



City to consider developer's more than \$1 million impact fee credit request

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The Great Falls development company that built Rosauers Supermarket and the surrounding Bozeman Gateway subdivision wants more than \$1 million from the city of Bozeman for road and sewer line improvements it made when it built the shopping center five years ago.

Mitchell Development Group is requesting the money through the city's impact fee credit program for building Garfield Street and Fowler Avenue, sewer pipes beneath them and other infrastructure.

MDG paid for the improvements both for its project and to "facilitate the expansion of West Bozeman," according to a letter from MDG operating manager Ted Mitchell to city staff.

City staff has denied MDG's request, arguing in part that the company applied for the money too late, after construction on the infrastructure had already started.

But Mitchell contends that's not really true. The city originally agreed that MDG would do the work in a contract the two signed with the Montana Department of Transportation, outlining how the streets would be built, he wrote in a letter to city staff.

The Bozeman City Commission is slated on Monday to decide whether or not to pay.

State law requires cities to offer impact fee credits.

To qualify for an impact fee credit, a developer's construction project must expand the capacity of city infrastructure - such as a road, water or sewer line - to serve more people. And, the work must add capacity beyond the amount that the developer needs anyway.

In addition, the city generally provides impact fee credits to developers for projects that the city plans to do regardless and has listed in its Capital Improvement Plan.

Plus, a developer must get city approval for the impact fee credits before doing the work.

"This enables the city commission to manage the financial commitments of the city and the overall health of the impact fee program without unexpected surprises and funding commitments," states a recent memo from city staff to the city commission.

MDG officially applied for the impact fee credit five years ago, about a year after construction began on the Bozeman Gateway project. Mitchell and city staff have been periodically discussing it every since.

Intended to be a 72-acre, pedestrian-friendly outdoor shopping center, the Gateway project is eventually expected to include several large retail stores, restaurants, two residential towers and possibly a multiplex cinema. The complex would wrap around the Chronicle building at the corner of College and Main streets.

"MDG has and intends to continue to invest in many other improvements such as streets, sewer extensions, roads, trails and other necessary upgrades that benefit the Bozeman Gateway Project as well as the city," Mitchell stated in a 2006 application to the city for the credit.

Mitchell also wrote in his application that MDG's credit request started when MDG, the city and the state department of transportation signed a memorandum of understanding in 2004 for the road work. The city agreed that it would pay MDG for the improvements then, he wrote citing the memorandum.

"The city acknowledges and agrees that the improvements to be constructed by the developer hereunder will benefit other property owners and the city agrees that they will cooperate with and reasonably assist the developer in obtaining contributions or reimbursements from such benefited property owners for the cost incurred by the developer in designing and constructing such improvements," the memorandum states.

If the city commissioners decide Monday to pay MDG the credit, they can choose to reimburse MDG in several ways.

They could choose to pay the company the money up front in cash, over up to 10 years plus interest accrued over that time or by providing credit toward impact fees for a future MDG project.

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