



## Press Release

*For Immediate Release*

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### Mullan BUILD. Special District Development Impact Fees

*Consultants: City, County sharing updates to fund remainder of BUILD project*

MISSOULA, MONTANA [December 15, 2020] - The City of Missoula, in partnership with Missoula County, received a \$13 million federal BUILD grant to construct a new infrastructure network in the Mullan Road area. The federal grant, coupled with local funding from the City and County, will fund the first phase of the Mullan BUILD project. Project leads estimate that \$40 million is the estimated cost to complete the entire area.

"We want to assure residents that everything included in the original BUILD Grant application will be constructed," City of Missoula Department of Public Works and Mobility Director, Jeremy Keene said. Right now, it's just a matter of funding. It's not if, but when. The City's two proposed impact fees will help to deliver the entire project sooner and benefit the entire neighborhood."

Because of this approximate \$27 million funding discrepancy, future phases will be constructed as additional funding becomes available. The City of Missoula Department of Public Works and Mobility is recommending two new development impact fees to fund the remainder of the project: **a transportation impact fee and a utility development fee**. In addition to existing Citywide development fees, new fees would be applied to all new development, inclusive of all properties, in the Mullan Area.

"The goal is to equitably assess the cost of infrastructure necessary to support high-quality, sustainable development in the Mullan Area," Keene said.

New roads and utilities are typically constructed by developers. The BUILD grant allows the City and County to construct key infrastructure improvements ahead of development and lower the overall cost to developers. Since the BUILD grant did not cover the entire area infrastructure costs, the new fees would be used to make up the difference.

By proactively constructing new roads and utilities, the City and County can better plan for growth, avoid piecemeal construction, reduce overall costs, and mitigate the impacts of development on existing residents.

#### How do development impact fees work?

Development impact fees are one-time payments by new development to fund the capital improvements necessary to accommodate new demand from the development. Development fees are required to meet a high standard including a comprehensive study that establishes a rational nexus. The rational nexus is met by [1] showing a **need** for infrastructure improvements, [2] that the fee payor **benefits** from the infrastructure

improvements, and [3] that the fee is **proportionate** to the development's demand on infrastructure. After adoption by City Council, impact fees are generally collected before a building permit is issued.

The Mullan Area Special District Transportation Impact Fee will be calculated to fund growth's fair share of the transportation projects in the Mullan Road Master Plan. Over the next 30 years, the benefit area is projected to grow by 17,500 residents and 6,400 jobs. The total cost of the improvements will be reduced by the Federal BUILD grant and several other sources to fund the impact fee-eligible costs. Those costs are attributed to the infrastructure necessary to meet the projected 30-year growth of the Mullan area. The residential fee schedule is based on square footage thresholds and the resulting proportional demand on the transportation system from the residential use, while the nonresidential fee schedule includes several development types and is based on the demand from those development types.

The Utility Development Fee [or 'latecomer's fee'] will be calculated in a similar way, with the cost of new water and sewer mains apportioned over the area that benefits from these improvements.

Partnered with the other local funding sources, the Mullan BUILD project can be fully funded.

### **For more information**

The proposed development impact fees will be discussed in greater detail at two upcoming virtual public meetings for the Mullan BUILD project. The media and public are welcome to join us 9 a.m. on Friday, Dec. 18, 2020 for a virtual public meeting. This meeting will be addressing both construction details and introductory impact fee information. In addition, the Mullan BUILD project team invites the public and media to attend a focused impact fee meeting taking place at 3 p.m. on Wednesday, Jan. 6, 2021. Register for both or either event at [this link](#).

Please direct questions, feedback or media interviews to Becca at [becca@bigskypublicrelations.com](mailto:becca@bigskypublicrelations.com) or call 406-499-6921.

Please note, the Mullan area has received preliminary approval for a Native name change. More updates to come.