

CITY OF THREE FORKS, MONTANA

ORDINANCE #406-2025

**AN ORDINANCE REPLACING TITLE 3: REVENUE AND FINANCE, CHAPTER 6:
IMPACT FEES AND PROVIDING FOR THEIR ADMINISTRATION**

WHEREAS, the City of Three Forks anticipates steady and increasing population growth, the reasons for and probable extent of which are documented in *Envision Three Forks*, the City's 2022 growth policy, and in the *Capital Improvements Plan* adopted in August 2024.

WHEREAS, the *Capital Improvements Plan* shows that numerous improvements in public facilities are needed to serve the anticipated growth.

WHEREAS, cities are authorized by §7-6-1601, MCA, et seq., to charge impact fees to help pay the costs of upgrading or building facilities necessitated by growth.

WHEREAS, the City Council conducted a public hearing on June 10, 2025, at which it accepted the Impact Fee Advisory Committee's recommended Service Area Reports dated April 2025.

WHEREAS, the 2023-2024 effort to update the City's impact fees led to a review of Title 3, Chapter 6 of the Three Forks City Code and the determination that the timing was appropriate to revise and update to a new impact fee ordinance for ease of understanding and administration.

WHEREAS, the Impact Fee Advisory Committee recommended the City include an administrative fee to each impact fee it charges, pursuant to 7-6-1601(5)(a), MCA. However, the administrative fee was rescinded from law via Senate Bill 133 in the 2025 Legislative Session.

WHEREAS, pursuant to §7-1-4131, MCA, notice of scheduled public hearings for the first and second readings of this ordinance appeared in the Bozeman Daily Chronicle on June 17, 2025, in the Belgrade News on June 19, 2025, and in the Three Forks Voice on June 25 and July 2, 2025, as well as being posted on the City website, City Facebook page, and around town at various physical locations.

NOW THEREFORE BE IT ORDAINED by the Three Forks City Council that Title 3, Chapter 6 of the Three Forks City Code is replaced as follows:

3-6-1 PURPOSE

As authorized by §7-6-1601, et seq, MCA, this ordinance provides for the adoption and administration of impact fees that will help the City pay for the new and improved public facilities needed to support its growth.

3-6-2 DEFINITIONS

- A. An ACCESSORY DWELLING UNIT is a self-contained living unit on the same parcel as a single-family dwelling of greater square footage that includes its own cooking, sleeping, and sanitation facilities and complies with or is otherwise exempt from any applicable building code, fire code, and public health and safety regulations adopted pursuant to Title 50, Chapter 2, MCA. For further definition, please see §76-2-345, MCA.

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- B. A BENEFIT AREA is a geographically bounded portion of the City of Three Forks in which development is served by a particular improvement or set of improvements listed in the CIP that does not serve other parts of the city. Impact fees will be different in different benefit areas.
- C. CAPITAL IMPROVEMENT, which is usually shortened to ‘improvement’ in this chapter, means improvements, land, and equipment with a useful life of 10 years or more that increase or improve the service capacity of a public facility. The term does not include consumable supplies.
- D. The CAPITAL IMPROVEMENTS PLAN (CIP) is a public document adopted by the City Council that evaluates the capacity of the City’s public facilities and quantifies the present and anticipated demand for those facilities. The CIP compares capacity and demand to identify the need for additional or improved facilities and estimates their cost.
- E. A CHANGE OF USE for the purposes of 3-6-3(D) of the Three Forks City Code occurs when an additional dwelling unit is added to an existing building, or when an existing residential building is converted to commercial use, or an existing commercial building is converted to residential, or when an existing building, structure, or use is changed to a more intense commercial or residential use. For this definition, intensity will be measured by:
- a change in water meter size, if a larger water meter will be installed, it is a change in use, or
 - parking. If additional parking spaces must be provided to comply with Title 11, Chapter 24 of this Code it is a change in use.
- F. For the purposes of this chapter, all nonresidential uses are COMMERCIAL.
- G. DEVELOPMENT includes development of land, divisions that create new lots or rights-of-way; grading, including clearing, excavation, and fill; the construction, reconstruction, enlargement or relocation of any building or structure; and/or any change in the use of a site, building, or structure. Please see Title 11, Chapter 4 for more detail.
- H. A building or structure is ENLARGED for the purposes of Section 3-6-4(D) when its area increases by more than 50% or 1,000 SF, whichever is less.
- I. Consistent with §7-6-1601(5), MCA, an IMPACT FEE is a one-time charge that helps cover the cost of capital improvements needed to serve the development from which the fee is collected.

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- J. An IMPACT FEE ADVISORY COMMITTEE (IFAC) is required by §7-6-1604, MCA. Its purpose is to provide citizen review of the CIP and the preparation of service area reports. Based on its reviews, the IFAC makes recommendations to the Council.
- K. PUBLIC FACILITIES are as listed by §7-6-1601(7), MCA, including a water supply production, treatment, storage, or distribution facility; a wastewater collection, treatment, or disposal facility; a transportation facility, including roads, streets, bridges, rights-of-way, traffic signals, and landscaping; a storm water collection, retention, detention, treatment, or disposal facility or a flood control facility; a police, emergency medical rescue, or fire protection facility; and other facilities for which documentation is prepared as provided in §7-6-1602, MCA, that have been approved as part of an impact fee ordinance or resolution by a two-thirds majority of the governing body of an incorporated city, town, or consolidated local government.
- L. SERVICE AREA REPORTS are required by §7-6-1602, MCA, which specifies the contents. Service Area Reports are public documents that build on the Capital Improvements Plan to calculate trial impact fees for review by the IFAC and action by the Council.
- M. The STANDARDS FOR DESIGN AND CONSTRUCTION referred to in Section 3-6-9(D), is the current version of a detailed set of engineering standards adopted by the City.
- N. THIS CODE is used to refer to the Three Forks City Code.
- O. Additional definitions set forth in §7-6-1601, MCA, are included herein as if fully set forth.

3-6-3 APPLICABILITY

- A. Any new or enlargement of principal building, structure, or use, or any new dwelling unit that is added to an existing building or structure, change in use for which a zoning permit is required by Title 11 of this Code must pay the applicable impact fees adopted in the impact fee resolution that is authorized by Section 3-6-6.
- B. Accessory buildings, structures, or uses for which a zoning permit is required by Title 11, Chapter 4 of this Code and that will be connected to City utilities must pay the applicable impact fees adopted in the impact fee resolution that is authorized by Section 3-6-6.
- C. Temporary buildings, structures, and uses do not pay impact fees.
- D. The determination of impact fees for commercial development of up to 4,000 square feet (SF) in building area will be made using the per SF fees calculated in the service area reports. The impact fees for larger commercial buildings or structures will be determined as provided in E-G, below.

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- E. The per square foot water and wastewater impact fees for larger commercial buildings and structures shall be calculated by increasing the per square foot water and wastewater impact fees in direct proportion to the flow rate of the meter or meters serving the proposed building or structure. These higher fees will be applied to the first 4,000 SF of the commercial building or structure.
- F. The impact fee for transportation for larger commercial buildings and structures shall be the same as adopted in the service area report for the first 4,000 SF of building area plus an additional fee for each additional on-site parking space after the first 16. That fee will be specified in the resolution adopting the impact fees.
- G. The per square foot impact fees for fire protection and municipal buildings for commercial development shall be as calculated in the service area reports for the entire area of the building or structure.
- H. Any applicant for annexation, zoning site plan or subdivision may present a professionally prepared impact fee study that is consistent with §7-6-1601, et seq, MCA, and this chapter, as an alternative to the calculations of D-G, above. That alternative may be accepted by the City Council upon a finding that it more accurately reflects the demands the proposed development will place on public facilities. Such alternative studies must be reviewed by the IFAC prior to their consideration by the City Council.

3-6-4 COLLECTION

Impact fees will be collected or credited as provided by Section 3-6-9 before the approval of a zoning permit, site plan or conditional use permit to develop is finalized.

3-6-5 LIMITS ON EXPENDITURE

Impact fees may be applied only to the design and construction of capital improvements listed in the Capital Improvements Plan and the Service Area Reports. No other use of these fees is permitted.

3-6-6 ADOPTION/REVISION

- A. Impact fees may be adopted or revised by a resolution by the Council following a recommendation from the IFAC and a public hearing for which notice is provided as required by state law.
- B. Revisions to the resolution adopting or revising impact fees may be made as often as needed to reflect changes in the CIP, including the completion of improvements, and the recommendations of the IFAC. IFAC recommendations must include an updated service area report.

3-6-7 IMPACT FEE ADVISORY COMMITTEE (IFAC)

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Pursuant to §7-6-1604, MCA, an IFAC shall be established by the Council. The IFAC's purpose shall be to provide annual citizen review of the CIP, the service area reports, the impact fees and their administration, then based on its reviews, make recommendations to the Council.

3-6-8 ACCOUNTING

The City Treasurer shall create a separate, interest-bearing fund for each adopted impact fee, including separate funds for each benefit area. As provided by 3-6-5 of this Code, these funds may be used only for the design and construction of capital improvements that are listed in the Capital Improvements Plan and the applicable service area report.

3-6-9 CREDITS

- A. The Council may agree to have an applicant construct or install facilities that the City would, otherwise, build or install using, at least in part, impact fees.
- B. Such an agreement will ordinarily be part of the improvements agreement required for annexation or subdivision in Title 11 of this Code, but this ordinance does not prohibit a separate contract.
- C. Where such an agreement is approved by the Council, the applicant's actual costs will be credited against the impact fees that would be owed as applications for zoning permits are approved. If the actual costs of construction or installation are expected to exceed the anticipated impact fees, the agreement required by A., above, will require that the City pay the difference from specifically identified funds.
- D. All work performed by an applicant pursuant to this section shall be in full compliance with the regulations of Title 11 of this Code, including any applicable conditions of approval and the improvements agreement as applicable, and with the City's *Standards for Design and Construction*, particularly including the requirements of those standards for inspection, acceptance, and warranty of the improvements made by the applicant.

3-6-10 UNUSED IMPACT FEES

- A. Impact fees that are not collected or used as provided for in the CIP and Service Area Report shall be returned to the person who owned the property at the time the fees were collected.
- B. Impact fees will be retained for the life cycle of the improvement for which they were assessed before a refund is made. For water and wastewater impact fees, this will be 40 years. For all other improvements, the cycle shall be calculated based upon current data.

3-6-11 APPEALS

- A. As required by §7-6-1603(8), MCA, anyone who has paid an impact fee who believes that charge was in error may file an appeal that will be heard before the Council.
- B. The City Council shall establish the appeal fee by resolution. An applicant who chooses to appeal the assessment or calculation of impact fees, determination of exemptions, credits, or other decision of city staff, shall submit an appeal, and payment of a

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nonrefundable application fee, within thirty (30) days following the date of decision or determination by city staff. The application of appeal may stay the collection of the impact fee.

- C. Appeals will be considered by the City Council. The City Council shall consider the appeal in accordance with the rules and regulations of that Governing Body. The decision of the City Council shall, in all instances, be the final administrative decision and shall be subject to judicial review in accordance with applicable law.
- D. The Council may deny the appeal or, upon finding that the impact fee being appealed was inapplicable or erroneously assessed, order a full or partial payment, or no payment.

3-6-12 SAVINGS CLAUSE

If any provision of this ordinance, the resolution adopting impact fees authorized by 3-6-6.A of this Code or their application in particular circumstances are found to be invalid by a court, the remainder of this ordinance or the impact fee resolution and their application in all other circumstances shall be unaffected.

SAVE AND EXCEPT for the amendments described herein, the previous Title 3, Chapter 6 is repealed and hereby replaced with this version.

1st Reading and Approval: DATED this 8th day of July 2025.

Mayor Randy Johnston

Attest: Crystal Turner, City Clerk

2nd Reading and Approval: DATED this 12th day of August 2025.

Mayor Randy Johnston

Attest: Crystal Turner, City Clerk