



## Number crunching to begin on impact fees

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*Whitefish Pilot*

Impact fees -- dreaded by some, a cure-all for others -- will be given a serious look by Whitefish city staff now that new legislation has helped clarify how they can be implemented.

The city council recently directed city staff to take a close look at how impact fees could be charged to pay for streets, storm water and parks.

Whitefish city manager Gary Marks said part of the drive to explore impact fees arises from the "tension" between long-time and newer residents over increasing costs to provide city services.

"Some of the older property owners don't feel they should have to pay for new facilities for new owners," Marks said. "It's a question of equity."

That isn't to say impact fees will be imposed on new homeowners any time soon.

"The position of the city council, I'd say, is mixed," Marks said. "And the council reflects the feelings of the community."

Impact fees are best used when they address costs closely defined by geography, he said. A new subdivision should maybe pay the costs of running water or sewer pipe 500 feet or so to a city main, he said, but from there on the costs are shared by the city as a whole.

"Think of a rock hitting the surface of a lake and seeing the ripples spreading out," Marks said. "As the ripples move further and further out, they have less impact."

Fire and police services are provided on a citywide basis and are not good candidates for impact fees, he said. It's hard to predict where a fire will take place, for example, but engineers know how much water a given subdivision needs.

The city already has a wide variety of funding sources to pay for infrastructure and services.

Plant investment fees cover citywide water and sewer infrastructure -- the water treatment plant and water mains, and the sewer treatment plant and its mains. PIFs are fees paid by new homeowners, and Marks said they might take a second look at PIFs as part of the impact fee study.

Annual street assessment fees generally cover the cost of maintaining the city's streets -- fixing potholes and overlays -- but not building new streets or bringing old ones up to standards.

"That was part of the impetus for passing a resort tax in 1995," Marks said. "Sixty-five percent of the resort tax goes to streets, 25 percent is tax relief for property owners and 5 percent goes to parks, particularly for new bike paths."

Parks and recreation also receives money from new subdivisions as cash-in-lieu payments when developers don't provide parkland required by state law. It also gets funding from state and federal grant programs.

Capital improvement projects can also receive funding from tax-increment financing (TIF), but that fund has mostly been tapped out for bike path projects.

Implementing impact fees isn't easy. There can be high administration costs, with studies and consultants justifying the need and the proportional impact to each new property owner.

"Typically, impact fees are used by much larger cities than Whitefish," Marks said, "but most larger cities are not growing as fast as Whitefish."

Senate Bill 185, passed by the Montana Legislature this year, sets the standards for impact fees.

"I think the bill will help clarify things," Marks said.

Whitefish learned how complicated impact fees can be when it began evaluating the feasibility of impact fees in 2000 by hiring consultants Henderson, Young and Co.

That evaluation was followed up with a levels of service study completed in May 2002 to determine the benchmark for city infrastructure and services. Some programs were found to be lagging in meeting city needs.

The last step taken was completion of a capital improvements program that outlines the city's needs through 2010. The 52-page document was completed early this month.

"The next step is number crunching," Marks said.

He said a consultant would be hired to study the numbers, and results could be available as soon as this fall.