

City to vote on ending transportation impact fees

By TOM LOTSHAW/The Daily Inter Lake | Posted: Tuesday, January 24, 2012 5:34 pm

The end may prove nigh for Kalispell's 2-year-old transportation impact fees.

With a tight 5-4 vote on a motion Monday, the Kalispell City Council set itself up to vote on a resolution to end the fees at its next regular meeting Feb. 6.

"The transportation impact fee is broken, and the right thing was done tonight," council member Phil Guiffrida III said.

Guiffrida, who took office this month, pushed for the resolution to be introduced.

If approved, it would end the fee and refund the roughly \$140,000 collected since its 2009 adoption, when it joined the other impact fees the city charges for water, sewer, storm water, police and fire services.

"A couple months ago, four of us [council candidates] attended a forum with the chamber. We said like broken records, 'We want business incentives, job creation, to turn this economy around,'" Guiffrida said. "This is where we start."

A slim majority backed Guiffrida's push as a way to try and spur economic activity.

Impact fees are one-time charges on construction, expansions, additions and renovations that increase demand on services and infrastructure, meant to raise money to help pay for future costs associated with growth. State law dictates how fees can be formulated and the money spent.

"I also agree we need to send a message to the business community that the city is open for development," council member Jeff Zauner said. "The concern I have with the current impact fee is the lack of planning for matching funds."

Kalispell's transportation impact fee was set based on a 2008 study projecting the construction of 7,700 new dwelling units and 134,000 new average daily trips on city roads by 2030.

The study selected five road projects from the city's transportation plan that would be needed — with a combined cost of about \$24 million — and then set the impact fee to raise about \$6.9 million to help pay for those projects based on projected growth.

Since 2009, the city has taken no steps to raise the other funding that would be needed to pay for those road projects, which include the construction of new roads and major enlargements.

"We have \$140,000 in this account and no avenue to use the funds," Zauner said.

Council member Tim Kluesner supported the resolution and said Kalispell needs to do what it can to spur economic activity.

“We need to try to encourage job creation in the valley, in the city. I think our constituents are asking us to do whatever we can,” he said.

Council member Kari Gabriel and Mayor Tammi Fisher also voted for the resolution to be introduced. Fisher said the fees are based on a flawed study.

She and others also said they oppose the fees’ up-front cost not being reimbursed if a new business builds and quickly goes under, and the fees not being charged if a second business then moves in.

“It’s, ‘Take a chance on us, pay your fee and if you don’t survive, we’ll keep your money,’” Kluesner said.

Council members Jim Atkinson, Randy Kenyon, Wayne Saverud and Bob Hafferman voted against introducing a resolution to end the fee.

Hafferman supported a 60 percent reduction to the transportation impact fee, which by ordinance has been charged at just 75 percent of the total allowable rate since its adoption in an effort to keep it affordable.

“Council can always reduce [the fee], but once it’s eliminated, it’s off the books as a method of taxation,” Hafferman said, adding: “If development doesn’t pay as it’s being developed, who will? Somebody has got to pay.”

Saverud called the push to end the fee a “knee-jerk reaction.”

“This is one of the tools we need to keep. It needs to be remodeled, refined, maybe suspended, but not thrown out. It’s premature to just throw it away,” he said.

Kenyon called it an “extremely drastic action” that would end in more growth-related costs foisted onto existing taxpayers.

“A lot of the people on this council think it’s a given that if we eliminate this, business will come running [our] way. I don’t see the dots being connected to make that assumption,” he said.

Supporting the elimination of the fee, Guiffrida said he wants the council to come up with a working system to plan and raise adequate funding for growth-related road projects.

Guiffrida has suggested taking a portion of the taxes paid by new development for the first three years and steering it into a dedicated capital improvements fund. He said that could raise more funding and give the city more leeway on how the money can be spent compared to state-regulated impact fees.

“Do I ever want to see a transportation fee again? Absolutely not. Do I want to see capital improvements plans that actually work and don’t have their hands tied? Absolutely — and I hope we can start moving in that direction quickly,” he said.