

Bozeman City Commission opts not to lower impact fees

By AMANDA RICKER, Chronicle Staff Writer | Posted: Tuesday, October 25, 2011 12:15 am

A majority of Bozeman City Commissioners said they aren't interested in cutting street impact fees now.

Commissioners said late Monday night that they'd prefer to wait for the results of a study under way to determine the appropriate fee amounts. The city reviews its fees every three years.

"I was provided no evidence that we should bypass the established process," Deputy Mayor Sean Becker said.

Without a development waiting in the wings, he said he didn't see any reason to change fees for a short time.

Commissioners considered the idea after the head of the Southwest Montana Building Industry asked the city to cut street impact fees by one-third. Street impact fees are some of the highest impact fees the city charges.

For the average single-family home, impact fees cost a total of \$11,516. About \$3,554 of that is for streets.

Several members of the building community and public spoke on both sides of the issue during the public comment period at Monday night's regular commission meeting.

David Graham, president of the Southwest Montana Building Industry Association, said he doesn't dispute that growth should pay its fair share.

He said he's asking the city to reduce street impact fees because the 2007 study that set the fees was flawed.

A task force and the Bozeman City Commission reviewed and approved that study.

SWMBIA maintains that the study was based on unrealistic growth rates that no longer hold true.

"The fact is the impact fees have been too high for four years now," Graham said. "We are simply asking the city to put the fees closer to where they should have been."

Graham said he's asking the city to lower street impact fees by about \$1,200 for a single-family home.

"Lowering impact fees is the only real way to stimulate business, building and create jobs," Graham said. "Please help somebody who's trying to buy a home, who's trying to start a business. Send a message that Bozeman is open for business."

Richard Mayor, president of the Gallatin Association of Realtors, also spoke in support of a fee reduction. He said Bozeman's impact fees are the highest in Montana.

"Lowering impact fees translates into lower costs to build and to purchase homes and businesses," Mayor said.

If the city lowers fees now, he said, and it doesn't spur development, the city can change them back.

Meanwhile, former mayor Steve Kirchhoff said if the city lowered impact fees, it would be giving a "handout" to the development industry.

"The building community is not doing well," Kirchhoff said. "I'm not happy that anyone is not doing well ... I wish the building community well ... but the fact is demand is down."

Ed Adamson, owner of Bozeman Building Traditions said at first glance, an impact fee reduction sounds great.

"As a builder I would like to see my costs go down - who wouldn't?" Adamson said. "Maybe I could reduce the cost of my product and draw more customers."

Still, Adamson said impact fees "help keep our city the pristine beautiful place that it is." Bozeman doesn't look like Billings or Kalispell for a reason, he said.

"If you want to talk about the impact on the construction industry, ugly-ize this place and you'll see an impact," Adamson said.

Ultimately, commissioners said they want to wait to see the results of the impact fee study. Assistant Planning Director Chris Saunders said rough drafts should be available after the first of the year.

Commissioner Cyndy Andrus said lowering impact fees now seems hasty.

"We have a plan and I'm in favor of sticking with it," she said.

Commissioner Chris Mehl said the city could get sued for lowering its impact fees arbitrarily.

He said the same company that SWMBIA hired to sue Bozeman several years ago for inequitable fees is completing the current fee study.

"We have gone out of our way to make sure that this study explores all of the options," Mehl said.

Mayor Jeff Krauss said the city let taxpayers off the hook when it created impact fees and stopped using any general funds or street maintenance funds to build new roads.

When the city's third fire station was built, both impact fees and taxpayers paid for it, he said. The same goes for the expanded water and treatment plants under construction, he maintained.

"The failure in our model - and remember I'm interested in equity - is the failure to recognize that we all share in the expense of expanding our roads," Krauss said.

Amanda Ricker can be reached at aricker@dailychronicle.com or 582-2628.