

City of Three Forks
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MEETING MINUTES

DATE: 11/20/2026 TIME: 3:00PM

REASON for MEETING / COMMITTEE NAME: Impact Fee Advisory Committee

ATTENDANCE: Mike Stenberg, Alex Blackburn, Kelly Smith, Christina Cavanaugh, Aly Fendler, Randy Carpenter, Lee Nellis, minutes were taken by Crystal Turner.

DISCUSSION: Lee called the meeting to order and jumped right to Agenda Item #2. He summarized the trajectory of the fees, which the first version were summarized all the fees to around \$16,000 for the southeast residential, and rest of City around \$13,000 (for a single-family unit). Funding sources and cash-on-hand were then reviewed and now the fees for southeast residential are a little over \$2,000 (for wastewater only) and total fees in rest of City are about \$8,000. "So these are extremely reasonable impact fees for water and wastewater, but would like to go over the rest [of the fees] with you," Lee explained.

He began with the Service Area Reports (Crystal provided some minor edits to Lee to be updated in the final draft) but asked if any Committee members have anything. No other comments.

Logic of how the proposed fees have been reduced: all the fees are justified as to how much each project for each specific area (water, wastewater, municipal buildings, etc.) would cost if implemented in the projected Fiscal Year, which is all outlined in the Capital Improvement Plan (CIP). This is problematic for infill commercial, because the fees get up pretty high.

Alex Blackburn agrees we should recommend a reduction as an incentive to bring new commercial in. "What are our neighbor's charging?" he asked. "What is Bozeman, which is historically through the roof?" Alex added. Randy Carpenter answered, "Double what Three Forks' proposed trial impact fees are for single-family residences." Mike Stenberg said, "In the Memo Lee provided, the #s do not match with the Service Area Report." Lee apologized as he forgot to update it, due to various versions flying around. Lee will fix the table in the Memo to reflect the recommendations in the Service Area Report.

Christina Cavanaugh said, "When we give our recommendation to the Council, we would recommend they find a way to further incentivize commercial growth, right?" Aly Fendler said she would like to present both the actual numbers but a recommendation like: *Here's how the math worked out, but we want to recommend \$X* and leave it there for the Council to decide. Alex asked if there are any other parameters they could use?

Mike stated that for the commercial impact fees \$9/SF is reasonable, and comparable to Belgrade, said, "We probably won't have a Murdoch's in town, but assuming that size of a building would be building,

perhaps we can have a sliding scale?” The discussion turned to mini-warehouse style, businesses that do not use the same demand of water and sewer, but definitely would have the traffic impact. Alex felt \$9/SF was adequate. Lee explained, that during annexation, one could work with the City to coordinate a development agreement for things like mini-warehouses. Crystal Turner questioned why Lee referred to a negotiation in many examples and asked why every application would negotiate with the City? “These would, I assume, need to be public hearings and negotiated in a public setting at a meeting. Why not just document what it is and if one does not agree, write in the policy that they have the right to appeal, like the existing ordinance does? It seems that we may be loading too many individual applications before the Council to decide. For us as staff, it would be much simpler to say *these are the fees* and truly just administer them, rather than leave things arbitrary or delay the starting process by having to wait for a hearing,” she said.

Lee said he will go back and ensure the Service Area reports’ numbers are consistent throughout, and remind the Council (in the recommendation letter) they have the option to reduce, implement a scale, adopt at the full fee, or disregard any and all impact fees altogether. Randy Carpenter asked if the Committee felt it would be helpful to have its total trial impact fees compared to Belgrade, Bozeman, Manhattan? Alex suggested even Livingston, because of its smaller community size like us, would be a better comparable to Three Forks than Bozeman’s would be.

Lee said that one final step in this Impact Fee Committee process is to review and update the ordinance, “Which does need some changes, and removing the existing convoluted credit system will reduce it about 1.5 pages. Whoever wrote it thought impact fees were going to be a much bigger issue for Three Forks than they really are.” Lee will revise and then get draft back to the IFAC.

Agenda Item #1: Minutes of IFAC Meeting on 10/16/2024 for approval – There were no suggested changes. Alex Blackburn moved to approve the meeting minutes as is. Aly Fendler seconded the motion. Motion passed unanimously.

Agenda Item #3: Recommendation to Council: There was continued discussion on some sort of scale for the commercial impact fees to incentivize small “mom and pop” style infill. The Committee was torn that even though the fees are well-founded numbers for commercial, they may inhibit growth for the smaller style business. “We can’t predict what kind of business is going to come in,” Lee said. There was discussion to include examples like the brewery, a café, etc. in the letter to the Council, and also compare to other communities. Lee asked Mike or Randy if either knew what the square footage building cost is. Mike answered it is a minimum of \$260/SF for office space and added, “If you are doing office up front, warehouse style live/work with a yard, then it’s more like \$140/SF.” Aly asked, “If we were to reduce to something reasonable for a say a plumbing office – would that be \$7? \$6 {rather than the \$9/SF for commercial infill total impact fees}?” After some discussion among the Committee, the answer was still unknown. Lee clarified the Committee’s directive so far, so he can bring this back to the IFAC as a presentation.

Randy thinks the water and wastewater commercial fee should be based on meter size, “Those are known use costs. The rest should be square footage.” During discussion, Randy looked up Livingston’s commercial fees, which for a 1,000SF building is \$14,600, and Three Forks’ would be \$9,491. For a 5,000SF building, it would be \$41,000, and Three Forks’ is \$37,000. For a 10,000SF building Livingston is \$74,000, and Three Forks’ would be \$95,000 because we don’t have a sliding scale. Livingston breaks it down by SF for Police, Fire, Transportation, and then by meter size that is a flat fee.” Kelly Smith stated that a building under 2,500SF infill, instead of the \$5.96 (which is the total \$9.491/SF less the infill for Water and Wastewater amounts) that’s a 60% reduction, and then go by

meter size. “It’s the actual use that makes the most difference rather than the size,” Lee said. He will look for definitions for uses since that makes the most sense.

Lee will draft this back to the Committee and then email it out to the Committee in order to give them a couple days to digest it, and then Crystal will reach out to reschedule a zoom meeting.

MEETING ADJOURNED AT: 4:30PM

INITIALS OF COMMITTEE MEMBERS (Approving minutes): _____

DRAFT