

Council to review study behind impact fee plan adjustments

By TOM LOTSHAW/The Daily Inter Lake | Posted: Wednesday, February 22, 2012 8:30 pm

Questioning a 19-month-old study, the Kalispell City Council put the brakes on proposed adjustments to the city's wastewater and water impact fees Tuesday night.

Council member Bob Hafferman moved to table for two weeks a pair of resolutions that would have set a March 19 public hearing for the new impact fee amounts.

Hafferman's motion passed 8-1 with council member Jim Atkinson opposed.

Proposals before City Council would increase the wastewater impact fee from \$2,499 to \$5,345 per residential unit and reduce the base water impact fee from \$2,213 to \$1,930.

The proposed adjustments were part of a 122-page study by HDR Engineering in August 2010. They were approved 3-1 that same month by the advisory Impact Fee Committee.

Water and wastewater impact fees are charged to new construction, addition and renovation projects that put more demand on city services. They are the city's oldest impact fees, referred to in the past as connection fees or system development charges.

State law says impact fees must be reviewed and adjusted every two years.

These proposals are coming before the City Council behind schedule as Kalispell decided to first work out five years of sewer rate increases that start to go into effect this July.

"My opinion is this report is so out of date there has to be some major revisions," Hafferman said. "We have major problems with this report."

Growth projections laid out in the HDR study show Kalispell approaching the 5.4-million-gallon-per-day capacity of its wastewater treatment plant over the next few years.

The plant's \$21.6 million expansion was completed in 2009.

Plugging \$16.8 million of that cost into the impact fee formula for reimbursement is one driver of the proposed wastewater fee increase.

"It has no bearing on reality," Hafferman said of the HDR study and some of the projects plugged into the formula.

"We're still looking for customers because we still have about two million gallons of reserve" capacity, he said.

The City Council will forward questions they have about the study and the proposed fees to the public works department, which will respond in writing. According to discussions Tuesday, those questions and answers also will be posted on the city's website.

Council members will hold a work session on the issue Monday.

Following the possible creation of an updated report by public works staff, the council is expected to bring the resolutions to set a public hearing on the fees back up for consideration at its first meeting in March.

“It looks like the council will have a little more hands-on approach on this one, which I think is great,” said Charles Harball, city attorney and interim city manager.

“We sent them that 2010 report saying, ‘You know, this is old, there’s been some changes, and we need to go over some of those changes.’”

One such change is the March 2011 adoption of a recommended annexation boundary, which was added to the city’s growth policy.

Mayor Tammi Fisher said she has questions about the 19-month-old HDR study.

“What’s changed since then and what factors may not have been considered?” Fisher said about the council’s request for a review of the study.

After Tuesday’s meeting, Fisher suggested that the proposed doubling of the wastewater impact fee could be a tough sell.

“I think the increases are going to be looked at with a heavy eye,” she said. “We want to make sure whatever fees we assess are based upon sound data and reason. Until we’re all convinced of that, I don’t know if we’ll see an increase.”

In addition to water and wastewater, Kalispell also charges impact fees for stormwater and police and fire services.

The stormwater impact fee also is due for a two-year review and adjustment, but the city has not released a proposal. That’s expected to be the subject of a future work session.

With the proposed adjustments for wastewater and water, the total amount of impact fees charged for construction of a single-family home would increase from \$6,357 to \$8,920.

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