

**POLSON CITY COUNCIL WORK SESSION
CITY HALL COUNCIL CHAMBERS
WEDNESDAY, JANUARY 24, 2007, 6:00 P.M.**

ATTENDANCE: Council Present: Bruce Agrella, Tom Jones, Mike Lies, Tom Corse present. Mark MacDonald, Fred Funke absent. Mayor Jules Clavadetscher presiding. City Attorney James Raymond present. Others Present: Greg Hertz, Kate Hertz, Mark Evertz, Tony Porrazzo, Kim Maloney, Nathan Pierce, James Raymond, Dwayne Guthrie of TischlerBise, Fiscal Economic & Planning Consultants.

REVIEW TISCHLER BISE IMPACT FEES PROPOSAL – DWAYNE GUTHRIE: Mayor Clavadetscher explained that this work session is preceding a public hearing scheduled for February 5, 2007 on this impact fee proposal. This work session was scheduled for Dwayne Guthrie to give a presentation of the Tischler Bise Impact Fees Proposal to Council, to get more information and a better understanding of the proposal they prepared. Dwayne Guthrie of TischlerBise gave a review of the draft impact fee proposal noting that it is potentially a new source of revenue and documents levels of service that pertain to the City of Polson. It identifies what to fund and a way to pay for the infrastructure that is needed for growth related capital improvements. A five year projection of a capital improvement plan for the parks, water and sewer departments were covered in detail in the document. The Impact Fee Advisory Board, consisted of Greg Hertz, Kim Maloney, Mark Evertz and Nathan Pierce and acted in an advisory role on how to set up the ongoing process of assessing impact fees for the City of Polson. Dwayne Guthrie informed Council that the State of Montana allows impact fees for new development impact on infrastructure and Council can decide to implement the maximum supportable amount, determined according to demand. The State allows 5% administration fee for staff time and accounting requirements, which includes an annual report on the impact fee revenues. The State of Montana has enabling legislation in place related to impact fees. There must be growth impact on infrastructure and a capital improvement plan must be adopted. Costs must be reviewed annually and updated according at least every five years. Mayor Clavadetscher asked that the proposal be updated to include the engineer's estimated cost for a new sewage treatment plant. Dwayne Guthrie noted that the relationship between City and Rural Fire Departments related to impact fees has not been defined by case law and it is confusing to implement impact fees in part of the district. At least the City and Rural Fire Department needs to enter into an interlocal agreement. He noted that the Town of Manhattan has implemented a fire impact fee. Tony Porrazzo stated that the City Fire Department currently has an interlocal agreement with the Rural Fire Department and more than 50% of the calls are rural and they have a mutual aid agreement. Dwayne Guthrie clarified that the ownership of the fire equipment and the fire hall ownership needs to be clarified. Councilman Jones asked why the Police Department is not included because there is a large impact on their services with new development. Dwayne Guthrie replied that the impact fees are limited to capital cost and the majority of the police department's cost is for wages, although purchasing police cars would be allowed. Councilman Corse asked if the City could use impact fees to help Lake County build a new Justice Center which they are considering doing. Dwayne Guthrie replied that it would not qualify for impact fees because the ownership is Lake County. Greg Hertz asked and Dwayne Guthrie explained that the permit fees are to be charged at actual cost and the impact fees need to be justified as a future cost. Greg Hertz felt that the existing people don't need improvement to the wastewater treatment plant and all the cost of improvements should be paid by the developers. Dwayne Guthrie replied that the improvement is a benefit to all the users of the system. The City does need to have a firm plan to increase the impact fees. Greg Hertz asked why the City of Polson's plan doesn't include the Street Department like they have done in Bozeman. Dwayne Guthrie replied that when Paul Tischler made his preliminary report after meeting with City staff, they decided that it needed a transportation plan and would be hard to allocate according to usage and has more variables. Dwayne Guthrie replied that Gallatin County has a \$3,600 street impact fee. Greg Hertz mentioned the hook up and impact fee survey results he got off the

internet that other cities in Montana charge which ranged from \$3,500 to \$7,300. Greg Hertz noted that the impact fee is small compared to the cost of establishing infrastructure on county property, putting in a well, sewer and road would easily pay \$20,000.

Tony Porrazzo spoke in favor of impact fees, on behalf of himself and other department heads who could not attend this meeting. He is a volunteer fireman and feels that the rural fire board would be interested in establishing a fire impact fee revenue. Dwayne Guthrie clarified that the impact fee is payable at the time the building permit is issued. It was clarified that if the City does not use the impact fees they collected over a period of time the fees have to be refunded to the property owner, and the fee is attached to the property and refundable to the owner at the time of refund. Nathan Pierce quoted a statute that stated that the developer can be charged when a connection is made to the City's main line. Mayor Clavadetscher stated that would benefit the City if we get paid up front.

Kim Maloney said she knows through fire department committee meetings that the area's population when the next census is done will mandate career personnel to man the station 24 hours a day which will require six total staff and one acre of designated land for a fire station. She wanted to impress upon the Council that the commercial developments such as the proposed Super Wal Mart are not paying their share of the cost that is incurred by their development. The City's aerial ladder truck is over twenty years old and needs replacement. She asked that Council take action to avoid getting behind in fire services to the community, rather than waiting and trying to catch up. The commercial properties need to pay their share to offset the infrastructure cost and help pay for a fire station. Greg Hertz stated that in Bozeman the fire impact fee is \$70,000 for a commercial building. Mayor Clavadetscher asked Council if they have any sense that they don't want to entertain implementing a Fire impact fee and considering that there would be an additional 5% impact fee charged to recoup some of the expenses. Council did not disagree that they should go forward with the impact fee. Nathan Pierce encouraged Council to include the Fire department in the impact fee proposal stating that it is necessary for the future needs of the City as it grows and expands and it would be advantageous to do that now. Kim Maloney encouraged Council to contact the rural fire department board because they have implemented a minimal mill levy on the county level and revamped station two and shown themselves to be a very progressive board. Mayor Clavadetscher said City Attorney James Raymond asked for samples of ordinances to prepare for the February 5th City Council Meeting so they can move forward with the process. Dwayne Guthrie suggested that they look on the internet site for other cities including Missoula. Greg Hertz suggested that a Trails committee be established to solicit grants to add to the Parks impact fee for trail development. The new sewer impact fee to new developers are estimated at \$3,000. Nathan Pierce referred to State statute 7-6-1601 relating to connection fees and impact fees. Greg Hertz noted that they will need to re-evaluate the impact fee every couple of years for ongoing projects. He asked if additions and remodels are typically charged an impact fee. Dwayne Guthrie replied that most entities encourage rehabs up to 50% of value or size unless they change the use of the structure. Dave Evertz asked if the Impact Fee Advisory Committee reviews the plan every five years. Nathan Pierce stated that they are an advisory to the Council. Dwayne Guthrie suggested that the recommendations be formally made to Council for their consideration.

Mayor Clavadetscher thanked Dwayne Guthrie for his presentation.

Meeting adjourned at 7:40 p.m.

Jules Clavadetscher, Mayor

ATTEST: _____
Aggi G. Loeser, City Clerk