Missoula County
Impact Fee Advisory Committee
Meeting Minutes

Missoula County
Planning, Development & Sustainability
(406) 258-4657

Date:	December 3, 2025, 3:30 p.m.
Location:	Sophie Moiese Room, Missoula County Courthouse Annex, 200 W. Broadway, Missoula, MT (in person) or TEAMS (virtually)
Voting Members in Attendance:	Rick Hall, Alexander Marsh, John Rhoades, Sam Kulla, Chris Anderson
Voting Members Absent:	Jim Bachand, Tosha Sautbine
Ex-Officio Member in Attendance:	Commissioner Josh Slotnick
PDS Staff Representative in Attendance:	Karen Hughes, AICP Director of Planning, Development & Sustainability

I. CALL TO ORDER *[Time stamp – 00:00:09]*
Rick Hall (Rick) called the meeting to order.

II. ROLL CALL *[Time stamp – 00:00:14]*
Jill Johnson called roll. Five voting members were present. A quorum was met.

III. APPROVAL OF AGENDA *[Time stamp – 00:02:15]*
Chris Anderson (Chris), and Sam Kulla (Sam) seconded the approval of the agenda.

IV. APPROVAL OF MINUTES *[Time stamp – 00:07:43]*
Acknowledging that the Committee had inadvertently passed over the approval of minutes, Rick revisited the agenda item. Sam moved, and Chris seconded the approval of the July 30, 2025, meeting minutes, as written. The motion passed unanimously.

V. PUBLIC COMMENT ON NON-AGENDA ITEMS *[Time stamp – 00:02:43]*
Commissioner, Josh Slotnick provided a background summary on impact fees and described the fees as funds collected to help cover the costs associated with new development, noting the fees are intended to account for new residents or users who will receive specific services from the government.

From a policy perspective, Commissioner Slotnick inquired whether it may be worth considering how impact fees apply in situations where development is replacing something that already exists, providing the example, when an older home or commercial building is demolished and rebuilt or replaced. Commissioner Slotnick questioned the extent to which a replacement development constitutes a new impact, particularly when evaluated by factors such as square footage, number of bedrooms, or similar metrics and suggested that this distinction may warrant future discussion to determine whether replacement development should be assessed differently than new development.

VI. COMMUNICATIONS *[Time stamp – 00:04:13]*

A. Introduction of Members

Three new members were recently appointed to the Committee, including Tosha Sautbine [Absent], Alexander Marsh (Alex), and John Rhoades (John). Both new and existing members introduced themselves, providing their respective backgrounds and involvement in the community.

VII. REPORTS FROM COMMITTEES *[Time stamp – 00:08:21]*

There were no committee reports.

VIII. OLD BUSINESS *[Time stamp – 00:08:26]*

A. Selection of Chair and Vice Chair.

Rick was willing to serve as Chair. John nominated Rick, and Chris seconded the motion to elect Rich as Chair. The motion passed with four ayes, by Alexander Marsh, John Rhoades, Sam Kulla and Chris Anderson and one abstention, by Rick. Chris nominated John, and Sam seconded the motion to elect John as Vice Chair. The motion passed unanimously.

IX. NEW BUSINESS *[Time stamp – 00:11:44]*

A. Review of Annual Financial Report – Karen Hughes, Missoula County Director of Planning, Development & Sustainability *[Time stamp – 00:11:50]*

STAFF PRESENTATION

Karen Hughes (Karen) provided an overview of the annual financial report which was prepared in coordination with the County's finance department, noting it was the first financial report the team had produced. Walking through each page of the report, Karen explained that the first page provided a summary of the impact fees collected by the County across all categories, including totals for fiscal year 2025, the first quarter of fiscal year 2026 (July through September), and the overall total collected to date. The subsequent pages provided more detailed information associated with each impact fee category, specifically, shared-use paths and parks, with each category organized by service area.

Karen noted that, to date, the County has collected nearly $500,000 in impact fees, along with approximately $23,245 in administrative fees. Karen reminded the Committee that, pursuant to recent legislation effective as of October 1, 2025, the County is no longer collecting impact fees for parks and general government, and is also no longer collecting administrative fees. However, the funds already collected in those categories may continue to be expended.

Karen asked the Committee for feedback and suggestions regarding the presentation of the material, including whether members would like to see additional information or formatting changes to make future reports easier to review.

COMMITTEE DISCUSSION

Commissioner Slotnick inquired as to how other localities in the state have used general government impact fees. Karen explained these fees are most commonly used for physical government infrastructure, such as government office buildings and facilities like courthouses, offices for clerk and recorder, and planning departments. Karen noted that law enforcement office facilities are excluded, as those fall under a separate impact fee category. General government fees may also be used for fleet infrastructure, but only for physical assets and not for staffing or positions.

The Committee did not offer any suggestions regarding the format or content of the report. Chris asked for clarification regarding the impact fee categories which were eliminated following the most recent legislative session and the intent behind that decision. Karen indicated that additional research would have to be completed regarding the intent behind the legislative changes, but noted that there appeared to be concerns about how impact fees were being utilized and they tightened the focus more narrowly on public health and safety infrastructure. Impact fees for sewer, water, roads, fire, and law enforcement continue to be allowed under statute. Previously, additional categories could be approved by a unanimous vote of the county commission, but that provision was removed during the recent legislative session.

Chris asked what qualifies as parks-related infrastructure, noting that a clear definition would be helpful for the Committee when making funding recommendations. Karen responded that this information could be obtained from the original impact fee study completed by TichlerBise.

Rick understood that roads were excluded from impact fees. Karen clarified that while transportation impact fees are allowed statewide, the County's original impact fee study did not include roads. Currently, shared-use paths are the only transportation impact fee category collected by the County. It was noted that roads could be added if they were incorporated into an updated impact fee study.

Karen indicated that upcoming planning efforts, specifically the Wye Infrastructure Plan, contemplate expanding the road system in the Wye area and potentially using impact fees to fund capacity improvements. It was explained that impact fees cannot be used for deferred maintenance, only for adding capacity. Karen noted that PDS staff members have experience in conducting impact fee studies in other jurisdictions and have indicated interest in revisiting this issue. The broader challenge of transportation funding was acknowledged, with limited mechanisms available beyond gas taxes.

PUBLIC COMMENT *[Time stamp – 00:19:50]*
There was no public comment on the annual financial report.

Before moving on, Chris asked for clarification regarding the allocation of impact fees collected per building permit and whether the funds originally designated for parks and general government could be reallocated to other categories, such as sheriff or emergency management. Karen explained that to assess more in impact fees for other categories would require justification through an updated study demonstrating a clear nexus between the impact of the development and the fee collected.

Chris noted that the original impact fee structure was based on documented needs and that final adopted fees represented a scaled-back version intended to be reasonable and fair for those paying the fees. Chris questioned whether, now that certain fee categories have been eliminated, the County could revisit the needs-based criteria and adjust how fees are collected rather than reducing them overall. Karen clarified that any changes would require updating the impact fee study because the County is collecting impact fees at 100% of the identified categories from that study. Karen informed the Committee that a five-year review of the impact fee study is approaching and given other planning efforts related to the Wye area, it may be appropriate to conduct a comprehensive impact fee study sooner. It was also noted that there was interest from the Missoula Rural Fire District in pursuing an impact fee study which could provide an opportunity to coordinate efforts.

Rick recommended directing legal questions to the County Attorney and acknowledged that any changes would ultimately need to be supported by an updated study. It was reiterated that funds already collected for parks and general government may still be spent if staff brings forward eligible projects and the Committee approves them.

B. Recommendation on Proposed Lolo Sewer and Water Impact Fees – Coralynn Revis, HDR, Inc. ***[Time stamp – 00:24:31]***

STAFF PRESENTATION – WATER SYSTEM ***[Time stamp – 00:25:11]***
Karen provided a brief overview of the project and explained that this matter was being presented to the Committee in connection with an impact fee study completed by HDR, Inc. (HDR) for the Public Works Department on behalf of the Lolo Sewer and Water Rural Special Improvement District No. 901 (Lolo Sewer and Water Impact Fee Study or Study). Jason Mitchell (Jason), the Public Works Director, was unavailable for the hearing, but worked with HDR to develop Lolo Sewer and Water Impact Fee Study.

Karen noted that to ensure public outreach and provide opportunity for public comment, the Lolo Sewer and Water Impact Fee Study was posted on the Missoula County Voice page and notices were also placed in the Bitterroot Star and the Missoulian. Additionally, the County sent an email notification to interested parties that included, but was not limited to local developers, agencies, and community organizations.

Coralynn Revis (Cora) of HDR walked through the Lolo Sewer and Water Impact Fee Study and explained that the study was completed in October 2025 and applies only to the Lolo Community Water and Sewer systems within Rural Special Improvement District No. 901 (Lolo RSID). Cora explained that the Lolo Sewer and Water Impact Fee Study was based on two engineering reports completed over the past several years which evaluated infrastructure needs and anticipated growth for the (drinking) water system and the sewer system. The final report serves the standalone Lolo Sewer and Water Impact Fee Study and incorporates the capital improvement projects identified by the two engineering reports.

First, Cora highlighted Table 1 of the Study showing that the current combined water and sewer impact fee, applied as a connection fee, to develop one equivalent dwelling unit (EDU) in the Lolo area is $10,000, where one EDU represents one residential unit.

Next, Cora walked through the process used in calculating the proposed water and sewer impact fees recommended in the Study. The calculations considered both existing infrastructure and future capital improvement projects needed to provide additional system capacity, with a portion of those costs allocated to future users. HDR analyzed anticipated population growth in the Lolo area as part of this process.

Cora pointed to Table 2 of the Study and explained that the water and sewer system currently serves approximately 1,350 EDUs as of 2020, with projected growth of 802 additional units, for a future total of 2,152 EDUs by 2050. Cora noted that the projected growth assumed sufficient system capacity, which currently does not exist, so the growth for the year 2025 as depicted in Table 2, has not actually occurred.

Cora summarized the growth-related needs associated with the water system, as shown in Table 3 of the Study. HDR categorized the need-based capital improvements as Phase 2 and Phase 3 improvements, noting that Phase 1 improvements had already been completed using American Rescue Plan Act funding. Phase 2 improvements include upgrading Wells 1 and 2 and improving a critical shared force main, at an estimated cost exceeding $3,000,000. Phase 3 improvements include adding a fourth well and constructing a new storage tank in the future. The engineering analysis determined that 22.9% of the Phase 2 improvement costs are specifically growth-related, reflecting the additional capacity created, while the remaining 77.1% addresses existing deficiencies.

Based on that analysis, this resulted in a total net allowable impact fee for the growth-related water system improvements of $9,629, consisting of $9,483 per EDU attributed to Phase 2 and Phase 3 improvements and $146 per EDU attributed to the growth-related share of the existing water system. Cora noted that the relatively small fee associated with the share of existing water system reflects depreciation and prior grant funding.

Cora further explained that the net allowable impact fees associated with the water system were assessed based on an equivalency factor and associated with the diameter of the service line, which are more clearly shown in Table 5 of the Study. A single-family residence, a three-quarter-inch or a one-inch service line were given an equivalency factor of 1.0 which corresponded to the net allowable impact fee for the growth-related water system of $9,629. Furthermore, larger diameter service lines would be assessed at higher rates based on the potential water usage, meaning commercial or high-demand users would be required to pay higher impact fees. For example, a car wash that uses a water line larger than a one-inch diameter would be charged a higher rate for the water system impact fee than a single-family residential home.

See Lolo RSID 901 Water and Sewer Impact Fee Study, October 2025.

COMMITTEE DISCUSSION

Commissioner Slotnick started the discussion by clarifying that the proposed impact fees would only apply to new users connecting to the system and that existing users would not be subject to the fees. Cora confirmed that the Lolo water *and* sewer systems are both currently at capacity, so new connections are not allowed at this time. In response to a question from Rick, Cora confirmed that there had not been any violations associated with the sewer system.

Chris asked for additional clarification regarding allocation of the $10,000 connection fee that is currently being collected. Karen explained that the existing fee functions as an interim connection fee and although it is earmarked for the same purpose, it is not allocated based on the Lolo Sewer and Water Impact Fee Study. The goal is to move towards an impact fee for the Lolo RSID rather than a collection fee. Additional information associated with the fund balance and allocation of the current connection fee could be obtained from Public Works.

Cora explained that the Missoula Board of County Commissioners (Commissioners) recently increased the collection fee to $10,000, earlier in 2025, and previously that connection fee was approximately $1,500.   Commissioner Slotnick reiterated that that the water system is at capacity, so an owner of an undeveloped lot is unable to connect to the system where people are now actively requesting connections, but are being denied. If denied, no connection fee is paid, so the funds which have been collected may not be allocated at this time.

Referring back to Table 5, Sam asked whether the scaling of service lines in relation to the equivalency factor and impact fee is based on three-quarter-inch or one-inch lines, noting that both were assessed equally. Cora said she believed it was based on the one-inch line but would confirm.

STAFF PRESENTATION – SEWER SYSTEM *[Time stamp – 00:38:38]*
The discussion then turned to the sewer infrastructure. Cora explained that the sewer system includes all infrastructure such as pumps, pipes and treatment equipment, starting at the individual sewer connections all the way to the wastewater treatment plant, prior to being discharged to the Bitterroot River. The engineering analysis used the same growth assumptions for the sewer system, using an existing value of 1,350 EDUs with growth projected at a total of 2,152 EDUs or 802 additional EDUs.

Just like with the water system, the need-based capital improvements associated with the sewer system were classified into Phase 2 and Phase 3 improvements, noting that Phase 1 improvements which are currently under construction, were also funded by American Rescue Plan Act funds.

Referencing Table 6 of the Lolo Sewer and Water Impact Fee Study, Cora explained that several Phase 2 improvements were originally planned for Phase 1 but could not be completed due to insufficient funds. Phase 2 improvements include upgrading the equalization basin liner, replacing pumps, improving fencing, and adding redundancy through an additional aeration tank and secondary clarifier. This added redundancy also increases capacity, making approximately 37% of the Phase 2 costs growth-related. Phase 3 improvements, which would be triggered when additional capacity is needed, include future ultraviolet disinfection upgrades and force main and interceptor improvements, with 75% of costs attributed to growth. Cora noted, that Phase 3 improvements are not currently scheduled.

Based on that analysis, this resulted in a total net allowable impact fee for the growth-related sewer system improvements could be $7,888, consisting of $7,357 per EDU attributed to Phase 2 and Phase 3 improvements and $531 per EDU attributed to the growth-related share of the existing sewer system. Similar to the analysis for the water system, Cora noted that the relatively small fee associated with the share of the existing sewer system reflects depreciation and prior grant funding.

Cora pointed out that any infrastructure required beyond the scope of the system-wide improvements which were evaluated in the Study, such as extensions to remote properties, would be the responsibility of individual developers.

Based on standard assumptions about water use and wastewater generation, the sewer equivalency factor mirrored that of the water system and was applied to the sewer system impact fees, which are more clearly shown in Table 8 of the Study. A single-family residence, a three-quarter-inch or a one-inch service line were given an equivalency factor of 1.0 which corresponded to the net allowable impact fee for the growth-related sewer system of $7,888. Furthermore, larger diameter service lines would be assessed at higher rates based on their potential sewer usage.

In summary, Cora explained that the Study does not recommend a specific impact fee amount but rather provides a maximum net allowable value of up to $17,517 per EDU, for water and sewer impact fees, as shown in Table 9. The Study also allows for inflation-based adjustments over a five-year period before an update would be required.

See Lolo RSID 901 Water and Sewer Impact Fee Study, October 2025.

COMMITTEE DISCUSSION
The Committee members discussed broad policy objectives associated with the financial risk of this project. Chris acknowledged the capital improvement needs and associated costs for the Lolo sewer and water system, but raised concerns about the procedures for financing debt associated with building the infrastructure immediately, specifically pointing to the potential consequences if projected growth in the Lolo area does not occur. It was asked whether a financial buffer had been established to protect the County if impact fee revenues were insufficient to meet project funding requirements, potentially resulting in financial strain.

Commissioner Slotnick expressed the opinion that the County can take calculated risks and posed the idea of phasing the improvements to mitigate those risks. However, Commissioner Slotnick noted that if the improvements were fully constructed and the development did not occur, the County would continue to be responsible for servicing the debt, which could happen through property taxes or a grant, though a grant would be unlikely.

Chris pointed out that if less than the maximum allowable impact fees were approved, it could potentially put the County at a greater risk in the event of a recession where development would potentially stop, ultimately halting impact fee collection altogether.

Cora shared that Public Works is considering creating an additional Rural Special Improvement District (RSID) specifically for the Phase 2 improvements. Public Works is evaluating the cost of an RSID between existing users and future connections, estimating that approximately 200 new connections would be needed to fully fund the Phase 2 improvements.

Sam asked how the equivalency factor was evaluated when estimating the completion of the Phase 2 improvements and where a margin was included. John believed that even if the projections are not perfect, the Lolo area is already at capacity, so there may be no alternative; without these improvements, growth could be limited. Phasing the capital improvements could allow the County to monitor the economic climate and make adjustments as needed.

Committee members then recognized that the issue to be considered was whether the proposed maximum allowable impact fee of $17,517 per EDU was appropriate relative to the benefits provided. Chris inquired as to whether there had been any meaningful discussion with the development community regarding this potential impact fee and whether it is considered reasonable. There was concern that setting development fees too high carried risks similar to other market pressures, such as high interest rates. If fees are excessive, developers may choose to pause or delay projects, just as they might wait for interest rates to decline. For example, in a 30-lot subdivision, the impact fee for connecting to the system could accumulate quickly on a per-lot basis. This could create a substantial upfront cost and raise the question of whether developers could realistically afford such rates under current market conditions.

Based on prior conversations with Public Works, Commissioner Slotnick was under the impression that the connection fees for Missoula County fell in the middle range when compared to other jurisdictions. At the same time, Chris noted that development in Lolo differs from that of Missoula, particularly because home prices in Lolo are generally lower, which affects affordability and market feasibility.
Chris expressed a strong desire to obtain direct feedback from the development community, providing another example of a 50-lot subdivision, where the total

connection fees alone could approach $800,000, not including additional costs such as installing the linear sewer infrastructure to the home. The Committee acknowledged that if system costs are divided by the expected number of units and the resulting fee is too high, housing development may simply not be financially viable in Lolo. This could result in an impasse where necessary infrastructure cannot be funded because development cannot proceed at the required cost, further driving the importance of confirming feasibility before setting the rate.

Chris discussed that if the fee is set at the maximum allowable rate of $17,517 per EDU and later proves to be cost-prohibitive, the Committee's recommendation could place the County in a difficult position within two to three years due to insufficient revenue, particularly if bonds were issued based on projected revenues that do not materialize.

Cora explained that the impact fee still may be less expensive than the combined cost of drilling a well and installing a septic system, which can exceed $30,000 and is the only option in some areas of Lolo at this time. However, Cora noted that would not automatically mean it is viable within the broader housing market.

Rick noted that ultimately, the cost will be borne by the homebuyer, either directly through impact fees or indirectly through the sale price of the home by the developer and inquired as to whether the Committee should consider the County willingness to assume bond debt risk or whether it should focus solely on determining what is necessary to fund the capital improvements. Commissioner Slotnick clarified that any bonding decision would involve financial leadership, bond counsel, and a detailed review of the County's financial position prior to moving forward.

Rick acknowledged that developers may resist higher fees, but also recognized that development is a profit-driven activity, and refusing to participate could mean no development occurs at all.

Alex asked if it would be more cost effective to construct the improvements for larger developments than one single home at a time. Cora confirmed that although the cost to construct the improvements may be less expensive on a larger scale, the fee is looked at with the perspective of user impact equally on all homes.

Ultimately, it was noted that the Committee's role is to make a recommendation, while final decisions rest with the Commissioners. With no additional questions, the Committee moved to public comment.

PUBLIC COMMENT *[Time stamp – 00:59:26]*

- Al Zapeda, a longtime Lolo resident, spoke alongside John Winsett of Fallen Tree Construction. Al and John identified themselves as developers who have previously contributed to Lolo's growth, including bringing the brewery and apartments in the community. Al and John see continued development as essential to Lolo's future and stated that without the water and sewer infrastructure improvements, development could not move forward.

  Although, Al and John supported impact fees, concern was expressed about the maximum allowable connection fee of over $17,000 stating that it creates significant upfront costs. In hopes to find a solution, Al questioned whether the Phase 3 improvements were necessary to consider at this time, suggesting that those be delaying or phased in at a later time to reduce the initial costs.
  Al described a current project consisting of a 33-unit apartment building and noted that while willing to proceed, the connection costs make the project difficult.

The project has the potential for an additional 107 units, but the cumulative cost of connection fees creates a barrier, making the project hard to justify.

Al noted that due to zoning constraints, well and septic systems are not an option for many properties in Lolo, especially those that are within the community. As a result, without sewer and water infrastructure, development could stall. Not moving forward with sewer and water improvements would effectively halt development in Lolo, which Al described as a "death sentence" for the community since it is a desirable place due to the rural feel it has when compared to Missoula. Al and John indicated that if multi-family development becomes financially infeasible, the only alternative for certain properties would be non-residential uses, such as storage units. Expressing concern that although the proposed impact fees are doable, they are painful and Al urged the Committee to consider lowering the impact fee through phasing.

Cora confirmed that the capital improvements are phased, and Phase 3 funds, are collected now to enable timely construction of improvements when needed. Commissioner Slotnick indicated that by collecting for Phase 3 now, it mitigates risk on the bonding front. Rick asked if it is possible to only collect funds for each Phase when needed, but it was explained that doing so would increase the cost per EDU for later users because the total cost of that particular Phase would be divided by the capacity needed. The group inquired as to whether a four-inch fire service line would be an additional fee and Cora indicated that the fire service line is not considered a connection in terms of this particular impact fee related to the Lolo sewer and water system.

- Andrew Schwartz, a longtime builder in Lolo with over 20 years of experience and a former member of the Lolo Sewer and Water Board, agreed with Al Zapeda that development is necessary for Lolo's survival. However, Andrew raised concerns about how the proposed improvements to the water and sewer system would affect the approximately 1,350 existing ratepayers, particularly in terms of property taxes and RSID related costs.

  Andrew asked for clarification regarding (i) the time at which a developer would be required to pay the impact fees and whether it is at the time of building permit issuance or earlier during subdivision development and (ii) how it would affect property taxes on a median home in Lolo, expressing concern about rising property taxes, specifically for median income homeowners who are already feeling the financial strain.

  Commissioner Slotnick confirmed that impact fees are paid at the time building permits are issued. With that, Andrew asked whether people could acquire building permits before the capital improvements are completed. Cora explained that the proposed capital improvements would apply to both the existing and the new RSID and noted that the County is developing a plan which would allow will-serve letters to be issued once the plan is in place.

  Andrew noted that the new RSID would require existing rate payers to pay over $8,000,000 associated with maintenance costs and improvements associated with implementation of redundancy systems for the existing lines. Andrew asked for clarification on how long existing ratepayers would be responsible for repayment of those costs under the new RSID. Cora pointed to the Missoula County Voice page and noted it was also presented at the Lolo community meeting.

Commissioner Slotnick asked how to support the existing community, which currently lacks the redundancy in the water and sewer systems needed to maintain an acceptable level of quality if a failure occurs, while also facilitating future growth to meet housing needs. Andrew noted, that the community has not received deficiency notices from the Department of Environmental Quality (DEQ). Commissioner Slotnick indicated that there is no profit motive for the County and that the County does not have the choice to let the system get to a level of disrepair, reiterating that the only two options are that users pay for the improvements or the County receives a grant, which is unlikely.

The Committee acknowledged that the improvements are necessary but sought a better understanding of how the costs may affect the cost of living, specifically how those costs would be passed on to renters and homeowners. Rick recalled reviewing this information in other jurisdictions and noted that it did not result in significant increases in the cost of living, beyond what happens naturally.

- Danica Nelson is member of the Lolo Community Council but spoke as a resident of Lolo. Danica shared observations from community meetings, but was happy to hear directly from a developer, as few developers had spoken publicly during prior discussions. Danica referenced a report outlining multiple pending development proposals in Lolo, including a car wash project consisting of 50 EDUs, a project along Highway 12 that would result in 200 EDUs, another large development along Highway 93, plus approximately 30 additional residential connections, and the redevelopment of the old school site currently consisting of 56 EDUs, but which are requesting another 70 EDUs.

  Danica noted that many of these projects are currently on hold, awaiting sewer capacity and despite concerns about impact fees, no developers have formally opposed the fees during public meetings. There appears to be strong interest in development once infrastructure is available and Danica encouraged the Committee to consider this demand and the number of projects waiting to move forward.

  Chris recognized the demand and did not see a reason to wait but also asked about possible steps to take in the future if for some reason the demand did not fully materialize, noting that time is of the essence.

- Andrew Marsh is a single-family homeowner and long-time Lolo resident living in a subdivision built in the 1970s with aging septic systems. Andrew resides outside the current RSID boundary and therefore does not have access to sewer and water services. Andrew stated that replacing a failing septic system could cost between $20,000 and $25,000 and raised concerns about groundwater contamination from neighboring septic failures, and that drilling a new well would not solve the problem if groundwater becomes contaminated, potentially forcing residents to haul water.

  Andrew expressed that many residents are on the fringe of the proposed sewer expansion and as a result have a significant financial interest in extending sewer and water services, both for public health reasons and to protect property values. Andrew supported an expansion of the Lolo sewer and water district.

  Cora confirmed that there is a method to add properties to the RSID and the County is working on this. Andrew also inquired as to whether individual septic systems were included in the Study. Cora explained that while individual properties were not evaluated, the percent growth for the entire area could account for the infill properties.

COMMITTEE DISCUSSION
John confirmed that the taxes to cover a bond is only applied to the residents that live within the RSID. Sam questioned how the proposed impact fees were weighted for maximal or minimal collection, essentially a worst case scenario or best case scenario. Karen understood from Public Works, which was also confirmed by Cora, that a conservative approach was taken with regard to the Study.

RECOMMENDED MOTION
Sam moved, and John seconded the motion to recommend:

> THAT that the Missoula County Board of County Commissioners adopt the Lolo Sewer and Water Impact Fees as recommended in the Lolo RSID 901 Water and Sewer Impact Fee Study.

COMMITTEE DELIBERATION
The Committee had no further deliberation.

VOTE
With no further discussion, the Committee voted by roll call, and the motion passed with 4 ayes. ***Note: Alexander was present but did not participate in the vote.***

AYES - (4): Chris Anderson, Sam Kulla, John Rhoades, Rick Hall
NAYS - (0): None

C. Consideration and Possible Recommendation Regarding Adjustment to Impact Fees - Karen Hughes, Missoula County Director of Planning, Development & Sustainability *[Time stamp – 01:33:21]*

STAFF PRESENTATION
Karen explained that during the process of revising the County's policies and procedures which guide impact fee collection, accounting and appropriation to comply with recent changes in state law, staff identified an error in how non-residential impact fees had been calculated and collected. Under the County's study, non-residential impact fees are required to be assessed on a per-1,000-square-foot basis. However, the County had been collecting the non-residential fees as a flat fee.

When staff moved to correct this error during the final review of the Resolution to update impact fee procedures, staff recalculated the non-residential impact fees and were surprised by the resulting amount of impact fees. Staff's review of the educational materials from the original impact fee study prepared by TischlerBise showed that the examples used at that time were based on much smaller-scale non-residential developments.

While it was unclear to what extent the Committee evaluated different development scenarios during the original study, staff provided the Committee with a series of updated scenarios in a letter addressed to the Committee dated November 11, 2025, and included with the agenda packet for this hearing. The updated scenarios focused solely on non-residential impact fees, using real-world examples that included: smaller retail operations such as Montana Knife Company and a Dollar General Store; larger retail developments comparable in size to a Super 1 Foods or

Murdoch's; and an office, industrial, and an institutional scenario. Through this analysis, staff determined that the highest impact fees were associated primarily with retail uses. Retail developments generate a greater demand for infrastructure, which results in higher assigned impact fee costs. Karen noted that while the impact fees appear high in the November 11, 2025, analysis, the outcome aligns with the purpose of impact fees which is to ensure that development pays its proportionate share of impacts associated with additional infrastructure.

Staff also noted that the November 11, 2025, analysis presented comparisons showing impact fees calculated both inside and outside the boundaries of the Frenchtown Rural Fire District. Karen acknowledged the attendance of Chief Frisby, Fire Chief for the Frenchtown Rural Fire District. It was noted that although there have been no recent non-residential developments within the Frenchtown Rural Fire District, many rural fire districts are struggling to keep pace with growth-related costs. Because the recalculated fees represented a significant change from prior practice, staff brought the issue to the Commissioners, who directed that it be referred to the Impact Fee Advisory Committee for consideration as to whether the adjustment to impact fees should move forward as calculated in the November 11, 2025, analysis or whether additional review was warranted.

Karen explained that staff reviewed impact fees in other jurisdictions and found that, while the totals appear high, particularly for large-scale retail development, the fees are commensurate with other rural communities in Montana, such as Livingston and Hamilton. Noting that in some cases, the fees are even lower than those charged by similar jurisdictions. Karen also consulted with TischlerBise, who indicated that many jurisdictions adopt impact fees at the maximum allowable rate, although some jurisdictions choose not to do so and instead phase fees in over time. Karen noted there is not necessarily a uniform approach and some communities in other states adopt fees at lower-than-maximum rates. Typically, when communities believe overall impact fees are too high, the Capital Improvement Plan (CIP) is often revised to reduce the total costs being covered. However, doing so would require reopening and revising the original TischlerBise study.

Karen presented several potential paths forward for the Committee's consideration. One option would be to recommend that the Commissioners proceed with adoption of the non-residential impact fees on a per-1,000-square-foot basis, as originally intended, but include a notice or transition period before fee collection begins. Another option would be to seek additional information before making a recommendation.

Karen also noted that the City of Missoula is unique among Montana communities in that it has adopted impact fees at lower levels and has not phased them in, choosing instead to keep them low over time. Aligning the County's methodology more closely with the City's approach is another option, though it would likely result in collecting less than the full cost of the actual impacts. The Committee may also present additional recommendations.

COMMITTEE DISCUSSION

Rick started the discussion with a general question about how impacts fees are adjusted to the limit in the CIP. Karen explained that TischlerBise typically sees either a very high CIP that truly covers the cost of growth and includes everything or a plan that limits the selection of capital improvements to a more limited list of items. With no additional questions, the Committee moved to public comment.

PUBLIC COMMENT ***[Time stamp – 01:41:04]***
Chief, Damian Frisby, Fire Chief of the Frenchtown Rural Fire District (FRFD) stated that impact fees are a critical issue for the FRFD and for surrounding rural fire districts, many of which are facing similar challenges. Chief Frisby explained that the area served by the FRFD is experiencing rapid growth and is responsible for responding to emergencies associated with that growth, but current revenue sources are not sufficient to keep pace.

Chief Frisby noted that although the FRFD's service area is located within a Targeted Economic Development District (TEDD), the FRFD does not receive the revenue generated by the Tax Increment Financing (TIF) generated in the TEDD. As a result, the FRFD relies largely on static revenue sources while operational costs and service demands are skyrocketing.

Chief Frisby cited several large and growing developments within the FRFD service area, including the Amazon warehouse, Montana Knife Company, gas and delivery services, industrial uses, and multi-story condominium projects. FRFD's current capacity to respond to emergencies is falling behind the demands created by this growth and explained that the FRFD would need more than $2,000,000 to purchase an aerial fire apparatus, which is an amount equivalent to the entire annual budget. Without impact fee revenue, the FRFD's ability to maintain adequate service levels will continue to fall behind.

While acknowledging that impact fees may place an additional financial burden on developers, Chief Frisby emphasized that the FRFD cannot operate effectively with the current revenue and that the cost of growth cannot reasonably be borne solely by existing taxpayers, encouraging some of the financial responsibility to be placed on new development to ensure public safety. Chief Frisby urged the Committee to consider the operational challenges facing the FRFD and the need for funding to support growth, reiterating the need for new apparatus, improved station infrastructure, and additional personnel to meet service demands.

COMMITTEE DISCUSSION
Rick asked a clarifying question as to whether Chief Frisby was requesting an increase in impact fees or the adoption of the impact fees at the maximum allowable rate recommended in the original study. Chief Frisby confirmed that FRFD is requesting the maximum allowable rate of impact fees as recommended in the impact fee study and originally intended and emphasized the importance of correcting the prior errors so that the FRFD receives the funds it is entitled to.

Sam asked how a notice or transition period prior to an increase in fee collection might affect the FRFD's operations and readiness. Chief Frisby responded that the impact would depend on whether large developments are approved during that transition period. Missing impact fee revenue from a large-scale project could significantly affect the FRFD's funding. However, if no major approvals occur during the transition, the impact would be less significant, but emphasized that delays increase the risk of lost revenue opportunities.

Rick asked about fire protection responsibility for developments near the Wye interchange. Chief Frisby explained that the boundaries of the FRFD service area extend north of Interstate 90 and east and west of Highway 93 to Evaro. Certain developments, including Grass Valley Gardens, fall within the FRFD, while some industrial areas east of Deschamps Lane are served by Missoula Rural Fire District.

John asked if there were any proposed projects in the FRFD service area. Karen clarified, that it is only the non-residential impact fees that were incorrectly collected, and that residential impact fees have been collected correctly and in accordance with the original study. Karen mentioned the community is concerned about a possible Town Pump in the area, but that there is no permit in the queue as of the date of the hearing. Even though there are no non-residential permits in the queue, an application can be submitted at anytime. Building permits are not something that the Planning Department holds pre-meetings for, making it hard to forecast.

The Committee questioned if a transition period was provided for, could it create a rush for permits. Karen noted that a transition period was provided at time impact fees were originally adopted and that there was not a huge influx in applications prior to implementation of collection. Chris was in favor of recommending that the Commissioners move forward as originally intended. With no further questions, the Committee concluded the public comment portion of the discussion.

RECOMMENDED MOTION
Chris moved, and Sam seconded the motion to recommend:

> THAT that the Missoula County Board of County Commissioners move forward with the adoption of the non-residential impact fees, as originally intended.

COMMITTEE DELIBERATION
Referencing the examples provided in the November 11, 2025 analysis, John asked if the impact fees for those projects were collected at the maximum allowable amounts originally intended, would the projects have been financially viable. Although not specifically analyzed, Karen pointed out that if the impact fees for the example of the Montana Knife Company project were spread across the cost of the facility it would be hard to imagine that it was a large amount compared to the remainder of the project.

VOTE
With no further discussion, the Committee voted by roll call, and the motion passed with 4 ayes. ***Note: Alexander was present but did not participate in the vote.***

AYES - (4): Chris Anderson, Sam Kulla, John Rhoades, Rick Hall
NAYS - (0): None

D. Update on Program Administration - Karen Hughes, Missoula County Director of Planning, Development & Sustainability *[Time stamp – 01:52:08]*

i. Review Changes to State Law; and ,
ii. Review Draft Impact Fee Appropriation Form.

With the meeting time coming to a close, Karen pointed to the draft Appropriation Form attached to the agenda and indicated that an email would follow with additional information regarding updates to state law.

X. ADJOURNMENT *[Time stamp – 01:52:34]*

The official meeting was adjourned at 5:29 p.m.
Missoula Impact Fee Advisory Committee December 3, 2025 – Transcription
This transcription was produced by transcription software. There may be discrepancies between this transcription and meeting dialogue. You can view the recording of the meeting at this link:
https://missoulacomt.portal.civicclerk.com/event/9976/media.

Missoula County
Impact Fee Advisory Committee
December 3, 2025 – Meeting Recording

0:06
OK, I'm calling the meeting to order roll call.

0:11
Start with roll call.

0:11
Please roll call.

0:15
Jim Bashond.

0:18
Jim is absent.

0:20
Tasha Sot Bean.

0:24
Tasha is absent.

0:26
Alexander Marsh.

0:36
If you're online, you can unmute yourself and let us know you're here.

0:39
This is Andrew Marsh.

0:45
I'm here.

0:53
I'm present.

0:54
This is Andrew Marsh.

0:55
Present.

1:02
Andrew.

1:02
Just for clarification, our member is Alexander Marsh, and we just need clarification that it's Alex Marsh.

1:11
No, this is not Alex Marsh.

1:12
Great.

1:13
Thank you.

1:17
Alexander Marsh is absent.

1:20
John Rhodes here.

1:24
Alexander Marsh is present.

1:25
It muted me.

1:29
Great.

1:29
Thank you.

1:35
Sam Kula, present.

1:39
Chris Anderson here.

1:42
Rick Hall, present.

1:45
Mr.

1:45
Chair, we have five regular members present.

1:49
Quorum has been met.

1:50
And for the record, we have ex officio member Josh Slotnick here, Commissioner Josh Slotnick and PDS staff Representative Karen Hughes of it here as well.

2:00
OK, thank you.

2:01
And I should have probably announced that this is the meeting of the Missoula County Impact Fee Advisory Committee.

2:07
So if you're not here for that meeting, you're in the wrong place.

2:13
First item on the agenda is approval of the agenda.

2:16
Has everyone had a chance to read it?

2:19
Any corrections or changes?

2:22
Nope.

2:23
Can we have a motion to approve?

2:26
So moved second.

2:29
Seconded motion has been made and seconded to approve the minutes.

2:33
All in favor say aye aye.

2:37
Any opposed?

2:39
OK, Now it is time for public comment on items not on the agenda.

2:44
And will you put up the notification for people online?

2:52
Is there anything that is not on our agenda today that you would like to speak to?

2:58
Can I do one?

3:01
Yes, yeah, just just 'cause this popped into my own life on impact fees.

3:07
My understanding on impact fees is these, these monies help cover the cost of new development, new people living out there in the world that would be receiving some specific services from government.

3:17
And I wonder when we think about impact fees, we might in the world of policy, consider what happens when some something is replaced.

3:26
So an old house is knocked down and a new house is built in its place.

3:30
An old commercial building is knocked down and a new one it's built in its place.

3:34
Are these, to what degree are these things actually a new impact based on square footage, bedrooms, etcetera?

3:41
Wonder if this is something we should Mull on.

3:43
Not in this moment.

3:44
Obviously this is not on the agenda but on set some other time it it does feel like a replacement is different than a brand new and maybe something we need to consider.

3:55
Thanks.

3:55
Thank you.

3:57
Anyone else, anyone online?

4:06
Yep.

4:08
Next on the item will be we'll close public comment on that communication introductions of members.

4:15
So who are all these people here?

4:19
I think that I think the goals for, since we have new members is for everyone to do a quick round of introductions so that both new and current members all recognize one another.
4:28
Hey, let's start from the far right.

4:31
Howdy, my name is John Rhodes.

4:34
What what what all would you like in the introduction?

4:37
Background.

4:37
Background.

4:38
OK, I'm originally from Durango, Co.

4:41
I've been here for about 6 years now.

4:43
I'm currently getting my masters in public admin over at the university and very excited to be here.

4:49
Right next.

4:53
Sam Kula, originally from Missoula.

4:56
Serve on a number of local boards and organize for local candidates and causes.

5:01
And yeah, attended school here, raised my kid here.

5:05
Just want to make sure the community, you know, stays nice, right?

5:11
Chris Anderson, president of DJ and a engineering and happy to serve in this advisory capacity.

5:19
Great.

5:20
Let's go online.

5:21
To any of the members online, please unmute and introduce yourself.

5:32
Anyone online can hit *6 to unmute and *5 to raise your hand.

5:38
They should have read the little thing that was on the screen.

5:40
So yeah, if you're on a phone, please do that.

5:44
Otherwise, raise your hand if you're on a computer.

5:47
I know we have members, right?

5:52
Alex Marsh, COO tech plumbing and heating and her lemon HVAC right.

6:00
Any other new members?

6:04
Andrew's got his hand up that a public comment or he lowered his hand so.

6:19
Oh, OK.

6:24
This is just for committee members.

6:28
So, and I guess I'm the last one then and I'm recall temporary chair.

6:37
I'm a glutton for service.

6:38
I am out in the Bonner Milltown area.

6:42
I'm also on the consolidated Planning Board, the Zoning board of Adjustment and the Bonner Milltown Community Council.

6:51
So yeah, I kind of have a passion for planning and happy to.

6:57
I've been on the impact fee board since the beginning.

7:00
So we are the ones that kind of worked out the whole formula for how we figure out impact fees.

7:05
So that's about it.

7:16
Those, those were the minutes we we approved.

7:21
Yeah, actually anyone that wasn't here then probably should have said pass, but that's OK.

7:28
I think we approved the agenda and I think we needed to approve the minutes.

7:32
Oh, you're right, we did.

7:33
We did.

7:34
Yeah.

7:35
I so I asked for corrections on the agenda rather than corrections on the minutes, which was.

7:42
So let's go back to approval of minutes.

7:44
You see why I'm the temporary chair, not the full time.

7:46
1 Who are those that were present?

7:53
July 30th.

7:54
Did you have an opportunity to read the minutes?

7:58
I did.

7:59
OK.

8:00
Any corrections or changes and we need a motion to approve.

8:06
So moved, seconded and OK.

8:11
Second moved and seconded.
8:12
All in favor say aye, aye.

8:15
Any opposed next reports from committees?

8:20
I don't think we have none, right?

8:24
Old business selection of chair and vice chair elections.

8:29
Boy, do we have any victims?

8:32
I mean, willing people.

8:37
I am the temporary chair.

8:38
And are you, are you willing?

8:40
I am.

8:41
I will be in Mexico for the next two months, so it'll be a little hard, but do it online.

8:48
But we could make that work.

8:50
I like that.

8:51
I'm willing.

8:55
Do you mind when turn on your mic?

8:56
When you just whenever we speak, just turn on.

8:58
It's hard for some folks online to hear.

9:00
We can make that work.

9:02
Is there any other willing people?

9:08
Anyone online?

9:13
Well, I guess I'll stand.

9:16
Please don't leave me chair forever though.

9:19
One year Max.

9:22
Do we need to vote?

9:23
Yes.

9:25
OK, well, I guess I'll abstain from the vote.

9:29
So yeah, do we need we we need a we need a nomination and a motion.

9:37
So somebody needs to nominate me.

9:39
Motion that I recall is our chair.

9:44
2nd.

9:45
I'll second that.

9:46
OK, a motion has been made and seconded to elect me chair.

9:51
All in favor.

9:54
Aye, aye, aye.

9:55
Any opposed?

9:57
Please, Please.

9:58
No, Rick, I just want to make sure that we're getting Alex online, too.

10:05
It's hard to hear him, so yeah, I can't hear him actually.

10:08
Has he been?

10:08
Can we chest his microphone?

10:14
Alex, we just want to make sure that you can hear us.

10:15
And whenever you're ready to vote on that motion, just let us know.

10:27
I can hear you guys.

10:28
Good.

10:29
Yeah.

10:30
Not opposed.

10:33
OK.

10:34
Does that mean in favor?

10:36
OK, in favor.

10:41
OK.

10:41
Now we have vice chair.

10:42
That would be anyone to fill in for the chair when they're gone, we have anyone willing to stand.

10:51
Great position.

10:58
Numbers.

10:58
Yeah.

11:01
Want to jump in?

11:03
Absolutely.

11:06
Sure.

11:06
I'll put my hat in the ring.

11:08
Yeah.

11:11
Anyone else?

11:11
What was your name again?

11:12
Yeah.

11:14
John Rhodes.

11:15
John Rhodes.

11:16
I nominate John Rhodes to be vice chair and I I second that nomination.

11:20
All right, OK.

11:23
Most have been made to elect John Rhodes Vice chair and seconded, all in favor, you are Vice Chair and I'm going to start you off by not being here the next time.

11:35
So just for fun, OK, we're done with the old business, new business review, annual financial reports, the attachment.

11:49
All right.

11:50
Do you want to pull it up on the screen for us?

11:56
So this is the first financial report as you may recall from the last meeting for those of you who were here, we talked about doing a fairly simple overview.

12:06
And so this is what we pulled with our our finance department.

12:11
The first page is kind of the overview.

12:13
It provides the categories of impact fees and the amount collected in fiscal year 2025 and in the first quarter of fiscal year 2026 and then the total amount to date.

12:30
And then in the subsequent pages, there is one page similarly for the shared use paths, which is broken out by the service areas and then for the parks which is also broken out by service area.

12:45
And so to date there has been a total of I lost it almost $500,000 in impact fees collected and on top of that 20 thousand 23,245 dollars in administrative fees.

13:07
Now and I'll talk about it later, but as you may also recall a a few things will no longer have have stopped being collected.

13:15
There will no longer be parks impact fees collected or general government impact fees and no longer are there administrative fees collected because the legislators stopped allowing those categories as of October 1st.

13:30
These can be spent down but that there won't be more collected.

13:35
If if you have questions, I'm happy to try and field those.

13:40
If you have suggestions for additional information you might like to see or different formatting to make it easier to review the information, happy to take all of that information into account.

13:53
That's a quick question.

13:54
So in other areas, other localities that have impact fees in the state and have spent money on general government, what sort of projects count for that?
14:06
I think the most common thing is probably the the government general government office building.

14:10
So the courthouse, well, maybe you know, a courthouse that that allowing for the non law enforcement elements.

14:19
So law enforcement's clearly allowed and sewer and water, but but like the area for the clerk and recorder's office for the planning office.

14:28
So for those portions of government that are, that aren't covered by other elements of impact fees, you could use it.

14:34
You could also use it for fleet, But that's only physical infrastructure, right?

14:39
We're not talking about positions or bodies.

14:42
It's only the physical infrastructure needed to support new development and additional services to serve them.

14:55
Did anyone have any suggestions about the format or information that you don't feel we're getting?

15:03
Did you say the sections again that were eliminated through the last legislative session, parks, general government parks, and those are the two categories of impact fees And then the administrative fees are not impact fees.

15:20
They are, they are the add on and we can't collect those either.

15:25
Those are the monies intended to fund running the program.

15:29
What was the intent and purpose of that legislative action?

15:32
I mean, what was the goal there?

15:38
I'm not sure I would.

15:39
I'd probably have to go back into the record to get a little more information.

15:43
My recollection was there were concerns about how impact fees were being used and that they were, that maybe they needed to be tightened up to be more directly in line with what a conservative approach to public health and safety infrastructure, so to speak.

16:00
So sewer, water, roads, fire, law enforcement seem to be what was allowed.

16:12
It's essentially, you know, the impact fee statute has a list of allowable things.

16:17
All those are continued to be allowed and they for it used to have a section that said that other categories could be allowed with a unanimous vote of the county Commission and that is no longer allowed.

16:30
So right, I think maybe in our next meeting it'd be good to have a definition of what parks is.

16:35
I mean, I could think of a lot of things that could be ancillary to parks that could be considered here as I think the advisory committee, if we're going to be recommending use of these funds, be good to have just on record what specifically can or cannot be used, OK.

16:54
Or Yep, we can pull that up from the study.

16:58
When we did the impact fees, I thought roads were specifically excluded from impact fees.

17:04
Our study, our study, right.

17:06
So you can do transportation impact fees across the state, but our study did not include it.

17:12
OK, We do, we do have transportation impact fees and we're we categorize the shared, we categorize the shared use paths as a transportation impact fee.

17:20
OK, But no roads correct so far.

17:28
But it's a does that mean that roads could be added, right.

17:31
That's my, that's correct.

17:33
Yes, yes.

17:35
And in fact in the, the commissioners will be considering the Y infrastructure plan in the not too distance future and that does contemplate expansion of a road system for the Y and contemplates using impact fees to help fund those improvements.

17:52
So very likely for that area where very clearly we would need an expanded Rd.

17:57
system, the transportation, a broader transportation impact fee would probably be worth studying.

18:04
Yeah.

18:04
So is it possible for us to make that part of the impact fee?

18:08
Yes.

18:09
It just has to be part of our study.

18:11
And in the past, the study as I understood it, I wasn't here for the whole, I wasn't staffing the project, but I think there were concerns that our Rd.

18:20
system was less about adding capacity and more about deferred maintenance and maintaining the existing capacity, which you can't use impact fees to to do that.

18:34
Now, how we define adding capacity, I think that there's some room there and our staff, we have staff on in our office who have done impact fee studies for other jurisdictions and they would like to us to take another look at that, not just for the Y, but well, I mean, as an example, large commercial projects typically pay for Rd.

18:56
improvements to add capacity to allow trucks and things like that.

19:01
For instance, you know, put an Amazon warehouse in.

19:04
But there's no other mechanism for transportation impact fees in the state.

19:12
Well, we keep trying to find ways to fund transportation.

19:14
I know, I know no one wants to pay for it.

19:16
I know people aren't very excited about that.

19:19
Yeah, well, other than gas taxes.

19:21
OK.

19:24
All right.

19:25
Any, any other questions?

19:30
I guess the one thing we don't really have the the agenda set up this way, but the board might want to consider allowing for public comment on each agenda item.

19:42
OK, you got to put that down in writing for me to know that.

19:48
OK, well let's see if there's any public comment on this item.

19:53
The the annual financial report.

20:00
Can they see it online?

20:01
Did you post?

20:02
Did you put it up?

20:03
OK, let's see anyone online?

20:08
Do we have any raised hands?

20:16
Touch screen?

20:20
Nobody.

20:22
OK.

20:24
All right, let's move on to the next thing recommendation on proposal.

20:34
Sorry, Rick, before we move on, just maybe one point of clarification.

20:37
So we're collecting impact fees I believe on a per permit basis and that in those impact fees are being spread to different categories, parks and general government being two of those categories.

20:50
So I guess my question is, I remember back when we created the original formula, there were certain needs based criteria that were met.

21:04
And I guess my question is, can we reallocate the impact fees that have already been set and divert those funds from parks and the other category that's no longer legal to do and take those same funds and put them elsewhere.

21:27
The impact fees that have already been collected or even future impact fees, for example, can we divert what we were originally going to collect under general government and parks and put them into Sheriff for Emergency Management through an additional study from Tishla Bias or something?

21:47
Shorter answer is no, not without justification in a study to demonstrate the the Nexus between the impact and the fee collected.

21:57
So we'd have to show that that additional amount was related to the impact to the it'd be very hard.

22:03
I just remember the need being there and we actually pulled back on everything to create an impact fee that we felt was reasonable and fair and it wasn't that we just met everybody's needs.

22:15
Yes, exactly.

22:17
So everything was kind of pulled back to fit into an impact fee that felt right and felt appropriate for the developers and and those that were ultimately going to be paying the impact fee.

22:29
So my question is, is if we revisited the assessment and looked at the needs based criteria that we determined our fees from, would it be possible to take whatever was being collected rather than just reduce the impact fees overall?

22:48
Got you.

22:49
Can we get allocating?

22:52
That's a good question.

22:53
I think still the study would have to be adjusted and that's a very real possibility because the what the the committee approved was 100% of what the study said.

23:07
So until the study is fixed then at that point you could you could make that recommendation to make an adjustment to the impact fees.

23:16
And we do have the five year review coming up and because of the Y infrastructure plan, we might be doing an impact fee study sooner rather than later.

23:26
I know also Missoula Rural Fire District is interested now in pursuing an impact fee study.

23:33
So if we have one going, it might be worth stacking them and doing it all at once.

23:39
So that is definitely something that we could take a look at.

23:41
And it's good to know because I did not have that history.

23:43
Is that something we can run by the County Attorney to, to find out whether we can legally do those things?

23:49
Oh, absolutely.

23:50
But if the study says that it right, I mean, if the study based, but I mean, when we originally allocated these, they were based on real costs.

23:59
That's why I don't think you just move one to another.

24:03
You can do it if as long as this as long as the study was updated to to provide the rationale.

24:08
OK, OK.

24:09
Looking at the first page here with money set aside for general government and parks, we can spend that down if staff from those areas come forward with projects and the board approves.

24:20
Yeah, that's what we are here for.

24:24
Yeah, Thanks, Rick.

24:25
Which brings us to the next item which is how to spend money.

24:30
Recommendation on proposed Lolo sewer and and water impact fees from the Missoula County Voice.

24:38
I had some trouble looking at the if anyone needs a copy of the study.

24:43
Do you need a copy of the study you would like?

24:46
I've got a couple.

24:47
I don't have all of them that there was a link provided in the packet, but that link work for anybody else.

24:55
I tried to get to the link in the Missoula County Voice.

24:59
I've got 1, I've got one more and there might be one in the back you can share on this side.

25:06
Sure.

25:10
So we have Jason Mitchell is unavailable.

25:14
He's the public works director.

25:15
He's the staff person who worked with HDR to set up the study.

25:22
We have a presentation.

25:23
Yes, we do.

25:24
But I want to give a quick overview and then let her go ahead.

25:28
Just so you know, we did this study was done by HDR under the, you know, for the public works department for the Lolo Sewer and Water real special Improvement District.

25:40
And so that's how it's coming forward.

25:44
We did put this on the Missoula County Voice page to provide opportunities to for comment and we did also put advertisements in the Bitterroot Star and the Missoula in and did an e-mail blast about it.

25:57
So just to make sure that there was some outreach.

26:01
Go ahead.

26:02
Go ahead.

26:02
Great.

26:03
So my name is Cora Revis.

26:04
I work for HDR Engineering, and I participated as part of this study and I'll be presenting it here to you today.

26:10
It sounds like maybe everybody didn't get to view it before.

26:15
Jason just asked me to kind of run through the high points of the study just using the document.

26:20
So it was turned in in October of this year and this is for Lolo Community Water and sewer only.

26:32
So these would be the infrastructure that are a part of the drinking water system and the wastewater system in the Rural Special Improvement District of Lolo.

26:42
RSID nine O 1.

26:47
So the study references to engineering reports that were completed over the last number of years that look at the infrastructure needs for the water and sewer systems and the expected growth of those systems.

27:03
And then this stand alone document is the impact fee that takes into account those capital improvement projects outlined in the preliminary engineering reports.

27:15
It's just references the laws for that.

27:18
So the current water and sewer impact fee for the Lolo area is $10,000.

27:24
So that's referenced here in Table Table 1.

27:29
The development of the fees looks at the existing infrastructure and what portion of those costs should be allocated to future users for their part of the capacity.

27:40
And then it identifies future capital improvement projects that are needed for the system and what portion of those should be allocated to the future folks joining the system.

27:53
In order to do that, we had to complete an analysis of an expected increase of the population or users in the Lolo area.

28:04
So Table 2 explains the Edu stands for economic or sorry equivalent dwelling unit, So homes and so it currently the RSID accounts for 1350 homes or users and the anticipated annual growth is shown here for an increase of 802 homes, which would be 2152 homes in the future.

28:34
Now you'll notice there's a note here, it's projected growth if capacity are available.

28:40
We started this process a number of years ago and capacity is not available in Lolo for the water and sewer system right now.

28:46
So some of that expected growth did not occur in 2025 so far.

29:01
So the growth related needs on the water system are, we're calling them Phase two and Phase 3 improvements.

29:10
A phase one project was completed since the preliminary engineering report that was completely funded with American Recovery Plan Act money.

29:18
The phase two improvements involve upgrading 2 wells, wells one and two in a critical force main that is shared for the infrastructure of that water system.

29:31
So there's an estimated cost in today's dollars of over $3,000,000.

29:35
There Phase three improvements are to add a fourth well.

29:40
So if a redundant well into the system and then another future project would be a new storage tank that would eventually be needed.

29:49
The percent related to growth of the phase two projects is 22.9%.

29:54
That's very engineering number because it's based on the flows that would be added to the system when those wells are upgraded.

30:01
So right now there's a deficiency in those wells of being able to operate the system with the Max for the Max demand with the largest well out of service and that needs to be upgraded.

30:13
So the portion of that that is due to the existing folks in the area is the 77% and the 23% approximately is how much additional capacity would be gained with the upgrading of those wells and that force me.

30:31
So in total when you look at the present growth related, the possible impact fee cost for the growth related capital improvements for water is $9483 per Edu.

30:51
Now this also includes a small portion of the impact fee eligible of the existing facility, which you'll see only comes down to around $146.

31:05
The reason for that is it is difficult to have very much assets that haven't been depreciated over that time and or were previously funded by grants etcetera.

31:18
So the portion that is able to be eligible of the existing system is 146.

31:24
So you add those two numbers together and the total impact fee eligible to be considered for water is 9629 thousand.

31:37
So how would those be assessed?

31:40
The RSID runs on well runs on individual users we'll say for today.

31:48
And so that would be assessed based on service line.

31:53
So service line is indicative of how much water would be used at that lot or location where you're connecting to the community water system in Lolo, there is a mix of three quarter inch and one inch service lines for water.

32:08
So we made those values equivalent whether it was a three quarter or one inch that's considered a single family home.

32:16
And then any other larger than one inch would have a ratio of how much water could go in that water line to account for the amount of water usage that could be there.

32:28
So you'll see in Table 5, three quarter and one inch are both an equivalent factor of 1.

32:35
And then from there, so for example, if you had a car wash or a commercial utility that was using more than a one inch line, they would be charged more than a single family home.

32:56
Do I ask for questions or do I just keep going?

33:05
Yeah, yeah.

33:14
So just to be clear and for anybody listening, these fees are applied only to new users, new folks who tie into the system.

33:22
Is that correct?

33:25
Just wanted to say it out loud for anybody thinking, oh, my gosh, I have to pay $9000 and I believe in Lolo.

33:30
Just new answers that connect to the system and you're currently at capacity, maybe push the button and turn it on would help.

33:42
You're currently at capacity for water and not allow any more growth or correct for water and sewer and sewer.

33:54
It's kind of a question about sewer.
33:55
Have there been any violations?

33:58
There have not been any violations.

34:02
So quick question on the first of all, you did a really nice job on this report.

34:06
It looks really nice and I think very clearly stated the needs.

34:10
It's, it's great.

34:13
So if I were to go, if I own a lot in Lolo today and I went to go develop that lot, I would be charged $10,000 today for a water service connection fee or is it water sewer combined, So combined is $10,000.

34:34
Where's that money going today?

34:36
Like is that going towards this capital improvement or is there, where do we sit right now with those impact fees?

34:44
I mean, I don't think we have visibility of that as a group.

34:49
I'm just curious what's been collected in the past and where do we sit today?

34:54
Because I think what these numbers show is that we're looking at the cost of the, the improvements to the system moving forward.

35:01
And then we're saying, OK, we're going to need X number of dollars for the development starting today or from the time we passed this moving forward.

35:09
So what's been collected to date and this this isn't necessarily a question for you, but maybe a question for Karen.

35:15
But what's been collected to date and where would that money go if I if I developed a lot today before we consider passing this impact fee proposal a little out of my wheelhouse since I'm not the public works director.

35:32
That's fine.

35:33
That's fine.

35:34
And and we can get back.

35:35
That's not a question I have an answer for right now, but I'm just curious where as I understand it, they are they've got a kind of essentially an interim fee set that will go to the same place.

35:48
It's just not done in accordance with the study.

35:51
And so they would prefer to move from a connection fee to a impact fee.

35:57
OK.

35:57
I just didn't see any in the in the math in the calculations, we're not showing that we have any money to begin with.

36:03
Gotcha.

36:04
That's what I meant.

36:05
I and maybe that's the contingent fee for the question that we could certainly either asked to come back to the committee or pass to the commissioners.

36:15
Either way.

36:16
Yeah, that's fine.

36:17
I don't, I can't be a public works director.

36:20
No, I'm just, I'm just, so I showed the $10,000 fee and that was updated earlier this year through the commissioners, I believe.

36:33
And before that it was a connection fee of like 1500.

36:38
And I believe that that money is sitting somewhere else as it's been collected over time to be used.

36:44
But I am also not the public director.

36:47
And and Corey, you were saying we're at capacity right now.

36:50
Yes, Right.

36:51
So an owner of a lot, an undeveloped lot in this area couldn't tie in, is that correct?

36:57
Correct.

36:58
People are currently requesting and being denied.

37:00
That's right.

37:01
OK.

37:01
So they're, so they're not paying the money.

37:03
The money's not going anywhere.

37:04
They're just at a standstill until we have a well that could supply the water and we approve an impact fee, correct.

37:13
Thanks.

37:14
Super weird technical question.

37:16
Maybe looking at these Hayes and Williams, you know multipliers, I noticed that three quarter inch and one inch are both equivalency factor of 1.

37:26
So as we're scaling that fee up to these larger lines, is that scaling based on the flow of a three quarter inch line or a one inch line?

37:36
Oh, that is a very good question.

37:38
And I think it's a one inch line, but I can check.

37:43
Just curious because I don't know, I feel like that could wiggle either way based on which one was the basis for that.

37:57
Any other questions?

38:00
It looked like there's a hand online, there is a hand up, there's a hand up online.

38:04
It's, we haven't opened this for public comment yet, but it's so it's at the discretion of the board.

38:09
If you want to, we should probably open it for public comment on this part.

38:18
Oh, is it?

38:19
No, it's not a board member, not a board member.

38:25
If you'd hold your, your question until we get the public comment, we will note it and get it answered online.

38:34
Thank you.

38:37
We're ready to move on to sewer.

38:43
OK, so jumping into sewer, this includes everything from your house to the treatment plant that treats the water before it is discharged into the Bitterroot River.

38:54
So pumps, pipes and treatment are all included in here.

38:58
So a similar equivalent dwelling unit population was used of 2152 for the future population.

39:09
And I will skip to the growth related future capital improvements.

39:14
So this project also had a phase one project that is currently under construction out in Lolo at the wastewater plant that was funded entirely with American Recovery Plan Act money.

39:25
So the phase two project includes some things that were originally in that phase one project, but there wasn't quite enough money to cover.

39:33
So that 685,000 involves upgrading the equalization basin liner, some pump replacements and improvements to the fence.

39:45
The phase two project also includes A redundant aeration tank and a secondary clarifier.

39:51
So currently there is only one of each of those out at the wastewater facility.

39:55
So there is some need to have some redundancy, but the study also includes considering what capacity that would add with that redundancy.

40:05
So the ratio of eight O 2 / 2152 is 37% and it would add that much capacity and that's why the amount allowed for growth is 37% for those improvements.

40:20
In the future, when flows increase at the wastewater facility, there will be a need for additional ultraviolet disinfection.

40:27
So that's the other future phase three that's unscheduled as well as some upgrades to the force main and the sewer interceptor within the collection system.

40:39
There are some upgrades needed partially to replace and partially to add capacity.

40:45
So that is shown as 75% growth related.

40:49
It wouldn't be triggered until there was a capacity need in those lines.

40:53
And you can see that that would benefit all 2152 users as you do that because it's a split over those two items I failed to mention.

41:02
But in both the sewer and the water, if there's any infrastructure needs that are required by the developer and outside the area of the improvements being considered, that would be entirely on the developer.

41:16
So for example, if you have someone way far out away from the system, we didn't account for where those might exist and who they might be.

41:23
So they would be responsible for coming up to the system in addition to the impact fees.

41:28
So all of those additional costs for anywhere outside the system are 0 in this study.

41:35
So with that, the total for growth related capital improvement project impact fee possibility is 7357.

41:49
Additionally, there was an analysis on the existing system that is in place and the assets that are there.

41:55
Similarly, much of those projects were funded by grant and or the assets show as only being worth 1.1 million even though if you tried to replace it today it would probably be a lot more than that.

42:10
But this is the way the method used for determining the existing assets.

42:15
So the existing assets cost of the future users is $531.

42:21
So adding that to the future improvements, the total cost is $7888.

42:36
So similar to the impact these were being discussed earlier, the decision could be made to allocate up to those two numbers together as the combined total or any number less than that as the Commission and 40 fit.

42:55
We were not asked to give a recommendation of what that number should be, but it can be up to those numbers.

43:01
And then it is also allowable to have those increase over time with a an inflation rate that matches the the cost of of those improvements over time up to five years and then it would be required to update to move beyond those five years.

43:25
We did apply the same equivalency rate on sewer as we did on water.

43:30
It can be assumed that the water going into the home minus the part used for irrigation say or consumed is going to impact the amount that would come down the sewer.

43:43
So that's a standard practice.

43:49
With that, I will ask if there's additional questions on the sewer.

43:54
Any questions on the sewer?

43:58
And you have a question.

44:00
I, I guess this one's maybe more about like how this works because normally we identify needs in the future.

44:08
A good example is the the impact fees that we were just talking about city, county impact fees for different developments.

44:16
This is kind of an opposite approach where we've identified a capital improvement need and the cost for that and the plan is to build that right away, right?

44:25
So we've identified this special Improvement District and the funds needed to build out this infrastructure.

44:35
What happens if we don't have the type of growth that is proposed here in this document?

44:43
I mean, what happens at that point?

44:44
We spend $8 million or $15 million collectively on this system?

44:50
What's the mechanism that we have if not enough impact fees are collected, I assume we're going to bond for this or this county's going to bond for this and then you just kind of roll the dice.

45:01
I mean, what kind of buffer do we have here to make sure we don't reach a state of insolvency on this?

45:10
I think we have to take calculated risks.

45:13
And I, I'm not being, I look to an engineer, but I wonder if we could phase such a thing to mitigate some of the to, to mitigate the risk, but to take less risk by building spending less all at once, if such a thing is possible.

45:30
Because if if we build it and we don't get the development, we still have to service that debt.

45:37
And you'd do that through property taxes.

45:39
We'd have to.

45:39
That's the only way you get money.

45:42
Pretty much, yeah.

45:43
Unless we get a grant.

45:45
But it would be.

45:46
I can't imagine we'd get a grant to cover debt we took on so all the commissioners could sell their kidney.

45:51
We could do that.

45:51
We figure that out.

45:54
OK.

45:55
Well, I guess that the reason I answer that question is because I want to look at it from a risk standpoint for the county because if we pull back on this proposal, you know, HDR has done a report, they've done a good job.

46:09
They've given us the cost of what this thing is going to build and and it frankly may even be more than that number, right.

46:14
I mean, this is it.

46:18
It's the last five years of construction in this area has been very interesting to say the least.

46:25
I mean, I don't think it's been terribly predictable, but assuming that these numbers are correct, if we were to approve something less than that, I would expect that to be a greater risk to the county and in having to potentially in the in the event of you know significant recession or something like that where development just stops.

46:46
I mean, we have factored into this plan a certain number of connections happening every single year and we don't have those then who's going to pick up the tab for that improvement.

47:00
So, so if I if I remember right, Public Works was able to let us know the amount of asks for connections they had received in the recent past and and we could work off of that for the next couple years.

47:15
But you're totally right, if interest rates hit 12% or something, all those folks, those developers who anticipated asking for this number of hundreds of connections would say we're just going to put pause on hit pause until the environment changes.

47:32
There is a certain amount of phasing in here, right?

47:34
Phase two, phase three, Yeah.

47:40
So I don't know if I'm speaking outside of what I'm allowed to share, but right now the county public works department is contemplating the an additional RSID for the phase two improvements that would be phased between water and sewer separately or at least on different timelines.

48:05
And then they're working through what that RSID would look like, what the cost would be and the portion that would be for the existing residents and for the future.

48:17
And so we've divided that out and determined it's some like 200 requests for connections to completely pay off that portion of that project.

48:28
So they're contemplating all that with the formation of the RSID and these capital improvements in the future.

48:41
So not to repeat my technical question, but I see that same issue on on the sewer page.

48:47
And I guess it kind of it makes me wonder when these numbers were calculated, which value for that one point O basis was used?

48:54
It was used in the sense of like, are we, you know, biasing these numbers towards like the higher end or the lower end?

49:01
And if it's one way or the other, maybe that could give us some wiggle room or some more pressure when reality happens in different amounts of water flowing through the pipes based on where we, you know, put those multipliers.

49:13
Does that make sense?

49:17
Yes.

49:22
OK, So you can see adding 1/4 inch to that flow like double s the impact fee, but you wouldn't put in a one and 1/4 inch unless you wanted that much water.

49:36
Are there other questions?

49:37
Let's see.

49:38
Yeah.

49:38
So I guess going back to your, your question around, you know, if, if the projections are off, but we don't really have another option than what's on the table, right, Because we're already at capacity.

49:51
So there's if the corrections are off, then they're off.

49:54
But we don't it would the no growth can happen without this.

49:57
There's no other way forward.

49:58
Is that right?

50:01
Unless we stumbled into a grant or some other money source that we do not have?

50:06
Yeah, that's not gonna happen.

50:08
So I mean, I think the, the way to mitigate risk is to phase as best we can and to work off of the info that Public Works has right now and how many asks for connections that they've received and keep an eye on the climate and the economic climate and make adjustments as we go to the degree that we can.

50:27
But there's definitely risk in here.

50:29
There's that's just what it is.

50:31
And there's real risk in not doing it too.

50:34
If we say, OK, we're not doing this, that really limits the kind of development we'll see in Lolo and pushes the cost of housing up.

50:41
And is that something we want to live with too?

50:44
There's no easy path.

50:45
Welcome to government.

50:46
So in really, in really plain terms, right.

50:48
If, if these fees weren't approved, would that stop permitting?

50:53
No, what stops permitting is you have no capacity.

50:58
So permitting stopped now where we it has been for three years.

51:02
Yeah, if you, if you want to develop in a certain area or part of Lolo, you've got to do a well and a septic.

51:08
You can't.

51:08
This is this is not an option.

51:10
And looking at these costs, this is a great deal compared to a well and a septic and you increase your amount of development potential in your land too.

51:18
Yeah.

51:18
And I think that's probably the question for us to really be considering is, so are these costs appropriate for like the benefit that's being offered, right.

51:29
So $17,000.

51:32
And, and I would just say it, has there been any discussion with the development community on this?

51:37
I mean, is this, I don't know honestly if this is a reasonable cost or not.

51:42
I mean, it feels like it is, but, but I don't know the answer to that.

51:46
I because I think the risk is the same if you, if you have development fees that are too high and developers can hit pause for the exact same reason, right?

51:56
I'm going to wait until interest rates come down even further.

52:00
Even if they don't go up to 12%, they if, if this impact fee is too high and it makes developing A subdivision, you know, let's say you're doing a 30 lot subdivision and you got to pay $17,000 per lot to develop that lot.

52:17
That adds up pretty quick.

52:18
And can you afford to do that at this rate?

52:23
Those are questions that I don't have answers to, but something we should consider in setting the rate.

52:27
So what I remember Jason saying and and I wish he was here because I can't quote him exactly.

52:31
And maybe I'm pointing to you, Sam, because you're young and fast with your thumbs.

52:34
You can ask the powers that be inside your phone how much does it cost to hook up to the sewer at the city?

52:39
And my guess is it's way less.

52:42
But you'll be able to tell us by the time I'm done ranting here.

52:45
And what Jason had described for me was the cost of hooking up in other locations and ours was pretty much in the middle.

52:52
So it wasn't.

52:53
But I can't, I don't have the exact number so I feel hesitant, but I can just keep talking and pretty soon Sam will be able to tell us what it costs in the city.

53:00
So I think of Lolo a little differently than Missoula and mainly because the cost of a home in Lolo will likely be less than a home in Missoula, right.

53:09
I think that's pretty parent.

53:11
So again, going back to the fee and what it's charged, I, I would like to get some feedback from the development community to say is this appropriate?

53:22
Because again, go back to that 30 or even A50 lot subdivision proposal.

53:28
If we take 50 times is that's like a like an $800,000, you know, added charge just for the connection fees.

53:39
That's not including the linear sewer lines that that developer has to, to lay.

53:45
And we're just talking connection fees here.

53:47
So I, I just am hesitant to say, yeah, this is the right number because I mean it is the right number because that's what we need.

53:57
But the question is again, is the county willing to take on that risk of just hoping that we're going to get his number, the number of connections that we've modeled out here.

54:07
So if we don't have answers from developer saying, yeah, this is reasonable and and I'd be willing to to pay that.

54:12
On a underlying question here, let's say if we look at the cost of creating the system and then divide that by the number of units were expected, that would be the fee.

54:22
And if that fee is too high, we can't build houses out here.

54:26
That's right.

54:27
That's the, the cost.

54:28
That may be the answer, Josh.

54:29
It may be I'm, I'm, that may be the answer.

54:31
I mean, I, I mean, it could be that we may be at an impasse here where it's not financially viable to build homes in Lolo.

54:39
I mean, that's the, that's the reality of it.

54:41
So I, I, I would just, I think we probably need to ask and, and get that answer first.

54:47
Because if we set this fee at the $17,000 proposed rate and it it becomes cost prohibitive for the type of development that we're talking about or that we're expecting, then we've just given you a recommendation that's going to put you in a difficult position in two to three years.

55:06
And you don't have the revenue that you had planned to have if if you bonded for it.

55:10
And it's yeah, I mean, if indeed that $17,000 turns out to be prohibitive for developers to build or developers build and can't sell, all those would be, would be bad.

55:20
It would be great to know how that this, what this compares to Sam may have some info for us.

55:26
So this is just kind of at a glance here, it looks like, you know, I mean, obviously these numbers are weighted for the future and I'm looking at some current sewer hookup fees in Missoula that are lower than what I'm seeing based on diameter here.

55:38
At the same time to, to what Chris is saying, we're talking about occasional longer runs because of larger lots.

55:45
You know, I, I can't give you like a, a firm.

55:48
It's more or less because it's relative.

55:52
Yeah, great answer, right.

55:57
It would be good to know how it compares to sewer and to septic and, and well as well.

56:03
That would be at least $30,000.

56:05
Yeah, I can, I've just done.

56:07
Yeah, it's, it's definitely cheaper.

56:09
We can, we can say that it's definitely cheaper than drilling your own well and building your own septic system.

56:15
But that still doesn't answer the question, is it viable, right.

56:18
So I mean, the bottom line is that the, the buyer, you know, one way or the other, the buyer of the house is going to have to foot the bill either in impact fees or if it can be sold, right.

56:29
I mean, if it's a developer looking to sell developed lots ready for homes to be built, is that as a board something we need to consider whether the county is believed to take on the bond debt or do we just decide on the necessity of the ask?

56:48
And you, we would make a you, you all would make a recommendation and the commissioners would decide.

56:52
And if we'd seen involved in a bond, we would be bringing our CFO into it.

56:58
We would also be bringing our bond council and they would be looking at our books too.

57:03
You know, I'm, I mean, my opinion is I think if we go to the developers, they're going to say, no, we don't want to pay it.

57:12
Maybe, but maybe not because the the developers are going to make money through development.

57:17
And if they say we we're not going to pay and we don't do the project, then nobody gets to develop.

57:22
So it's it's not, nobody likes paying more money, but nobody likes having no business either.

57:26
So.

57:27
Well, I guess we need to make a decision on whether we need more.

57:30
We need public comment too.

57:32
Yes, we do.

57:33
Yes.

57:34
Oh, hey, I think that's a comment, Alex.

57:36
Yeah.

57:37
My, my question.

57:38
My question is when we're looking at this and we're talking about developers and the single family costing 7017 thousand, whatever is very different price when we're doing, you know, 506070 homes and development, is it cheaper per home to to charge and run that way to make it affordable to that development to to those developers because they can't.

58:04
I couldn't imagine it being as expensive to get it to one single home as it is to, you know, put one giant line in across the board for an entire community all at the same time.

58:16
So the question is, is it cheaper if you bring in more homes at once?

58:21
It is.

58:22
This development fee is just for the user and the impact on that.

58:27
It's not the pipe running down the street going to each of those homes.

58:30
So this is an equal number that is equivalent on all homes.

58:34
Yeah.

58:35
So this is based on equivalent 12 pulling units.

58:37
So it doesn't matter on the scope or size of the development.

58:43
Now the developer when they put in their water lines and they do a bunch and put a bunch on, yes, there would be economies of scale when they do that.

58:53
Did we answer your question?

58:55
Yeah, but but somewhat it's still a little bit confusing with with in regards to it because you still like some of these stand alone homes.

59:03
Wouldn't it still be well, I guess you disregard.

59:07
Yeah, I've answered my own question.

59:09
Thank you.

59:09
OK, thank you.

59:15
Well, let's we need to open us up the public comment.

59:18
So let's do that.

59:19
Are there any more questions from from the board?

59:24
No.

59:25
OK, let's have a public comment or question.

59:30
We have a couple hands.

59:35
Do you mind coming up to the podium and then just stating your anybody who is making public comment, whether you're online or a person.

59:42
Al Zupeda, I'm a long time Lola resident and John Winsett with Fallen Tree Construction.

59:53
We're developers and we we built, we brought the brewery to Lolo, we brought apartments to Lolo and we need development.

1:00:04
You can't not approve.

1:00:07
So I think the question is do we want to pay $17,000 a connection?

1:00:14
No, we don't.

1:00:16
If we can find a way to phase it and.

1:00:19
If we don't need phase three right now, why do phase?

1:00:22
Why budget for it, right?

1:00:24
So phase in, try to get that number down if you can.

1:00:27
It's desperately needed.

1:00:33
We have an ask right now for 33 units that again we don't want to pay.

1:00:39
It's a 33 unit apartment building and we have another probably 107 or more that we could add, but it just becomes really difficult when we're looking at that much money for hooking up, right.

1:00:57
I guess in short, just to sum up if, if we can't build in Lolo, it's a descent.

1:01:06
So Lolo and you don't have an option if you're in city limits to do sewer and water, do a septic.

1:01:15
And well, so for example, for our property, which for any of you at Lolo know where the old car wash was and the parking sale, we're behind that where there's the wood apartments.

1:01:29
And we don't have an option to put a septic in, not even a community septic because of mixing zones.

1:01:36
And when you're in city limits, not an option.

1:01:40
So basically not moving forward with sewer and water is literally handy Lolo a death sentence, which is a which is a shame because it's such a cool community and people want to live there.

1:01:55
Not that people don't want to live in Missoula because Missoula's it's a great place, but Lolo's better just because you get you feel like you're in the country, right?

1:02:04
So again, from a developer's standpoint, $17,000 is a lot of money for a connection.

1:02:16
If we can lower it, we have to lower it with phasing if we can.

1:02:21
Thank you.

1:02:22
Thank you for your comment.

1:02:24
Anyone else in the did you want to address that?

1:02:30
I really appreciate what you have to say and it's great to see you in person.

1:02:33
Heard your name tons of time.

1:02:34
So thank you for your comments.

1:02:35
I was going to ask Cora, to what degree is phasing possible?

1:02:41
Phasing's definitely planned.

1:02:42
That's why it was outlined as phase two and phase three.

1:02:47
But I guess your question is, can you just delete phase three and not do it or collect money now?

1:02:56
I think that goes to Chris's question about collecting ahead of time.

1:03:00
So you don't have this problem where you are looking to make an improvement and you don't have any money to do it.

1:03:05
Oh, it mitigates risk on the bonding front too.

1:03:08
So Well, I just, I guess the question for me is why can't we have it, have a phase for phase two, get the cost for that and then come back to the impact fee board for phase three if the growth is occurring.

1:03:26
If I do that, I will need to divide phase two by the only amount of capacity that you added and it will go up.

1:03:32
Exactly.

1:03:33
So the people coming in last are going to pay for a disproportionate share of the system.

1:03:37
So, yeah, it's got a, this is kind of an all or nothing type deal.

1:03:41
You answered my question.

1:03:43
And yes, the construction can be phased which which addresses I think the risk of the county in an adequate way.

1:03:49
I guess the question is, is is $17,000 sustainable?

1:03:53
I mean, is that a number that that is even going to fly in Lolo?

1:03:58
And, and I would ask again, the development community to comment on this because this is where so for, if, if you take it, for example, the 33 unit building that we have, that we're wanting to build, I, John and I have have, we have pain about it, but it's doable.

1:04:21
I I think where you see more values on the individual home lots, the smaller lots, the the ones, the twos, the threes infill.

1:04:33
But yes, is it doable?

1:04:35
Yes.

1:04:36
And I'm, I'm hoping in my mind there's some way we can maybe find some bond money or some other way to share the costs even if it's down the road somehow.

1:04:46
But John, is it doable just it's well, let's put it this way.

1:04:55
We if we can't build, if we can't build more multifamily, then it turns into a storage unit project.

1:05:05
I mean, we, we have no other choice.

1:05:07
So for this site it is doable.

1:05:15
It's painful, but it's doable.

1:05:17
And, and on the 33 unit multi family that you just mentioned, I mean, I would guess that the service line size for that it's going to be we're talking a single connection.

1:05:29
So that'd be a it'd be a service line, 1 water service line, 1 sewer, 1 fire service line and then and then one sewer service line for I don't think a 2 inch would serve 33 units, but it might be it would be I think, right.

1:05:48
I think it would the the fire service line would not be it would that would be your yeah, you'd need a full size.

1:05:54
But I guess one question I have for you is the impact fees in the case where we had to have a fire service line that was 4 inch, that wouldn't be an additional fee, would it?

1:06:07
I mean, the fire service line only comes on in the event of a that's that's my question though.

1:06:11
So the fire service line is not considered a connection in terms of this impact fee would not be charged an additional impact fee for that, I don't think.

1:06:20
I don't think that's the intent here.

1:06:22
That's correct.

1:06:23
We have three people online.

1:06:25
So did you have your question answered?

1:06:30
I mean, I think so.

1:06:33
I just do one thing too.

1:06:35
We are not done looking for grants.

1:06:37
That doesn't mean we'll find one.

1:06:38
But that hunt is on.

1:06:39
And we have approached our congressional delegation for earmark money, super competitive, but we have tried it.

1:06:45
And I just wanted to be clear what?

1:06:47
And you can see it here in the math we took.

1:06:49
This is the cost of doing it and then divide it up by the number of connections.

1:06:52
There's no profit motive here.

1:06:54
It's not like, well, count the county, just turn it down a little bit.

1:06:57
Then we would need to fill that hole with some other money.

1:07:00
We don't have a source for that money.

1:07:01
So let's go to Andrew Marsh online or let's go with Andrew Schwartz online.

1:07:11
You and meet them.

1:07:13
Yeah.

1:07:13
How's it going?

1:07:15
Good.

1:07:16
Appreciate you guys taking my comments.

1:07:17
So I sat on the sewer and water board for the past year when Shane Stack was the public's work director.

1:07:26
I've been building Lolo for 20 years and it's a double edged sword for me.

1:07:33
You know the one thing we do need development, Lola, there's no doubt about it.

1:07:36
AL's 100% right.

1:07:38
We'll die without it.

1:07:39
But the one thing that we're not talking about here is the impact to the current 13150 ratepayers that are currently connected to the system and how that's going to affect their property taxes annually in addition to the impact fee that the developers are going to pay.

1:08:00
I mean that.

1:08:00
So the two questions I have is 1, when does the developer pay the impact fee?

1:08:06
Do they pay it when they go pick up their building permit or do they pay it at the time of development of the subdivision?

1:08:14
And two, how is it going to affect the median home in Lolo as far as additional taxes?

1:08:25
Do you mind just stating your name for the record?

1:08:28
Sure.

1:08:28
Andrew Schwartz Yep, let's answer the question.

1:08:33
So the impact fees pay paid at the time of building permit.

1:08:37
OK, so and they for instance, the if AL's going to develop his place.

1:08:46
OK, let me let me ask this.

1:08:49
Can people start acquiring building permits $100 before the sewer and water improvements are complete or will they have to wait until after the sewer, water improvements are complete to apply for their permits?

1:09:11
The question for you, I happen to know what the county's working on.

1:09:17
So Andrew mentioned like the RSID and there's been a number of meetings with the Lolo Community Council and all those regarding, you know, what part of the improvements are required for capacity and what part are required for redundancy.

1:09:32
So he's referencing what the county is working on as far as this future RSID for the capital improvements that would be overlaid on the existing RSID to create this project that contemplates additional cost that would be on the existing users for those cost.

1:09:50
The question is when could you get approval, I think for your development and does it have to be when the sewer and water are in place in the ground?

1:10:01
And the county is working on a development plan that has been was passed by the legislature in the MCA to allow for planning ahead and showing the plan for development before the infrastructure is in the ground and working on an approved plan for that.

1:10:20
And with that, they're able to issue will serve letters once that's all in place before the infrastructure is in the ground.

1:10:29
So at the at the time of approval of the infrastructure, you can start accepting building permits and then once the permits are issued, you can start collecting impact fees, correct.

1:10:41
OK, all right.

1:10:42
And then how's this going to affect?

1:10:44
Because my biggest concern, you know, of course we need development, but my biggest concern is, you know, property taxes have been going up for everybody, right?

1:10:51
And people are really feeling it and you know, how's it going to affect our current ratepayers, You know, what does that look like for them?

1:10:59
So RSID part of property taxes?

1:11:01
Yes, yes.

1:11:03
So I guess the he said this that's relevant to property taxes would be additional maintenance cost on the RSID.

1:11:10
And I don't know what the answer is.

1:11:12
Do you, do you guys have a sense we have maintenance costs, but we also have improvement costs.

1:11:18
You know this because, you know, basically we have, you know, somewhere between 8 1/2 and $10 million of this presentation that Cora put up that's going to be picked up by the existing 13150 ratepayers.

1:11:32
And so I'm kind of curious what that looks like for them annually and for how many years.

1:11:38
That's right.

1:11:40
And it is all posted on Missoula Voice, I believe, outlining those numbers.

1:11:45
But it shows what part of this future RSID is being contemplated for the existing repairs.

1:11:53
I don't have it right in front of me, but that was presented at the Lolo community meeting.

1:11:59
So I mean, that's just, you know, that's something that's, you know, also part of the affiliated costs with these improvements for the current ratepayers, the people that aren't there yet, if I understand it right, for the folks who are there right now, we don't have the redundancy required in both the sewer and the water to, for these systems to really be up to the level of quality that they should be.

1:12:22
So rug, rug and I wish, I mean, that's, that's correct.

1:12:26
That is correct.

1:12:27
But they also have not received any deficiency notices from DEQ either.

1:12:35
I mean, we'll delete.

1:12:37
So, so work needs to be done to make these systems be at the level of quality we would like them to be regardless of any improvements.

1:12:45
So we sort of have in a sense and not improvements addition.

1:12:49
So there's in a sense there's two questions.

1:12:51
One, how do we handle what we're the folks we're serving now and make sure that the systems they have are at the an acceptable level of quality and if something breaks, there's enough redundancy that we don't have to talk, turn the whole thing off.

1:13:03
And the other question, how do we facilitate further growth because we know people we need more housing.

1:13:09
Lolo is a great place to live and we want Lolo to continue to thrive.

1:13:12
We don't want to end development of Lolo.

1:13:14
So we had sort of two, two questions there.

1:13:18
Well, and if I could piggyback on that question too, just from a different perspective, right?

1:13:22
Thinking about, you know, a, a 33 unit multi family housing is a good thing 'cause people can live in it, right?

1:13:28
I'm, I'm curious, the increase in these fees, to what degree, you know, it's going to be hard to estimate.

1:13:35
Does that impact how much those units have to be rented for and how much does that impact the cost of housing, all things being equal, which they never are?

1:13:43
But I mean, you know, does that how, how heavily will these fees get passed on to to renters who want to go live there?

1:13:51
Karen, Karen, we kind of looked at that.

1:13:53
What in other jurisdictions do you remember?

1:13:58
I wasn't here.

1:14:00
You weren't you.

1:14:01
It was Chris Lansbury.

1:14:03
Sam, you're you're totally correct.

1:14:05
I mean, the people that buy houses or rent new houses or live in existing houses or rent existing units will bear this cost.

1:14:13
And, and it's horrible to say, but there I don't know what any other.

1:14:18
I mean, I don't feel like we have much of A choice of not repairing the system that we have.

1:14:22
And, and as person online said there, we'd haven't received deficiency notices, but I would hope we could fix these things before they fall into that level of repair.

1:14:31
And again, there's no profit motive here.

1:14:33
It's not like the county's getting some money or this is a cash cow.

1:14:36
None of that.

1:14:36
This is about maintaining a system so people have a decent quality of life.

1:14:39
And if something happens, we can fix it without really inconveniencing people.

1:14:43
And we want to foster new growth.

1:14:45
And unfortunately I don't see a way out.

1:14:48
Other and users pay for it or we get a grant.

1:14:51
Those are our two, those are two options for money or we don't do it and we enjoy the consequences that comes from not doing it.

1:14:58
And the the whole purpose of impact fees is that new users pay for it.

1:15:03
You know, it's either existing users pay for it or new users pay for it.

1:15:07
So it's not a question of that it needs to be done.

1:15:11
So they do need to be done, Yes, yeah.

1:15:16
And I don't, I don't mean to argue that.

1:15:17
I'm just curious, you know, it seems pretty necessary.

1:15:21
I'm just curious to what degree that is projected to play out and cost of living for, for different demographics, you know, without judgement on the on the value of the work, right.

1:15:30
We, we looked at that when we originally did impact fees and it's not a direct correlation to increase in price, but I can't recall what we looked at other jurisdictions where they had done it at it did not result in, I recall significant increases in price other than the what happens naturally, you know the market, the market chooses price anyway.

1:15:56
So, so let's go on to the in the interest of time, the next question from Danica Nelson taking my question.

1:16:08
So I am on the Lolo Community Council.

1:16:11
However, I'm speaking obviously just as someone in Lolo right now.

1:16:15
I can't speak for the whole council, but I can speak to the experience of what I've seen in the community meetings, you know, sitting on the council and from residents, community members and developers that have come through as we've been discussing this.

1:16:30
One thing I will say, I'm actually really glad that alls there today to speak from the developer

perspective because as of yet I have not heard from any of the developers in all of the meetings that we've had regarding this.

1:16:42
So it's interesting to hear his perspective.

1:16:45
I was able to pull up the report that I think it was, it was probably Shane that put this together HDR about all of the different requests that have come in so far and they're kind of pending for development in Lolo.

1:17:00
And so we've got AL's development obviously, but there's also a car wash project that would be about 50 Edu's.

1:17:07
There's a project up Hwy.

1:17:08
12 that would be up to 200 at full build out, another on Hwy.

1:17:14
93, about 8 Ed us.

1:17:16
And there are also a number of current Lolo residents that are just sitting out there waiting connections that adds up to about 30.

1:17:23
And then the old school there, they they were transferred 56 Ed us.

1:17:29
That's what they're currently developing right now, but they're wanting another 70.

1:17:33
So all of those have kind of come to the county from what I understand and they're just on hold right now.

1:17:39
So it appears to me, you know, that there's obviously interest and and development interest.

1:17:45
We've got none of those here opposing this.

1:17:48
So I would just ask the board to take that into consideration that no one really is opposing these impact fees and yet you've got a lot of people that are waiting for it.

1:17:57
So I think that's my only comment I've got for you.

1:18:01
Thank you.

1:18:03
Thank you, Danica.

1:18:04
I think that answers my question.

1:18:05
I mean I think if the demand is there then we we need to be listening to that and obviously we have the numbers here in front of us.

1:18:14
And my, my question would be, if we set the impact fees at this level, what are the possible steps that we could take in the future if the demand didn't come?

1:18:36
Like what happens then, right?

1:18:38
So can we go and revisit these fees?

1:18:40
Can we?

1:18:41
So, so I don't see any reason why we would wait on something like this.

1:18:46
I mean, I, I think time is of the essence.

1:18:47
Frankly, if people are waiting to develop and they're waiting to move on this action, like I don't, I don't think that that helps to wait on this.

1:18:58
Let's hear from Andrew Marsh and let me get a motion on the table.

1:19:02
If that's I got to be somewhere, it's time is the essence.

1:19:05
I got to be somewhere at 5:00.

1:19:06
But thank you all for bringing your smarts and, and intensity and passion to this.

1:19:11
It's really great that you all would dedicate your time to this.

1:19:13
And thanks for coming to talk today.

1:19:16
Thank you.

1:19:16
And my bladder has a duty cycle of about an hour and a half.

1:19:20
So I'm we're going to hear from Andrew and then we're going to think about 5 minute break.

1:19:26
And then I would entertain a motion to move forward on this.

1:19:30
So.

1:19:32
Hi, Andrew.

1:19:33
Hi, this is Andrew Marsh.

1:19:34
Can you hear me?

1:19:36
Yeah, yes, yes, this is Andrew Marsh.

1:19:39
I'm a single family homeowner resident of Lolo.

1:19:43
I live between the McDonald's and the McDonald's and the other fast food restaurant, the DQ, the Dairy Queen, and my subdivision was put in in the 1970s.

1:19:57
It's Anne's Lane Loop Rd.

1:20:00
and there's about 28 single family houses, a church and a trailer sales lot here and you're looking at basically 30 single family homes with 50 year old septic systems.

1:20:14
And we are currently outside the RSID mapped zone.

1:20:20
So we are not included basically in the ability to be hooked up to water and sewer in the future.

1:20:28
And I guess as, as a resident of Anne's Lane and a member of this community, when you're comparing

prices for your, your impact fees, I'm looking at putting in a new sewer in the next five years and that's going to cost me 20 to $25,000 for excuse me for a new septic.

1:20:49
So, and, and the other thing is, if I have to drill, drill a new well, where do I put it?

1:20:56
You know, if, if my neighbors across the street and on either side of me, if their septic start failing and they contaminate my 55 foot deep well, it doesn't do me any good to drill another well in my front yard because the entire groundwater supply is contaminated.

1:21:12
So I'm going to be hauling water.

1:21:16
So I think there's quite a few residents of Lolo that are, are just right on the fringe of this potential sewer expansion that have a great deal of financial interest, including in the value of their of their home, of their property, who would be very well served by an expansion of the low, low sewer, sewer and water district.

1:21:44
Thank you very much.

1:21:46
Well, let's address that, Andrew, because, you know, it's a economy of scale with with systems.

1:21:52
So the more users, the less people pay.

1:21:56
Is there a plan to increase that?

1:21:59
Yeah, I think there's a method for adding to the RSID through the process the county's working through.

1:22:06
Good.

1:22:07
So that hopefully answered your question that there may be some hope.

1:22:12
And I know that you know as being a county resident there are certainly incentives for replacing old septic systems and grants available and help for homeowners and sometimes incentives for hooking to available sewer systems as well.

1:22:28
So we're going to take a quick follow up question.

1:22:32
There was were the existing septic systems in Lolo included in this study?

1:22:42
Like oh, this 40 year old septic system is 200 yards away from the proposed expansion.

1:22:52
I would say that individual lots were not evaluated, but the percent growth for the whole area could account for the infill properties.

1:23:02
I think that's a kind of a yes, OK, All right, I think we've got all the people online, we're going to take a quick 5 minute break and come back and.

1:29:44
Folks having to pay the the taxes to cover that bond, Would that be all of Missoula County or just the folks in Lolo?

1:29:50
It's just the folks in the RSID.

1:29:52
OK.

1:29:53
Yeah.

1:29:53
So correct.

1:29:55
Yeah, yeah.

1:29:58
I mean, I'm pretty OK with proposing it.

1:30:00
I'm just curious how that same question for how these are weighted, if they're weighted for maximal collection or minimal collection just based on that like line diameter question and things like that where there is room for bias.

1:30:16
So in other words, worst case scenario or best case scenario, OK, that's for us dumb people.

1:30:30
My sense from talking to the public works director while Cora is looking it up is that that the they took a pretty conservative approach with this study.

1:30:43
I kind of would think so too, given the given the cost.

1:30:47
I don't think they would be they would go on them I said, but let's hear got it.

1:31:03
That makes we generally take a conservative approach in case we have to end up defending it in court.

1:31:07
It's much easier that way.

1:31:09
Got it.

1:31:11
Yeah, I mean, with that in mind, I I would I would make the proposed recommended motion.

1:31:15
It's on the you see the yeah, I see it right here.

1:31:18
I move to recommend Missoula County Board of County Commissioners adopt the Lolo sewer and water impact fees as recommended in Lolo RSID nine O 1 water and sewer impact fee study.

1:31:27
That was an excellent motion.

1:31:29
Do we have a second?

1:31:31
Second motion has been made and seconded that we adopt the Lolo sewer and water impact fees.

1:31:38
We need a roll call vote, I believe.

1:31:42
Roll call vote, actually.

1:31:46
I'm sorry, is there any discussion or are we ready for a vote?

1:31:50
Ready for a vote.

1:31:51
OK, Roll call vote.

1:31:54
Chris Anderson.

1:31:55
Aye.

1:31:58
Sam Kula.

1:31:59
Aye.

1:32:01
John Rhodes.

1:32:02
Aye.

1:32:05
Alex Marsh.

1:32:14
Alex, we see you're still online.

1:32:17
Here he is.

1:32:19
Oh, no, he's muted.

1:32:22
I'll unmute you and see if we can get you unmuted.

1:32:42
You could also vote in chat, but chat's probably disabled.

1:32:46
We have chat turned off.

1:32:48
Yeah, that's why I said disabled.

1:32:51
Alex, are you still there?

1:32:59
We're going to skip the vote for Alex Marsh and Rick Hall.

1:33:07
Yes, Mr.

1:33:09
Chair, the motion passes with four votes and passes unanimously for those voting.

1:33:17
Thank you, guys.

1:33:18
Service.

1:33:20
Next item on the agenda consideration of and possible recommendation regarding adjustments to impact these and hopefully everyone's had a chance to see the attachment that we've got here and this is concerning commercial impact fees correct Can you go ahead and tell us Yeah, that's correct This is Karen Hughes with Missoula County planning development sustainability.

1:33:46
So, and I do want to point out we we had this meeting scheduled until 5 and so if I don't know if he can we move this to the next meeting, it would be really great if we could at least try to start it and see where we get to.

1:34:02
Let's do that.

1:34:03
OK.

1:34:06
So when we were redoing the policies and procedures that guide our impact fees because of the changes to state law, we realized that there was an error in how we were collecting, how we were calculating impact fees, which you guys probably realize in looking at it since you were part of the study.

1:34:24
We're supposed to collect non residential impact fees on a per 1000 square foot basis and we've been doing it as a flat fee.

1:34:31
That was a complete miss in our office.

1:34:34
And when we went to change it as when we were doing the kind of final review of the resolution and we started calculating what those impact fees were.

1:34:45
We were a little bit surprised at the totals.

1:34:49
When we looked back at the educational materials that were part of the impact fee, original impact fee study.

1:34:56
It was a much smaller scale type of non residential development used as an example.

1:35:02
I don't know the extent to which this committee looked at scenarios, but we provided to you a series of scenarios that looks at just the non residential impact fees and they're based on real world examples.

1:35:17
They're based on Montana Knife, which is out near the YA Dollar General store.

1:35:23
You know, the smaller retail operation, a retail operation that would be the size of maybe a super one or a Murdoch's, which there's been interest particularly out of the Y.

1:35:36
And then just an office, an industrial and an institutional and really where we see the the higher fees are really it took us a while to figure this out.

1:35:49
We're related to the retail uses those trigger apparently, you know, a much higher need for the infrastructure and so they get they get rated higher and so they they cost more, which you know, which makes sense.

1:36:05
That's the whole idea of impact fees so that it's a proportionate share.

1:36:10
We just as I said, for example, we also showed him inside the French town Royal fire district and outside the French town royal Fire district.

1:36:17
We have Chief Frisby here.

1:36:19
I'd want to make sure that I acknowledge that he's in the room.

1:36:22
We haven't had a non residential use go in in French town Royal fire and they're, you know, and they're really struggling as most rural fire districts are with the real cost of growth.

1:36:34
So we wanted to get this before you when we were doing the adjustment to the resolution and we realized that the the cost, we talked to the commissioners and and decided to refer this to the impact the advisory committee for consideration as to whether we should make the adjustment or or take another look at things.

1:36:58
There was a few pieces of information that hopefully you've gone through, you know, when we actually did have enough time to look at other jurisdictions, the those fees are not actually all that out of bounds.

1:37:11
The totals they seem high, especially when you look at the larger scale retail, but but for like Livingston or Hamilton, you know, smaller rural communities, they are commensurate and less in some cases than those communities we heard.

1:37:31
I talked to Tischler Bias a little bit about this.

1:37:34
They were of the opinion that from their perspective, most jurisdictions adopt impact fees at the maximum allowable rate, but some do not and usually they're part of a phase in when they do that.

1:37:47
We have staff in our in our office who've also done impact fee studies and they had a different experience.

1:37:53
They they had lots of experience with communities adopting them at a lower rate.

1:37:59
So I'd say that that's not across the board the, the, the way, and I think this must have been what, what the, the committee did in doing the study.

1:38:12
The way most communities adjust for kind of thinking about the overall costs per unit of impact fees is they adjust the CIP, they adjust the study.

1:38:24
You know, what's going to be covered to, to pull down the cost of the overall impact fees if it feels like the, it like it's too much, but that would require going back to the study.

1:38:36
So those are some of the things that I wanted to kind of put in front of you.

1:38:42
A few things that we we brainstormed 1 is have the commissioners move ahead with adoption as originally intended.

1:38:50
Recommend they move ahead with adoption, but provide a period of notice and transition like closer, you know, a, a period of months before collection starts or, you know, ask if there's additional information you think we need to seek out.

1:39:08
Or, you know, one thing that we noticed is that the city of Missoula, uniquely among Montana communities that I found they adopt, they've adopted all of theirs lower for whatever reason and have never, they didn't phase it in.

1:39:23
They've just kept them low.

1:39:26
You know, one option might be to look at adjusting our method to calibrate closer to the city's method.

1:39:31
Now, obviously that means we might be collecting less than the actual impact.

1:39:37
So that's certainly something to keep into account or and perhaps the committee has another recommendation.

1:39:42
And I'm certainly happy to take questions.

1:39:44
And I did want to make sure that that Chief Frisby has the opportunity to speak since obviously we have his impact, the impact fees for Frenchtown Royal Fire, you know, in this calculation.

1:39:57
Well, let's start if there's any questions for you.

1:40:03
From the board, tell me a little bit about adjusting the overall cost of impact fees to the limit that is included in the capital improvement plan.

1:40:22
Well, that that concept is what Tisha Bias said usually happens from their perspective.

1:40:27
Is that the plan that you use in your study that you would select, you know, you could select a very high capital improvements plan that that truly covers the cost of growth or you might choose a selection of things that you need, but maybe not include everything.

1:40:45
And so that would be how you would adjust down your impact fees.

1:40:48
Is that you are more selective in what what you choose to have those fund.

1:40:54
OK, Any other questions?

1:40:59
For now, we have public comment, right?

1:41:06
Public comment.

1:41:08
One of you want to speak.

1:41:14
How's the time?

1:41:16
Frenchtown.

1:41:20
Give us your name and who you're with.

1:41:22
Hi.

1:41:22
Good evening.

1:41:23
My name's Damian Frisbee.

1:41:24
I'm the Frenchtown Rural Fire District Fire Chief and as Karen advised, this is a huge issue for our fire district and ones around us.

1:41:37
We're all looking at impact fees as well.

1:41:41
We are rapidly growing and we're responsible for that growth and we're responsible to respond and take care of things.

1:41:51
But we're not able to keep up with that with a lot of the ways that the tax increment financing districts are working with the Ted because we're not getting any of that additional revenue that's going to that district.

1:42:06
And so we're we're working on very normal revenue, but yet our costs are skyrocketing, our growth is skyrocketing.

1:42:19
Amazon warehouse is a very large warehouse.

1:42:22
It's in our district.

1:42:23
the Y has Montana Knife Company, we have the gas and delivery services around there.

1:42:31
We have other industrial, we have multi story condominiums going up in our district.

1:42:37
And according to a lot of people, hopefully more, well, I can tell you right now that our ability to respond to that is we're, we're, we're falling behind on that.

1:42:55
If we look at trying to keep up right now, we're looking at over $2,000,000 to get an aerial apparatus.

1:43:04
That's my entire budget.

1:43:08
Without the impact fees, we're going to fall further behind and our ability to keep up is, is going to fall behind.

1:43:18
So I would really ask that you give some serious consideration.

1:43:21
I know the impact fees, I, I don't like taxes and putting more burden on people, but we cannot do this with what we currently have.

1:43:32
And we need to be able to grow.

1:43:34
We need to be able to put some of that burden on the growth because it can't go back to our taxpayers that they shouldn't be expected to cover all of the costs of this growth.

1:43:47
So we do need to put it somewhere and I would hope that you would take some time to really look hard at what we are facing in order to be able to respond.

1:43:58
We're going to do the best we can.

1:44:00
Missoula Rural's going to do the best they can.

1:44:02
We work together.

1:44:04
Most responses around the why we both respond, but we at Frenchtown need to improve our our ability to respond.

1:44:17
We need new apparatus, we need to improved infrastructure around our stations.

1:44:22
We need more personnel.

1:44:25
And I don't want to be the one to leave people behind and not be able to keep up with this growth.

1:44:32
So that's my ask.

1:44:33
Please consider all that when you're making your decision.

1:44:36
Thank you for your time.

1:44:39
Yes, Sir.

1:44:42
So are you saying you need an increase in, I mean, there's, you already have some money and impact fees?

1:44:51
We have some money and impact fees.

1:44:53
And what I would ask is for it to be adopted as per the study that was bought out by my predecessor and a lot of time and effort put into it.

1:45:03
And I agree with where we're at with it.

1:45:06
Miss Hughes and I had a meeting some months ago and she was able to kind of walk me through where the errors were made on collection.

1:45:16
I would like to make sure that that is remedied so that we are getting the funds that we are supposed to be collecting through the county.

1:45:27
So I'm not asking for an increase, but I'm asking for it to be done as per the study recommended.

1:45:34
OK, we'll talk about that.

1:45:36
Can I ask a quick question?

1:45:38
I'm all for funding fire and safety.

1:45:41
My question is if we moved ahead, but provided this notice and transition say like the hypothetical date here is April 1st, how significantly would that impact your operations and readiness with the transition period under the assumption we're going to get to the the original intended collection.

1:46:02
I guess that would all depend on what is pending as far as approvals for buildings.

1:46:07
If we miss out on additional funding for a large scale something you know, similar to an Amazon or a Montana knife company, if we miss out on that kind of funding, that's huge.

1:46:21
If there's no pending approvals or anything like that, I guess it's a moot point.

1:46:28
But we have all this road out there.

1:46:30
We've already given it a year and all the all the requirements were met a year ago from what I understand, Karen could could elaborate a little bit more on that aspect of it because I wasn't here.

1:46:46
But I'd like to see things get remedied as quickly as possible so we don't miss out on additional funding opportunities.

1:46:55
Yeah, thank you.

1:46:55
That that totally answers my question.

1:46:59
I have a question I've been involved in come on planning.

1:47:03
So I know a lot about the Y project.

1:47:07
Who's supposed to, I mean, they're, they're being phased and set up to be pretty independent in terms of everything that they're doing.

1:47:17
They're not connecting to the city.

1:47:19
Do you know who's going to be responsible for fire in that that area?

1:47:25
Well, right now the Frenchtown Rural Fire District covers basically the area north of Interstate 90 and a little ways east of Hwy.

1:47:33
93.

1:47:34
And the Frenchtown district goes all the way up to Evaro and further W off of 93.

1:47:41
So it includes a lot of the area that's being developed right now.

1:47:44
When you go South of 93, we basically take everything from Montana Knife Company West and then a little bit of a zigzag down to Dayshaw and we go West off of Dayshaw.

1:47:56
So where the new is it Grass Valley subdivision?

1:48:03
If I remember right, Grass Valley Gardens is going in on the West side of Dayshaw.

1:48:09
That's Frenchtown rural fire district.

1:48:11
And on the east side, where some of the industrial stuff is going in, that's going to be Missoula Rural.

1:48:17
Yeah.

1:48:19
OK.

1:48:19
Thank you.

1:48:21
Anyone else?

1:48:22
No, thank you for your time.

1:48:27
Thank you.

1:48:29
Do we know if there's any proposed projects in that area?

1:48:35
Sorry, Karen.

1:48:37
Yeah.

1:48:38
So residential impact fees are being collected in accordance with the rules that that's not the issue.

1:48:43
It's just the non residential ones that we got wrong.

1:48:46
And there hasn't been 1 to date.

1:48:47
We, you know, we're hearing, I mean, that the community is concerned about a possible town pump in French Town.

1:48:56
There's not a permit in the queue yet.

1:48:59
I don't know that how long they'll be.

1:49:01
But, and, and, and we can't tell like for, for what I know as of today, we don't have any non residential permits in the queue, but one can show up tomorrow.

1:49:10
And I can't, I can't know because building permits aren't usually something that we do like pre, you know, meetings for.

1:49:18
We do that with subdivisions and other kinds of developments, but but they're just a permit And so they go through a more administrative review in most cases.

1:49:25
So they're hard for us to forecast.

1:49:29
Thank you.

1:49:29
Well, and is it, is it even possible that if we provided this transition period that that would cause people to rush for permits before the transition period or something like that?

1:49:40
Yes.

1:49:42
You know, we did it when we did the original impact fee.

1:49:44
We, you know, we adopted it and gave a transition before and it didn't really, I mean, there were a few things that probably went through, but it didn't feel like a rush.

1:50:00
I mean, I'd be in favor of just recommending that the commissioners move forward with what was originally intended.

1:50:05
Like I don't think we need some sort of lead into this.

1:50:10
Let's just do it.

1:50:11
That's why you want to make a motion.

1:50:15
I would make a motion to for to recommend to the county commissioners that they move add with the adoption of the commercial impact fees, non residential impact fees as originally intended.

1:50:25
Seconded.

1:50:27
Yeah.

1:50:28
Can we have a roll call vote or any more discussion?

1:50:30
I do have one question since we have the specific examples provided was if they mentioned like if there was done as intended whether those projects would have penciled or not.

1:50:44
No, I, I mean, I have to imagine if you look at the costs of the impact fees and spread it over the costs of if you just take Montana Knife as an example and look at the cost of their facility and spread that 70 some $1000 over that, it's hard to imagine that that is much compared to the rest of the market.

1:51:03
Yeah.

1:51:05
So back you could probably go to them and ask for the impact fee that they didn't pay and they might even pay it.

1:51:10
I don't know.

1:51:11
They they happen to get in.

1:51:12
You could go and ask them.

1:51:13
I couldn't.

1:51:14
But you could be like, I'll come fight the fire when you're.

1:51:19
Yeah.

1:51:20
So.

1:51:21
So we have a motion on the table and a second.

1:51:23
Any more questions?

1:51:24
Let's call for a roll call vote.

1:51:27
Roll call vote.

1:51:29
Chris Anderson.

1:51:30
Aye.

1:51:32
Sam Kula, Aye.

1:51:35
John Rhodes, Aye.

1:51:39
Alex Marsh.

1:51:45
Rick Hall.

1:51:46
Yes, and the motion passes with four votes.

1:51:51
OK.

1:51:52
And I think we have last night I didn't need any voting.

1:51:57
So I think if I leave we lose quorum.

1:51:58
But you don't.

1:52:01
OK.

1:52:07
Yeah.

1:52:07
The last last two items 1 is oh, it was just we had talked about the application for appropriation and we have worked one out.

1:52:19
I don't.

1:52:20
Yeah, I don't think that I wasn't asking for any sort of decisions on those.

1:52:24
And then there were some other updates, but I can send, I can send the crew an e-mail update.

1:52:29
Yeah, because I think I I have somewhere I have to be as well.

1:52:31
So, OK, let's move to adjourn.

1:52:34
Move to adjourn.

1:52:36
All in favor.

1:52:36
Aye, Aye.

1:52:38
OK.

1:52:38
Thank you.

Final Report


Lolo RSID 901

Water and Sewer Impact Fee Study

October 2025

October 2, 2025

Mr. Jason Mitchell
Chief Public Works Officer
Missoula County Public Works
6089 Training Drive
Missoula, MT 59808

Subject: Lolo RSID 901 - Water and Sewer Impact Fee Final Report

Dear Mr. Mitchell:

Enclosed, please find HDR's final report regarding the water and sewer impact fees for Missoula County Public Works (County) Lolo Rural Special Improvement District 901 (District). The development of this report is intended to provide the District with the basis to establish cost-based and proportional impact fees related to water and sewer services. The adoption of final water and sewer impact fees is a policy decision of the Board of County Commissioners.

This report has been prepared using generally accepted financial and engineering principles. The District's financial, budgeting, planning, and engineering data were the primary sources for much of the information contained in this report. HDR would recommend that prior to implementation, the impact fees should be reviewed by the District's legal counsel for compliance with Montana State law.

HDR appreciates the opportunity to assist the District in this matter. We also would like to thank you and your staff for the assistance provided to us. We look forward to future opportunities to work with the County.

Sincerely yours,
HDR Engineering, Inc.

Shawn Koorn
Associate Vice President

700 SW Higgins Avenue, Suite 200,
Missoula, MT 59803-1489

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Abbreviations and Acronyms

CCI	Construction Cost Index
CIP	Capital Improvement Plan
District	Lolo Rural Special Improvement District 901
County	Missoula County Public Works
ENR	Engineering News Record
EDU	Equivalent Dwelling Unit
Fee	Impact Fee
GPD	Gallons Per Day
MG	Million Gallons
MGD	Million Gallons Per Day
OC	Original Cost
SDC	System Development Charge

Water and Sewer Impact Fee Study

Overview

The purpose of impact fees is to maintain parity between existing customers and new customers connecting to the District's water and sewer utility systems. The objective of an impact fee study is to calculate cost-based and equitable fees for new customers connecting to, or existing customers requesting additional capacity from, the District's water and sewer systems. By establishing cost-based and equitable water and sewer impact fees, the District attempts to have growth pay for growth by having new customers pay their proportional share of the infrastructure in place which will serve them.

HDR Engineering Inc. (HDR) was retained by the District to perform an impact fee study (Study) to review and update the District's water and sewer impact fees. The District's impact fees need to be reviewed and updated every five years as required under Montana Code 7-6-1601 to 7-6-1604, known as the Montana impact fee legislation. An important starting point in establishing water and sewer impact fees is to have a basic understanding of the purpose of these fees, along with the criteria and general methodology used to establish cost-based water and sewer impact fees.

The first step in establishing cost-based impact fees, sometimes referred to as system development charges (SDC), is to gain a better understanding of the definition of an impact fee. For the purposes of this report, an impact fee (or SDC) is defined as follows:

> *"System development charges are one-time charges paid by new development to finance construction of public facilities needed to serve them."*[1]

Simply stated, impact fees are a contribution of capital to reimburse the system (e.g., District) for the available capacity in the existing system and to finance future growth-related capacity improvements specifically needed to serve new growth. At some utilities, impact fees may be referred to as system development charges, capacity reserve charges, hookup fees, infrastructure investment fees, etc. Regardless of the label used to identify them, their objective is the same. That is, these fees are intended to provide funds to the utility to finance all, or a part, of the capital improvements needed to serve and accommodate new customer growth. Absent these fees, many utilities would likely be unwilling to build growth-related facilities (i.e., burden existing ratepayers with the entire cost of growth-related capacity expansion).

By updating the water and sewer impact fees, the District continues an important step in providing adequate infrastructure to meet growth-related needs for new customers in a cost-based and proportional manner.

[1] Arthur C. Nelson, System Development Charges for Water, Sewer, and Stormwater Facilities, Lewis Publishers, New York, 1995, p. 1,

Requirement Under Montana State Law

The Montana law enabling legislation for impact fees was enacted in 2005 via Senate Bill 185. This was comprehensive legislation allowing public entities in the State of Montana to enact impact fees for various services. The legal basis for the enactment of impact fees is found in Title 7, Chapter 6, and Part 1601 to 1604 of the Montana Code. A summary of the Montana Code is provided below.

A summary of the requirements under Montana law is as follows:

*"**7-6-1601. Definitions.** As used in this part, the following definitions apply:*

5) (a) "Impact fee" means any charge imposed upon development by a governmental entity as part of the development approval process to fund the additional service capacity required by the development from which it is collected. An impact fee may include a fee for the administration of the impact fee not to exceed 5% of the total impact fee collected.

(b) The term does not include:

(i) a charge or fee to pay for administration, plan review, or inspection costs associated with a permit required for development;

(ii) a connection charge;

(iii) any other fee authorized by law, including but not limited to user fees, special improvement district assessments, fees authorized under Title 7 for county, municipal, and consolidated government sewer and water districts and systems, and costs of ongoing maintenance; or

(iv) onsite or offsite improvements necessary for new development to meet the safety, level of service, and other minimum development standards that have been adopted by the governmental entity.

"7-6-1602. Calculation of impact fees -- documentation required -- ordinance or resolution -- requirements for impact fees.

(1) For each public facility for which an impact fee is imposed, the governmental entity shall prepare and approve a service area report.

(2) The service area report is a written analysis that must:

(a) describe existing conditions of the facility;

(b) establish level-of-service standards;

(c) forecast future additional needs for service for a defined period of time;

(d) identify capital improvements necessary to meet future needs for service;

(e) identify those capital improvements needed for continued operation and maintenance of the facility;

(f) make a determination as to whether one service area or more than one service area is necessary to establish a correlation between impact fees and benefits;

(g) make a determination as to whether one service area or more than one service area for transportation facilities is needed to establish a correlation between impact fees and benefits;

(h) establish the methodology and time period over which the governmental entity will assign the proportionate share of capital costs for expansion of the facility to provide service to new development within each service area;

(i) establish the methodology that the governmental entity will use to exclude operations and maintenance costs and correction of existing deficiencies from the impact fee;
(j) establish the amount of the impact fee that will be imposed for each unit of increased service demand; and
(k) have a component of the budget of the governmental entity that:
(i) schedules construction of public facility capital improvements to serve projected growth;
(ii) projects costs of the capital improvements;
(iii) allocates collected impact fees for construction of the capital improvements; and
(iv) covers at least a 5-year period and is reviewed and updated at least every 5 years.

(3) The service area report is a written analysis that must contain documentation of sources and methodology used for the purposes of subsection (2) and must document how each impact fee meets the requirements of subsection (7).

(7) An impact fee must meet the following requirements:
(a) The amount of the impact fee must be reasonably related to and reasonably attributable to the development's share of the cost of infrastructure improvements made necessary by the new development.
(b) The impact fees imposed may not exceed a proportionate share of the costs incurred or to be incurred by the governmental entity in accommodating the development. The following factors must be considered in determining a proportionate share of public facilities capital improvements costs:
(i) the need for public facilities capital improvements required to serve new development; and
(ii) consideration of payments for system improvements reasonably anticipated to be made by or as a result of the development in the form of user fees, debt service payments, taxes, and other available sources of funding the system improvements.
(c) Costs for correction of existing deficiencies in a public facility may not be included in the impact fee.
(d) New development may not be held to a higher level of service than existing users unless there is a mechanism in place for the existing users to make improvements to the existing system to match the higher level of service.
(e) Impact fees may not include expenses for operations and maintenance of the facility.

7-6-1603. Collection and expenditure of impact fees -- refunds or credits -- mechanism for appeal required

(3) A governmental entity may recoup costs of excess capacity in existing capital facilities, when the excess capacity has been provided in anticipation of the needs of new development, by requiring impact fees for that portion of the facilities constructed for future users. The need to recoup costs for excess capacity must have been documented pursuant to 7-6-1602 in a manner that demonstrates the need for the excess capacity. This part does not prevent a governmental entity from continuing to assess an impact

fee that recoups costs for excess capacity in an existing facility. The impact fees imposed to recoup the costs to provide the excess capacity must be based on the governmental entity's actual cost of acquiring, constructing, or upgrading the facility and must be no more than a proportionate share of the costs to provide the excess capacity."

The basic principle followed under Montana State law requires the impact fees to be based on a proportionate share of the costs of the system required to provide service and adoption of fees and accounting be in compliance with the State of Montana law. The District's water and sewer planning documents provide the planning criteria and need for future system improvements. The use of the methodology discussed in this report reflects the proportional share standard and provides final calculated impact fees in compliance with Montana law.

The discussion within this portion of the report is intended to provide an overview of relevant Montana law as it relates to establishing impact fees. This summary discussion does not constitute a legal interpretation of Montana State law.

District's Present Water and Sewer Impact Fees

The District currently implements and assesses the water and sewer impact fees based on a per equivalent dwelling unit (EDU) basis. Shown in Table 1 is the District's present combined water and sewer impact fee.

Table 1
Present Water and Sewer Impact Fees
($ / EDU)

	Present Impact Fee
Total Water and Sewer Impact Fee, per EDU [1]	**$10,000**

[1] Based on equivalent dwelling unit

Table 1 shows in total, the present water and sewer impact fee – to develop one unit – is $10,000.

Overview of the District's Water and Sewer Systems

The District currently provides water and sewer services for a population of approximately 3,500. The water system consists of three deep production wells, three steel reservoirs, a single booster pumping station, and nine pressure zones, including a distribution system with 6-inch and 8-inch water mains. The sewer system is comprised of three lift stations, approximately 350 manholes, 15 miles of gravity mains ranging in size from 8 to 12-inch diameter, and a wastewater treatment plant that discharges directly to the Bitterroot River.

Development of the Water and Sewer Impact Fees

The calculation of the District's water and sewer impact fees are based on District-specific accounting and planning information, which includes the District's fixed asset records, water and sewer capital improvement plans (CIP), and District water and sewer utility planning data. The District provided other financial and accounting information that was used within this analysis such as outstanding annual debt, past financing practices, etc. To the extent that the cost and timing of future capital improvements outlined in this section change, then the impact fees presented in this report should be updated to reflect those changes.

The methodology being used by the District in the Study is the combined approach. The combined methodology includes an existing or reimbursement cost component, and an incremental or future cost component. In other words, the District's existing water and sewer assets are divided by the total EDUs for the projected time period for each utility, while the future or incremental expansion-related capital projects are divided by the number of EDUs that will benefit from each project respectively as it was concluded that some of the future capital projects provided benefit to all customers and not just new customers connecting to the system. Both calculations are summed, and the result is the total net allowable impact fee.

The impact fees are calculated in conformance with generally accepted practices and are based on the District's planning and design criteria. A component-by-component approach is taken in developing the fees because each component can have different planning and design criteria. Based on the sum of the component costs, the net allowable impact fee is determined. Net refers to the gross impact fee, net of any credits for future debt service principal to be paid within a customer's rates. Allowable refers to the concept that the calculated impact fee is the District's cost-based (i.e., maximum) charge.

The calculations consider the financing mechanisms of capital improvements. The impact fees are implemented according to the capacity requirement (i.e., the impact) each new connection places on the water and sewer systems. This way, the impact fees are related to the costs that a new customer places on the systems and the benefit they derive from the infrastructure in place to serve them.

The District, as a matter of policy, may charge an amount up to the cost-based (allowable) impact fees, but not over that amount. Charging an amount greater than the allowable impact fees would not meet the practical basis of charging cost-based impact fees, which are proportionally related to the benefit derived by the customer.

Water and Sewer Impact Fee Criteria

In determining water and sewer impact fees, a number of different criteria are utilized. Criteria most often used by utilities to establish water and sewer impact fees include the following:

- State / local laws
- System planning criteria
- Financing criteria
- Customer understanding

Many states and local communities have enacted laws that govern the calculation and imposition of water and sewer impact fees. Most states require a reasonable relationship between the charge and the cost associated with providing service (capacity) to the customer. The fees do not need to be mathematically exact, only a practical or reasonable basis for the charge is required. The utilization of the planning criteria, the cost of existing infrastructure, and the planned costs of future infrastructure provide the practical basis necessary to establish the reasonable relationship requirement. For utilities in Montana, impact fees are intended to provide a proportional and cost-based method to maintain parity between customers while complying with the legal requirements of Montana Code 7-6-1601 through 7-6-1604.

System planning criteria provides the practical basis between the amount of infrastructure necessary to provide service and the charge to the customer. The practical basis test requires: (a) establishing a practical basis between new development and the existing or expanded facilities required to accommodate new development, and (b) apportioning appropriate costs to the new development in relation to benefits reasonably received. Utilizing water as an example, system planning criteria is the determination that an equivalent dwelling unit uses an average daily water flow of so many gallons per day, per EDU. The water impact fee methodology then charges the customer per EDU for the cost of the system, which relates the charge back to a practical basis.

Water and sewer impact fees are established as a means of having new customers pay a proportional share of the cost of their required capacity (infrastructure). The financing criteria for establishing water and sewer impact fees relates to the method used to finance infrastructure on the system so that customers are not paying twice for infrastructure – once through the impact fee and again through water and sewer rates. The double payment can come in through the imposition of water and sewer impact fees and then the requirement to pay debt service within a customer's water and sewer rates. The financing criteria also reviews the basis under which main line, or collection line extensions, were provided such that the customer is not charged for infrastructure that was provided (contributed) by developers.

The component of customer understanding implies that the charge is easy to understand. This criterion has implications for the way that the charge is implemented and assessed to the customer. The charge is generally based on the projection of flow of water and wastewater on a per equivalent unit basis. This makes it easy for the customer to understand that the level of charge is based on the projection of demand (flow) required to provide service. As an example, the use of an equivalent unit for water and sewer is a method to bring water consumption and wastewater flow from non-residential customers into an equivalent measure with residential customers. This can also be accomplished by using the water meter or service line size to provide a relative system impact for non-residential customers. The other implication of this criterion is that the methodology is clear and concise in its calculation of the amount of infrastructure necessary to provide service.

Calculation of the District's Water Impact Fee

There are generally accepted methodologies used to establish water and sewer impact fees. Within the generally accepted water and sewer impact fee methodologies, there are a number of different steps undertaken. These steps are as follows:

1. Determination of system planning criteria
2. Determination of equivalent units
3. Calculation of system component costs
4. Determination of any credits

Each of these steps was completed in the development of the District's water and sewer impact fees.

System Planning Criteria

The EDUs utilized in the water and sewer impact fee calculations are based on the District's population projection and the demand that is expected to be placed on the system at each population level. For purposes of this study, an EDU is defined as 2.3 people and 73 gallons per person per day with a peaking factor of 3.36. Table 2 below shows the development of the population projections for use in the calculation of the District's water and sewer impact fees.

Table 2
Summary of the System Planning Criteria

Year	Service Population [1]	Equivalent Annual Growth	EDU Increase/Year	Cumulative Growth EDUs	Total EDUs
2020	3,500				1,350
2025	3,879	2.16%	163	163	1,513
2030	4,257	1.95%	163	326	1,676
2035	4,636	1.78%	163	489	1,839
2040	5,015	1.63%	163	652	2,002
2045	5,189	0.70%	75	727	2,077
2050	5,364	0.67%	75	802	2,152

[1] Projected growth if capacity were available

Equivalent Dwelling Units

Based on the population projection increases above, the EDUs for the water impact fee calculations can be derived. The projected growth in EDUs, 802 by 2050, drives the capital improvement needs to serve new customers on the water system. This provides the relationship between the infrastructure and impact fee, given the growth projections.

Calculation of the Water Impact Fee

In calculating the impact fees for the District, existing infrastructure, debt service that funded existing infrastructure, and future capital improvements related to expansion were included.

Existing or Reimbursement Component – To calculate the value of the existing assets, the District's methodology considered the original cost of each asset. The District provided an asset listing for the existing system along with the original cost of the asset, which was then adjusted to a current cost value. To accomplish this, the original cost of each asset was escalated to current January 2025 dollars, based on the Engineering News Record (ENR) Construction Cost Index (CCI) for the 20-City average.

Given the value of the assets, the next step was to determine the portion of the project costs that were deemed eligible to be included in the calculation of the water impact fee. The term impact fee eligible simply describes the amount of the asset to be included within the calculation of the fee. Total eligible existing assets at current cost equaled $326,000. The value of the existing assets (net of contributions, grants, etc.) was divided by the total existing and future ERUs (1,350 + 802 = 2,152) resulting in a buy-in component of $152. A summary of the existing assets valuation can be found in Exhibit 8 of Technical Appendix A.

In addition to the reimbursement component, a debt service component was also included. This component accounts for the principal on existing debt that funded existing infrastructure included in the fee calculation. To avoid double-counting of the assets financed with debt, the future principal associated with those assets was deducted from the existing water infrastructure value. This inclusion of a debt service credit avoids double charging the customer for the asset value in the existing or reimbursement component of the impact fee, and also in the debt service component of the rates. The District has one outstanding water debt issuance with a remaining principal balance of $12,000, which is divided by the total existing and future EDUs of 2,152, resulting in a $6 per EDU debt credit for the existing assets. Details of the debt service are shown in Exhibit 7 of Technical Appendix A.

Future Components – An important requirement for an impact fee study is the connection between the anticipated future growth on the system and the needed facilities required to accommodate that growth. For purposes of the Study, the District's current water capital improvement plan was provided. District staff reviewed the existing capital improvement plan and the projects necessary to meet the demand for the water system. The total projects were $17.6 million. However, not all projects were impact fee eligible. For example, portions of the projects benefit existing customers as well, or are assumed to be funded through long-term debt. In addition, several transmission and distribution projects were not included in the fee at this time given the timing uncertainties and the assumption that specific developments will fund these improvements when they become necessary to serve their specific developments.

The total impact fee eligible future projects included at this time for water totaled approximately $6.8 million. The different projects included in the CIP were expected to benefit varying levels of EDUs and thus were divided by the expected EDUs applicable to each project. With Phase 2 EDUs of 400 and the remaining projects with EDUs of 802, the total dollars per EDU for the future component is $9,483 per EDU. Table 3 details the future growth related capital improvement projects for the water system.

Table 3
Summary of Water Future Growth Related Capital Improvement Projects

	Estimated Cost	% Growth Related	$ Growth Related	Growth EDUs	$ / EDU
Phase 2 Improvements	$3,323,600	22.9%	$759,680	400	$1,899
Phase 3 Improvements	4,973,278	100.0%	4,973,278	802	6,201
New Storage Tank	1,108,832	100.0%	1,108,832	802	1,383
Total[1]	**$9,405,710**		**$6,841,790**		**$9,483**

[1] Capital projects not eligible to be included in the impact fee were omitted for clarity.

Technical Appendix A contains the details of this portion of the fee.

Net Allowable Water Impact Fee

The methodology used to establish the water impact fee is a combined approach. The combined approach adds the reimbursement component and the incremental or future component together and accounts for existing debt credits, resulting in a net allowable impact fee. Based on the sum of the component costs calculated above, the net allowable water impact fee is $9,629. A summary of this calculation is shown below in Table 4.

Table 4 Calculated Water Impact Fee by Component (1 EDU)			
Existing Component	**Existing Eligible Plant**	**EDUs**	**Existing Fee per EDU**
Transmission & Distribution	$96,042	2,152	$45
Storage	188,136	2,152	87
Treatment	0	2,152	0
General	41,947	2,152	19
Total Existing	**$326,125**		**$152**
Less: Outstanding Debt Principal	($12,000)	2,152	($6)
Total Net Existing Fee	**$314,125**		**$146**
Future Component	**Eligible Future Plant**	**EDUs**	**Future Fee per EDU**
Phase 2 Improvements	$759,680	400	$1,899
Phase 3 Improvements	4,973,278	802	6,201
New Storage Tank	1,108,832	802	1,383
Total Future [1]	**$6,841,790**		**$9,483**
Total Impact Fee			**$9,629**

[1] Capital projects not eligible to be included in the impact fee were omitted for clarity.

The calculated water impact fee of $9,629 includes an existing component of $146 and a future component of $9,483.

Water Impact Fee Assessment

All single family connections will be charged the calculated water impact fee of $9,629. However, in order to equitably assess all other customers, the impact fee is proposed to be implemented based on the customer service line size. The equivalency factors are based on service line size and the demands that can be placed on the system for each service line size. This is calculated using the basis of the Hazen-Williams Equation as outlined in industry manuals. Table 5 provides a summary of the assessment of the calculated water impact fees.

Table 5 Summary of the Water Impact Fees		
Service Line Size [2]	Equivalency Factor [1]	Impact Fee
Single Family	N/A	$9,629
3/4"	1.00	9,629
1"	1.00	9,629
1 1/4"	1.80	17,316
1 1/2"	2.90	27,970
2"	6.19	59,605

[1] Hazen-Williams Equation for flow through pressure conduit. AWWA Manual M1, Seventh Addition, Page 163.

[2] Service line sizes larger than 2" to be calculated by District based on the required customer capacity.

Technical Appendix A details the calculation of the net allowable water impact fee.

Calculation of the District's Sewer Impact Fee

The District's sewer impact fee was calculated in a similar manner as the water impact fee based on the specific sewer system improvements necessary to provide service to new customers.

System Planning Criteria

As discussed previously in the calculation of the water impact fee and shown in Table 2, the District's sewer impact fee also utilized the District's population projections to determine the EDUs for the sewer impact fee calculation.

Equivalent Dwelling Units

Based on the population projection increases shown in Table 2, the EDUs for the sewer impact fee calculation can be derived. Similar to the water fee, the population projections and resulting EDUs provide the basis and relationship for the necessary sewer infrastructure improvements. This resulted in an additional 802 EDUs of future growth in addition to the existing 1,350 EDUs for a total of 2,152 EDUs.

Calculation of the Sewer Impact Fees

In calculating the sewer impact fee for the District, the existing infrastructure components, annual debt service which funded existing facilities, and the future expansion-related capital improvements, which were separated between treatment and collection functions, were included. The general methodology used to calculate each component of the sewer impact fee was the combined method. In this calculation, the existing and future assets are divided by the applicable number of EDUs for the projected time period based on the expected benefit to be received from each project and the result is the total net allowable impact fee.

Existing or Reimbursement Component – To calculate the value of the existing assets, the District's methodology considered the original cost of each asset. The District provided an asset listing for the existing components and their installation date. The original cost of the asset was then adjusted to a current cost value. To accomplish this, the original cost of each asset was escalated to current January 2025 dollars, based on the Engineering News Record Construction Cost Index for the 20-City average.

Given the value of the asset, the next step was to determine the portion of the project costs that were deemed eligible to be included in the calculation of the sewer impact fee. The term impact fee eligible simply describes the amount of the asset to be included within the calculation of the fee. Total existing collection assets at current cost were $257,000, total existing treatment assets at current cost were $646,000, and general plant assets at current cost were $251,000. The total value of the District's existing assets (net of contributions, grants, etc.) was divided by the total existing and future ERUs of 2,152 (1,350 + 802 = 2,152) for an existing component of $536. A summary of the existing assets valuation can be found in Exhibit 6 of Technical Appendix B.

A debt service component was also developed to account for the outstanding principal on existing debt that funded existing infrastructure. To avoid double-counting of the assets financed with debt, the future principal associated with those assets was deducted from the existing infrastructure value. This inclusion of a debt service credit avoids double charging the customer for the asset value in the existing or reimbursement component of the impact fee, and also in the debt service component of the rates. The District has one outstanding sewer debt issuance with a remaining principle balance of $12,000, which is divided by the total existing and future EDUs of 2,152, resulting in a $6 per EDU debt credit for the existing assets. Details of the debt service are shown in Exhibit 5 of Technical Appendix B.

Future Components – An important requirement for an impact fee study is the connection between the anticipated future growth on the system and the needed facilities required to accommodate that growth. For purposes of the Study, the District's current sewer capital improvement plan was provided. District staff reviewed the existing capital improvement plan and updated the projects necessary to meet the demand for the sewer system. Similar to the water impact fee calculation, different sewer capital projects were expected to benefit varying levels of EDUs and were divided by the applicable number of EDUs for each project. For the treatment related projects, total future growth EDUs of 802 were utilized and for the collection related projects, the total future plus existing EDUs of 2,152 were used.

The total impact fee eligible future projects included in the fee at this time for treatment totaled $4.1 million and $5.0 million for collection. As a result, the total dollars per EDU for the future component is $5,057 per EDU for treatment, and $2,300 per EDU for collection. Table 6 summarizes the future growth related capital improvement projects for the District's sewer system.

Table 6
Summary of Sewer Future Growth Related Capital Improvement Projects

Plant Component	Estimated Cost	% Growth Related	$ Growth Related	Growth EDUs	$ / EDU
Treatment					
Phase 2 – EQ Basin, Pump Replacements and Fence	685,000	37.0%	253,450	802	316
Phase 2 – Aeration Tank	3,106,796	37.0%	1,157,830	802	1,444
Phase 2 – Secondary Clarifier	2,330,097	37.0%	868,373	802	1,083
Phase 3 – Additional UV Disinfection	1,380,174	100.0%	1,380,174	802	1,721
Phase 3 - Forcemain/LS Interceptor Sewer	900,000	44.0%	396,000	802	494
Total Treatment	**$8,402,067**		**$4,055,827**		**$5,057**
Collection					
Collection System Piping Upsize Improvements	$6,600,000	75.0%	4,950,000	2,152	$2,300
Total Collection	**$6,600,000**		**$4,950,000**		**$2,300**
Total[1]	**$15,002,067**		**$9,005,827**		**$7,357**

[1] Capital projects not eligible to be included in the impact fee were omitted for clarity.

Net Allowable Sewer Impact Fee

The methodology used to establish the sewer impact fee is the combined approach, which adds the reimbursement component and the incremental or future component together and accounts for existing debt credits, resulting in a net allowable impact fee. A summary of this calculation is shown below in Table 7.

Table 7 Calculated Sewer Impact Fee by Component (1 EDU)			
Existing Component	**Existing Eligible Plant**	**EDUs**	**Existing Fee per EDU**
Collection	$257,136	2,152	$119
Treatment	645,824	2,152	300
General	251,176	2,152	117
Total Existing	**$1,154,136**		**$536**
Less: Outstanding Debt Principal	($12,000)	2,152	($6)
Total Net Existing Fee	**$1,142,136**		**$531**
Future Component	**Eligible Future Plant**	**EDUs**	**Future Fee per EDU**
Phase 2 – EQ Basin, Pump Replacements and Fence	253,450	802	$316
Phase 2 – Aeration Tank	1,157,830	802	1,444
Phase 2 – Secondary Clarifier	868,373	802	1,083
Phase 3 – Additional UV Disinfection	1,380,174	802	1,721
Phase 3 - Forcemain/LS Interceptor Sewer	396,000	802	494
Collection System Piping Upsize Improvements	4,950,000	2,152	2,300
Total Future [1]	**$9,005,827**		**$7,357**
Total Impact Fee			**$7,888**

[1] Capital projects not eligible to be included in the impact fee were omitted for clarity.

The calculated sewer impact fee of $7,888 includes an existing component of $531 and a future component of $7,357.

Sewer Impact Fee Assessment

Similar to the water impact fee, all single family connections will be charged the calculated sewer impact fee of $7,888. However, in order to equitably assess all other customers, the impact fee will be based on the water service line size. The equivalency factors are based on water service line size and the demands that can be placed on the system for each service line size. This is calculated using the basis of the Hazen-Williams Equation as outlined in industry manuals. Table 8 provides a summary of the assessment of the calculated sewer impact fees.

Table 8 Summary of the Sewer Impact Fees		
Service Line Size [2]	**Equivalency Factor [1]**	**Impact Fee**
Single Family	N/A	$7,888
3/4"	1.00	7,888
1”	1.00	7,888
1 1/4"	1.80	14,185
1 1/2”	2.90	22,913
2”	6.19	48,829

[1] Hazen-Williams Equation for flow through pressure conduit. AWWA Manual M1, Seventh Addition, Page 163.

[2] Service line sizes larger than 2” to be calculated by District based on the required customer capacity.

Technical Appendix B details the calculation of the net allowable sewer impact fee.

Key Assumptions

In developing the impact fees for the District’s water and sewer systems, a number of key assumptions were utilized. These are as follows:

- The projected population and demand requirements were based on the District’s planning criteria and assumptions
- The methodology used is the combined methodology. The existing (reimbursement) and future (incremental) components are added together for a net allowable fee for each utility
- The District’s water and sewer asset records were used to determine the existing plant assets, as appropriate
- The assets were brought to current costs based on the January 2025 ENR-CCI
- The District provided the water and sewer CIPs for future improvements from the most recent capital improvement plans
- The District determined and/or reviewed the portion of future improvements that were growth related for each utility

Table 9 summarizes the present and calculated water and sewer impact fee.

Table 9 Present and Calculated Water and Sewer Impact Fees ($ / EDU)			
	Present Impact Fee	Calculated Impact Fee	$ Change
Total Water and Sewer [1]	**$10,000**	**$17,517**	**$7,517**

[1] Based on equivalent dwelling unit

Consultant's Recommendations and Adoption Considerations

Based on our review and analysis of the District's water and sewer impact fee analysis, HDR recommends:

- The District adopt water and sewer impact fees for new connections to the water and sewer systems that are no greater than the net allowable impact fees as set forth in this report
- The District - as a matter of policy - may adopt water and sewer impact fees which are less than the calculated fees as shown in this report, but in doing so, the District will be transferring some portion of development related costs to the existing water and sewer utility rate payers
- The District can adjust the impact fees each year by an escalation factor to reflect the costs of interest and inflation (e.g., ENR CCI). This method of escalating the District's impact fees should be used for no more than a four-year period. After this time period, as required by Montana law, the District should update the impact fees based on the actual cost of infrastructure and any new planned facilities contained in updated master plans, capital improvement plans or rate studies
- The District should update the actual calculations for the water and sewer impact fees at such time when a new water and/or sewer capital improvement plan, facilities plan, comprehensive system plan, or a comparable plan is approved or updated by the District, when a major infrastructure project is completed, or every five years as required by Montana law

Impact Fee Study Summary and Conclusions

The District's water and sewer impact fees developed and presented in this report are based on the planning and engineering design criteria of the District's water and sewer systems, the value of the existing assets, expansion driven future capital improvements, and generally accepted ratemaking principles. Adoption of the calculated net allowable water and sewer impact fees will result in proportional and cost-based fees for new customers connecting to the District's water and sewer systems.

Disclaimer

HDR, in its calculation of the water and sewer impact fees for the District as presented in this report, has used generally accepted engineering and ratemaking principles. This should not be construed as a legal opinion with respect to Montana State law. HDR recommends that the District have its legal counsel review the water and sewer impact fees as set forth in this report to ensure compliance with Montana State law.

Technical Appendix A - Water Impact Fee

Lolo County RSID 901
Water Impact Fee
Capital Improvement Projects
Exhibit 1

		Total	Impact Fee Eligible %	Impact Fee Eligible $ [1]
Capital Improvement Projects				
Source	Phase 2 Improvements	$3,323,600	22.9%	$759,680
Source	Phase 3 Improvements	4,973,278	100.0%	4,973,278
Source	Water Main Upsize: PRV#6 to Barclay	467,620	0.0%	0
Source	Water Main Upsize: PRV#5 to Cumberland	1,200,000	0.0%	0
T&D	Water Main Ext: Ridgeway to Birdlane	2,038,000	0.0%	0
T&D	Water Main Ext: Stella to Cow Catcher Rd	2,449,000	0.0%	0
T&D	Water Main Ext: Tyler Way to Lewis & Clark	2,038,000	0.0%	0
Storage	New Storage Tank	1,108,832	100.0%	1,108,832
		$17,598,330		**$6,841,790**

	Total	Impact Fee Eligible $
Source	$9,964,498	$5,732,958
T&D	6,525,000	0
Storage	1,108,832	1,108,832
Treatment	0	0
General	0	0
	$17,598,330	**$6,841,790**

Notes

[1] Projects funded by development that were ineligible to be included in the impact fee calculation are shown as zero for clarity.

Lolo County RSID 901
Water Impact Fee
Source of Supply
Exhibit 2

Year		Original Cost	Est. Accum. Depr.	Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets								
1969	Well 1	$0	$0	$0	30	$0	0.0%	$0
1981	Well 2	32,800	0	32,800	30	121,893	100.0%	121,893
1995	Well 3	175,793	175,793	0	30	0	100.0%	0
1968	Emergancy Well	0	0	0	30	0	0.0%	0
2017	Well 1 - Electrical Improv.	20,810	11,099	9,710	15	12,263	100.0%	12,263
2010	Well 2 - Pump and motor improv.	37,998	37,998	0	15	0	100.0%	0
2014	Well 3 - Pump and motor improv.	35,106	25,744	9,360	15	12,936	100.0%	12,936
2004	Well 3 Emergency Genset	32,499	0	32,500	20	61,064	100.0%	61,064
	Total Existing Assets			**$84,370**		**$208,156**		**$208,156**

Notes

[1] - Based on ENR 20 City Average Values

Lolo County RSID 901
Water Impact Fee
Pumping
Exhibit 3

Year		Original Cost	Est. Accum. Depr.	Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets								
1971	Booster Station	$0	$0	$0	30	$0	0.0%	$0
2019	Booster Station Improv.	292,949	87,885	205,060	20	247,413	100.0%	247,413
	Total Existing Assets			**$205,060**		**$247,413**		**$247,413**

Notes

[1] - Based on ENR 20 City Average Values

Lolo County RSID 901
Water Impact Fee
Transmission & Distribution
Exhibit 4

Year		Original Cost	Est. Accum. Depr.	Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets								
Water Mains								
1972	39,500 ft	$0	$0	$0	50	$0	0.0%	$0
1977	3,500 ft	0	0	0	50	0	0.0%	0
1982	3,300 ft	0	0	0	50	0	0.0%	0
1985	5,000 ft	0	0	0	50	0	0.0%	0
1992	3,700 ft	0	0	0	50	0	0.0%	0
1997	9,500 ft	0	0	0	50	0	0.0%	0
2002	1,000 ft	0	0	0	50	0	0.0%	0
2007	36,100 ft	0	0	0	50	0	0.0%	0
2012	2,000 ft	0	0	0	50	0	0.0%	0
2017	5,200 ft	0	0	0	50	0	0.0%	0
2020	2,500 ft	0	0	0	50	0	0.0%	0
PRV								
1975	No. 1A	$0	$0	$0	20	$0	0.0%	$0
1975	No. 1B	0	0	0	20	0	0.0%	0
1975	No. 2A	0	0	0	20	0	0.0%	0
2021	No. 2B	100,000	20,000	80,000	20	88,016	0.0%	0
1975	No. 3	0	0	0	20	0	0.0%	0
1976	No. 4A	0	0	0	20	0	0.0%	0
1976	No. 4B	0	0	0	20	0	0.0%	0
1970	No. 5	0	0	0	20	0	0.0%	0
2011	No. 6	0	0	0	20	0	0.0%	0
2005	No. 7	0	0	0	20	0	0.0%	0
2012	No. 5 Improv.	188,079	122,251	65,830	20	96,042	100.0%	96,042
Water Main Valves								
1972	93 Valves	$0	$0	$0	15	$0	0.0%	$0
1977	8 Valves	0	0	0	15	0	0.0%	0
1982	8 Valves	0	0	0	15	0	0.0%	0
1987	12 Valves	0	0	0	15	0	0.0%	0
1992	9 Valves	0	0	0	15	0	0.0%	0
1997	23 Valves	0	0	0	15	0	0.0%	0
2002	2 Valves	0	0	0	15	0	0.0%	0
2007	85 Valves	0	0	0	15	0	0.0%	0
2012	5 Valves	0	0	0	15	0	0.0%	0
2017	12 Valves	0	0	0	15	0	0.0%	0
2020	6 Valves	0	0	0	15	0	0.0%	0
Fire Hydrants								
1972	38 Hydrants	$0	$0	$0	15	$0	0.0%	$0
1977	3 Hydrants	0	0	0	15	0	0.0%	0
1982	3 Hydrants	0	0	0	15	0	0.0%	0
1987	5 Hydrants	0	0	0	15	0	0.0%	0
1992	4 Hydrants	0	0	0	15	0	0.0%	0
1997	9 Hydrants	0	0	0	15	0	0.0%	0
2002	1 Hydrants	0	0	0	15	0	0.0%	0
2007	34 Hydrants	0	0	0	15	0	0.0%	0
2012	2 Hydrants	0	0	0	15	0	0.0%	0
2017	5 Hydrants	0	0	0	15	0	0.0%	0
2020	2 Hydrants	0	0	0	15	0	0.0%	0
	Total Existing Assets			**$145,830**		**$184,058**		**$96,042**

Notes

[1] - Based on ENR 20 City Average Values

Lolo County RSID 901
Water Impact Fee
Storage
Exhibit 5

Year		Original Cost	Est. Accum. Depr.	Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets								
1969	Reservoir #1	$0	$0	$0	50	$0	0.0%	$0
1971	Reservoir #2	0	0	0	50	0	0.0%	0
1990	Reservoir #3	208,000	145,600	62,400	50	179,382	100.0%	179,382
2012	Reservoir #2 Improv.	6,000	0	6,000	10	8,754	100.0%	8,754
	Total Existing Assets			**$68,400**		**$188,136**		**$188,136**

Notes

[1] - Based on ENR 20 City Average Values

Lolo County RSID 901
Water Impact Fee
General
Exhibit 6

Year		Original Cost	Est. Accum. Depr.	Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets								
MISC								
2020	F250 Truck			$23,535	30	$27,797	50.0%	$13,898
2013	SCADA			37,504	15	53,267	50.0%	26,634
2014	Container Storage Unit			2,048	5	2,830	50.0%	1,415
	Total Existing Assets			**$63,086**		**$83,894**		**$41,947**

Notes

[1] - Based on ENR 20 City Average Values

Lolo County RSID 901
Water Impact Fee
Debt Service Schedule
Exhibit 7

Principal			*Interest*		
Fiscal Year	**RFP Ser 02**	**Total**	**Fiscal Year**	**RFP Ser 02**	**Total**
2025	$12,000	$12,000	2025	$135	$135
2026	0	0	2026	0	0
2027	0	0	2027	0	0
2028	0	0	2028	0	0
2029	0	0	2029	0	0
2030	0	0	2030	0	0
2031	0	0	2031	0	0
2032	0	0	2032	0	0
2033	0	0	2033	0	0
2034	0	0	2034	0	0
2035	0	0	2035	0	0
2036	0	0	2036	0	0
2037	0	0	2037	0	0
2038	0	0	2038	0	0
2039	0	0	2039	0	0
2040	0	0	2040	0	0
2041	0	0	2041	0	0
	$12,000	**$12,000**		**$135**	**$135**

Notes

Lolo County RSID 901
Water Impact Fee
Summary
Exhibit 8

	Existing			Future			
Component	**Total**	**EDUs**	**Buy-in ($ / EDU)**	**Total [1]**	**EDUs**	**Future ($ / EDU)**	**Total Impact Fee ($ / EDU)**
Assets							
Transmission & Distribution	$96,042	2,152	$45	$0		$0	$45
Storage	188,136	2,152	87	0		0	87
Treatment	0	2,152	0	0		0	0
General	41,947	2,152	19	0		0	19
CWIP	0	2,152	0	0		0	0
CIP - Phase 2				759,680	400	1,899	1,899
CIP - All Other				6,082,110	802	7,584	7,584
Total Assets	**$326,125**		**$152**	**$6,841,790**		**$9,483**	**$9,634**
Debt Service							
RFP Ser 02	($12,000)	2,152	($6)	$0		$0	($6)
Total Debt Obligations	**($12,000)**		**($6)**	**$0**		**$0**	**($6)**
Total CF ($ / Eq. Mtr.)	**$314,125**		**$146**	**$6,841,790**		**$9,483**	**$9,629**

Notes

[1] Projects funded by development that were ineligible to be included in the impact fee calculation are shown as zero for clarity.

Lolo County RSID 901
Water Impact Fee
Non-Residential Water Impact Fee Assessment
Exhibit 9

Service Line Size	Equivalency Factor[1]	Impact Fee
3/4"	1.00	$9,629
1"	1.00	9,629
1 1/4"	1.80	17,316
1 1/2"	2.90	27,970
2"	6.19	59,605

Notes

[1] Hazen-Williams Equation for flow through pressure conduit. AWWA Manual M1, Seventh Addition, Page 163.

Technical Appendix B - Sewer Impact Fee

Lolo County RSID 901
Sewer Impact Fee
Capital Improvement Projects
Exhibit 1

		Total	Impact Fee Eligible %	Impact Fee Eligible $ [1]	Source
Capital Improvement Projects					
Treatment	Phase 1 - Lift Station Improv. And Dewatering	$6,496,483	0%	$0	*ARPA Funding/Local Fiscal Recovery*
Treatment	Phase 2 - EQ Basin, Pump Replacements and Fence	685,000	37%	253,450	
Treatment	Phase 2 - Aeration Tank	3,106,796	37%	1,157,830	*50% current 50% future rate payers*
Treatment	Phase 2 - Secondary Clarifier	2,330,097	37%	868,373	*50% current 50% future rate payers*
Treatment	Phase 3 - Additional UV Disinfection	1,380,174	100%	1,380,174	
Treatment	Phase 3 - Forcemain/LS Interceptor Sewer	900,000	44%	396,000	
Collection	Collection System Piping Upsize Improvements	6,600,000	75%	4,950,000	
		$21,498,550		**$9,005,827**	

	Total	Impact Fee Eligible $
Treatment	$14,898,550	$4,055,827
Collection	6,600,000	4,950,000
General	0	0
	$21,498,550	**$9,005,827**

Notes

[1] Projects funded by development that were ineligible to be included in the impact fee calculation are shown as zero for clarity.

Lolo County RSID 901
Sewer Impact Fee
Collection
Exhibit 2

Year		Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets						
1986	8" PVC	$862,943	50	$2,723,417	0.0%	$0
1986	8" PVC Deep	230,111	50	726,222	0.0%	0
1984	10" PVC	44,582	50	147,727	0.0%	0
1984	12" PVC Deep	41,932	50	138,946	0.0%	0
1986	Shallow Manholes	31,709	50	100,072	0.0%	0
1984	Deep Manholes	12,260	50	40,625	0.0%	0
1972	6" Force Main	25	50	189	100.0%	189
1984	4" Force Main	6,873	50	22,774	100.0%	22,774
Lift Stations						
1972	LS NO. 1 (2 pumps @ 15 HP)	$0	30	$0	100.0%	$0
1984	LS NO. 2 (2 pumps @ 15 HP)	0	30	0	100.0%	0
1984	Electrical	0	30	0	100.0%	0
2016	Lolo Lift Station 1	179,591	30	234,173	100.0%	234,173
	Total Existing Assets	**$1,410,026**		**$4,134,146**		**$257,136**

Notes

[1] - Based on ENR 20 City Average Values

Lolo County RSID 901
Sewer Impact Fee
Treatment
Exhibit 3

Year		Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets						
1972	Headworks	$0	50	$0	42.0%	$0
1972	Equilization Basin	0	50	0	42.0%	0
1999	Sampler	0	20	0	42.0%	0
1972	Aerator	0	30	0	42.0%	0
1972	Influent Piping / Valves	0	50	0	42.0%	0
1972	Transfer Pumps	0	30	0	42.0%	0
1972	Electrical & Control	0	30	0	42.0%	0
1972	Aeration Basin	0	30	0	42.0%	0
1984	Aeration Blower System	0	30	0	42.0%	0
1984	Aeration Diffuser Grid	0	30	0	42.0%	0
1972	Clarifier Basin / Mechanism	0	50	0	42.0%	0
1972	RAS / WAS Pumps	0	30	0	42.0%	0
1972	Aerobic Digester Basin	18	50	136	42.0%	57
1984	Biosolids Storage Basin	0	30	0	42.0%	0
1998	Aerators	0	20	0	42.0%	0
1984	Yard Piping	0	30	0	42.0%	0
1984	Electrical & Control	0	20	0	42.0%	0
1972	Contact Basin	0	30	0	42.0%	0
1984	Chlorination Equipment	0	20	0	42.0%	0
1999	Sampler	0	20	0	42.0%	0
1984	Effluent Pipeline	9,315	50	30,866	42.0%	12,964
2009	UV Disinfection System	393,469	30	625,238	100.0%	625,238
2015	Digester Aerator	5,729	31	7,565	100.0%	7,565
	Total Existing Assets	**$408,531**		**$663,806**		**$645,824**

Notes

[1] - Based on ENR 20 City Average Values
* District paid 42% of certain treatment assets

Lolo County RSID 901
Sewer Impact Fee
General
Exhibit 4

Year		Original Cost	Est. Accum. Depr.	Book Value	Useful Life	Cost [1] 2025$	Impact Fee Eligible	Impact Fee Cost
Existing Assets								
LAND								
	WWTP Site Property	$0	$0	$200,000		$200,000	100.0%	$200,000
	Site Work / Landscaping			20,000		20,000	0.0%	0
BLDGs								
1972	Lab / Control / Maint. Building			$0	50	$0	100.0%	$0
MISC								
1984	Perimeter Fence			$0	20	$0	100.0%	$0
1990	Vehicles			0	10	0	100.0%	0
2020	F250 Truck			23,535	30	27,797	50.0%	13,898
2013	SCADA			37,504	15	53,267	50.0%	26,634
2014	Container Storage Unit			2,048	5	2,830	50.0%	1,415
2015	SCADA	20,965	13,977	6,988	15	9,229	100.0%	9,229
		0	0	0	15	0	100.0%	0
	Total Existing Assets			**$290,074**		**$313,123**		**$251,176**

Notes

[1] - Based on ENR 20 City Average Values

Lolo County RSID 901
Sewer Impact Fee
Debt Service Schedule
Exhibit 5

Principal			*Interest*		
Fiscal Year	**RFP Ser 02**	**Total**	**Fiscal Year**	**RFP Ser 02**	**Total**
2025	$12,000	$12,000	2025	$135	$135
2026	0	0	2026	0	0
2027	0	0	2027	0	0
2028	0	0	2028	0	0
2029	0	0	2029	0	0
2030	0	0	2030	0	0
2031	0	0	2031	0	0
2032	0	0	2032	0	0
2033	0	0	2033	0	0
2034	0	0	2034	0	0
2035	0	0	2035	0	0
2036	0	0	2036	0	0
2037	0	0	2037	0	0
2038	0	0	2038	0	0
2039	0	0	2039	0	0
2040	0	0	2040	0	0
2041	0	0	2041	0	0
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	$12,000	**$12,000**		**$135**	**$135**

Notes

Lolo County RSID 901
Sewer Impact Fee
Summary
Exhibit 6

	Existing			Future			
Component	**Total**	**EDUs**	**Buy-in ($ / EDU)**	**Total [1]**	**EDUs**	**Future ($ / EDU)**	**Total ($ / EDU)**
Assets							
Collection	$257,136	2,152	$119	$0		$0	$119
Treatment	645,824	2,152	300	0		0	300
General	251,176	2,152	117	0		0	117
CWIP	0	2,152	0	0		0	0
CIP - Treatment				4,055,827	802	5,057	5,057
CIP - Collection				4,950,000	2,152	2,300	2,300
Total Assets	**$1,154,136**		**$536**	**$9,005,827**		**$7,357**	**$7,894**
Debt Service							
RFP Ser 02	($12,000)	2,152	($6)	$0	2,152	$0	($6)
Total Debt Obligations	**($12,000)**		**($6)**	**$0**		**$0**	**($6)**
Total CF ($ / Eq. Mtr.)	**$1,142,136**		**$531**	**$9,005,827**		**$7,357**	**$7,888**

Notes

[1] Projects funded by development that were ineligible to be included in the impact fee calculation are shown as zero for clarity.

Lolo County RSID 901

Sewer Impact Fee

Non-Residential Sewer Impact Fee Assessment

Exhibit 7

Service Line Size	Equivalency Factor[1]	Impact Fee
3/4"	1.00	$7,888
1"	1.00	7,888
1 1/4"	1.80	14,185
1 1/2"	2.90	22,913
2"	6.19	48,829

Notes

[1] Hazen-Williams Equation for flow through pressure conduit. AWWA Manual M1, Seventh Addition, Page 163.