

Timber in Transition: Subdivisions in Remote Areas Increase Cost of County Services

By Michael Jamison of the *Missoulian*

Published 2/6/2007

KALISPELL - It's not much to look at, this lonely six-mile stretch of bumpy gravel road. Yet this rural route has become a battleground of sorts, a place where lines will be drawn, where "we will finally decide how much taxpayer subsidy Plum Creek will continue to receive." "That's really what's at stake," said Joe Brenneman, one of three Flathead County commissioners. "That taxpayers will pay for Plum Creek profits is no longer a question. The question is, how much will they pay?"

At issue is a winding old road west of Kalispell, tracking nine miles from U.S. Highway 2 to Ashley Lake. For years, Brenneman said, the only real traffic on the road was Plum Creek Timber Co. trucks, hauling logs to the mill. But now that the land is cleared, the timber company has handed the acreage over to its real estate arm, Plum Creek Land Co. And the land company wants to carve out a 60-home subdivision on approximately 600 scenic acres around Ashley Lake - part of a larger land divestment, a national move by the company to convert industrial timber acres into homesites. The problem is, doing so will cost Brenneman's taxpayers money. "Right now," said Commissioner Gary Hall, "some of our biggest subdivision activity in the wildland-urban interface is on Plum Creek land. We know they have something like a quartermillion acres in the county, so the potential is pretty huge." Not many of those acres are very close to things like paved roads and schools and fire departments and hospitals and police stations. "When people develop out away from the infrastructure," Brenneman said, "it always costs the taxpayers money."

In 2004, the county's administrative officer researched the costs of hinterland growth. In Flathead County, where a whopping two-thirds of the population lives away from city centers, population grew 34 percent between 1990 and 2004. During that same time, the per-capita cost of providing county services increased 84 percent. The report showed those cost increases far outpaced inflation, even though the level of services provided by county government remained unchanged. Interestingly, it was the garbage that told the tale. At Kila, a wide spot in the highway not far from the Ashley Lake South subdivision, the number of trips to pick up trash from county Dumpster sites increased 40 percent in the years 1990 to 2004. At nearby Marion, trash trips increased 50 percent. At the same time, trash tonnage from the cities of Kalispell and Whitefish rose just 2 percent. "The increase in the container-site servicing costs is due more to how the county is growing than just the fact there is growth," the report concluded. Because how the county is growing is far from town. Likewise, "the sheriff, road and bridge departments are expensive operations that are significantly affected by the large amount of growth occurring in distant county areas." Brenneman said surveys estimate that for every property-tax dollar collected on timberland, the county provides about 20 cents in services. For every dollar collected on rural residential land, the county provides at least \$1.75 in services. "So even though you're taking in more in sheer dollars," he said, "you're constantly losing ground. There are lines of diminishing return that pretty quickly converge." That's why Brenneman and Hall and the rest of county government told Plum Creek it could not subdivide those lots up by Ashley Lake until the company paved six miles of

road. "We're not against doing our fair share," said Plum Creek spokeswoman Kathy Budinick. "But that simply wasn't fair. We don't believe we should pay for all of that paving." And so Plum Creek sued the county, in a legal battle that Hall believes will help set a precedent for how much Plum Creek - and other rural developers - will have to bring to the table when they arrive with a subdivision request. "When you're putting a subdivision out there in that kind of environment," Brenneman said, "you have an obligation to take some of the responsibility, as well as the profits." He projects Plum Creek's potential profits at Ashley Lake at more than \$16 million, "and all we've asked them to do is pave a few miles of road." Fine, said Budinick. Then pass some county land-use rules. It's the county's job to set the rules and send the bills, she said. Budinick said Plum Creek does business in lots of counties, and always follows the local rules.

Many places require developers to pay impact fees as a way of offsetting the budget impacts of rural growth. Flathead County does not. Whose fault is that? "Not ours," Budinick said. "We always comply with the local laws. We work in lots of different ways in lots of jurisdictions to comply with the various requirements they have." If Flathead County wants to charge impact fees, she said, Plum Creek will pay them. If Flathead County chooses not to charge fees, the company has no obligation. But with Plum Creek's vast acreage and potential for development over large landscapes, even impact fees wouldn't begin to cover all the costs yet to come, Brenneman said. They would, though, help the county balance its budget in the near term. "We still have to plow it," he said, "and we have to get the kids to school, and we have to send the deputy out there. We know that kind of growth doesn't even come close to paying for itself, especially in the long run." And out at the end of Ashley Lake Road, where Highway 2 speeds by at 70 mph, this one Plum Creek subdivision is predicted to increase highway traffic a full 50 percent. "Who will fix and upgrade that highway?" Brenneman asked. "Who will maintain it? The answer is you, me and the state's taxpayers." It's the same story at the state level, where land managers estimate wildland firefighting costs at three to 10 times higher in forests filled with houses. In fact, the 2007 Legislature is eyeing a bill that would require counties to zone and otherwise regulate forestland home building, or else pay the price of firefighting themselves. "This isn't just Plum Creek," Brenneman said, noting that many developers are subdividing the backwoods. "But the company is significantly more problematic. You can't really compare a company with 250,000 acres with a guy who wants to split off two acres to give to his kids." Plum Creek, he said, "has access to resources that most people don't. They could choose to step up to the plate." They could pave a few more miles of road, he said, or volunteer to pay fees for the impacts they cause, or at least tell the county which lands will be developed next, so planners could plan ahead. Budinick, however, says the company cannot disclose its future real estate deals, for fear of disrupting the marketplace. Also, she said, the company has no long-term, iron-clad plans because real estate markets change rapidly. "I understand that," Brenneman said. "But there are ways to deal with those problems. It just seems like there's a certain amount of smoke and mirrors that always seems to be present with Plum Creek, regardless of their insistence otherwise. They just won't come clean with their plans."

And although Budinick promises "you will see us become more engaged with communities in the future, and that includes sharing short-term plans," Flathead County's commissioners have not seen that yet. "They've never provided us a development forecast so we can plan," Hall said. "We don't hear about it

until they're already on the doorstep. That's a big problem for us. They're not anywhere on our predictability map. They're nowhere near it." And so the question remains: Can Flathead County afford to allow Plum Creek to develop its lands for residential homesites at the current pace and under the current rules? "No. Yes. What I mean," Brenneman said, "is the county doesn't have the option of going out of business. So we pay for it. But might that affect our ability to provide other services to other residents? Yes. Absolutely." Hall agrees. "If they keep developing, it will put a big extra strain on our budget," he said, "but we wouldn't have any choice but to afford it. The taxpayers would have to make it happen." That's why Hall's heels are dug so deep into that rustic six miles of potential pavement. "The reason they're fighting it is we're trying to set a precedent," he said. "We just can't afford to have them out there in the woods unless they agree to participate as neighbors. If they would rather spend their money on lawsuits, then we're going to hang in there. We can't afford not to. We have a responsibility to our constituents." Because, Brenneman said, "when it comes to rural development, taxpayers sure enough wind up losing, every time." Reporter Michael Jamison can be reached at 1-800-366-7186 or at mjamison@missoulian.com