

## Panel suggests axing some city charges

**LYNNETTE HINTZE/Daily Inter Lake | Posted: Saturday, November 5, 2011 6:30 pm**

Citing continued economic challenges in Whitefish, a committee tasked with reviewing the resort town's impact fees has recommended dropping some of the fees.

The committee also recommended the City Council consider either an in-house study or independent review of the impact fee schedule adopted in 2007.

Those recommendations will be presented Monday night as the council looks at approving an annual report on impact fee revenues and uses.

Once a year the city's impact fee advisory committee — which includes Joe Basirico, Myra Appel, Don Kaltschmidt, City Council member Chris Hyatt and Whitefish Finance Director Rich Knapp — is required by law to review how much money has been collected from impact fees and what it's being used for. That annual review took place Thursday afternoon.

The impact fees for new construction total about \$5,500 per dwelling unit and took effect in late 2007, just as the national recession began taking a toll on construction activity in the Flathead Valley.

Prior to that, the city spent seven years exhaustively studying impact fees and their feasibility and decided the fees would be one of the most viable revenue sources available to offset a projected \$51 million shortfall in planned capital improvements through 2012.

A majority of the committee agreed it's time to revisit whether the fees are a help or hindrance to city growth.

"I've had people ask, 'Why are we doing impact fees?'" Hyatt said. "We need to look at it ... it's another tax and when you see too many taxes you may possibly say this is not where I want to go."

Kaltschmidt agreed, saying, "If we don't need them, why do it?"

He pointed out that several cities don't collect impact fees, so it behooves Whitefish to "look at the math" and consider whether the fees are worth it in the long run.

With those sentiments in mind, the committee voted 3-1 to recommend imposing impact fees only for wastewater, stormwater and paved trails, and throw out fees for water, the Emergency Services Center, City Hall and the park maintenance building.

Joe Basirico, a Realtor who represents the development community on the committee, was the lone opponent. He said he didn't know if the city needs the impact-fee revenue, but couldn't see the rationale of eliminating some fees.

"The \$5,000 impact fee isn't what's deterring people from building homes in Whitefish," Basirico said. "No one's going to build spec homes" in the current economic climate.

Impact fees were imposed at the tail end of an unprecedented growth spurt in Whitefish, when it was difficult for the city to keep up with infrastructure needs.

New development generates a fair amount of money for the city through property taxes, resort tax, gas taxes and so on, but it doesn't pay for everything, the city's consultant advised the council prior to the adoption of the fees.

Most of the taxes paid by new development aren't available for needed infrastructure.

The city charges roughly \$3,200 per dwelling unit for water and sewer hookups and assesses the fees based on the number of fixtures in a residence or commercial building. Additional impact fees include \$421 for paved bike/pedestrian trails, \$200 for stormwater, \$775 for emergency services, \$734 for City Hall and \$28 for the park maintenance building.

As of Sept. 30, the city had a cash balance of \$810,992 in impact-fee revenue, with \$118,066 earmarked for the proposed new City Hall.

Only two building projects have used impact-fee revenue: the Emergency Services Center, which got \$108,788, and the new park maintenance building on Monegan Road, which used \$2,542 in impact-fee revenue.

Some committee members wondered why a portion of the revenue is allocated to City Hall, since the city plans to use tax-increment money to pay for a new City Hall.

The committee also questioned the need for charging 5 percent in addition to impact fees for administrative expenses. To date, \$40,950 in administrative fees have been deposited into the general fund or the respective enterprise funds.

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