

## Impact Fee Advisory Committee Minutes January 23, 2007

Attendance:

### Committee Members

Janet Donahue  
Jim Galipeau  
Dick Ainsworth  
John Freer  
Collin Bangs  
Mark Muir  
Derek Goldman  
Jinny Iverson (absent)  
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  
Tom Alsecker, Citizen

Chief Administrative Officer Bruce Bender facilitated this meeting.

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

Mr. Bender reminded the committee that their role is to “review and monitor the process of calculating, assessing and spending impact fees and advise the City of Missoula governing body with respect to these impact fee revenues” as stated in the Therefore section of the resolution. The [City Council Resolution](#) gives the committee its direction. Mr. Bender asked the committee to consider their primary role as helping to create a new impact fee for transportation.

The [December 12, 2006](#) minutes were approved.

At the last meeting Dwayne Guthrie from Tischler Bise, Inc. presented the [Draft Road Impact Fee Feasibility for the Wye-Mullan Area](#) study. There were questions brought to Mr. Guthrie and Brent Campbell’s attention since the last meeting and WGM Group prepared [written responses to the questions](#). Mr. Campbell discussed the written responses and the following discussion occurred.

- *Question 1: What was the cost of improvements on 39<sup>th</sup> Street, South Avenue and Stephens Avenue?* Jim Galipeau asked if a lane mile was one lane a mile long which means that 39<sup>th</sup> is considered a three lane road. Mr. Campbell said it was. Janet Donahue asked about the cost of the South Avenue and Stephens Avenue projects. Mr. Bender stated that it is not reasonable to compare Mullan Road to Stephens Avenue as it was not a complete project. The road was not torn up and curb and sidewalks were not installed. South Avenue would be a comparable project to the Mullan Road project. Dick Ainsworth asked what the cost for South Avenue was and Mr. Campbell said it is comparable, but they didn’t compute the cost it. Mr. Campbell stated the cost of road construction projects are increasing around 21% per year. Derek Goldman asked what is causing the increased cost and Mr. Campbell stated contractors are saying it is the cost of cement and oil. Competition and the price of gravel is also a big factor.

- *Question 2: What were the funding sources for these three projects? How much money from each source?* The City Urban Funds is the annual allocation to the City from the Department of Transportation which is about \$2.1 million a year. CMAQ funds are for bike lanes, sidewalks and non motorized air quality improvements. CTEP is community enhancements funds which is a federal funding source and was used for landscaping and beautification. The Storm Drain SID removed 3,000 homes from the flood plain with this project. The Sidewalk SID was used for commercial properties and CMAQ paid for residential sidewalks and driveways. Collin Bangs asked if 39<sup>th</sup> was a state route. Mr. Campbell stated it is a state eligible federal aid urban area. Mr. Bangs asked if CMAQ is federal funds. Mr. Bender said the City gets an annual allocation of CMAQ which is primarily going toward Mountain Line for purchasing buses. The remainder of the funds is used by the city to purchase street sweepers.
- *Question 3: What were the traffic counts on these three streets?* The typical capacity is 12,000 – 16,000 cars per day for a two – three lane street. Mr. Ainsworth asked if South Avenue is overcapacity at 18,300. Mr. Campbell said no partly due to the intersection at Reserve Street. The intersection adds additional lanes so there are actually four lanes approaching the intersection. Capacity of roadways is figured by links (road itself) and nodes (intersections). Nodes restrain the capacity.
- *Question 4: What are the present traffic counts on Mullan Road?* There are 6,800 cars a day entering WalMart and 700 cars in the peak hours with two lanes of traffic.
- *Question 5: What are you planning to build in the Y-Mullan area? Can we see the plans the cost estimates are based on? The idea of a one-mile road costing \$3,194,000 is a mind blower.* The fix for the intersection is a double left turn north bound with two receiving lanes that go to WalMart and potentially to Flynn Lane. This intersection is driving the need for a five-lane road. One suggestion is a loop ramp off Reserve Street going through Jon R. Daly's property and underneath Reserve Street to WalMart. Bridges and new traffic signals, which cost about \$200,000 each, raise the cost of the project.

Mr. Ainsworth asked what would trigger the payment of an impact fee. Mr. Bender said it would be enforced the way other impact fees are which is to collect the fee when a building permit is issued. Mr. Bangs asked if the County would collect the same fee because a lot of the development on Mullan Road is in the County, not the City. Mr. Bender said it is a city ordinance so it is only for permitted city buildings. Most of the subdivisions and major building is being annexed into the City first, so they would be paying the impact fee.

Mr. Bangs said he is concerned that people will start building elsewhere if an area impact fee is created. He asked if people from the building industry and real estate industry met with the County asking why they aren't involved in the conversations of an impact fee would be beneficial. Mr. Bender stated their encouragement would be helpful. Mr. Bangs said he would talk to the development community about meeting with the County to discuss getting involved with the impact fee. He said it also answers the legal question of if the City would have to look

at the other impact fees. If it is a new transportation district that improves the City and County, there is no question it is a new district and new impact fee.

Mrs. Donahue asked where in the contract process the City is. Mr. Guthrie said once the committee gets through the technical part of the procedure, the next part is to discuss writing an ordinance and to go through the adoption process. This is when there will be a joint meeting with the elected officials of the City and the County. Mike Kress asked for the committee to be in attendance at that meeting.

Mr. Kress handed out a PowerPoint of the [Transportation Improvement Program](#) (TIP). This is the five year program of federally funded transportation projects for the Missoula Urban Area, and also includes local funds.

- Slide 1: The top table has abbreviations of federal funds. The bottom table shows some local funds also. FTA is transit money. The gas tax is from the state and goes to the City and County to pay for the maintenance of roads. There is an earmark of \$6 million for the Russell Street Bridge and the rest is for the Milltown restoration. The City has some control over allocating the funds in the Congestion Mitigation & Air Quality (CMAQ), Surface Transportation Program Urban (STPU) and Growth categories. John Freer asked about the notes at the bottom of the table, specifically the asterisk (\*) which states “funds include match”. Mr. Guthrie pointed out the abbreviations in the table with the asterisk (\*) and said all of those include federal and matched funds which can be either local dollars or state gas tax.
- Slide 2: The annual amount of revenue received each year is about \$5.4 million. CMAQ money is allocated to non-roadway projects. Enhancement money for the City and County goes for sidewalks, landscaping, trails and historic preservation.
- Slide 3: Shows the type of projects that the Transportation Policy Committee commits the CMAQ funds to. A lot of the money goes to Mountain Line to help with shelters, replacing buses, etc. More money will be requested to replace street sweepers with the new 2.5 Standard as more liquid deicer and sweeping is going to have to happen to get the dust off the road. Mr. Bender said CMAQ funds have always been constrained. The 39<sup>th</sup> Street project used CMAQ funds for bike lanes and sidewalks. Mr. Kress said CMAQ funds cannot be used to provide additional capacity for single occupant vehicles, which means you can't use it to add lanes onto a street.
- Slide 4: STPU is used for big projects. Russell Street has \$11.5 million in urban funds earmarked over the next five years. Elsewhere in the TIP, \$6 million is earmarked for the Russell Street Bridge which equals \$17.5 million for the Russell Street project. An additional \$31 million is needed to complete Russell Street. The urban funds are earmarked to projects for 12 – 15 years unless additional money is received. Of the \$121 million dollars estimated for revenue for the next five years, \$73 million is committed to projects; \$132 million is for projects that the City wants to do within the next 20 years and an additional \$71 million is for projects the Missoula community has requested. The federal government requires that projects and programs are subject to fiscal restraints, which means you can't spend more than you have. The short fall is one of the reasons

this committee was formed.

Mr. Bender said the state gas tax has not changed since 1993. Mr. Kress stated we are currently have the 2<sup>nd</sup> or 3<sup>rd</sup> highest state gas tax. Some states have tied their gas tax to inflation so it gets adjusted. Mr. Bender said the local gas tax has increased only because of the population increase and miles. Other cities have seen a decline and Missoula has seen an increase.

Mr. Bender asked the committee if they had specific questions for Mr. Guthrie as he will not be at all the meetings. Mr. Guthrie had one new slide (slide 24) to add to his presentation.

- Mr. Bangs asked for clarification on [slide 10 “Mullan Area System Improvements to be Funded by Impact Fees”](#). There is an allocation as to how much of the total cost is to be paid by impact fees and how much is paid by other sources. How was the percentage determined? Mr. Guthrie explained the Growth Cost is a subset of the Total Cost. Percentages were based on actually counting cars on Mullan Road on both sides of the entrance to WalMart. The count was averaged on both the east and west sides of the entrance to come up with the 45%.
- [Slide 24 “Alternative Growth Share Methods Without WalMart Traffic”](#): In the Current Volume to Future Capacity point, the Growth Share would be 57%, which is higher than the 45% figured earlier. With a higher percentage of Growth Share, it means a higher amount is being paid by the impact fee and that would decrease the deficit. Mr. Guthrie made note of the second and third points and said these other methods of calculations have been used in studies in other cities. Future Capacity to Current Capacity: this is after the improvement and is not based on actual volume by counting cars. With this approach, the Growth Share would be 82% , which would decrease the deficit even more. The Current Volume to Current Capacity is a very aggressive approach. If there is not an existing deficiency on the roadway, then cities can legitimately say it is 100% Growth Share. There are a lot of benefits to going with higher percentages, but Mr. Guthrie would not feel comfortable going with 100% Growth Share. Either the 57% Growth Share or the 82% Growth Share would work good in Missoula.  
Mr. Bangs asked how consideration is given that it is going from just a road to a road with sidewalks, curbs, bicycle lanes and lighting. There seems to be a big deficiency in the road now compared to what there will be in the future. At the present time, at least part of that road needs all those things right now. Mr. Campbell said those improvements are included in the numbers. Where it shows 16,400 as capacity, there can actually be more cars on that road each day. It has been factored down some for the presence of no shoulders and no turn lanes. The actual capacity would be 2,000 cars per hour per lane, which means capacity would be over 20,000. The 16,400 figure is for a two lane road with no curbs and sidewalks, shoulders and turn lanes. Mr. Bender said as a road starts carrying more traffic, conflict between bicyclists or pedestrians and cars become more critical. The need for amenities are dependent upon the growth occurring in the area and rises as traffic capacity goes up. Mr. Guthrie said the Current Volume to Future Capacity equation is normally how impact fees are calculated. To make the fees more reasonable, having a bigger denominator like capturing fees from a larger area will help cover some of the cost.

- Mr. Kress spoke about [Appendix C](#) that Mr. Guthrie handed out at the last meeting. Appendix C talks about a city wide impact fee which is based on a different method. Funding is needed throughout the whole city. Mr. Guthrie said he did not do any additional work on the city wide impact fee plan.
- Mr. Ainsworth asked about the calculation formula used on [slide 17 “Road Impact Fee Formula”](#). Mr. Guthrie said they used trip generation rates on the left side of the chart then multiplied it by .50 so the same trip was not counted twice. On the right side is the cost. There is a distance component which is the average trip length. The weighing factor is based on national data and is longer because when you go to work, that is usually your longest trip. Citizens tend to shop closer their homes. If there is a double payment for citizens, there would be a credit issued.  
Mrs. Donahue asked how much of the development happening on Mullan Road is in the city. Mr. Campbell said property out to Kona Ranch is in the City, which would be higher than 80%.  
Mr. Bangs asked if Phantom Hills residents were assessed a sewer SID. Mr. Campbell said they were assessed the County Mitigation Fee which was about \$1,500.
- Mr. Kress spoke on the difference with the Wye-Mullan area fee and the area wide impact fee. The area wide is approximately \$2,500 a unit and the Wye-Mullan is approximately \$3,500 a unit. Mr. Guthrie said that is based on \$1 million a lane mile, and it will be doubled to \$2 million a lane mile, which would double the amount per unit with a city wide fee.  
Mr. Galipeau asked why an area wide impact fee would cost approximately \$5,000 per unit and a local impact fee would only cost \$3,500. Mr. Guthrie stated the area wide impact fee would take into consideration all the arterials in Missoula. To keep the ratio constant, lane miles are matched with development and that cost could be \$5,000 a unit. There are two different approaches for impact fees. One is very specific with a list of improvements within a specific development area. The other is a general system to pay for what is within the whole city. Mrs. Donahue asked about development happening in another part of the city. If the Wye-Mullan impact fee was a local area fee, not a city wide fee, in the future the city could do a city wide impact fee. Mr. Bender stated that with the growth happening throughout the City on 3<sup>rd</sup> Street, up the Rattlesnake, etc., a city wide impact fee would be best as it could be used to help with prioritizing areas. The city could collect fees from residents in the middle of town and use the money on the outskirts of town where the improvements are needed most. This is similar to other impact fees.

Mr. Guthrie asked for direction from the committee. He asked if the city wide impact fee would be an open idea for now and do some more work on it. He said that he could do some work to get more permanent numbers to work with.

Mr. Freer said that there are a lot of areas in the city that need to be worked on and if so much time is spent working on individual projects, it will cost more than coming up with a comprehensive plan and creating a city wide fee. Mark Muir asked if any funding would be in jeopardy. If the fee is expanded to the city wide level, and later currently unidentified

improvements need to be done, the city only has an original sized pot to split up across the city. Would the city then created another fee for that area? Mr. Ramharther said on a city wide basis, there could be more support if citizens knew that money will be used for improvements throughout the city. Mrs. Donahue said the city would have to develop a Capital Improvement Program (CIP). Mr. Bender said to use the current CIP as an example. It is a 5-year plan and funds from other impact fees are being allocated to projects as they come forward. With a city wide impact fee for transportation, the money would be put towards the projects with the biggest needs. The next major project that needs to be looked at is Third Street.

Mr. Goldman said for projects like Russell Street and Third Street, a city wide impact fee makes more sense, but it is harder to target what exact growth contributes to the use of the arterials. With the Mullan area, it is easier to isolate the growth, which is west of WalMart. Mr. Bender said that with the intersection that will be added at George Elmer Drive, it is unique to the area and plan as well. Mrs. Donahue said the calculation can be seen in the CIP because it talks about allocations for the fire station or increase in police. Mr. Goldberg asked if a local impact fee could be proposed for west of Reserve Street and a city wide impact fee for east of Reserve Street. Mr. Kress said it would be possible and there are several different approaches that could be taken. Mr. Guthrie said if the city wide impact fee is going to be adopted, the city should see if other funds are available for specific improvements. Mr. Campbell said one option would be to have specialized districts for new growth areas and a city wide fee for infill. Mr. Guthrie said it is not impossible, but it might be harder to implement.

Mr. Galipeau said that what homeowners are paying right now will not keep up with the cost of maintaining the roadways, even without new development. Mr. Guthrie said the gas tax has been the main source of funding and it is a declining revenue. Mr. Bangs asked if the local option tax is passed if the City is going to direct some of the money toward transportation. Mr. Bender said the mayor has publicly said that some money will go toward transportation. Mr. Ramharther spoke about the City of Whitefish using their local option tax money toward transportation and said they have some of the best road projects. Mr. Bender said West Yellowstone has done the same. Both Whitefish and West Yellowstone have low property taxes also. Mr. Bangs said both the realtors and builders are backing the local option tax.

Mr. Campbell spoke about part of the [Missoula Transportation Plan](#) that he handed out. The maps are from the 2000 – 2004 Transportation Plan and the numbers are from 2000. The first map shows streets at capacity, over capacity and approaching capacity. Russell Street and Third Street were approaching capacity and Mount and South Avenues were over capacity. The second map is a list of needs in the community on issues that were identified in the transportation plan. The third map is projected traffic in the year 2025. This includes the 20 year growth plan and with spending all the federal funding that the city gets, there will still be roads over capacity.

Mr. Bender asked the committee what direction they want to go and how they want to use their time. Mr. Freer said he would like to look more at the city wide impact fee. He also asked what the timeline for having resolution on this fee is. Talking about the transportation fee is just scratching the surface, what else will the committee be working on for impact fees? He said that to make a decision on this fee, the committee needs to look at all the pieces. Mr. Bender said there are no additional or new impact fees being considered by the City at this time. He

mentioned the current [City Ordinance #3250](#) that was handed out. The current fee structure is in the ordinance. Mr. Freer said to have a long range plan for the committee is helpful. Mr. Bender asked if anyone on the committee disagreed with further discussing the city wide fee. Mr. Bangs said having more discussion makes sense, but if the County would cooperate in a Mullan Road transportation district, that would be a better solution for this area. Mr. Bender asked if the committee wanted to invite county representatives to the next meeting and the consensus was yes. Mr. Guthrie said the week for February 5<sup>th</sup> would work for him to come to the next meeting with county representatives. February 6<sup>th</sup> was set for the next meeting.

Mr. Goldman asked what the purpose of the committee is. Is it to look at the different options and say “let’s go with this one”? Mr. Bender responded by talking about the purpose of the resolution: review it and advise the City. Items can be recommended and changed as long it follows the state law and case law. Mr. Bangs said the main responsibility is to advise the City. Mr. Bender said yes and to modify and respond to reach a mutual agreement between the committee and the City.

Mr. Bender talked about the current city ordinance. There are four different types of fees and the calculations for each one in it. Mr. Bangs asked about differentiating between different sizes of housing. Mrs. Donahue said it would be to the city’s advantage to have a standard practice of implementing fees. Mr. Bender asked Mr. Guthrie if he could create a similar model for the transportation fee that was designed for the other fees.

Mr. Ramharter will bring the annual report on the current impact fees to the next meeting. It shows what revenue came in and where the money was dispersed to by month.

Mr. Bangs said that the city is paying \$1.5 million for the George Elmer Road across airport property. He said the airport should pay for the portion of the road as opposed to anyone else. The airport will benefit from that road more than anyone else as they will develop the land commercially. Why should the City pay for their road? Mr. Campbell said where the road goes across their land is in the airway approach zone, and would be very difficult to develop it. Mr. Ainsworth asked if the airport will be able to use it. Mrs. Donahue said yes as they will be able access property on the other side of the airport. It could potentially make the airport a lot of money. Mr. Bender asked Mrs. Donahue if she is still on the board and she said she is the chair this year.

The next meeting is scheduled for February 6 at 4:00 pm in the City Council Conference Room, 140 W Pine.