



Mayor Delays Vote on Issue

## Kalispell Council Hesitant on Road Impact Fees

By Dan Testa, 1-13-09



Caption: Advisory Committee member Gerald Reckin listens to public comment concerning impact fees during the Kalispell City Council work session on Jan. 12, 2009. - Lido Vizzutti/Flathead Beacon

In what is by now a familiar scene at Kalispell City Hall, a nearly four-hour meeting on traffic impact fees Monday consisted mainly of the city's business community railing against the proposed fees while city staff argued in favor of the fee structure. At the meeting's close, the city council once again delayed making a decision on the issue.

Mayor Pam Kennedy ordered Interim City Manager Myrt Webb to cancel the public hearing and vote to adopt the impact fee report previously scheduled for the Jan. 20 meeting, as it grew clear that few council members were ready to approve the study. Instead, the council will have another work session after the formal Jan. 20 meeting to discuss the road impact fees. Kennedy requested that the public limit its comments at that meeting so council members would have ample time to discuss the issue amongst themselves.

For nearly two years, Kalispell has been attempting to implement traffic impact fees on development, essentially an additional fee developers must pay to support the road improvements necessary to accommodate the increased traffic their projects will generate. While development has been rampant on the city's north end for several years, many of the city's banking, construction, real estate and other business leaders have fought against the proposed fees, arguing that the cost methodology used to assess the fees – based on the vehicle trips generated by the new development – is rife with errors, disproportionately targets commercial development, and is legally indefensible.

The city staff led by Public Works Director Jim Hansz, along with members of the public who support the road impact fees, argue that letting developers off the hook for the infrastructure upgrades their projects create will only add to the burden on longtime city residents whose taxes would now pay for the necessary improvements.

The current recession, which has resulted in a screeching halt to construction in Kalispell and hundreds of layoffs by many of the Flathead's biggest employers, has given the development community increased clout to its argument that the road impact fees will snuff out entirely the prospect of new employers, businesses and an increased tax base moving to the area at a time when jobs and revenue are sorely needed. They also question whether Kalispell is saddling developers with the costs of road improvement projects far from new development, and which have been on the city's wish list for decades.

At the Monday night meeting, major developers in Kalispell that have already been approved for large projects made clear they would back out should the council vote to implement the road impact fee report as proposed.

Ken Kalvig, an attorney for Wolford Development, which plans to build the Glacier Town Center, said the profit margins on most projects had shrunk considerably given the slumping economy, and road impact fees would cease to make the project feasible. He also noted that national retailers were cutting back on the number of new stores they planned to open, and so-called "latecomer's" agreements – by which one developer fronts the cost for substantial infrastructure upgrades like water and sewer lines on the assumption that subsequent developers will reimburse them – means Kalispell simply cannot let Wolford's shopping center walk away.

"Impact fees would likely put our project on hold indefinitely," Kalvig said. "Help us make our projects viable, rather than neglecting our benefits for the local economy."

Richard Filler, chief operating officer of Chicago development firm Harlem Irving, which plans to bring Kohl's and PetSmart stores to Spring Prairie Center, said most other cities around the country were offering incentives to draw new business in.

"Tenants are paying less now than they've ever paid ... they're not going to pay us more money

because of impact fees,” Filler said. “What it comes down to is to create new development, to create new jobs, you have to make the development financially feasible.”

Gerald Reckin, a member of the volunteer Traffic Impact Fee Advisory Committee (TIFAC), aired his longstanding frustrations with the reluctance on the part of the city council to take action on the fees. Reckin is among the TIFAC members who supports adoption of the fees in their current form, but the committee is split on the issue.

“Who is going to pay for this growth? If growth doesn’t pay for growth then our taxpayers will pay for growth,” Reckin said. “They cannot afford additional property taxes and I submit that’s the only way you’ll pay these bills for this growth.”

“Now the big developers are threatening legal action ... their motive is profit,” Reckin added. “The big question is how can Kalispell improve the quality of life without taxing our citizens out of their homes and businesses?”

Justin Sliter, another TIFAC member, argued that the involvement of the development community had improved the proposed road impact fees, and the construction slowdown allows the city more time to come up with a good policy.

“Growth has stopped and it’s not going to stop more if we approve a fee tonight,” Sliter said. “Both sides are right; we have to consider both sides of the argument ... We’ve made great improvements toward that end, but I don’t think we’re there yet.”

After Hansz gave a presentation responding to many of the developers’ problems, council members seemed torn between arguments that essentially pitted the word and traffic research of the city staff against the word and traffic research of developers. For months, the council has repeatedly kicked the impact fee report back to TIFAC or city staff for more clarification or information on certain issues, but has avoided taking up the larger policy decisions it falls on the council to make regarding the ultimate cost of the fees to developers, and how and when they should be payed. No clear consensus could be identified on where the council stood based on Monday’s discussion, other than that they were mostly unready to vote on the issue.

Councilman Randy Kenyon argued that the only way to learn what council members’ specific problems with the bill were was to put it to a vote. But Kennedy said the rejection of the impact fee study would be disastrous, even though she could not support it in its current form.

“If we bring this forward and it gets turned down ... then you’ve got a rejected study,” she said. “I don’t think that any of us are saying that this study needs to be thrown out.”

“I appreciate what work has been done with what the staff did, but it is justification of what the study is, and not reasonably responding to what some of our other concerns are,” Kennedy added. “Staff isn’t hearing what’s being said by council and a lot of the people in the community ... until we make some of those decisions, I don’t think we’re going to see this pass.” **[End of article]**

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## **Comment By John, 1-13-09**

So let me see if I have this straight... It costs the city \$1.50 to provide road and other infrastructure for

new shopping developments for every \$1.00 it gets back in taxes. But we're concerned that if try to make up the losses we'll stop having the growth that is creating the losses! Fiscal responsibility demands that we pay for what we want. If developers want to build a store, they should pay what it costs to provide the roads needed to that store. If the store doesn't pencil out by paying for the road—then maybe the business is an economically flawed concept. The Republican concept of deficit economics and privatizing the profits while socializing the costs and risk is soooo yesterday...

**Comment By Bye-Bye Bucky, 1-14-09**

WTF, don't you get it? We are NOT GOING TO PAY FOR YOUR CRAP!

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