

Council dumps road impact fees

By TOM LOTSHAW/The Daily Inter Lake | Posted: Tuesday, February 7, 2012 6:20 pm

The Kalispell City Council voted to kill the city's transportation impact fees Monday night, and in coming weeks will refund \$143,702 collected since the fees took effect in March 2009.

The controversial move prompted ethics allegations against Mayor Tammi Fisher and triggered the resignation of four volunteers on the city's impact fee advisory committee who had recommended a 12 percent fee increase.

"I put in a lot of hours to try and serve my community, but obviously that's not needed when it's a one-way street," Karlene Khor, the impact fee advisory committee chairwoman, said about the City Council's fast-track decision and her resignation.

Khor pointed to the \$34,391 spent since 2006 for a consultant to develop the transportation impact fees and the council's decision Monday to throw that work out.

"I can't take that waste of money ... Government at its worst," she said, adding that another \$111,000 in fees was due to be collected in coming weeks.

The council move also throws into question how the city plans to raise money for growth-related road construction that could be needed above and beyond the maintenance and operations for which the city levies property taxes each year.

Several funding concepts are being explored to raise money for capital improvements.

At the request of Fisher, council members will take up that issue at a work session Feb. 13, aiming to form a diverse "future funding committee."

Council member Phil Guiffrida III said the repeal of the transportation impact fees amounts to a win for Kalispell taxpayers and the removal of a development barrier to help get the local economy rolling again.

"This was a bad law and something that needed to be repealed," he said.

Guiffrida took office in January and led the push to repeal the fees, a move endorsed by a 5-3 vote Monday after nearly two hours of public comment and council discussions.

Council members Tim Kluesner, Jeff Zauner, Kari Gabriel and Mayor Fisher also backed the repeal, which does not affect the other impact fees the city charges for water, sewer, storm water, police and fire services.

In public comments, Bill Goodman questioned whether Fisher should vote because she works as a contract manager for Northwest Healthcare, which now will not have to pay about \$80,000 in transportation impact fees related to its \$42 million expansion of Kalispell Regional Medical Center.

"She broke the law by breaking the tie last week. Had she not, this would not be on the agenda today ... If you proceed, I will turn it over to the prosecuting attorney," Goodman told the council.

As a contract manager for the medical practices division and someone not involved with any construction contracts or work, Fisher defended her ability to vote.

“I am comfortable to proceed,” Fisher said, adding that her opposition to the transportation impact fees goes back to their adoption.

“I did not think this was a good formula in 2009 ... While we did pay big bucks for studies to be done and reports, every time we have discounted pretty much everything [they] said. We haven’t followed” them.

Council members Jim Atkinson, Randy Kenyon and Bob Hafferman opposed elimination of the transportation impact fees. Wayne Saverud was not present.

“I consider this action here tonight to be arbitrary and capricious. We’ve been working on this for five years. To eliminate this in the space of two weeks is a terrible thing to do,” Kenyon said.

Hafferman said he would vote to greatly reduce the fees. “But I will not vote for eliminating them until another source of funding is approved,” he said.

Efforts to table the resolution and amend it to “temporarily suspend” collections failed when put to a vote.

No one on the City Council moved to increase the fees as recommended by the impact fee advisory committee.

As state law requires, the \$143,702 collected will be reimbursed to the owners of the properties for which the fees were paid — not necessarily to the same people who originally paid them.

Fees were paid for 191 projects. Of those, 160 were residential projects such as single family homes, duplexes or townhouses.

Calculated using national standards for traffic estimates based on property use, the \$49 “per trip” fee ranged from \$215 per condominium or townhouse and \$352 per single family residence up to tens of thousands of dollars or more for larger developments, renovations or additions.

Since adopting the fees, council members repeatedly opted to charge just 75 percent of the total allowable rate in an effort to keep them affordable.

Supporters of the fees argued that they were a small component of total development costs in Kalispell and a mechanism needed to help keep future growth-related costs off the backs of existing taxpayers.

“There is no evidence impact fees have stifled development. More importantly, there is no [other] plan to cover these costs,” Kenyon said.

Developers argued the costs were more substantial and that developers already are required to build roads and put in the needed infrastructure for their projects.

Terry Kramer, president of Kramer Enterprises, told the council the transportation impact fees totaled \$17,500 for a \$180,000 project he was trying to put together.

“Ten percent of the project. That’s a lot of money. Our entire fees, hookups, impact fees were \$40,000. Twenty-five percent of the project was fees. It killed the project,” he said.

Guiffrida said he is confident the city can find a better, more fair way to raise money for road-related capital improvement projects than the state-regulated impact fees, which can only be used to enlarge or build new infrastructure.

“A lot of people talked about [this money] being used to fix our roads and I can’t stress enough that these funds cannot go to maintenance,” Guiffrida said.

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