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Businesses challenge cost of road impact fees

By JOHN STANG/Daily inter Lake

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An avalanche of facts and opinions on road impact fees hit the Kalispell City Council on Monday — causing it to delay its discussion on the topic until Jan. 20.

Not an inkling of a consensus emerged from Monday's council workshop session — other than most council members had plenty of questions and wanted to spend a lot more time talking about the issue.

"We've beaten this horse to death," council member Bob Hafferman said.

Twenty-six people, as well as the city's consultant and staff, voiced opinions on the proposed road impact fees during a Monday public hearing.

During the public hearing:

n Developer representatives said the current road impact fee proposals would indefinitely stall the huge Glacier Town Center project and likely would kill a project to build a Kohl's department store in Spring Prairie Center on U.S. 93.

n Construction representatives said that the hard-hit local construction industry needs a boost from new commercial and housing projects.

n Justin Sliter — an impact fee advisory committee member who was absent last week when the committee split 2-2 on recommending that the current fee study be adopted — said he would have voted to keep the proposal in the committee for more work. Committee members Myrna Terry and Mark Owens wanted to work over the proposal more in committee, while Jerry Reckin and Jim Cossitt backed the current impact package.

People speaking at the hearing represented big and small developers, the construction industry, some small businesses, the Northwest Montana Association of Realtors (which threatened a lawsuit if the current plan is adopted), the Flathead Business and Industry Association, the Kalispell Chamber of Commerce, and Semitool Inc., which has laid off roughly 300 people since early November.

These interests opposed the current road impact proposal, arguing it is flawed legally and from a traffic-engineering standpoint, as well as being expensive during tough economic times.

"It's dollars and cents. It's too expensive. ... To create new development, to create new jobs, you have to make it

financially feasible," said Richard Filler, executive vice president of Chicago-based Harlem Irving Companies, which is working with Spring Prairie developer Mark Goldberg to build a Kohl's in northern Kalispell.

Filler said the current road impact fee plan likely would sink the Kohl's project.

Regarding Glacier Town Center, Ken Kalvig said: "Impact fees will likely put our project on hold indefinitely." Kalvig is the local attorney representing Wolford Development, which wants to build Glacier Town Center. The first phase of that project would be a 577,000-square-foot shopping center.

Some people made the case that northern Kalispell's commercial projects would increase Kalispell's property tax base. Wolford Development and Spring Prairie representatives contended their completed projects would add about \$750,000 annually in city property taxes.

Steve Lorch, representing the Montana Department of Natural Resources and Conservation, said high road impact fees would hamper the state's efforts to get the best prices for land it is leasing in the commercial area south of West Reserve Drive and west of U.S. 93. That land includes Spring Prairie Center.

City Attorney Charles Harball, Public Works Director Jim Hansz and the impact fee committee's consultant, Randy Goff of HDR Engineering's Portland office, said the legalities, traffic figures and fee calculations for the traffic impact fees are solid and based on the best nationwide numbers and formulas.

Interim City Manager Myrt Webb said no evidence has surfaced that road impact fees have harmed economies in other towns. And he noted that Kalispell has tackled only one major road upgrade — Meridian Road — since 1993 because of a lack of money.

Mayre Flowers, director of Citizens for a Better Flathead, echoed HDR's research that Kalispell's proposed road impact fees are lower than those elsewhere in Montana.

She and others also argued that trimming the proposed road impact fees would shift much of the costs of needed new and upgraded streets from developers to property taxpayers.

Impact fee committee member Jerry Reckin said: "The big question is who's going to pay for growth? If growth doesn't pay for growth, the taxpayers'll pay for growth, and the taxpayers are in a bind" because of the poor economy.

Reckin said the impact fee committee and HDR did not have any money targets in mind when they began studying impact fees.

He contended that northern Kalispell's three biggest commercial developers — Wolford Development, Hutton Ranch Plaza's Phil Harris and Spring Prairie's Mark Goldberg — are leading opposition to the road impact fees because the proposal would cut into their profits.

At the upcoming workshop on Tuesday, the council is likely to discuss:

Individual council members' concerns and objections. Council members' specific questions and opinions were barely mentioned on Monday.

n Whether to adopt the HDR study's figures and formulas.

n Whether the proposed fees should be trimmed.

n Whether the fees should be phased in, with grandfathering provided for projects that exist on paper but have not obtained building permits.

n Whether the proposed fee system meets the state's legal requirements.

An impact fee is a one-time charge on a new home or commercial building that is built in or annexed into Kalispell. Its purpose is to help the city pay the extra capital costs of serving that structure.

The proposed road impact fees are controversial because new buildings would be assessed fees depending upon the amount of traffic they are expected to create.

The impact fee on a new single-family home, which has minimal impact, would be \$928. But business projects likely to create lots of traffic — such as Glacier Town Center — can expect to pay larger amounts in the hundreds of thousands of dollars.

Reporter John Stang may be reached at 758-4429 or by e-mail at jstang@dailyinterlake.com

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