

Road taxes, water impact fees back on Kalispell agenda

Posted: Sunday, April 21, 2013 10:00 pm

Road taxes, water impact fees back on Kalispell agenda By TOM LOTSHAW/Daily Inter Lake

Following a long hiatus, controversial road-tax questions are back in front of the Kalispell City Council.

Council members who voted more than a year ago to kill off a road-impact fee program that raised just \$143,000 over several years were sure they could find a better way to pay for costly road upgrades and major repairs.

Mayor Tammi Fisher and others on council envisioned public works department studies, a diverse “future funding committee” and public meetings to build consensus and roll out a fair and effective street funding model.

The idea is that Kalispell has multiple capital-improvement needs for which to account and find funding mechanisms, Fisher said in February 2012.

“We are tackling transportation capital needs first,” she said at the time.

But with the road-impact fees gone, that initiative promptly fell through the cracks.

And a council resolution telling city staffers to keep studying property-tax options to pay for street maintenance also apparently fell by the wayside as former city manager Jane Howington left and was followed by a public works director and streets superintendent.

Council members have not forgotten the issue, however. At Fisher's request, it's back on the agenda for a work session tonight after more than a year of silence.

Prior to the issue stalling, officials had spent almost 18 months studying the city's existing street-maintenance assessment and options to levy more property-tax money from high-traffic businesses to pay for road maintenance, repairs, upgrades and equipment.

That initiative culminated in “transaction fees,” an unpopular proposal to tax businesses based on their transaction numbers each year. Other assessment options tentatively explored would have taxed businesses based on their square footage or the amount of traffic they generate.

The idea was to raise more money for road work and take the bulk of the city's road-work costs off the backs of homeowners.

According to past city discussions, 7,337 residential parcel owners in Kalispell pay nearly 47 percent of the roughly \$1.5 million that street-maintenance assessments raise each year for road work but account for less than 22 percent of traffic generation. That compares to 329 retail commercial parcel owners who pay less than 18 percent of that funding for road work but account for more than 62 percent of traffic generation.

Aside from road maintenance, Kalispell also has tens of millions of dollars of unfunded work in its transportation plan, including major upgrades of West Reserve Drive and Whitefish Stage Road and new roads like Grandview and LaSalle extensions.

WATER IMPACT FEES also are back on council's work session agenda tonight with a proposal to increase the minimum fee from \$2,213 to \$2,567. That's the hook-up charge for a new 3/4-inch water connection.

Council members last discussed the fees in February 2012. At the time, they told city staffers to redo a \$23,000 study that was done in 2010 to calculate needed water and sewer impact fee adjustments.

The study had sat for almost 19 months before going to council for consideration. Several of its key projections had already proved wrong — including growth and service demand estimates and the use of a large planning area that did not account for council's recent adoption of a much smaller annexation boundary.

Impact Fee Advisory Committee members recently voted 3-1 to support the revised study's methodology and its proposed water impact fee increase.

But Chad Graham, the committee's chairman, in a letter to council cautions that the vote should not be seen as widespread support for the impact fees or their ideology. Their formula still relies on a speculative growth rate and only works if that growth occurs, he said.

Impact Fee Advisory Committee members will continue their review of sewer impact fees on Tuesday. The revised study proposes to increase that minimum fee from \$2,499 to \$4,257 — a big spike that Graham and other committee members appear unwilling to support.

The Kalispell City Council cannot take any formal action at tonight's work session. The meeting starts at 7 p.m. in Kalispell City Hall, 201 First Ave. E. It is open to the public.