



## Developers could see jump in impact fees

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By *KEILA SZPALLER* of the *Missoulian*

Fees on new developments in Missoula will soar if the City Council approves proposed changes to a set of impact fees. If the council doesn't, it will be transportation needs in Missoula that skyrocket.

Under the current proposal, several impact fees would actually decrease - but the bottom line would still go up. That's because a new fee would be added. That one, for transportation, would more than make up for any decreases in fees for parks, police, fire and community service. (The fee for community service is earmarked, for example, for expansions to City Hall, according to Bruce Bender, the city's chief administrative officer.)

The idea behind impact fees is that new growth needs to pay its share of the equipment and infrastructure it uses, things like fire trucks and roads. Missoula started collecting some impact fees two years ago. With the cost of roads quickly rising and new laws on the books, a new set of impact fees is under consideration.

Of the changes proposed, the new transportation fee is the biggie. On a 1,700-square-foot home, for example, fees today cost \$824. The costs would double under the current proposal. Fees for parks, police and fire would decline. The transportation fee would kick up the total cost of fees to \$1,630.

The Missoula City Council will hear public comment on the matter at 7 p.m. Monday at 140 W. Pine St. The council is not expected to make a decision then, however.

City officials argue the transportation fee is necessary to even try to keep up with road maintenance. Opponents say the proposed cost is exorbitant and unfair, though they don't dispute the need to find ways to pay for roads.

"It's a complex problem and we are happy to work with the city to look at alternatives," said Gary Bakke, with the Missoula Chamber of Commerce.

Even back in 2005, the Missoula District Office of the Montana Department of Transportation said Missoula needed to find a way to pay for roads and upkeep because developments were coming to the Wye-Mullan area.

"These developments will be adding thousands of additional vehicles per day to the transportation system. ... MDT is very concerned with the magnitude of the probable traffic impacts that will be created on the existing transportation system," wrote Dwane Kailey in a letter to city officials.

Funds were limited, and the MDT suggested looking at a local option fuel tax and impact fees. Additionally, a look several years ago at money coming in for transportation in Missoula showed \$200 million in revenue over the next two decades, said Mike Kress, transportation planner for the Office of Planning and Grants.

"That was about \$70 million short of what our needs were," Kress said.

But people want a good transportation system, things like sidewalks, bike lanes and pothole-free roads. And costs for that kind of infrastructure are only going up.

The past decade, the price of installing 100 feet of curbs and sidewalks jumped 116 percent, according to data from

OPG. With costs steadily climbing, the dollar you had a few years ago is worth just 25 cents today, Kress said.

Those costs don't bode well for transportation projects waiting to happen, such as improvements on South Third and Russell. And the transportation fees could bring \$1 million into city coffers.

“Increasingly, more and more of our money is going toward maintaining what we've got,” Kress said.

Bender said the impact fees only pay for new equipment and facilities - those needed due to growth. The money can't be used to catch up. That means fire impact fees can't replace an old fire truck, for example, but they can buy an additional fire truck if the Missoula Fire Department is growing its fleet.

It's the proposed transportation impact fee that is under fire. Bakke said the Chamber is opposing that fee as it is currently designed, with steep costs for commercial and office buildings. And he said the high fees impact the end user.

Today, a 10,000-square-foot commercial building incurs \$4,960 in impact fees, Bakke said. With the addition of a transportation fee, the total impact fees reach \$36,080.

“It's a fairly exorbitant amount when we consider all the costs of permitting on a new building,” Bakke said.

Bender said the fee is higher for commercial buildings because according to studies, those structures have the biggest impacts on roads. They generate the most trips, he said. Also, the amount they pay is small compared with cost of the overall development.

“We're talking about 2 percent,” Bender said, though estimates vary.

Bakke said there's another question to consider, too, and that's whether people will build outside the boundaries of the city to avoid the fees. In Bozeman, he said, some people perceive the fees contributed to sprawl.

Proposed changes to other impact fees also have created debate. Currently, the impact fees for parks are slated to decrease 55 percent. Developers argue they already contribute parkland or cash and shouldn't have to also pay an impact fee. The proposed cut would put a dent in the Parks and Recreation Department budget, though, and hurt its ability to improve parks.

Bender said impact fees are complex and the council won't likely adopt a final fee structure for another several weeks. He would like the new fees to be in effect by Jan. 1.

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