



Hamilton Area Transportation Plan (2009 Update)

Transportation Impact Fees 101

September 21, 2009

Sources:

City of Hamilton
Impact Fees for the Transportation System Final Report
HDR Engineering (February 2007)

Ravalli County
Impact Fee Feasibility Analysis
TislerBise (February 9, 2006)



Impact Fees Defined

- ◆ Impact fees are a one-time assessment against new development to pay for the cost of infrastructure required to provide service
- ◆ Impact fees provide the means of balancing the cost requirements for new utility infrastructure between existing customers and new customers
- ◆ The portion of future capital improvements that will provide service (capacity) to new customers is included in the impact fee.

Enabling Legislation

- ◆ Montana Code Annotated (MCA) Sections 7-6-1601 thru 7-6-1604
- ◆ Modified in the year 2005 via Senate Bill (SB) 85
- ◆ Changed the requirements and level of documentation necessary for a community to implement impact fees as part of their funding strategy

MCA 7-6-1602 (Calculation of Impact Fees – Documentation Required)

- ◆ For each public facility for which an impact fee is imposed, the governmental entity shall prepare and approve documentation that:
 - (a) describes existing conditions of the facility;
 - (b) establishes level of service standards;
 - (c) forecasts future additional needs for service for a defined period of time;
 - (d) identifies capital improvements necessary to meet future needs for service;
 - (e) identifies those capital improvements needed for continued operation and maintenance of the facility;

MCA 7-6-1602 (Calculation of Impact Fees – Documentation Required)

(f) makes a determination as to whether one service area or more than one service area is necessary to establish a correlation between impact fees and benefits;

(g) makes a determination as to whether one service area or more than one service area for transportation facilities is needed to establish a correlation between impact fees and benefits;

(h) establishes the methodology and time period over which the governmental entity will assign the proportionate share of capital costs for expansion of the facility to provide service to new development within each service area;

MCA 7-6-1602 (Calculation of Impact Fees – Documentation Required)

(i) establishes the methodology that the governmental entity will use to exclude operations and maintenance costs and correction of existing deficiencies from the impact fee;

(j) establishes the amount of the impact fee that will be imposed for each unit of increased service demand; and

(k) has a component of the budget of the governmental entity that:

(i) schedules construction of public facility capital improvements to serve projected growth;

(ii) projects costs of the capital improvements;

MCA 7-6-1602 (Calculation of Impact Fees – Documentation Required)

(iii) allocates collected impact fees for construction of the capital improvements; and

(iv) covers at least a 5-year period and is reviewed and updated at least every 2 years.

MCA 7-6-1602 (Calculation of Impact Fees – Documentation Required)

- ◆ The data sources and methodology supporting adoption and calculation of an impact fee must be available to the public upon request.
- ◆ The amount of each impact fee imposed must be based upon the actual cost of public facility expansion or improvements or reasonable estimates of the cost to be incurred by the governmental entity as a result of new development. The calculation of each impact fee must be in accordance with generally accepted accounting principles.

MCA 7-6-1602 (Calculation of Impact Fees – Documentation Required)

- ◆ The ordinance or resolution adopting the impact fee must include a time schedule for periodically updating the documentation required under subsection (1).
- ◆ An impact fee must meet the following requirements:
 - (a) The amount of the impact fee must be reasonably related to and reasonably attributable to the development's share of the cost of infrastructure improvements made necessary by the new development.

MCA 7-6-1602 (Calculation of Impact Fees – Documentation Required)

- (b) The impact fees imposed may not exceed a proportionate share of the costs incurred or to be incurred by the governmental entity in accommodating the development. The following factors must be considered in determining a proportionate share of public facilities capital improvements costs:
 - (i) the need for public facilities capital improvements required to serve new development; and
 - (ii) consideration of payments for system improvements reasonably anticipated to be made by or as a result of the development in the form of user fees, debt service payments, taxes, and other available sources of funding the system improvements.

Transportation Plan – Why Are We Concerned with Impact Fees

- ◆ First and foremost, we are not completing an Impact Fee Study!!
- ◆ However, data and findings included in the Transportation Plan will be used in the pending Impact Fee Study Update
- ◆ The Transportation Plan becomes the community's "Master Plan" for roads and intersections
- ◆ It must be structured such that data and findings can be of use for the impact fee study update
- ◆ The City currently has impact fees for transportation - Ravalli County does not

Transportation Plan – Why Are We Concerned with Impact Fees

- ◆ Capacity issues on roadway (existing versus growth related)
- ◆ Develop list of projects that are needed – for eventual CIP
- ◆ Cost estimates for projects to be developed
- ◆ Language regarding level of service and setting the acceptable community standard
- ◆ "Cost per unit" – most typically develop a "cost per trip"
- ◆ Overall general support to the City and County as they start / continue to think about impact fees

Conclusion

◆ Thank you!



CDM Helena, ATTN: Jeff Key, P.E.

keyja@cdm.com

50 West 14th Street, 2nd Floor
Helena, Montana 59601

Tel: 406-441-1400 Fax: 406-449-7725