

Journal of Proceedings
Missoula City Council Meeting

February 3, 2020, 7:00 pm
City Council Chambers
140 W. Pine Street, Missoula , MT

Members Present: Stacie Anderson, Mirtha Becerra, John P. Contos, Heather Harp, Jordan Hess, Gwen Jones, Julie Merritt, Jesse Ramos, Amber Sherrill, Sandra Vasecka, Bryan von Lossberg, Heidi West

Administration Present: Mayor John Engen, Dale Bickell, Chief Administrative Officer, Ginny Merriam, Communications Director, Jim Nugent, City Attorney, Marty Rehbein

1. CALL TO ORDER AND ROLL CALL

The meeting of the Missoula City Council was called to order by Mayor John Engen at 7:00 PM in the City Council Chambers at 140 West Pine Street

2. APPROVAL OF THE MINUTES

2.1 January 27, 2020 minutes will be available at a later date.

3. SCHEDULE OF COMMITTEE MEETINGS

3.1 Committee schedule for the week of February 3, 2020

Land Use & Planning Committee, February 5, 11:15 – 11:25 a.m.

Public Works Committee, February 5, 11:30 – 11:40 a.m.

Administration & Finance Committee, February 5, 11:45 – 12:00 p.m.

4. PUBLIC COMMENT

Rembrandt Miller, Ward 1, said at last weeks' Council meeting, Councilmember Jones said that we need to do the best we can to keep our housing prices as low as possible or at least stop the acceleration. Heidi West shared this sentiment citing why international structural affordability is necessary in our community. Several publications were mentioned, all pointing to a similar trend. Missoula is not more unaffordable than D.C., based on our wages and our cost of living. Forty percent of Missoula residents are wage independent and Montana is the number one state leaving the middle class behind. It's also true that one-quarter of Missoula's residents are members of the so-called one percent and income disparity here has increased to the point that Missoula can now be referred to as Montana's Jackson Hole. It's gotten so bad that 26% of our wage earners commute from outside of Missoula because wage-earners can't afford to live here anymore. These facts contribute to Montana's astronomically high suicide rate. What is always left out of this conversation is how inappropriate TIF subsidies are contributing significantly to these socio-economical trends. The problem is not that we don't have enough housing. The problem is that locals can't afford it. Nationally, there are 24 empty houses for every homeless American and more than half of Rome stands empty at least as of when the

publication was written. And yet we have all these homeless all around us and we're talking about building even more housing. The Council swings on this between two poll positions. The first, declaring resolve to solve Missoula's problems but then when thoughtful citizens provide genuine insight from the ground level into how the Council's decisions contribute to these problems that they profess to be pursuing, they'll swing to another position, one of powerlessness, claiming that the state deals with property tax rates claiming the City Council just doesn't have that much power. We are not asking the Council to solve world hunger or end catastrophic climate change or bring an end to our illegal and imperialist wars around the world. They're not asking Council to do anything that's out of their control. They're asking Council to come to terms with the very real harm that they've caused to his community. Council seems to have just enough power to help wealthy developers destroy what's left of this community so they are powerful. Deeper study reveals that some of the Council are not interested in preserving what we have. Some seem hell-bent on raising the Garden City and transforming it into a corporate nightmare. For some of you, gentrification isn't a bug but a feature. Our local businesses are closing up, locals are being taxed out of the area and entire communities are displaced to make way for tourists with townhouses. Most disturbing of all, your complacency in this transgression so perhaps it's time we all step down from these ivory towers of ideology and spend some time in the dark underbelly of Missoula's slave ship because it's obvious they've become disconnected from the people being hurt. People are barely getting by and tax bills have been sent out for sidewalks that we don't need, apparently justified by evidence alleging a vehicular fatality that apparently happened to someone close to you. If you've lost someone you love, he emphasizes because our suicide epidemic has hit his sector of reality especially hard but this also means you've allowed your personal biases to justify highly irrational use of everybody else's tax monies. He's been hit by cars before while walking downtown where sidewalks are abundant. You don't want to face the despair, poverty and suicides caused by you by charging Missoula taxpayers and overburdening an already overwhelmed working class.

Bob Moore said there was an article recently between one of the MRA Board members and the newspaper. A comment was made that indicated that more citizens should attend the MRA Board meetings. Mr. Moore thinks that would be a very good idea but take tablets or something to keep your blood pressure from going too high. He guarantees that if you go to an MRA Board meeting, you will have blood pressure problems. Minutes from January 5, 2016 was on the subject of the shopping center, Southgate Mall. Buchanan said MRA requires that Southgate Mall associates find a buyer for the bonds. The City had to borrow millions of dollars to build the shopping center's road because they wanted four roundabouts there. Somebody is going to benefit from the interest rate that gets the road built and they are going to find the lender that the City borrows money from. The City should be obtaining its own financing not the developer. From the minutes it said, I looked at this when this project first got approved. The project failed in three criteria. The MRA has 10 to 12 criteria that has to be met before they give their handouts to developers. One of the criteria involves determining that the developer needs the money to do whatever project they're doing. He encouraged anybody to go the MRA meetings.

Dan asked if a conversation could be started on Mountain Line at some point because he's wondering if the grants are up and if we're going to have to go back to paying for it. The last three years has been wonderful to have free buses.

Mayor Engen said the Fare-Free service will continue.

Matthew Wordell, Ward 1, apologized for his breach of protocol last week. The real effects of the economic disparity in our town and our country are visible daily in our streets. Pretty much every

day someone has a complete mental breakdown right in our downtown shopping district that requires, ambulance, fire, police and everybody to come out and spend a bunch of money. With what's spent on one emergency service, a person could be housed probably for an entire year. It's absurd. Missoula is growing just fine on its own. It was a good enough place that somebody wanted to build a \$100 million venue without the City's \$16 million offer. We need every dime we have for the people who are already here.

5. CONSENT AGENDA

Mayor Engen said, thank you, Ms. Hands. Questions or comments from Councilmembers? Ms. Vasecka?

Alderperson Vasecka said, I would like to separate 5.1 and 5.2 and vote on those together separately.

Mayor Engen said, and I'm sorry, 5.1, 5.2 and what was the last part?

Alderperson Vasecka said, just those two, 5.1 and 5.2.

Mayor Engen said, okay, thank you.

Alderperson Vasecka said, thanks.

Mayor Engen said, alright, further discussion? Mr. Ramos?

Alderperson Ramos said, I just had a quick clerical question. I'm not seeing 5.2 online on the consent agenda. Oh, there it is. Thank you.

Mayor Engen said, any further discussion? Anyone in the audience care to comment on the consent agenda? Seeing none, we will have a roll call vote on items 5....let's do it this way. We'll have a vote on 5.2 and 5.4 through 5.8. No?

Alderman Jones said, point of order.

Mayor Engen said, oh, I'm sorry.

Deputy City Clerk Hands said, I believe the consent agenda is 5.3 through 5.8. Is that correct?

Mayor Engen said, so, Ms. Vasecka wants 5.1 and 5.2 out?

Deputy City Clerk Hands said, I apologize. The agenda got republished because we received some late documents after we had prepared it for the day so 5.2, I believe is probably showing at the bottom of your list. Ms. Vasecka would like 5.1 and 5.2 which is the claims in the Downtown Business Improvement District voted on separately.

Mayor Engen said, okay.

Deputy City Clerk Hands said, and then 5.3 through 5.8 will be the consent agenda.

Mayor Engen said, okay. I'm going to have you finish the meeting for me.

Deputy City Clerk Hands said, I apologize.

Mayor Engen said, nothing to apologize for. We're reading from different sheets of music.

Deputy City Clerk Hands said, we are.

Mayor Engen said, so, go right ahead with those numbers.

Deputy City Clerk Hands said, okay. So, I'm going to take a vote on the consent agenda, 5.3 through 5.8.

Upon a roll call vote the motion passed with 12 Ayes.

Mayor Engen said, Ms. Hands?

Deputy City Clerk Hands said, just a moment, I'm waiting for the software.

Mayor Engen said, no worries at all.

Deputy City Clerk Hands said, so on 5.1 claims.

Mayor Engen said, and 5.2, is that correct?

Deputy City Clerk Hands said, 5.1 and 5.2 which is the Downtown Business Improvement District.

Upon a roll call vote the motion passed with 9 Ayes, 3 Nays

Mayor Engen said, and the consent agenda is approved.

AYES: (12): Alderperson Anderson, Alderperson Becerra, Alderperson Contos, Alderperson Harp, Alderperson Hess, Alderperson Jones, Alderperson Merritt, Alderperson Ramos, Alderperson Sherrill, Alderperson Vasecka, Alderperson von Lossberg, and Alderperson West

Vote result: Approved (12 to 0)

5.3 Resolution adopting the 2019 Service Area Report Impact Fee Study and associated fees and Ordinance amending Impact Fee regulations and procedures

[First reading and preliminary adoption] Set a public hearing on February 24, 2020 and preliminarily adopt an ordinance generally amending Chapter 15.66 Missoula Municipal Code entitled "Development Impact Fee Procedures and Requirements" to update the procedures and requirements associated with impact fees in accordance with the 2019 Service Area Report and Fee Study.

Vote result: Approved

5.4 Appointments to the Historic Preservation Commission

Appoint Kent Watson as an at large member, Cathy Bickenheuser as a professional member, and Paul Filicetti as a downtown member to the Historic Preservation Committee for terms beginning January 1, 2020, and ending on December 31, 2022.

Vote result: Approved

5.5 Appointments to the Missoula Planning Board

Appoint Caroline Lauer and Vince Caristo as regular members and Shane Morrissey as an alternate member to the Missoula Planning Board for the terms commencing January 1, 2020 and ending December 30, 2021.

Vote result: Approved

5.6 Waiver of Missoula Municipal Code Chapter 9.30 Noise Control for Dick Anderson Construction at 139 East Main Street for Construction of the AC Hotels by Marriott.

Approve a waiver from Missoula Municipal Code 9.30 Noise Control for Dick Anderson Construction at 139 East Main Street for Construction of the AC Hotels by Marriott, for the dates of February 4th - 6th, 2020, to provide for delays due to poor weather.

Vote result: Approved

5.7 West Pine Roofing Contract

Approve and authorize the Mayor to sign a contract for the re-roofing project at 140 West Pine Street to Metalworks of Montana in the amount of \$44,909.

Vote result: Approved

5.8 Referral—Parks Deep Tine Aeration Services 2020

Approve a contract with Valley Landscape Inc., for provision of deep tine aeration services at Silver Park, Montana Rail Link Park, Fort Missoula and Jeffrey Park in the amount of \$26,270.00

Vote result: Approved

5.1 Claims

Approve claims in the amount of \$511,907.08 for checks dated February 4, 2020.

AYES: (9): Alderperson Anderson, Alderperson Becerra, Alderperson Harp, Alderperson Hess, Alderperson Jones, Alderperson Merritt, Alderperson Sherrill, Alderperson von Lossberg, and Alderperson West

NAYS: (3): Alderperson Contos, Alderperson Ramos, and Alderperson Vasecka

Vote result: Approved (9 to 3)

5.2 Downtown Business Improvement District Renewal

Adopt a resolution to extend the duration of the Missoula Downtown Business Improvement District for a period of 10 years excluding properties from assessment that are primarily zoned residential.

AYES: (9): Alderperson Anderson, Alderperson Becerra, Alderperson Harp, Alderperson Hess, Alderperson Jones, Alderperson Merritt, Alderperson Sherrill, Alderperson von Lossberg, and Alderperson West

NAYS: (3): Alderperson Contos, Alderperson Ramos, and Alderperson Vasecka

Vote result: Approved (9 to 3)

6. COMMENTS FROM CITY STAFF, AGENCIES, BOARDS, COMMISSIONS, AUTHORITIES AND THE COMMUNITY FORUM

None

7. SPECIAL PRESENTATIONS

None

8. PUBLIC HEARINGS

8.1 Resolution adopting the 2019 Service Area Report Impact Fee Study and associated fees and Ordinance amending Impact Fee regulations and procedures

Dale Bickell, Chief Administrative Officer, said, I'm going to provide the report on impact fees. So, first I'm going to review the City Council actions related to the impact fee project that we've been working on. So, the considerations for this evening are asking you to consider adopting the Impact Fee Study and setting new rates that were developed by the report and the Administration's recommendation on those fees. And I would remind everyone that because of the way the study was put together to change the rates, it does require a supermajority or eight Council votes. And then Council, during the consent agenda, set a public hearing for February 24th which is to adopt the ordinance changes so that's part of the considerations of this whole impact fee package. Revisiting the purpose of the Impact Fee Study it was to update the impact fee methodologies to reflect current capital plans. Is to calculate the maximum impact fees allowed under those methodologies. Provide for review of impact fee use policies and procedures and benchmark us against some of our peer communities. So, I'm going to do an overview of the summary of changes. So, there's proposed new rates and I'll go through those in more detail at the end of the presentation. We are proposing about an average of a 10% increase on impact fees. We've created additional tiers for residential square footages. In our current study our minimum tier was 1,200 square feet. We asked our consultants to look at tiers smaller than that. With smaller homes being built and smaller units, we asked if we could make a draw a nexus between impact of smaller units and the fees. They were able to do that so now the proposed minimum tier is 750 square feet so smaller houses actually will pay lower fees in this study. There's a little more detail when I talk about the fees in a little bit. The transportation impact fee was adjusted to account for the City's complete streets policies so it's specifically includes sidewalks, associated medians, vegetation and commuter trails. The downtown transportation fee reduction area was in support by this study. In 2010, the City created a car bot because of the existing transportation infrastructure, however, our new CIP particularly related to bicycle and pedestrian facilities downtown the support wasn't there to lower that amount so the impact fees in the downtown area will be the same as all the other areas in town under the study. We've been working with the Impact Fee Advisory Committee to create a new eligibility criteria for impact fee projects. That's not before Council tonight but it's just their role is to approve eligibility of impact fees and we've been reviewing those documents with our consultant. And in the ordinance changes, I'll go through quickly. They're most housekeeping changes to conform to the new study. I'll just talk about three other changes. Change in the definition just to match the service area definitions. You know, of the change in the transportation I've talked about for really just to make sure it matches the ordinance. A small change to use the term service area to match the studies so there isn't any confusion between what's in the ordinance and that. And then the impact fee schedules will be repealed out of the ordinance and set by resolution. We're trying to move all of our fees off of ordinances and into resolutions and this is the similar process. So, talk a little bit about what our impact fees and these are one-time payments charged to new development. They are used to construct capital

gains and they need to accommodate future development. And the fees are calculated to represent future developments proportionate share of infrastructure costs. So, the City review capital improvement, these impact fees for capital improvements or debt service related for growth. They can't be used for operations and maintenance replacements; it's only for capital. So, it's a financing tool and it's a mechanism that provides us a funding infrastructure caused by new growth without relying on additional taxes on current residents. Here's an example of the 3rd Street reconstruction that was paid in part by impact fees. So, the study itself was based on ten-year development projections and based on Missoula the long-term transportation plan that was the basis for the projection of growth that we're going to need over this period. We're anticipating residential growth could be 12,630 persons which translates to 6,640 housing units in the residential side. On non-residential growth, we're expecting 8,130 new jobs and 4.7 million square feet of floor area prior to construction. This is all the projection on new growth. Based on those growth numbers, the study indicates, based on our level of service today this is the amount of new facilities that the City will require to provide to maintain that level of service and you can see those numbers up there by the impact fee service area categories of community services, fire, law enforcement, parks and open space and transportation. And so what the fees were done, how the fees were calculated was to determine what our expected growth is, what our capital and facilities needs are to support that growth and then put a cost line based on today's dollars. With that, I'm just going to shift right into the rate proposals. Starting with residential, this is based on an approximate 10% average increase in our impact fees. So, for example, in a typical residential unit the maximum fee that's supported by the study was \$8,137. The current impact fee is \$2,123. The Administration is proposing that we adopt the fee of \$2,335 for a single-family unit. And you can see that this is an example where you can see the new tiers and, in fact, a residential unit of 750 allows the occupant to pay a little bit less in fees than it does currently. And conversely, large residential units, 4,000 or more square feet, their impact fees go up a little bit more than the little ones. Switching to non-residential fees. All of these are based on national data related to the types of impact these have. Like for example, person trips for transportation. And there's been some changes in these based on the underlying impacts. So, a commercial retail is about a 10% increase we're proposing. Industrial shifted a little bit more, that there was or the underlying data was showing that there was more of an impact for city services than the previous studies. And then conversely though institutional went down that there was based on current study versus the prior study, there's less of an impact on institutional type of non-residential development, so that went down. Here are the estimated revenues. In 2019, we received about 1.2 million...excuse me, in impact fee revenues from paid by new development and presuming we have that same level in the future, we're estimating we'll have about a \$120,000 increase in revenues for the year. You notice that all of that has been allocated to transportation with the Administration is recommending that we allocate all of the 10% increase that we're proposing on average to transportation because of the capital deficit we have related to impact fee-related projects. This slide here is the impact fee capital plan online. You can see the detail related to this. But in our capital plan related to transportation, we have a \$4.4 million deficit at the end of five years and this is just the impact fee portion of capital of our capital projects, not the whole full capital costs. So, there is a, because of that number, that's why we wanted to allocate all of that to transportation. The consultants did some peer city benchmarking for us. Here is where Missoula winds up against some of these peer cities around the region that are

similar. There are cities in even high-growth areas like Big Sky that don't have impact fees but there are the cities that do have impact fees on this, we're kind of right in the middle with Bozeman on top and Flagstaff, Arizona on the bottom though I think Flagstaff just adopted a new impact fee ordinance, as I understand. So, this is an example for a single-family residence. You'll see we line up similarly for others, multi-family a 1,000-foot unit. And here's an office building of our office building, 50,000 square feet. Wanted to put a slide up on impact fees, a percentage of median home price. It's an additional cost to a developer or homebuilder on these houses. This slide shows the trend over time. When impact fees were first implemented in 2004, it represented 1/2 percent of median home price. Now it went down as home prices went up. In 2006 is when the transportation impact fee was implemented. And then this slight uptake was during the recession and this has been decreasing over time. I want to point out that while these are percentages, impact fees are a flat fee and that's why they have decreased over time because Council hasn't changed the impact fee since they were implemented, you know, the parks, fire, law enforcement and community services were implemented in 2004 and then transportation in 2006 and they haven't been subsequently adjusted. Here's a chart that shows estimated fees on a typical residence and so based on all the fees we tend to have on them, we're trying to be a typical, so, a sewer development fee similar to an impact fee but is charged to new sewer connections. Building permit fees and this is associated zoning compliance and those types of fees. We took an example that was in major subdivision, a large subdivision, so that per lot amount was \$119 and then the impact fees is at today's rates, not with proposes at \$2,156. So, the total fees on a typical residence of this size is about \$7,449. Next step, so tonight the public hearing and then it's to ask Council to consider adopting the study and setting impact fees, the new fees. And then on February 24th there will be a public hearing on the ordinance changes.

Mayor Engen said, thank you, Mr. Bickell. With that, I will open the public hearing. Anyone care to comment on the adoption of the impact fee study?

Rembrandt Miller said, I live in what's left of Ward 1. With regards to sidewalks, I found this very interesting. You can die on the sidewalk with no place to sleep because here in Missoula even sidewalks aren't cheap. Our dear city leaders want more sidewalks to die on and giving churches opportunities to provide blankets and soup. Sidewalks aren't cheap, some residents now know. After Thanksgiving, a week later, letters arrived with the snow. And speaking of snow, stiffer fines are coming for failing to shovel. Grandma, work off that stuffing. You may think Missoula is a wonderful place with rivers and mountains and great food to taste, but if you're poor and disabled or elderly and informed, not working in tech this poet can affirm, your worried aren't shared by the luminous ones who better than you control all the funds. I just wanted to say further we wouldn't have to increase the burden on already desperate taxpayers if we weren't blowing all of our collected tax dollars on money-losing endeavors that disproportionately benefit the wealthy through overuse and abuse of TIF. \$2,335 was the estimate I saw on there for the average single-family residents. \$2,000 might seem reasonable in this room but it's still a financial death sentence for Missoula's working class who are already paying taxes. It's time we started upholding the other end of the bargain and spending the tax pool with greater thought. Thank you.

Mayor Engen said, thank you, Mr. Miller.

Bob Moore said, I just wanted to make one comment about if you're going to increase these impact fees, I trust that you're going to...especially to developers, business owners, shopping centers, banks, all sorts of things. I hope you're going to use TIF money, which is taxpayers' gift to these certain people, I hope you're going to use TIF so that the developers and so forth will not be required to pay those additional impact fees cause you don't want to be charging things like the banks and the shopping centers and things like that.

Mayor Engen said, thank you, Mr. Moore. Anyone else?

Matthew Wordell, Ward 1, said, I was criticized recently by a friend of mine actually for speaking out on issues of Missoula and I don't own property here. That's true, I don't. I only make about \$23,000 a year. I can confirm that it is tax season, that's what I made and it was a good year for me. I don't need much. \$2,300-some odd dollars out of 23. I don't own property. I don't think I ever will.

Mayor Engen said, thank you, Mr. Wordell. Anyone else this evening? Sir? Come up to the microphone and let us know who you are for the record, sir.

{Inaudible} said, just a new resident of the city. I was wondering, do the impact fees affect anyone who's sort of building their own house and are there like more regulations to build a house yourself on land than there would be to have to have a developer do it? That kind of thing.

Mayor Engen said, short answer is yes, new construction, everyone is subject to the impact fee. The rules vary from project to project with regard to other development.

{Inaudible} said, right now, just as far as like engineering impact type of studies, is that required for new construction anywhere in the city?

Mayor Engen said, correct.

{Inaudible} said, okay. Well, thanks.

Mayor Engen said, anyone else this evening? Alright, with that, I will close the public hearing. Are there questions from Councilmembers? Ms. Merritt?

Alderperson Merritt said, I was wondering if Dale might speak to any feedback that you've gotten from the development community about these proposed increases that go on new development.

Mayor Engen said, Mr. Bickell?

Dale Bickell, CAO, said, in a couple of our sessions, one was the Impact Fee Advisory Committee. That committee is seven members, I think five of which are actually involved in the development community. They passed...their motion was to recommend to Council to adopt the study. Their purview is not setting rates so they didn't actually mention rates, but they asked that they adopt the study. On Thursday of last week, we held a special meeting for the development community itself and nobody actually showed. Organization of Realtors did call in and said they supported the increase. They thought our approach was reasonable.

Mayor Engen said, further questions? Ms. Harp?

Alderson Harp said, Dale, I know that we have yet to do the study, but one of the things that you presented this evening that really kind of caught my eye and I think is worth diving in a little deeper is you had a slide up there that talked about the estimated growth costs of approximately \$60 million for community service, fire, police, parks and transportation. And, as proposed, or at least at this point at this level, that the revenues from the recommended revenue increases would only bring in \$1.3 million per year. So, over ten years, that's \$10 million, so we're only addressing 1/6 of the potential cost that we're going to have. How could we possibly make that up other ways?

Dale Bickell, CAO, said, so, yes, I mean, just so everyone's clear, the study, the consultants completed the study and it's available. The way that all these projects are done is essentially the same way we always have. We have to cobble them together. So, impact fees has been an important tool related to that so any of the construction projects, 3rd Street had that picture in there, Hillview Way, the construction of Van Buren Street. A portion of those, usually a little less than a third is usually are able to be paid by impact fees and then we have to figure out how the rest of it goes. So, whether it's local tax dollars, grants, those type of things. So, but in order to maintain that, our current level of service that we have today, the study shows that we need an additional \$60 million of investment.

Alderson Harp said, follow-up? And I'm sure some people would love to be able to ask this question. Can we use increment financing dollars to fill the shortfall?

Dale Bickell, CAO, said, I think in areas where there's districts and we have the type of projects, yeah, certainly, tax increment dollars could be used.

Mayor Engen said, Ms. West?

Alderson West said, I think the term new development has a pretty stereotypical idea of that is. Could you expand a little bit more on what types, the scope of projects, that would be paying impact fees?

Dale Bickell, CAO, said, so, impact fees are paid at time of building permit and based on the type of use. So, residential units will be based on square footage and then you saw the commercial categories. And so, it's for any new essentially any new dwelling unit for residential or new commercial space. I mean, it's for new construction. So, typically remodels, small additions, those types of things don't have an impact fee. You know, there isn't a system that the City doesn't support a measurable impact of those type of things but there could be a large, you know, very large additions, brand new houses are the typical type of, that has to be related to new construction.

Mayor Engen said, any further questions? Alright, seeing none, Ms. Jones?

Alderson Jones said, I'd like to make a recommended motion that we adopt a resolution approving the 2019 Service Area Report and Impact Fee Study and increasing certain impact fees by 10% as shown in Exhibit A, to partially fund public facility construction, acquisition, or expansion required as a result of new development, and I'd like to speak to that.

Mayor Engen said, that motion is in order. Discussion. Ms. Jones.

Alderson Jones said, thanks, Dale, for all of the presentations over the last several weeks. We've spent a lot of time on impact fees in committee and discussed it

extensively and it's a broad topic that is actually very interesting. But just in general, I wanted to summarize that the reason why the City of Missoula has impact fees, as Dale had said, is when there is new construction, new housing stock is built, there's an increase in capacity that costs, which is different from labor costs but increase in capacity in terms of the; for example, we need to have new fire engines. We need to increase our capacity. We need to have more police cars. We have to build more streets. We have to build more sidewalks. One of the examples I like to point to is I believe we used impact fees for the Fire Department to purchase an ambulance last year. So, when we increase our capacity because we have more people living in the city, impact fees are one of the tools that we use to soften that blow to our city. And I want to empathize that if we put our impact fees into context, back in 2005, when we initially started having impact fees, we only did 50%, I believe, of the recommended rate that we could do so we had a very soft application back in 2005. And, as Dale said tonight, we have a flat rate that we've used for the last 15 years so it has not adjusted for inflation, so actually it has decreased over that time. And now we've had a new impact fee study done and we could increase the rates a lot more but we're only doing 10% so it's a very soft application because we are very sensitive to trying to not increase housing prices. But any time we increase our capacity here in Missoula, it's going to cost, so it's a question to what extent do we put it on, all taxpayers versus putting it on the new construction. So, I would describe it as a soft application but that's what, we as a community, have decided works for us. And I wanted to say thank you, Dale, for all of your work on this. It's a complicated topic and I think a lot of great work has been done. We had an excellent presentation by the analyst who did the rate study that was very informative so I'm very much in favor of this and look forward to supporting it tonight.

Mayor Engen said, further discussion? Ms. Anderson?

Aldersperson Anderson said, thanks, Ms. Jones, for laying out that topic or that framework and I think it's important that we also note that what we can and cannot spend impact fees on or designated by the state of Montana. And so, it's not that we here don't want to be using impact fees for affordable housing or mental health services; it's simply the fact that we are not allowed to by state statute. It's very clear on what you are able to utilize it for. And it is a tool that some communities, as Dale, Mr. Bickell, highlighted use and some don't but I think it's important that in noting that comparative chart, that some of our peer communities have other tools that we do not. Say, Whitefish and Big Sky, they have a local option tourist tax that is put on things that they are then able to receive money into their state...or into their municipal general fund to utilize or building a new city hall building and things like that in Whitefish and we don't have that here in Missoula so this is one way in which we can offset the impact, that's why it's called an impact, of growth. And we can argue whether or not we think is growth is good or not but growth is happening and we need to make sure that we are building out all that infrastructure. And as we continue to expand out west, we need to make sure that there is fire and police ability to get out there and service those taxpayers. And I spoke with my local mortgage friend and just to figure out kind of what the costs are, now these are impact fees, the builder, you know, building assumes into their pricing and assuming that they pass along to the buyer of the said home, a \$1,250 impact fee increases an average monthly mortgage rate by \$6.25 and that's at the current mortgage rate. So, but it goes for police, fire, sidewalks, you know, and all of the important infrastructure that our community needs, and so I think that this is reasonable. As the study showed, we could have gone

higher. We did not feel that that was appropriate in our current environment and with our community and so not having raised it in over a decade and only raising it by 10%, given the amount of growth and impact it is having on our community, I think is reasonable.

Mayor Engen said, further discussion? Mr. Ramos?

Alderperson Ramos said, thank you, Mr. Mayor. So, just wanted to start by saying I totally understand the rationale of my fellow Councilmembers around this to a certain extent but I just kind of want to explain, from my point of view, why I'm going to be voting against this and why I think that it is, in fact, counterproductive to our struggle for affordable housing here in Missoula. So, in my opinion, this is a hidden tax. Again, this is paid for by the homeowner; it's not paid for by the developer. And it is, kind of as my colleague just alluded to, is a hidden tax that comes with interest. Typically people are buying these homes with a mortgage and they are going to be paying interest on this \$2,300 or \$2,400, whatever it works out to be, they're going to pay interest on that for 30 years typically, maybe a 15-year fix but in any event, they're going to be paying interest on that so it's a hidden tax with interest that's not paid for by the developer and in my opinion, it is paid for by the homeowner with interest. Also, I'd like to see the average home price next to that chart where we kind of saw the difference of cities where we're comparing saying, well, we weren't quite as high as these cities. Bozeman, I mean, their home prices are even more unaffordable than ours so I think that there is a correlation, maybe a little bit, to the total impact of these fees and how much housing is ultimately going to be unaffordable. So, I just wanted to bring it back to something that Mr. Bickell said. Not putting him on the spot. This is just something that it's highlighted, that base impact fees are meant to cover capital costs that would cover their proportional shares of increased infrastructure usage. So, I just wanted to hit on those real quick. So, there's roads, police, fire. So, let's kind of dice these out a little bit. So, these new developments typically they're going to have fairly low crime rates. I mean, statistically speaking, they're going to have lower crime rates. That's just how it works, unfortunately, in our society that there is kind of an economic correlation between crimes so these new developments are going to have less crime rate so they don't need much police protection. Secondly, we're going to look at fire. So, these homes are built, typically they're brand new. They're built up to code. They're built with all the updated codes that have been developed over the years. They're not outdate. They're not from the '60s and '70s so fire usage is going to be pretty low. So, impacts to the Fire Department and fire usage is going to be pretty low as well. Let's look at roads next. A lot of these TEDs and subdivisions that we built already have roads that the developer has to pay for so that means the homeowner has to pay for these roads already. And, again, this road cost is going to be tacked onto the mortgage so I'm just trying to show that it's not just this that adds up and makes housing more unaffordable. It's all these different things that are layered on. So, the road costs, that again is passed onto the homeowner is tacked on to that with interest and that's paid for by the homeowner initially with these new developments. Next, I want to look at the sidewalks and trails. Typically, those are paid for by the developer as well which again is the homeowner. Sidewalks, as we know, if they are already existing, you have to pay for those typically as folks have found out recently that the homeowner does have to pay for those unless you're in a TIF district where there is some help for sidewalks in those districts. Next, I want to talk about the maintenance of those roads. A lot of the maintenance of those roads are being passed onto the homeowner's association in those different development. The TEDs and the

subdivisions we tack that on to the homeowner's association so we've kind of gotten that out of the way. And next, I just want to talk a little bit about the fact that a lot of times these lots are vacant and they're paying very, very little taxes. We'll just call it a thousand bucks for a home. Let's just say that there's a lot that's being...I'll call it \$500, I think that's more fair for a vacant lot. And then we build a home on it and then all of a sudden that home is not paying \$500 anymore. They're going to be paying \$5,000 and, obviously, the City gets a small chunk of that. We get a third of it so let's just call it \$1,200 to \$1,400. That's what we're taking in to pay for the impact of the fees that they are using but in reality that \$1,400, \$1,200 to \$1,400, we've already gone through police, we've already gone through fire, we've already gone through infrastructure so I don't really see what the major impact is on this. And, again, I know this is a sensitive topic but I do want to talk about TIF. So, TIF is kind of the reverse, kind of a TIF handout is the reverse of an impact fee and we often say that we're doing TIF as a way to negate certain costs and help folks help businesses cover public infrastructure. Well, we're asking these folks...we're helping the business owners and the wealthy developers cover their public infrastructure but at the same time, let's bring it back, why we're doing these impact fee hikes for the homeowners and the smaller developments and other developments that aren't TIF districts, it's to cover capital improvements to cover their proportionate share of increased infrastructure. So, it's all different within a TIF district. So, we're literally taking the reverse of that when it's in a TIF district because our justification for giving TIF is to help out with public infrastructure costs but meanwhile outside this, where a lot of the homeowners live, we're going to be asking them to cover their share of infrastructure costs when we already ran through the fact that a lot of these folks aren't going to be using these services as much because of the reasons that I just suggested. In addition, a lot of the TIF projects, let's just call it the hotel, the Mercantile, we'll talk about the \$100 million Fox triangle, those are developments where a lot of people that are going to be utilizing the services of those businesses don't live in Missoula and they don't pay taxes. So, in that situation, that would make more sense to have an impact fee on those instead of the reverse where we're actually helping them out and negating not only that by over-giving with TIF subsidies but we are helping them bring people in that aren't paying taxes in the first place that cover those infrastructure needs. So, in my opinion, there's different ways that we can do this and I think we need to take a hard look at the areas I just discussed and I will not be supporting this respectfully.

Mayor Engen said, Ms. West?

Alderperson West said, thanks. So, the first thing I wanted to talk about was briefly the expansion of how the transportation fees can be used. I think that this is really exciting that it's not just focused on roads but also on sidewalks and commuter trails. Just generally, all of our modes of travel are covered and can be eligible in the future which I think is really exciting. I, briefly, want to respond to Jesse. I think one really important piece of infrastructure that was left out was parks in that and much of the development in our community is inward focused. We don't have the large tracts of land to be putting big subdivisions in, for the most part. And especially in my neighborhood, we are seeing a lot of infill development and limited parkland so impact fees are being used as a...was approved in the last budget to increase the cost of the Westside Park, for example. We are going to have to accommodate about 274 new families that are going to be using that park just locally and for some people that's the only park there is. And with limited land,

you know, the only way to increase capacity is to reinvest in the existing infrastructure to make it a better place for more kids. So, I think, and then also just briefly, I believe the Lee Gordon Place, which was the affordable housing project I worked on in my role as an employee at the NMCDC, I believe we paid around \$10,000 in impact fees and this is on an affordable housing project. I think that, you know, in the context of affordable housing, maybe that's something we should consider but that being said, I think that that was also an infill project that has an impact to the existing infrastructure. And if anyone has walked down Front Street, you know, I think there's a lot of development but then there's a lot of gaps in infrastructure, sidewalks especially, that haven't been maintained. So, I think that even though is an affordable housing project, we still added density and we added impact on the immediate neighbors and I hope that this is a funding mechanism that can fix some of those disparities so I'm in support.

Mayor Engen said, further discussion? Ms. Merritt.

Aldersperson Merritt said, thanks, Heidi, for your comments. That is a lot of what I was thinking about. A lot of the development that's been happening in the neighborhoods that are in my ward are happening in the Franklin to the Fort neighborhood that was annexed into the city around 1995 when it was already largely built out as being in the County and there is a great deficit of sidewalks, curb, and gutter. Without the curb and gutter, the streets are crumbling. So, when someone comes in and does the development on, you know, 1/8 or 1/6 of a block, there's new sidewalk put in and maybe half-street improvements directly in front of those newly constructed buildings but the entire rest of the, you know, couple block neighborhood that sees the impact of the new traffic is not getting anything new. I mean, the intersection of Eaton and 14th Street, just from the developments that we've approved in the last eight months, is going to see a significant increase in traffic. And without impact fees or other ways to offset those actual impacts on the neighbors, we can't improve those streets. There's so many streets in the Franklin to the Fort neighborhood that are simply crumbling apart and we need tools to be able to address those things. You know, our residents who are parents with small children and who are disabled actually appreciate sidewalks, good sidewalks that they can be mobile on. It's really an important part of a good standard of living and we need these tools. I think this is an appropriate level to increase the impact fees and I'll be in support.

Mayor Engen said, Ms. Harp?

Aldersperson Harp said, and I think building upon that, Julie, is the notion that these types of infrastructure are very costly, right? And so, the sidewalk, curb, gutters they last not just one generation but multiple generations. And I think kind of building upon also what Jesse was saying too is well, how do you make it fair? Right? And the thing of it is nothing in this world is free when it comes down to infrastructure. So, if we have developments that we are absorbing or annexing and they didn't have the foresight to think impact fees and put in that infrastructure once upon a time, now after the fact we are trying to cobble that together and that is really unfortunate for certain neighborhoods in particular, especially Franklin to the Fort. So, impact fees are just one of the tools that we have that we can use intergenerational payments for those intergenerational projects. Yes, they pay interest on them, just like your mortgage because it's an intergenerational asset. Just like every other city project that we do, we're going to pay interest because that's part of the business. If we were in the position where we had a big trust fund or endowment that we earned interest on, that would be superb but that is

not the hand we were dealt. So, what we have instead is that we have to operate with banks and we have to pay interest just like any other person. I'm in support of this.

Mayor Engen said, further discussion? Mr. Hess?

Alderpersion Hess said, Mr. Ramos speculated that because impact fees were higher in Bozeman and because home prices are higher in Bozeman, there must be a correlation and I would like to speculate that because home prices are higher in Big Sky and in Whitefish and there are no impact fees in Big Sky and lower impact fees in Whitefish, that there perhaps isn't a correlation or that perhaps that correlation can't be driven or can't be arrived at through speculation. Impact fees are based on a quantitative study in this case. They're based on actual trip-generation data for transportation impact fees and for other quantifiable measurements of impacts, which basically makes them a user fee which basically makes them one of the most conservative forms of tax that there is. It's a direct fee for impact and it is pretty straightforward in my opinion. I'll be supporting the motion.

Mayor Engen said, further discussion? Mr. Bickell, just in preparation for the ordinance, can you give me a ballpark estimate of the percentage of impact fees collected from commercial properties as opposed to residential? Okay, we'll get that for the ordinance. And, Chief Brant, you happen to be here this evening. Do you roll on more than fire calls? Lion share, your calls medical aid. Thank you. Further discussion? Mr. von Lossberg?

Alderpersion von Lossberg said, thanks. I just wanted to thank Ms. West and Ms. Merritt for their comments. I'm in support of this for largely the same reasons they articulated. Impact fees are no more hidden tax than the cost of construction materials or labor, and the notion that these developments are occurring in places with a different need around police and fire is absurd. There's a number of projects like this happening in the Northside and throughout the community and they have the same needs for police and fire protection in those areas. And I think Mr. Hess put it really well, directly proportional based on quantitative studies to impact and I'm in support.

Mayor Engen said, further discussion? Ms. Sherrill.

Alderpersion Sherrill said, I'm in support as well. I think that as we talk about infill and asking these neighborhoods to take on more density, I think that we owe it to them for their quality of life to make sure that we have sidewalks, to make sure that we have parks and as a parent of two daughters, I know that if my neighborhood had not had sidewalks at the time, it would have completely changed what I could do with them when they were young. I also have a mother that needs to be in a wheelchair and I can take her to the park because I don't have to drive or push her on the street. So, I disagree with my colleague, Mr. Ramos, that there is less crime. There's no statistics to back that and less fire and that there are going to be less medical emergencies. So, I will be supporting it and I think that the 10% increase seems really reasonable. And the impact fees in comparison to Bozeman, they're not...what are they, at \$8,000, that they're not four times higher than us so there's...I don't agree that there's a correlation there.

Mayor Engen said, further discussion? Seeing none, we've had a public hearing, we'll have a roll call vote.

Upon a roll call vote the motion passed with 9 Ayes, 3 Nays

Mayor Engen said, and the motion is approved.

Moved by: Alderperson Jones

Adopt a resolution approving the 2019 Service Area Report and Impact Fee Study and increasing certain impact fees by 10% as shown in Exhibit A, to partially fund public facility construction, acquisition, or expansion required as a result of new development.

AYES: (9): Alderperson Anderson, Alderperson Becerra, Alderperson Harp, Alderperson Hess, Alderperson Jones, Alderperson Merritt, Alderperson Sherrill, Alderperson von Lossberg, and Alderperson West

NAYS: (3): Alderperson Contos, Alderperson Ramos, and Alderperson Vasecka

Vote result: Approved (9 to 3)

9. COMMUNICATIONS FROM THE MAYOR

None

10. GENERAL COMMENTS OF CITY COUNCIL

Alderperson Merritt gave a shout-out to the Sentinel Speech and Debate competitors who came home with a fourth-place finish at the state meet this weekend.

Alderperson Anderson gave a shout-out to her fellow colleague, Ms. Jones, because she is a merit badge counselor for the local Boy Scouts and has been doing so for many years and she teaches the next generation of citizens in our community about how to be a good citizen of the world, how to be a good citizen of the nation and how to be a good citizen of our community. She appreciates, on top of all the things that Ms. Jones does, to take the time to mentor the next generation of our little world, nation and community citizens. We are in need of better citizens on all levels and so she wanted to take this opportunity to thank Ms. Jones.

Alderperson Sherrill said she's been attending the Citizens Law Enforcement Academy and she had the opportunity to do a ride the other night with Officer Bill Bree and she was very gracious to take her and was amazing to watch in action. Ms. Sherrill is thankful that we have so many caring officers in our community and they are very thoughtful on these complex issues. Some family matters that were very hard for everyone involved. The officers really do care about this community and the people. She saw that in action and so she was thankful for it. She also attended the Economic Outlook Seminar that had a number of the people from the University there. The seminar covered wages, work force, housing, agriculture, tech, etc., all the major economic indicators. She learned that while we have a work force shortage, we also have our wages that are starting to rise a little bit, so there's some small indicators that that's looking good in a broader sense. It was Montanans and also local numbers for Missoula. There is a skills gap in what they're looking for in the work force but that is pushing some companies to actually invest in training for their employees so, you know, as we talk about trying to move forward to get some training by your employer, it's a really big deal and ultimately kind of lets people rise up in their jobs.

Alderperson Harp said Jim Harmon wrote a story that was published in the Missoula Current on board and trade, marketed early Missoula as city of homes. After last week's fourth Street project, she was reflecting upon every other particular development project that has come before this body in the last two years that she's been on Council and she has to say that every one of those projects has been contentious in the neighborhoods in which they were established. In

large part because people who live here treasure the homes and the neighborhoods in which they have chosen. When change happens, and it feels radical in your backyard, but Council looks at it through this lens of if they can try to do that incrementally throughout our city, we're better off. Jim Harmon mentioned this Board of Trade pamphlet that was published in 1890 which was their version of the Chamber of Commerce back in that day, promoting Missoula to be a place for tourists to come and people to build homes just like we are today. It's really interesting that no matter where we are in time, patterns consistently reoccur. That doesn't necessarily solve our problems or not necessarily sad to put on our ills but it's just the acknowledgement that time continues to chug along and we will do what we can to make things right.

Alderperson West said she had the opportunity to go see her daughter and all of Missoula's middle schools and high schools performed at the Jazz Band Concert last Wednesday. She thanked all of the music teachers out there that are doing a great job growing some amazing musicians. The High School Jazz Bands are fantastic.

11. COMMITTEE REPORTS

11.1 Administration and Finance committee (AF) report

11.1.1 January 29, 2020 Administration and Finance report

11.2 Budget Committee of the Whole (BCOW) committee report

11.3 Committee of the Whole (COW) committee report

11.3.1 January 29, 2020 Committee of the Whole report

11.4 Land Use and Planning Appointments (LUPA) Subcommittee report

11.4.1 January 22, 2020 Land Use and Planning Appointments Subcommittee report

11.4.2 January 28, 2020 Land Use and Planning Appointments Subcommittee report

11.5 Land Use and Planning (LUP) committee report

11.5.1 January 29, 2020 Land Use and Planning report

11.6 Parks and Conservation (PC) committee report

11.6.1 January 29, 2020 Parks and Conservation report

11.7 Public Safety and Health (PSH) committee report

11.8 Public Works (PW) committee report

11.8.1 January 29, 2020 Public Works report

12. NEW BUSINESS

13. ITEMS TO BE REFERRED

13.1 Administration and Finance committee referrals

13.1.1 Relationship Violence Services Agreement

