

March 30, 2007

The Honorable Members of Kalispell City Council
City of Kalispell
312 First Avenue East
Kalispell, MT 59901

RE: Transportation Impact Fee Comments: April 2, 2007 Public Hearing

Dear Members of City Council:

The Kalispell Chamber of Commerce has long recognized the important role of good planning and sound infrastructure to business health and community prosperity. Yet, the unprecedented population growth of the last few years and the surge in residential, retail, and commercial development, cause us to raise the priority of these issues to a new level. It is with this in mind that the Board has established four main areas of focus to guide our policies and actions on planning and infrastructure development:

- Providing predictability in the planning, zoning, and development process
- Directing growth to areas where cost effective public services can be provided
- Aligning the payment for growth with the cost of growth
- Creating community prosperity while preserving Montana values and natural resources

The proposed transportation impact fees affect all four of these principles, but most directly affects the goal of aligning the payment of growth with the cost of growth. As you and the Impact Fee Advisory Committee continue your analysis and evaluation of this proposal, I urge you to consider these additional factors:

- The amount of the proposed fees is significant. Had these fees been in place for the theater and bank projects at Hutton Ranch, it would have added approximately \$26 per square foot to their construction costs – nearly \$1 million for the theater and over \$100,000 for the bank. Does the proposed rate structure over-estimate road costs and the number of trips generated by these uses?
- It has been reported that a property owner might appeal the formula by conducting their own traffic study. The cost of these studies is also significant and can more easily be justified when they are spread out over a large project. This leaves the smaller developer at a disadvantage and with limited options. How can their needs be addressed?
- How accurately can a national trip generation model be applied to a rural area like Kalispell?
- The City and the Kalispell Chamber of Commerce share the goal that “growth pays for growth”. Impact fees are one of the tools that can help make that happen. But, are we fully utilizing other tools that might be available. Can the formula for

the distribution of federal highway funds through the Montana Department of Transportation be reallocated to better address the urban highway system? Can the existing authority for a local option gas tax be considered? Inasmuch as tourism comprises a significant portion of local traffic, could a local option tax or a local option resort tax, if adopted, offset or contribute to transportation infrastructure development?

- Through good planning and the prudent extension of City sewer and water services, the Council has been successful in directing growth to areas where cost effective public services can be provided. Will the implementation of these fees reverse that trend and once again drive residential and commercial development into unincorporated areas contributing to inefficiency, sprawl, and low density development.

The Kalispell Chamber of Commerce appreciates the opportunity to contribute our comments for your consideration. Because of the importance of our transportation system, we look forward to continuing our work with you to find the solutions that best contribute to the prosperity of Kalispell.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe Unterreiner", written over a set of horizontal lines.

Joe Unterreiner, President
Kalispell Chamber of Commerce