of existing parks, but if the information just shows the park and a number, it doesn't show increased capacity. He also said it would help if the committee got detailed information before the meeting. Brentt Ramharter said one of the parks staff provided him with a lot of detailed information on April 21. It doesn't agree with the general ledger because how the staff sees money being spent is tied into allocations and maybe in other places where they are not traditionally called impact fee accounts. It could be in a project they have identified, it could be expensed in cash-in-lieu of account. Donna said very few projects in parks are related solely to expansion, so more than one funding source is used such as impact fees, ash-in-lieu, donations, in-kind donations, etc. The great thing about impact fees has been the ability to leverage them. LaFray Park and 44 Ranch Park are two parks that have developed through impact fees, as well as matching funds. LaFray Park funding was matched with CDBG money and the sale of a parcel.

Playfair Park

In community parks, there are some ways to deal with growth that allow those community facilities to meet the demand without having to buy additional land plus development. There is a Master Park Plan that describes service area for neighborhood and community parks. An improved level of service means how many people the city is serving with particular park land through how the park is designed and improved, or by making connections. One of the ways to serve people in the Emma Dickinson neighborhood is with crossings to get to open space in the Tower Street area and to park land on the east side of Russell. As the population grows, there are more requests for more park use, primarily sports use such as soccer, flag football, lacrosse,

ultimate Frisbee and other field sports. The Parks Department is trying to deal with that growth by re-master planning existing parks. In the Master Park Plan, some of the biggest issues is there is not enough community parks with large picnic areas for larger events. When the aquatics project was done at Playfair Park, the picnic shelter needed to be moved, and while that was done, it was expanded. A percentage of impact fees were used based on the percentage of expansion. The parking lots were also an issue at Playfair Park, as there was inadequate parking for the park. Three parking lots were expanded and built with a portion of general fund money, Title 1 ADA funds and impact fees. By having something other than a large gravel parking area, like the paved parking lot with spaces, the parking was increased 30 – 35 percent because it allows for the maximum number of vehicles in the parking lots. Impact fees that were used at Playfair Park were exclusively related to parking lots or a major expansion of the facility.

Playfair Park now allows for a baseball activity, a field sport activity, a tennis tournament, an event at Splash and can handle almost all the parking. The park functions better and another park does not have to be built because growth issues have been dealt with. As parks are being designed, multi-use designs are being done more than single-use designs. Baseball fields are being built with dugouts and backstops with the necessary safety in left and right fields, and leaving the outfield open. That way the outfield fence could be taken down in the off season and it turns into football, ultimate and other sports. Multi-use is tough on the turf, so soil is being addressed in the new parks.

Fort Missoula Regional Park

The impact fees being used at Fort Missoula Regional Park (FMRP) is a completely new piece of land. It is not new to the ownership of the City, but it has not been developed. The existing FMRP is 63 acres owned by the County where Y soccer, rugby, softball, etc are played. In 1997, the city bought approximately 100 acres. The JTL Group/Knife River area is dedicated to be turned into public park land December 31, 2012. The expenditures to date have been expended on the 83 acre parcel along South Ave and adjacent to where the JTL Group/Knife River gravel pit currently sits. Before the gravel could be removed to meet the Master Park Plan, a Federal 106 had to be done which clears the land for cultural resources. That was a significant amount of money because sonar testing had to be done, a dig was done and artifacts were found and recorded and there is now a National Historical Landscape to go with the Historical Museum. The Federal 106 was passed. It is retroactive, so it was done ahead of time on the project. Doing that makes the city eligible for federal funds if they became available.

The Chamber of Commerce, Convention Visitor Bureau and sports groups are saying they need sports fields to host tournaments. At least 60 percent of the city's population leaves town instead of having people come to town for athletic events every weekend. We are unable to host major events beyond a western local in Montana because there are no facilities. If you go out to the fields on Y soccer or Micro Striker/Striker day, the kids are playing on every imaginable uneven piece of ground, up along fences and sometimes softballs are flying into soccer fields causing liability issues for the city and creating conflict between user groups. We are trying to avoid those conflicts. We want the citizens to stay active because it is beneficial for everyone. We want the kids to be active. Citizen groups came to the city saying they needed facilities.

In order for citizen groups to start fundraising, design development detail had to be done. We are at 35 percent construction documents for FMRP. A lot of planning in parks is to position the city for the potential of grants, donations, stimulus funds, etc. With the construction documents, the theme has already been decided "The Civilian Conservation Corp". It will be interpreted in the park, it is one of the requirements of the historical landscape, it fits well with the park because the CCC built most of the trails on Forest Service lands and were stationed at Fort Missoula. They built a lot of park infrastructure in Yellowstone and Glacier, as well as the entire northwest. There will be a big pavilion, timber frame with rock and fireplace and will be a multi-use multi-functional park. It will have about three miles of trails.

Jim Galipeau said the ground that has the gravel removed is now a big pit and asked if it is going to stay that way. Donna said when they went through the public process on the land, a lot of people wanted a bowl affect for the facilities because it reduces the visual impact to people across the street, holds the sound in, creates natural seating which is easier for parks to maintain and creates great opportunity with the sand field and how it can be watered. Credit is given for the gravel for Knife River to do work out there.

There is a plan for the Knife River site. It will include parking, picnic area, playground and natural areas for environmental education. This will be one of the primary accessible areas to gain access to wetlands, watershed, wildlife, etc.

Collin asked why impact fees were used toward the Conservation Lands Management Plan (CLMP). Donna said they were used because one of the issues they deal with on conservation lands is not only new acquisitions related to cornerstones in the open space plan, but managing the massive amount of use on the lands. The CLMP will establish acceptable levels of change and will also describe how to build infrastructure that concentrates that use, thereby preserving the natural areas for wildlife and plant life. Part of the plan will address where it is appropriate for restrooms and trailheads and design trails to maximize use while minimize damage. Collin clarified that \$25,000 is going toward planning for the conservation plan and Donna said the rest is being matched by general fund. There is about \$45,000 cash into the plan and an incredible amount of donated hours from staff and technical working group folks.

Reports to the Committee Discussion

Collin said he doesn't have a problem with how the money is being spent, but how it is being accounted for. One of the committee's jobs is to approve where impact fee money is being expensed. There isn't a way to account for exactly what the money was used for. Brentt said the committee could look at the CIPs. Janet said one of the things the committee is struggling with is that the CIP has already gone to council, but this group hasn't weighed in on how the impact fees are being dispersed within the CIP and whether there is an agreement on where they are spent. It is coming to the committee after the fact, and the decisions reflected in the document are staff decision and the committee doesn't have any impact on it. Brentt said the process starts in January, and he could start working toward next year. Janet said once the committee got caught up with how the process worked, it wouldn't be that much work, but right now, the committee is trying to play catch up for several years.

Bruce said the struggle is where the sequence should be. The CIP just got done for this year and was presented to council. There is not a problem of doing it for next year's requests. He said the struggle he is having is where the committee wants to review the expenditures. What is the higher priority, looking at what got spent or planning how it is going to be spent? Collin said planning. John Freer said once it is spent, it is too late. Janet said when the revision of the downtown impact fee was approved there was a rebate to businesses. She asked if the rebate went back to the businesses, and Bruce said no. The council sent the item back to committee, Bruce recommended the money get rebated, and council said no. Mark Muir said their compromise was to take that money and set it aside for specific transportation improvements in the downtown area. Bruce said that money has been allocated to the CIP. The amount to be refunded was \$30,200, but council decided that the City has never refunded anything before when there was a change in fees, so they allocated the money to an improvement in the downtown area, and it has not been spent.

Brentt said there are breakouts of what has been proposed that can be e-mailed to the committee after the meeting. It shows the CIP in detail for each project. Bruce said the problem with trying to look at expenditures is it takes a long time to come out with the final picture. The ordinance says the committee will give an annual expenditure report to the council in March. Bruce confirmed the committee is more interested in planning priorities rather than the expenditures. John said the tracking of the expenditures needs to be clearer so the committee can see the direct connection to growth; then there wouldn't be as much time needed to review it. An example he has is in the transportation impact fee, where there is \$50,000 allocated to miscellaneous. Where is that money going?

Brentt said the year-end reporting doesn't do what the committee is trying to do. Bruce said the problem with the committee being involved in the CIP process while the administration is going through the process is that it is a very tight window. It is about three to four weeks from the time administration gets the requests from departments to the time it goes to Council. There would be a very concentrated period of time that items are being shared with the committee. The CIP form is where the project is explained in detail. It has the whole project, all the funding and would show where the impact fees are being used. Janet clarified that the committee would only be involved in the ones that have impact fee money being used, only about 20 – 30 forms each year. Collin said it might be a learning curve to start with, but after that it would be fairly easy. The information is sent out, have a meeting and give a recommendation. Bruce said it would be a sequence of several weeks that this would happen. Janet said at the end of the time when the administration committee looks at the forms and before they go to council, it wouldn't take the committee too long to go over it, maybe a couple of meetings. The forms explain what the project is and what funds are being used, where the expenditure recap is just numbers listed. Bruce said the expenditure recap should also include the CIP form. The committee agreed that would be helpful. Jim said once the format is set for the reporting to the committee, it won't be difficult to continue.

Committee Function – Janet Donahue

Janet said the responses she received from the committee shows the consensus is the committee is doing a good job overall. One of the things the committee themselves can improve on is outreach to community and Council. From the City standpoint, it is getting information to the

committee before meetings. Bruce asked if two weeks is adequate time to get information to the committee, and Janet said that is plenty of time. Bruce said some of the items would be difficult to get to them two weeks out, but it would be at least a week. Brentt said time has been well spent on developing fees, but now it is going in a different direction that needs to be worked out. Mark said the committee is now talking about the two other functions of the committee which are advisory on the front end and oversight after the funds have been spent. Janet said the information the committee receives in the meeting is good.

Bruce asked about meeting frequency. He said there are two sequences he is hearing which is the funding or CIP process and expenditures. That means the committee would meet at least two times a year. There are two intense times of the year and there might need to be more than one meeting during each time. Janet said that describes it well -- there are two sets of issues the committee is dealing with which requires two sets of face-to-face discussions. How many discussions for each would be based on how much information there is to review. The expenditure part would be in the fall around October or November, looking at the prior year. The CIP part would be in the spring, around March. Brentt said expenditures would be easy to give the committee at the time they are getting the CIP because it would look back at the preceding year, presented in the CIP format for each project. That would get the committee ready for the next year and what else is being proposed. Bruce confirmed the committee would be meeting a lot for a couple of months. Brentt said once the format is developed, the expenditure recap could be done in late fall for the 20 – 30 projects. Janet confirmed late fall for the expenditures and late winter/spring for the CIP.

Discussion on Funding

Bruce asked the committee for advice on funding. One of the issues on the transportation impact fees is how much level of participation there is when development occurs on the growth aspect. One example that came up was 44 Ranch. There is a need for a signalized intersection at George Elmer Drive. One problem was that the expectation of the developer was that the city would fund it 100 percent, but the city doesn't charge 100 percent, it charges 50 percent of value. The cost of the signaled intersection could be up to \$300,000, and he has a problem putting that much impact fees into that intersection. He argued that the city could not afford to fund 100 percent of the major improvements, but 100 percent of the funding is not being collected. Staff members were getting pushed by developers saying the city has the transportation impact fee and it was the city's responsibility for improvements. He is concerned about this and asked the committee for advice. In FY14, \$330,000 is allocated for the signal at George Elmer Drive. Mark said one justification for not fully expending it is that the transportation impact fee is actually developed and based on impact for more than just that intersection. It is all of Mullan Road. Unless an issue could be identified as a single source, how could it be justified to spend all the transportation impact fee on that single project? If that was the only transportation impact that the neighborhood was having on the community that would be one thing. Janet said that road would eventually be put all the way through. All the traffic from Big Flat, Kona Road, etc., would be using that road. It is not all 100 percent because of the growth in that area.

Collin asked if the impact fees can be leveraged with other funding because the intersection would have someday been built without impact fees and asked where that money would have come from. Bruce said it is a secondary highway at the present time and would have been

eligible for federal funding. Collin asked if the impact fees could be used as well as some federal funding. Bruce said the Montana Department of Transportation (MDT) requested to freeze development in this area because they could not afford to keep up with the demands of the developments. That is what started the analysis for this area. MDT told the city if they expected MDT to help pay for it, it won't happen because there is no money to do it. Collin said they could pay for part of it and impact fees could pay for part of it. It could be a combination of a SID and other funding. Collin asked how much money the 44 Ranch area would bring in with impact fees. Bruce said he doesn't remember the exact amount, but there has already been money given for building a portion of George Elmer Drive. There is around 500 houses and would roughly bring in \$700,000 in impact fees, so the city couldn't spend \$300,000 on one intersection.

Bruce thanked the committee and said the discussion was very helpful to be able to talk to staff about the project. John said Mark's point is correct; it is not just that intersection being impacted. Janet said the CIP has to prioritize the projects. The impact fees can be used as leverage for other funds. Brentt said the assessments have to show how much is the growth component and how much is other components.

Deferred Payments for Impact Fees

Bruce said he looked at the current ordinance on the sewer development fee and how there are options for deferred payments. Deferred payments were discussed at the time the sewer development fee was introduced. There is a sewer loan program for someone hooking up a house to the sewer. There is a minimum fee of \$5,000 which would not apply to single dwelling residents. It could be paid on semi-annual payments over a period not exceeding five years. This was created in the 1980's and no one has used this option.

The City of Woodbury, Minnesota, a suburb of Minneapolis, does have a special assessment on property taxes. The Minnesota state law allows them to have special assessments placed on property taxes. They have it set up to pay over four years. The concept behind it is it gave the developer four years to sell the property and delay some of costs. One of the main concerns is once the home is sold, the new homeowner has the additional fee.

Bruce did his master thesis in the 1980s on impact fees. There was one paragraph on deferred payments. Some Oregon cities had done a special study in the 1970's and allowed payments over a ten year period. All deferrals with liens against the property had to be cleared at the time of the sale.

John said Florida was developing a deferred payment system. The importance of it is affordability. If the \$3,000 can be spread over four or seven years, the overall cost of the house is going to go down. The amount of the fees charged passes on at least 27 percent more cost to the homeowner. He understood it is a senior tax lien assessed on property and would be paid off at the time of sale. It puts the impact on the house rather than on the front end. The end user is paying either way, but it would be less if it was deferred. The question is on the administrative end of it and how the deferral will affect the total amount being collected. Mark asked how it might affect people's financing ability on homes given the first four years they would have pre-balloon payments. John said it should be reflected in the overall cost of the house. If it cost

\$4,000 less up front, that is money that won't have to be added to the price and the builder can be more competitive. Collin asked if the payments will be higher because the budget went up to include the taxes for those four years because they are paying interest on it and how would it balance out? John said it would be fairly close as qualifying goes.

Brentt asked what time of payback was being discussed, four years or more. John said four years is fairly short, seven years might be better. As the committee has discussed increasing impact fees in the future, if the payments are spread out over seven years, the damage is less. Bruce asked if the impact fee would be paid off when the house was sold and John said that could be a component of it. Collin confirmed that SIDs are assumable when sold and said this fee could also be assumable. Brentt said SIDs are typically sold as debt with tax exempt interest rates. It is not a cheap way to go. What it looks like is these places are simply placing the lien on property taxes. He will check with the attorneys on the ability to do this in Montana. Collin said there are two possibilities. One is the fairly long term lien like a SID that would be assumable and the other is to simply make it payable at the time of the sale, which would still give a savings to the buyer because there would be no interest on impact fees. Janet asked Brentt to check with the attorney.

Bruce said they could get the CIP information that is being discussed in council to the committee. Janet asked to receive that information. No meeting was set, but could be once the information is received and reviewed. Jim asked Brentt to work on a format that works for both the committee and Brentt and send it to the committee for their feedback.