



City of Three Forks
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MEETING MINUTES

DATE: 10/16/2024 TIME: 3PM

REASON for MEETING / COMMITTEE NAME: Impact Fee Advisory Committee

ATTENDANCE: Lee Nellis, Randy Carpenter, Kelly Smith, Mike Stenberg, Christina Cavanaugh (via Zoom), Aly Fendler, and Alex Blackburn. Crystal Turner took minutes; Wally Ziegler was present in the room.

DISCUSSION: Agenda item #1 – approval of IFAC 9/18/2024. Kelly Smith moved to approve. Alex Blackburn seconded the motion. There was no discussion. Motion passed unanimously.

Agenda item #2 – Lee Nellis said he did not send out another version of the documents distributed on 10/11/2024 because he knew it would be changed today. He asked the Committee what its thoughts were about implementing the administrative fee allowed by state law. Alex Blackburn said he thinks it should be the full 5% as it takes time to administer these programs. Mike Stenberg agreed. All were supportive. Lee then explained, after the last meeting that he sat down with Kelly to find out the City's actual funds set aside for various projects. "The City has done a fabulous job at accumulating a reserve for a variety of departments, as well as managing its money," Lee credited. He thinks they could reduce the wastewater trial impact fee based on knowledge that the cost would most likely be reduced by \$500,000 - \$1,000,000 in grant funding the City could obtain. He said that would reduce the overall trial fee.

Lee discussed the transportation trial impact fees and how expensive they were. He agreed that Mike's comment about commercial appearing high (see attached email from Mike). Lee believed the Committee could refine the number for transportation, but believes it will still be high. "The purpose is to have something to help with street improvements over time. The impacts will not really manifest themselves until there are a few hundred units built. This is a long-range thing the Council will have to decide if it does not want to have a fee at all, or implement a nominal fee to work towards a master plan which is outlined in the CIP. My thought is some money is better than no money, and allows the City to have a little bit to work with as it needs to deal with issues," Lee said. Mike asked when the long-range transportation plan is estimated to be completed. Crystal answered the CIP states FY2025. Randy Carpenter asked when impact fees are ultimately supposed to be spent. Lee said statute says 3-5 years.

The discussion turned to impact fee credits. Lee said the ordinance will be written to address a credit process. For instance, a developer could say they are just going to improve whatever street because it will help their development. And then a credit would be given to the developer for that improvement rather than every lot paying that particular impact fee. "After much playing around with numbers in the transportation impact fee, I recommend to not implement any transportation impact fee at this time.

Homes generate trips, but businesses do as well. Everyone knows that there are several folks who come into town from across the river to conduct business, go to the grocery store, the pharmacy, etc. So those types of businesses draw people into town and affect transportation,” Lee said. Mike argued that the City should at least implement a nominal fee to get reserves starting to build in that fund. “Any little small business coming in is still going to affect transportation. I don’t have any ideas, but you don’t want to miss opportunities,” Mike said. Randy wondered how many people from the Wheatland Hills area come into town to do their grocery shopping. Kelly Smith assumed most of them, because of working in the valley, would get their shopping done there, other than small items to pick up. Christina Cavanaugh chimed in, “As one of those people, I tend to do the majority of my shopping in town [Bozeman area] but run into the market here in Three Forks for a few items.” There was discussion on strategy to adjust the trial fees to include the 5% administrative fee, reduce transportation to 25% of the proposed total project(s) cost, reduce the wastewater fees by possible grant funding up to \$1,000,000, and come back in another meeting in November for one last review.

Agenda item #3 – “It would be nice to finalize these and present them to the Council in December and let them chew on those for a bit, and adopt in a new year. New year, new fees,” Lee said. The Committee agreed to that plan. Randy asked if the statute allows the Committee to say *We put our stamp on approval by these numbers, but we only recommend the City adopt them at 25% for example.* Lee said yes. “The law requires a committee, but doesn’t say what the committee is actually supposed to do. The ordinance will also need to be updated, the credit system needs to be reviewed and verified that it works, but the fees could be adopted via Resolution and implemented with new builds once adopted. Then we will make the minor edits to the ordinance and hold the hearings to amend it. I don’t anticipate that being contentious,” Lee explained. Mike asked if you can have a sliding scale for the commercial fees. There was discussion on shifting the share of the impact more to residential than commercial so that you can entice commercial development. Lee also explained that in the future to edit the fees, Crystal or Kelly would edit the spreadsheet and then present those changes to the Council to adopt them via resolution. Aly Fendler asked if you can play or have a sliding scale, “Like if I plant flowers can I get credits? A developer gets credits for improving the road,” she asked. Lee said the homeowner would have to make improvements to the infrastructure. Mike asked about affordability, “How do you incentivize it? Can you reduce the multi-family part?” Lee said the State of Montana has very odd laws about affordable housing, but he will address it as some sort of credit. “It doesn’t incentive workforce housing, like for a school teacher. You would have to think about how will Three Forks subsidize/support people whose median income is 80% of the norm. Randy said Missoula has a scale for median income and a home not paying impact fees, when sold must be to people 60% or under the median income. Lee informed the Committee that what Randy is discussing is complicated and could be simpler. “Mike’s question is simpler: *What is going to help develop property is to have it denser to actually provide affordable homes.* Lee also said he would be willing to think about building size as an affordable option. “The median house size is huge, and people do want extra space. If we say *if you can provide a certain share of units at 1,200SF or less, those will be more affordable.* Would we reduce impact fees? Maybe. Land Use Regulations would have to be changed to allow that.” There was a lot of discussion regarding impact fee reductions for high-density residential units. There was also discussion regarding vacant commercial land, and the infrastructure already being there – so it is possible to incentivize building downtown Three Forks: commercial on the main level and 1-2 stories above being residential. Parking will have to be changed but the Zoning Rewrite will address that, or at least it will be discussed to change that requirement. Alex said if we can find a way to make housing affordable, we will have healthy growth.

Agenda item #4 – there was no public comment. Next meeting will be 11/20/2024 at 3PM. Meeting was adjourned at 4:10PM.