

Impact Fees



Administration & Finance Committee

January 15, 2020

What are impact fees?

- One-time payments charged to new development
- Used to construct capital improvements needed to accommodate future development
- Represents future development's proportionate share of infrastructure costs

How are impact fees used?

- Capital improvements or debt service for growth-related infrastructure
- May not be used for operations, maintenance, replacement, or correcting existing deficiencies

This financing tool provides a mechanism for local government to fund infrastructure improvements caused by new growth without relying on additional taxes on existing residents.

Missoula's Impact Fees

The City has adopted impact fees in five service areas: Police, Fire, Community Services, Parks, and Transportation. The following table shows impact fee revenues for the past three fiscal years:

	Police	Fire	Comm Svc	Parks	Transport	Total
FY 2017 Revenues	\$19,763	\$111,936	\$242,922	\$318,544	\$1,183,798	\$1,876,963
FY 2018 Revenues	15,843	100,826	211,521	211,412	1,100,808	1,640,410
FY 2019 Revenues	12,473	68,277	146,150	189,067	793,038	1,209,006

Missoula's Current Impact Fees

Residential Development Fees per Unit						
Size of Unit	Community Services	Fire	Law Enforce	Parks	Transportation	Total
2100-2199 Sq Ft	\$255	\$117	\$21	\$453	\$1,241	\$2,087
Non-residential Development Fees per 1,000 Square Feet						
Land Use Type	Community Services	Fire	Law Enforce	Parks	Transportation	Total
Commercial / Retail	\$260	\$134	\$31	\$0	\$3,205	\$3,630
Industrial	\$367	\$189	\$32	\$0	\$1,447	\$2,035
Office / Other Service	\$210	\$108	\$8	\$0	\$550	\$876
Institutional	\$116	\$60	\$4	\$0	\$391	\$571

Third Street



Parks & Playgrounds



Ambulance



Police Facility and Evidence Storage



Impact Fee Advisory Committee

Purpose

The Impact Fee Advisory Committee is responsible for calculating, assessing, and spending impact fees and advising the City of Missoula governing body with respect to these impact fee revenues as provided by Montana state law.

Members

- Nine members
- Four-year terms
 - Seven appointed by the Mayor, subject to City Council confirmation
 - Two appointed by City Council

Membership includes a development community representative, a certified public accountant and all members are required to be residents of Missoula County.

Project History:

2002 – First impact fee study conducted

2004 – First impact fees adopted in the service areas of Police, Fire, Parks, and Community Services

2005 – Transportation impact fees adopted

2018 – TischlerBise contracted to update study. Purpose of the update is to:

- Update impact fee assessment methodologies to reflect current capital plans
- Calculate maximum impact fees allowed under these methodologies
- Provide for review of impact fee use policies and procedures
- Benchmark Missoula impact fees against peer communities

Next Steps:

- Jan 15 – Committee meeting to request public hearing on impact fee study and fees
- Jan 27 – Set public hearing on impact fee study and fees
- Jan 29 – Committee presentation of study and fees, request public hearing on ordinance
- Feb 3 – Public hearing on impact fee study and fees, first reading on ordinance, set ordinance public hearing
- February 24 – Public hearing on ordinance changes