

Impact Fee Advisory Committee Minutes November 13, 2008

Attendance:

Committee Members	Staff	Other
Janet Donahue	Bruce Bender, CAO	Ryan Morton, MBIA
Dick Ainsworth	Brentt Ramharter, Finance Director	Dwayne Guthrie, via phone
Jinny Iverson		
Collin Bangs		
Jerry Ford		
Derek Goldman		
Jim Galipeau		

Update from Dwayne Guthrie, Tischler Bise

Dwayne Guthrie discussed the [Downtown Transportation Impact Fees](#) document.

- Slide 2 – [Justification for Reduced Transportation Impact Fees](#). The downtown area functions like a transit oriented development. They have a lot of characteristics that promote internal capture and therefore reduce the trip generate rate and help justify a lower fee. Compared to the rest of the community, there are some things that there has to be such as transit service, a better walking and biking environment and be more conducive rather than a suburban kind of pattern. There is a more urban pattern with small blocks and higher density in a great layout. Tischler Bise has reviewed literature of studies in other places and Mr. Guthrie pointed out a couple of specific items.
 - When there are locals serving retail and business services, citizens don't have to go outside the area which cuts down on trip generation.
 - There is a better balance between jobs and housing, so rather than being so isolated, they are all together in the same relative proximity so that citizens can walk, bike or take transit to their work. Especially during the daytime, going out for short trips, citizens don't have to take a car to meetings or lunch.

With those points, Tischler figured a percentage reduction that justified the lower fee based upon a ten block route in the downtown area. There are fewer people and vehicles available per housing unit which means there is a lot more usage of walking, biking and transit in the downtown area.

- Slide 3 - [Downtown Study Area](#). This shows the boundary of the Downtown Master Plan Area (which is shown in purple) and a quarter mile buffer around that which matched up with the ten block groups that were selected for the analysis. This information was compared to the blocked route. They wanted to have a designated area that would allow the census data to come up with the demographics.

Bruce Bender asked if Tischler Bise recommended that this be the boundary for the new fees and Mr. Guthrie said he would use the block routes.

There was discussion on whether the boundaries shown on the map should be kept the same or changed to a smaller area.

- Slide 4 – [Citywide vs. Downtown Demographics](#). This summarizes how the city compares to the downtown area and shows some of the important differences where there are a lot more attached types of housing in the downtown area. Because of that, one thing Tischler Bise recommended was to create a separate downtown category that breaks out the 2-9 units per structure which would be more like townhouses, duplexes, etc. versus the 10 plus units per structure. The reason for this break in the category is because that is how the census data is available. This shows the differentiation in the attached housing rather than one size fits all category. The persons and vehicles per household are lower consistently for all unit types downtown versus citywide. These figures show lower trip generation rates in the downtown area. The Means of Transportation Work section shows 17% fewer vehicle trips in the downtown area for citizens going to work.
- Slide 5 – [Trip Generation by Type of Housing in Downtown Missoula](#). This slide shows the trip generation rate of the downtown area based on the vehicles available and persons per housing unit.

Derek Goldman said he understands the rationale for calculating for the reduction in trips for residential, but commercial is not listed and asked what the rationale was for the reduction of trips for commercial. Mr. Guthrie said the percentage reductions that are listed on [slide 6](#) are the only ones that are reduced in the commercial categories. It is the 2% reduction for local-serving retail with the idea that when employees go to lunch, they tend to walk which reduces the trip generation. There is a 5% reduction for jobs-housing balance because there are so many jobs in the downtown area that citizens don't have to drive to work. There is a 17% reduction in transit and non-motorized travel to work based on census data.

- Slide 6 – [Downtown Missoula Fee Inputs](#). This summarizes the input with changes shown in yellow. There is an extra category for the attached unit and the unique trip generation rate for residential at the top. The percentage reductions are listed at the bottom.
 - 2% reduction for local-serving retail
 - 5% reduction for jobs-housing balance
 - 17% reduction for transit and non-motorized travel to work
- Slide 7 – [Transportation Impact Fee Comparison](#). There is a comparison of citywide numbers versus the downtown numbers and the percentage of decrease. For both residential and nonresidential, there is a 24% – 42% reduction in

transportation impact fees in the downtown area. The downtown units for single family are smaller, so the fees had to be redone by floor area of housing in the downtown area. This is shown in the bottom graph. The downtown units are about 200 square feet smaller.

Mr. Bender said there is some commercial showing in the graph, but the recommended rate is only for residential. Mr. Guthrie said there is a reduction for all non-residential also and he only showed three different types as examples. The memo prepared in March had the amounts for all the categories just like the citywide fee does. Mr. Bender clarified that there are numbers for all commercial and offices as a reduction and Mr. Guthrie said yes. Mr. Bender asked if they are generally the same reductions shown as residential. Mr. Guthrie said all the non-residential has a 24% reduction. There is no variation between office, retail, etc. Janet Donahue asked if the committee could get a copy of the memo that was sent to Mike Kress in March that showed the breakout of categories.

Jim Galipeau asked if the fees are reduced for downtown, are the fees for other areas increased or will the city just receive a lower amount of money to do the projects that were to be funded by these fees. Mr. Guthrie said the methodology for the citywide fee is incremental expansion. This means there would be less travel and therefore less need to make improvements. It wouldn't be a shift of dollars, just a slight reduction of dollars that would be needed. Mr. Bender said all the other fees would stay the same and Mr. Guthrie said outside the downtown would stay the same. Ms. Donahue confirmed that there would be less fees collected overall and Mr. Guthrie said yes, as well as less need for improvements because there would be less trip generation. Ms. Donahue said if the city uses the fees where the traffic is generated, then the downtown area would have less fees attributed to any kind of new expanding construction and Mr. Guthrie said yes. Ms. Donahue said if a street was expanded in the downtown area, there would be less coming from the impact fee. Mr. Bender said the initial ordinance had the fees differentiated by areas, but more discussion would be needed to decide if fees collected in the downtown area should only be used in the downtown area and therefore, fees would not be used from another area. There were no restrictions on where the transportation impact fee could be used. Brentt Ramharter said one of the main projects that the transportation impact fees would be applied to was by the old sawmill site. Mr. Bender said the signal off Cregg Lane onto Orange Street would be a potential use of the transportation impact fee. Mr. Ramharter said that was the main project in the downtown area.

Collin Bangs asked if someone from the city has looked back a few years to see how much less money would be collected without the transportation impact fee. Mr. Ramharter said he will discuss financials later in the meeting and Mr. Bender said the area has not been looked at. Mr. Bender said the one that jumps out is the First Interstate Bank building being built now. He is not certain if the transportation impact fee was collected on that building because of the timing of the permit and the implementation of the fee. They would have paid a substantial

amount and if the fee is reduced, the city will have to reimburse them for what they paid. Dick Ainsworth said Safeway would be another project. Mr. Bender said they had their permit before the fee went into effect, which was February 2008.

- Slide 8 – [Correlation of Floor Area and Trips Ends by Bedroom Range](#). This follows the graph on slide 7 for average floor area of single family housing by bedroom range. The trip generation by the bedroom range for a single family house and came up with fees per square foot, just like the citywide fees are done.
- Slide 9 – [Comparison of Transportation Impact Fee of Floor Area per Single Family Unit](#). This slide shows the comparison for single family citywide versus downtown. The difference for the smallest unit size is \$463 and the largest unit is a savings of \$1,248.

Ms. Donahue thanked Mr. Guthrie for the update and said if there are any further questions, the committee will contact him.

Mr. Bangs said this update makes good sense, especially when compared to UFDA and other programs that are trying to build both residential and commercial into already developed areas. One of the ways to get what you want is to give incentives as opposed to disincentives and this would be an incentive to build housing in the downtown area.

Mr. Bender said the city will be looking for a recommendation from the committee regarding this new information. Does the committee want to see an ordinance with the revisions that were discussed and show what it would do to the fees and make a recommendation to the council? Mr. Ramharter said these fees are based off the original study where the committee went with 50% of the recommended fees. Mr. Goldman said it sounds like a good idea, but with just getting the information, he would like to think about before making a recommendation. Ms. Donahue said she would like to see the original memo to have more information before making the recommendation.

Mr. Galipeau asked if this opens it up for somebody else to say there is another area that deserves some sort of special attention because of its special circumstances. It could look like someone has a favorite area they want some reduction in. Mr. Ramharter said he does think it would open it up for other areas to want a reduction in fees. There was public comment and the council acknowledged this and it was considered at the time of adopting the original ordinance because of what was happening in Bozeman at the time. Mr. Bender said it is a concern and there was considerable discussion about it. Mr. Ramharter said it would have to be shown that people were living, shopping and working within their district. Mr. Ainsworth said North Reserve might be studied to show that it should have a 10% reduction. It may not be as much, but it could be looked at. Ms. Donahue said at some point the downtown area will be saturated and there will be no more building available, then it might be discussed to expand the area. Jinny Iverson asked how long ago Bozeman adopted the special district and Mr. Bender said about a year ago. Ms. Iverson said the issue should be discussed with Bozeman, what did they

learn and how did they resolve it? If the committee does make this recommendation, it is just being opened up for public comment. Ms. Donahue said another question to ask Bozeman is if it has had an impact on the number of building permits in the area.

Ms. Iverson asked if Mr. Bender would work on some draft language for an ordinance to be discussed at the next meeting. Mr. Goldman asked if it would be possible to project the Lawson total for the transportation impact fee is. Mr. Ramharter said it can be done under a couple of different assumptions, but the information will not be absolutely correct. Mr. Bender said the biggest development area within the downtown area is the millsite. The rest of the area does not have that much room for development. Russell is pretty far west to be included in the downtown area and committee members agreed. The committee is not constrained by the data Tischler Bise has recommended. It can be narrowed if the committee decides to.

Ms. Iverson asked what the definition of a census block is. Mr. Bender said it is an actual line on the census map. Mr. Ramharter said he could get the definition of how much area is included in a census block. Mr. Ainsworth said using the area of the downtown master plan would be better because there wouldn't be a problem justifying it and it is easier to defend. Mr. Goldman said it doesn't preclude increasing the area in the future. The committee agreed with using this area to start with.

Mr. Goldman asked if the university is exempt from paying the fees and Mr. Bender said no. Mr. Ramharter said in the detail of the financial documents, they have paid a lot toward the transportation impact fee.

Revenue/Expenditures for Impact Fees

Handouts given at the meeting:

[Financial Reports February through June, 2008](#)

[Residential Impact Fees FY08](#)

[Commercial Impact Fees FY08](#)

[Capital Improvement Program Requests](#)

Information requested for FY09 be committee, emailed to committee after meeting

[Financial Reports July through October, 2008](#)

[Residential Impact Fees FY09](#)

[Commercial Impact Fees FY09](#)

Mr. Ramharter talked about the [summary of impact fee revenue and expenditures](#) and said since the transportation impact fee was adopted mid-year, there weren't any permits until March of 2008. For the remaining four months of the fiscal year, there was almost \$400,000 received for the transportation impact fee. In fiscal year 08, the city collected nearly \$900,000 in impact fees, of which almost \$400,000 was the transportation impact fee.

At the current rate for fiscal year 09, Mr. Ramharter predicts the city will receive around \$400,000 for the whole year instead of around a million dollars because building has slowed down. Excavation permits for new building has really slowed down, but there are a lot of permits for remodeling and alterations.

Mr. Ramharter spoke about the [residential and commercial impact fees](#) handout that showed fees collected between February and June, 2008, and which are broken out by 100 square foot increments and also by impact fee type.

The [Residential Impact Fees FY08](#) handout showed the breakout of fees in increments of 100 square feet and 500 square feet. The impact fees were broken out by 500 square feet increments before the transportation impact fee was implemented in February, 2008. Since the fees were adopted mid-fiscal year, the reports were run to show both. This report shows the addresses, so it shows where the building is happening.

Mr. Ramharter spoke about the [Capital Improvement Program Project Requests](#). These are projects that being planned for FY09. The Parks Department put together an informational sheet that shows all the parks projects and how the fees were applied in various years. It also shows what is planned for the coming years. There are a couple of large projects they are working on, such as 44 Ranch. The Parks Department is working with the developer and it is currently under construction. There are several funding streams, including cash-in-lieu. Silver Park has been put on hold for a number of years. This is a significant project along the old millsite from the ballpark to Russell Street along the river. It is over a million dollar project, and they are using CTEP money, city assessment for SID for about \$250,000 and about \$250,000 of impact fee money.

Mr. Ramharter explained each Capital Improvement Program Request.

- [CS-20](#) – Two-way Front and Main Street Traffic Flow Project
 - This project came from the Business Improvement District. \$200,000 in transportation impact fees has been set aside for this project in FY13.
 - Mr. Bender said this is part of the downtown master plan. Main and Front will be restored to two-way streets to allow better access and flow.

- [PS-03](#) – Fire Station #6 Land Purchase
 - Provide a two acre site for a future fire station west of Missoula. The fire station will probably not be built for around ten years, but the land needs to be acquired. Ms. Donahue asked if the Fire Department has found land to purchase since it appears they are using the money this fiscal year. Mr. Bender said it was opportunistic. The amount was put into the CIP in case land became available. The master plan has a designated, very specific location. It has to be west and south of the airport. The current rural fire department is not in the right location. This is a placeholder this year. It may change next year, or it may carry over the way it is this year. Mr. Galipeau asked if it is to be funded entirely from the impact fee and Mr. Bender said yes.

- [PS-04](#) – Mobile Data Computers
 - This is an enhancement for all the fire engines and it is mandated that fire engines have this technology. A small component of the project is considered growth generated. There is a grant that will pay a large amount of the costs.

- [S-01](#) – South 3rd Street Reconstruction (Russell to Reserve)
 - Mr. Bender said about one-third of the project cost of 3rd Street is being allocated to the transportation impact fee. It will be constructed by city crews and will take approximately three years to complete. Two or three blocks a year will be done. Curbs and sidewalks will be assessed to the property owners. There is no federal money to build 3rd Street.

- [S-19](#) – Transportation Impact Fee Funded Projects
 - This lists the projects that are to be funded by the transportation impact fee.
 - One of the projects that was to be funded was S 3rd Street. It was not started because the state said the city couldn't proceed on the project until the EIS was adopted. The city cannot work on this project for two years, as the EIS will not be adopted until the end of next summer.
 - The only project that was coming up soon was Mary Jane and Broadway because Costco was in the development process and were looking to begin construction on their new site. They have since held back on the process. Costco would build Mary Jane Blvd in front of the store and install the signal. The city would work out a credit in accordance to the ordinance. Their impact fees are going to be about \$400,000 and the signal would cost about \$400,000, so it will probably be a wash in finances.

- [PR-02](#) – URD II Silver Park & Millsite Trail System
 - Federal money (CTEP) is enhancement money, federal highway money is being used, as well as a park SID and Park Impact Fee of \$250,000. The Parks Department is trying to proceed with this project. Mr. Ramharter said with a project like this where the ultimate construction for commercial and residential property is not happening yet, park impact fees could not be used. MRA would have to put the cash in and ultimately get paid back by the impact fees.

- [PR-11](#) – New & Expanded Park Development per MPP & NHD
 - This has all the park expansions. Parks Department wanted to have a significant amount of impact fees go into the expansion of the parks. Some of these projects were planned years ago and price escalation on so many areas will slow them down. LaFray Park is almost done; Pineview Park has been redone three times and there is a better plan for it now; White Pine has to wait on the cleanup per DEQ standards; 44 Ranch is

currently under construction and will move through a series of phases; Pleasantview will need significant amenities; others will get bumped out a few more years.

- [PR-13](#) – Fort Missoula Regional Park
 - Mr. Ainsworth said Project B is JTL lands conversion and asked when JTL would be turning that part of the project over to the city. Mr. Bender said it is supposed to be 2012, but could be sooner. Mr. Ainsworth said the last he had heard it was going to be later. Ms. Donahue said that since Knife River bought out JTL, there could be a different agenda.
 - Mr. Ramharter said the parks impact fee is for planning and design work. Prioritization of projects on bond issues is an issue for citizens. The public safety building has been in the process, so the Fort Missoula Regional Park could fall back a couple of years depending on the economy.
- [PR-15](#) – Playfair Park Site plan, design, renovation
 - The parking lots were paved this year. CTEP is being used for sidewalks. Impact fees are being used for general expansion of the facilities.
- [PR-18](#) – UV Sanitation at Currents
 - It was agreed that this would be split 50/50 with the monies in the Aquatics Enterprise Fund and impact fees.

Other Comments

Mr. Bangs asked if the impact fee committee should be commenting on the Parks Department proposing a parks fee for minor subdivisions. The City currently does not have this fee because it was not legal, but it is now legal due to a change in state law. They are proposing a parks fee at the time of building permit for condominiums and apartment buildings. There is a justification for condominiums because they are a substitution for a subdivision. If it is just a multi-family apartment complex, which is not any kind of a subdivision, they are charging a fee for the right to build something to cover cost of things that you are creating more need for. There is a legal opinion from Attorney Zane Sullivan that says there is nowhere in the law that allows those fees to be charged. It's a fee at the time zoning compliance and building permit as a fee or land dedication at time of subdivision. This appears to be an impact fee, which the parks department already has.

Mr. Bender asked what the fee would be used for and Mr. Bangs said primarily for park development. Ms. Donahue said rentals are not going through the subdivision process, so they are not paying cash-in-lieu because it isn't a subdivision. There was a public hearing two weeks ago and it was sent back to committee. Mr. Ramharter asked if it was for land acquisition. Mr. Bangs said it was for the actual building permit.

Mr. Ainsworth said it appears to be another impact fee. Mr. Bangs said the committee is supposed to oversee the impact fees. Ms. Donahue said that rather than a comment on the fee, the committee could ask a question to parks such as "How is this fee is different from the impact fee?" Mr. Bender asked if the committee would want Jackie Corday to come to the December committee meeting and Mr. Bangs said he would like Jim Nugent to come to the next meeting. Ms. Donahue asked Mr. Bender to propose the question to Mr. Nugent to see how he responds.

Mr. Ainsworth asked if any new members had been appointed to the board since there were appointments that were ending November 30. Mr. Bender said that members that are appointed by the Mayor were reappointed. The member appointed by City Council is going through the process.

The next meeting will be December 11 at 4:00 pm.

Respectfully Submitted
Melani Coyle