

## Impact Fee Advisory Committee Minutes September 30, 2010

Attendance:

Committee Members	Staff	Other
Janet Donahue	Bruce Bender, CAO	
Dick Ainsworth	Brentt Ramharter, Finance Director	
John Freer	Steve King, Public Works Director	
Collin Bangs	Donna Gaukler, Parks Dept Director	
Jerry Ford		
Mark Muir		
Derek Goldman		

Collin Bangs made the motion to approve the [August 26](#) minutes and Dick Ainsworth seconded the motion. The minutes were approved.

### **Checklist of Criteria for Expending Impact Fees – Janet Donahue**

Bruce Bender presented a [PowerPoint](#) that discussed the [Criteria Checklist](#) that was handed out. He explained the first two slides discussed the background of the fees. The next two slides are a series of questions, or gates, to qualify for impact fee funds. They are yes or no questions.

Question 1: Is it a city public facility or equipment? Is it replacement of an existing facility or equipment? It has to provide expanded capacity or service for new development. There has to be a yes to that question because if an existing piece of equipment is being replaced, it is not eligible unless it provides expanded capacity. Janet Donahue said it could not be a replacement but still an expansion of capacity. It could be a no and then a yes. Bruce said the only way it would be considered if it meets capacity. Janet said it doesn't matter if it is a replacement of an existing facility or equipment, what matters is whether it provides expanded capacity. Bruce said if a piece of equipment is being replaced, and it does not provide expanded capacity, it cannot go any further in the process. Janet said 1 b1 is what is being questioned because it has to provide expanded capacity. Derek Goldman asked if it should be 'provides expanded capacity *or new service*'. Bruce said by adding 'new', it changes the meaning to there were no services provided before, it is an expanded service. Derek said a new service would also be eligible because if there was no service there, a new service being created could be attributed to growth. If there is a new park added where there was no park, that would qualify. Bruce said that is expanded service because parks is an existing service and that would expand the service. New service would mean the city was not providing that service at all and Janet used the example of water service.

*The committee changed 1 b from "Replacement of an existing facility/equipment?" to what was 1 b 1 "Provides expanded capacity of service for new development proportionate to the calculated impact of the growth".*

Question 2: CIP or Adopted Facility Plan? Bruce said they should all be in the CIP. Most of the time it will be and/or because everything would go through the CIP. Steve King said that is the

wording in the ordinance. Brentt Ramharter said it is good to know if it is just CIP or part of another plan like the Master Parks Plan.

*The committee changed it to say "CIP and/or adopted facility plan". They also added the CIP score and CIP rank, and the title of the adopted facility plan.*

Question 3: Citywide/Regional/Community facility. This question is critical and is either/or. It is either a citywide/regional/community facility or (question 4) local/neighborhood facility. There are two methodologies. This is for an arterial road system or regional park like Fort Missoula. They are regional facilities and not narrow in their service. The council chambers expansion was a citywide facility, or places like a police station, fire station or pools. In determining the amount of impact fee, two methodologies would be used.

Service increase is expanding services, but not capacity. This is where population growth would be used. The historical growth has been 2 percent a year since the study date of December 2002. It is very vague and will probably be used less than capacity increase.

Capacity increase is easier to explain because most projects are expanding capacity. Brentt said if the restroom size in a park is doubled, it could be both capacity and service. Bruce said that would be a facility increase, so would be in the capacity increase category. It is doubling the size of the facility, so half the expansion would be eligible for impact fees. A new facility is 100 percent eligible. At Fort Missoula, the athletic fields, trails, parking, facilities, etc could all be 100 percent eligible for impact fees.

John Freer said the recurring question he has is clarifying if it is at capacity or deficient. In the examples in the appendix, the parking lot is expanded from 100 spots to 125 spots. Impact fees paid for 25 percent of the construction cost. There still is no clarification for if those 100 parking spots were at capacity or deficient. The second example is the playground park with a capacity of 15 children and is replaced with a new playground for 45 children, thus impact fees could pay for two-thirds of the cost. The capacity cannot be quantified. If the existing capacity was 15, and that was not sufficient, the additional 30 cannot be quantified to be attributable to growth. In the service increase, it is based on the population growth of two percent since December 2002. If there is a new park now, eight years later, 16 percent of the whole cost of the upgrade would be attributable to growth. The baseline needs to be quantified so it can be a streamlined process. Brentt said those are just examples and they may not be used because what Bruce has brought forward is pretty defined with the calculations.

Bruce said in question 4, local/neighborhood facility, park improvements would be figured out with growth potential. This is narrowly constrained. Impact fees would be determined by a lot of factors. If it is a street collector, such as Hillview Way, vacant land, what zoning is allowed, number of units that could be built there so how many vehicle trips there could potentially be, then that proportion of full development. There is current development plus future development and that becomes the proportionate share. If there are 1,000 units and 100 more units potential, tenpercent of the cost of that road improvement could be eligible for impact fees.

Park improvements are done the same way. Donna explained that once the development was accepted for 44 Ranch, it was decided where the actual dedicated park would be and went a half mile radius. From that they were able to estimate what the revenue from impact fees would be from the residential development. Cash-in-lieu was also dedicated. They took the actual projected impact fees and cash-in-lieu, and figured out how much actual money they could spend on the park.

Janet said this is different from the example John was speaking about. In Marilyn Park, the number of units served had been determined. She asked how it is determined that the park is being used at or over capacity. John said that is what he is trying to figure out, is it at capacity or is it deficient, and asked how that is quantified. Donna said they do subjective surveying. Some of it comes from complaints from citizens.

Bruce said it depends on if it is a local neighborhood facility or a communitywide/citywide facility. Determining the current deficiency of a park can be difficult. It is considered a service increase and 16 percent of the cost could come from impact fees. If the expansion is serving growth, it will be done that way, but if not, the 16 percent service increase will be used. If it is a small local park in an established neighborhood, there will not be much growth in the future and a park improvement would probably not be done. If it is in an area that is in a growing mode, the full development could be used and a share of the park should be paid for by growth.

John agreed that if it is in an area that is growing, a percentage needs to be attributed to growth. Janet asked if John knew how it is determined how much a road is being used, by trip generation. Steve King used transportation impact fees on the Third Street project by adding capacity as an example. The question is if Third Street is at 100 percent capacity 100 percent of the time? At midnight, no. At 5:00 pm, it is at capacity.

Collin Bangs said certain deficiencies have to be established now, or assume there is none, especially in parks. Donna said it also has to compare apples to apples. The Master Park Plan (MPP) states where park deficiencies are, which are different from facility deficiencies. Parks has to make a professional judgment on if facilities will be provided for that great big regional tourism event or are they trying to provide facilities for an average day in time. The MPP has helped with new development in park dedication. Citizens from the Mansion Heights neighborhood have approached Parks saying they need a playground and asking what fees are available. There is a little bit of development happening, so potentially there could be a little funding from impact fees. Also, they are asking for a playground where there never was a playground. Is that eligible? Were they deficient? It is subjective on how to use impact fees. Janet said in that instance, that would be eligible for impact fees because it is a deficiency. Collin said there is still a lot of building happening in that area. Bruce said how many units have been built since 2002 could be determined, and impact fees would be available. The neighborhood would have to come up with the rest of the money.

Brentt said the population is currently around 69,000. In 2002, it was 57,000. There has been approximately a two percent a year increase. That is a reasonable amount to use. It is better to use that for citywide projects because that two percent is not even in different areas of town.

Jerry said the plan was adopted in 2002, but the fees were not adopted until 2004 and they were based on the study. He asked how the park land the university owns is considered. Donna said the university land is not used. The difficulty with schools and university land is the public does not have general access to the facility for much of the year. A small portion of the playground on schools in the overall level of service has been used. They could enter into agreements with the schools on deficiencies. The public would have to be guaranteed access to those facilities.

John said he wants to set baselines so these questions do not arise on every project. For parks, it should ask if it is a community, neighborhood or citywide park. From the service area, it can be determined how many people it is serving. Then determining how many more people it could serve to be at full capacity, that would give the percentage attributable to impact fees. It then would not matter if it was an existing park.

John said in the checklist, there should be a question for the existing level of service there is. Donna said the CIP has a requirement for need. The CIP has to be turned in with the checklist. It was suggested to have the CIP score on the checklist.

*The committee added the CIP score and rank under #2, CIP or adopted facility plan. They also added a space to write in the type of plan if it is not in the CIP.*

Collin said he was pleased to see the breakdown between regional and local parks. It follows the intent of the law and is clearer.

Derek asked if the vision for the checklist is for department heads to use it when working on projects and Bruce clarified if they are using impact fees. Steve said as the CIP applications are prepared and departments are proposing impact fees, the checklist will be attached. Bruce said it will also be used as part of the internal CIP process.

Janet asked at what point the checklist would go to the committee for recommendation. Would it be after CIP review has taken place and been scored? Bruce said it would come to the committee after the CIP review and before it goes to City Council.

Derek asked to hear from the department heads on if this form will work for them. Donna said it is useful because it was done in house without a document before. This formalizes what was already being done. Steve said it was a good exercise to go through. Steve and Donna were included in the dialogue and development of the checklist. It helped them focus on how to quantify the qualifications. It is a good tool.

Mark Muir said it dovetails into the work that is already being done with the scoring of the CIP. Brentt said it is more restrictive now. Janet said it is easier to see the requirements now.

John said there needs to be more refinements on the checklist that would clarify the items a little more. It still has some objectivity, so it needs to be a little more developed. Donna said some changes are going to be made to the document from the discussion today.

Janet moved to approve the checklist with the changes discussed in this meeting and try it for the next cycle. Adjustments can then be made once it is determined what works and what does not work. If something is missing in this checklist, it will be brought forward. Once the committee goes through the process with this checklist, along with the CIP process, changes can be made. Janet said the calculation will be on the form and that will be the justification.

*Calculations will have a space to show user they need to have the calculation in the checklist.*

John said under 3A, for the calculation of number of years times two percent of the cost, it is a limiting factor. If the committee has talked about doing it as neighborhood, regional and citywide service areas, it is not necessarily going to be two percent baseline. Bruce said it should be reserved as a possible method. Most of the projects will be methodology two, or 3B. There may not be a simple way to determine capacity increase, and in that case methodology 3A will be used. John said it should be changed to say two percent or current annual growth as two percent would not always be accurate. John said for the different service areas, two percent population growth does not work for the citywide projects. Janet said the two percent works for the citywide projects, not the neighborhood or regional. It gives flexibility to leave it in the calculation so they have the choice to use two percent or current annual growth. Bruce said this calculation will be good for the CIP team also when they are working on the CIP and budget.

*In 3A, add "or current annual growth" after the 2% in the formula.*

Bruce said this checklist will change each year as it progresses.

Collin moved to accept the checklist with the changes discussed and John seconded the motion. The motion carried.

### **Other discussion**

Janet asked if the committee needed to meet with City Council. Bruce suggested going through a cycle and then the committee will be ready to present something to the council.

Bruce said the committee had asked to have a meeting in late fall to go over the last fiscal year's expenditures and a meeting in the late winter/early spring to review the proposed CIP projects. The audit will be done by the end of October, so a meeting within the first two weeks of November would be good to review FY10 expenditures.

The next meeting is scheduled for November 10 at 4:00 pm in the Jack Reidy Conference Room.