



**City of Three Forks**  
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**MEETING MINUTES**

DATE: 9/18/2024 TIME: 3PM

REASON for MEETING / COMMITTEE NAME: Impact Fee Advisory Committee

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

DISCUSSION: Lee opened the meeting by sharing his screen with the Impact Fee Calculations tutorial (excel spreadsheet). He explained how the yellow sections correlate with Step 1 in the word-document titled "Service Area Report to Edit" which was sent out to the board earlier this week. Continuing on, orange correlates with Step 2, pink with Steps 3 & 4, green with Step 5, blue with Step 6, Step 7 is purple which are the benefitted area; Step 8 (right side of the spreadsheet) is gray and is where the calculations of the trial impact fees is (all correlating to that same word-document). Each project listed in the Capital Improvements Plan (CIP) can be split via residential vs. commercial use, and split even further by single-family or multi-family residential. Single- and multi-family data was based on existing meters in the City's Utility Billing system. "This helps determine the yield," Lee explained. He went through as an example for Water Trial Impact Fees, which would need to be updated once the Water PER is complete if there are new projects to be added.

Once Lee confirmed the Committee members all understood, he went to the Trial Wastewater System Impact Fee to delve deeper since it is more complex. "Some projects are not benefitting to the entire town; some only benefit a specific area," he said. "The trunk main upgrade would benefit everyone other than the southeast development area and that is because that area will have to build its own including its own lift station," he continued. Lee further explained the split of 17% commercial and 83% residential use for these projects' benefitted uses. Mike Stenberg asked, "Why is that?"

Christina asked about new build only? Yes.

Lee next went over the Stormwater Management section. Kelly Smith stated if that happens in FY26, we're not going to collect enough impact fees in order to pay for that, so how would that work? Lee said you use the Impact Fees like a revolving loan fund. You could pay back the funds that pay for the study. Lee recommended not being in a hurry to apply this fee until the PER was done. "Impact fees can only be used for specific improvements that you know about it in advance. You need to know what you are getting for your money," he said. Randy added that a Stormwater Master Plan would most likely be eligible for federal or state grant funding as well.

Then Lee covered the Transportation Impact Fee Trail calculation – projects include a long range transportation plan, a bicycle plan, Dakota Street, and the southeast area improvements. "This one has a political impact to this fee as well because of the State Highway / Main Street and the City will have to

become on MDT's radar. We still need to talk about what these improvements would cost though," Lee said. Remember these project cost estimates are in total, if there are any other funding opportunities available those need to be considered so that the fee would be adjusted (decreased). There was discussion regarding development paying for improvements up front versus collecting impact fees to have each individual build pay impact fees to address the issues to improve based on growth AFTER the issues exist. Randy said it is a risk the City could take as well, "Bozeman did that recently and improved a major transportation area and then the growth did not come, so the City Council will have to decide."

Lee then continued with the Municipal Buildings Impact Fee and Fire Protection Impact Fee Calculations. These would be collected over 10 years, some would just stay in the bank for a future new joint facility.

Christina asked if there is a reason there is no calculation for Parks. "Part of that is the City saying the existing parks are well covered, and new development would be responsible for adding additional park land," Lee answered.

Kelly told the Committee that new growth currently pays just under \$6,000 for a new structure for Water, Sewer and Fire impact fees. Compared to Bozeman (for just those impact fees) it ranges \$2,500-11,000 less. Christina said from her background, the project amounts seem within range of what they would charge. She did not think a total of \$12,000 in impact fees would be a reason someone would not want to build in the City. Lee said if people think they will get a well and septic for that much they would be surprised. Christina added, "Or maintain a well or septic for that much." Lee said it's comparable to fees in his home state of Vermont. Randy said, "This is the cost for the City to grow, and dividing it by the number of homes that are available to build, this is the cost."

Aly asked if any impact fees would be able to be used to pay for a grant writer to find alternate funding sources. Lee said no. This did lead to discussion about various grants available and that Wastewater grants would be the most needed. Randy recommended that Three Forks, its officials and residents, may want to voice these opinions (when needed) to the Montana League of Cities and Towns. Aly asked if there is a way to incentivize water reduction usage. Lee said Denver is the national example and gives you a credit on your water bill. Randy added that Bozeman will give a rebate if you tear out lawn and implement a dry scape yard. He added that with all the reports that say things like, "Bozeman has 15 years of water left," has been extended through these conservation efforts and programs. Lee said it would make a lot of sense to have this component in the Water project section.

Mike asked for the spreadsheet, and Lee agreed we will send it out after he, Kelly and Crystal give it one more review/edits made. Lee added that he provided the methodology for being able to change the fees in the future if the Council wishes to do so.

Christina spoke of affordable housing and how it is lacking and systems need to be made less costly and hopefully the City could obtain some grant funding to offset those infrastructure costs. There was discussion regarding recommending less water consumption to incentivize a lower need for new development.

Lee asked the Committee to continue reviewing this and come back with comments. There was discussion regarding when this would be presented to the City Council. Crystal explained the process and that she felt the IFAC should make a formal recommendation to pass onto the Council at another publicly-noticed Committee meeting. Next meeting will be 10/16/2024 at 3PM here at City Hall and zoom available.

MEETING ADJOURNED AT: \_\_\_\_\_

INITIALS OF COMMITTEE MEMBERS (Approving minutes): \_\_\_\_\_  
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