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Road fees: A \$17 million question

By JOHN STANG • 6-5The Daily Inter Lake

Residential projects will pay the majority of Kalispell's road impact fees in the long run, a city consultant said Monday.

That clashes with major developers' contention that commercial projects — especially the big ones in northern Kalispell — will pay most of the road impact fees as currently proposed.

It is possible that the two sides could be comparing apples and oranges.

One view appears to look at a 30-year picture. The other considers a potentially shorter time period.

Developers and business leaders took shots at the proposed road impact fees Monday at a Kalispell City Council workshop.

Ken Kalvig, a Kalispell attorney representing Wolford Development Montana, said his preliminary calculations show that the Glacier Town Center project could pay up to \$6 million in road impact fees over its 20-year construction life — 35 percent of the \$17 million that the city hopes to raise in the next 30 years through road impact fees.

However, city Public Works Director Jim Hansz and Randy Goff, the city's Portland-based impact fee consultant, said residential projects on the drawing board likely will pay 56 percent of the \$17 million, with commercial development paying 44 percent.

That's about \$9.5 million in predicted residential fees and about \$7.5 million in predicted commercial development road impact fees.

Hansz speculated that the road impact fees from Glacier Town Center's shopping complex would range from \$1 million to \$1.5 million. He added, however, that the actual amount won't be known until Wolford Development provides traffic calculations for the shopping complex.

Hansz said Kalvig may have misunderstood part of the fee proposal to come up with the \$6 million figure.

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.

Kalispell already has police, fire, water, sewer and drainage impact fees in place.

The proposed road impact fees have become controversial because new business buildings would be assessed fees depending upon the amount of traffic they create. Consequently, projects expected to create lots of traffic — such as Glacier Town Center and its 600,000-square-foot shopping center — can expect to pay larger amounts.

A basic premise behind the proposed road-impact fees is that a building that creates a high traffic volume pays more than a building that produces little new traffic. That's why a commercial building — which wants to attract traffic — would pay more than a house.

The highest proposed road impact fee for a home is \$997 for a single-family house.

A potential scenario is that a major chunk of northern Kalispell's commercial development will be built before residential construction with its road impact fees catches up.

Kalispell has 6,000 to 7,000 new homes proposed during the next 20 years, including 632 in the later phases of Glacier Town Center. All the road impact fee predictions assume that all the projects will actually unfold as planned.

The council scheduled a vote on Monday, April 21, on the city's proposed transportation master plan as a step needed before road impact fees can be adopted.

That transportation plan calls for more than \$100 million in future road projects over the next 30 years with the federal and state governments paying most of the bills. The city's 30-year share is expected to be slightly more than \$17 million. The road impact fees are expected to pay a significant portion of that \$17 million.

The council also called for a second workshop session on the road impact fees.

Three local organizations as the Kalispell Area Chamber of Commerce, the Flathead Business and Industry Association, and Citizens For A Better Flathead said their boards need to study the fees before taking formal positions.

Leading critics of the impact fees Monday were Mark Goldberg, who is developing Spring Prairie Center and the bulk of land west of U.S. 93 near West Reserve Drive; Phil Harris, developer of Hutton Ranch Plaza; and Wolford Development.

Those three developers are tackling a majority of Kalispell's commercial construction in the near future.

They were supported by Michael Kakuk, a Helena attorney hired by Wolford, and who helped lobby in the 2005 legislative negotiations that led to Montana's current impact fee law. Local builder Charles Lapp also criticized the impact fee proposal.

Joe Unterreiner, Chamber president, and Mark Lalum, the Chamber board's chairman, said the proposed fees would help drive developers outside Kalispell, although they stressed this was their position, not the chamber's formal stance.

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