



MISSOULA

COMMUNITY PLANNING, DEVELOPMENT & INNOVATION

Development Services Division

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MEMO No. 2

To: Missoula City Council

From: Dave DeGrandpre, AICP, Planning Supervisor

Copy: Eran Pehan / Walter Banziger / Mary McCrea, CPDI Staff
Ryan Sudbury, City Attorney for Civil Services
Ellen Buchanan / Annie Gorski / Michael Hicks, MRA Staff
Jeff Smith, WGM Group, Inc.
Ellen Porter, Roseburg Resources Co.
Alan F. McCormick, Garlington, Lohn & Robinson
Roger Gaudette / Sean Patrick Higgins, Story House LLC

Date: December 30, 2025

Subject: Re-initiation of Annexation of the former Roseburg Resources Company particleboard plant property

Purpose

The purpose of this memorandum is to re-initiate annexation of the Roseburg Resources Company's former particleboard plant tract and surrounding property. This memo supplements the Referral and Staff Report dated December 31, 2024 and Memo No. 1.

Background

In September of 2024, Jeff Smith of WGM Group, representing Roseburg Resources Co., submitted Petition No. 10222 to the City of Missoula to annex a 235-acre property consisting of 13 tracts of land that include the Roseburg Resources Company's former particleboard plant. The property is located adjacent to and to the southwest of Interstate 90, east of Grant Creek Road, west of Coal Mine Road, and north of Raser Drive.

The property is also located adjacent to the North Reserve / Scott Street Urban Renewal District (URD). The property owners, Roseburg Resources Co. and Story House Montana, LLC, have expressed the desire to annex the property into the URD following annexation of the property into City limits. The Missoula Redevelopment Agency (MRA) plans to update the North Reserve / Scott Street Master (NR/SS) Plan in 2026, with the intent of including the 235-acre property in the revised plan area. According to Ellen Buchanan of MRA, the updated plan is expected to include recommendations for core infrastructure improvements to serve future development and recommended zoning designations to provide for a mix of land uses. In addition to a more cohesive plan for the site and surroundings, a benefit of including the property in the URD is for the potential use of tax increment finance dollars to help fund water, sewer, street, stormwater, and potentially other infrastructure improvements to incentivize re-use and development of the site.

In late 2024, Development Services staff, working in conjunction with staff from Public Works & Mobility, Parks & Recreation, City Fire, and other departments, recommended annexation of the property to City Council subject to five conditions of approval. The conditions would require:

- 'backbone' public access and utility easements through the property;
- a regional water, sewer, and stormwater infrastructure plan in general conformance with the NR/SS Plan update as well as connection to municipal sewer and water facilities for all new structures;
- property owners to waive the right to protest creation of special improvement district(s) for water, sewer, stormwater, streets, and trails;
- a retracement survey showing all easements and encumbrances, and
- a survey showing the location of and providing a restrictive easement prohibiting certain types of development and deep-rooted vegetation within proximity of the Yellowstone Pipeline Company buried gas line that traverses the property.

City Council's annexation proceedings occurred during the 2025 session of the Montana Legislature. On January 6, 2025, City Council adopted a resolution of intention to annex the property, apply the recommended conditions, and zone the property M1-2 Limited Industrial. On January 27, 2025, City Council held a public hearing on the annexation and zoning. However, due to then-pending legislation that would have negated the benefit of annexing the property into the City and the URD, Jeff Smith requested City Council to take no action on the annexation petition. At the conclusion of the public hearing, City Council voted (11–1) to send this item back to the City Council Land Use and Planning Committee pending the outcome of the legislative session.

Changes Since January of 2025

Several changes impacting the property and annexation have occurred since January of 2025. Roseburg relocated the boundary lines of several tracts of land. Story House Montana, LLC purchased the former particleboard plant and surrounding buildings, now located on Tract 8 of Certificate of Survey 6995. During recent discussions, Roger Gaudette and Sean Patrick Higgins of Story House indicated support of annexation of the property.

The draft Unified Development Code is currently undergoing review by City Council. Under the 2045 Our Missoula Land Use Plan, adopted by Council in December of 2024, the Place Type for the property is Industrial and Employment. The current comparable zoning districts for this place type are M1 Limited Industrial and M2 Heavy Industrial. Development Services staff recommend City Council apply the M1-2 Limited Industrial zoning upon annexation. With the Unified Development Code and updated Zoning Map anticipated for adoption in late January 2026, the M1-2 Limited Industrial will be rezoned to I-1 Limited Industrial.

For the future, the NR/SS Plan update will recommend locations for different types of land uses and zoning beyond industrial, as well as street types and other elements across the entire 235-acre property. Staff anticipate that along with adoption of the NR/SS update, new zoning districts will be applied to different areas of the property.

Re-initiation of Annexation Proceedings

On September 26, 2025, Jeff Smith submitted a request to re-initiate the annexation process. However, the request includes changes to the original plan. The submittal includes a Letter of

Intent for Annexation (LOI), which is signed by Mayor Davis. The LOI expresses Roseburg's and the City's interest in annexing the site but breaks annexation into two phases. The first phase includes approximately 93 acres on the west side of the property to be annexed as soon as practical. Phase 1 includes the Story House property. The second phase, constituting the remainder of the property, is described as a potential annexation area that may be annexed following completion of the NR/SS Plan update, expected in the fall of 2026. However, LOI is not definitive, stating "other options may be considered based on the outcome of the planning process." Nonetheless, the staff recommended conditions are intended to apply to the entire 235-acre property, primarily to ensure 'backbone' transportation and utility corridors are identified and infrastructure needed to serve future development can be provided in a cohesive manner.

The LOI includes additional provisions including an allowance for some new development to not connect to City water and sewer, given that the City and Roseburg recognize public and private funding to extend infrastructure through the site may take time and some further use of the site may be prudent in the interim. The LOI seeks to allow new development in Phase 1 to use existing on-site infrastructure in accordance with the standards of the Montana Department of Environmental Quality or connect to City utilities in Howard Raser Drive until additional municipal infrastructure is built.

The LOI also states Roseburg and the Mayor agree to discuss the type and intensity of new development on the property in the Phase 2 infrastructure area prior to development occurring and includes a list of allowed or preferred land use types including residential, public/civic, commercial, industrial, and wireless communication facilities.

The LOI also recognizes access and utility easements are needed to ensure collector streets and commuter trails can be planned and developed, but also acknowledges such easements take up developable property, leaving fewer acres available for future development. The LOI states such easements should be flexible in terms of location and size pending more definitive site planning, which is intended to occur during the NR/SS master plan update process.

Finally, the LOI acknowledges that development of the property will require significant public and private investment and states the City will prioritize seeking grant funding opportunities for regional infrastructure as opportunities arise.

Staff Recommended Conditions of Annexation

1. The petitioner shall dedicate to the City of Missoula 80-foot wide public rights-of-way or public access rights-of-way and utility easements for collector streets, and 30-foot wide public access easements for trails (except for that portion across Tract 8A of COS 6995 and Tract 13 of COS 6982, which are to be 20 feet wide) to serve the future development of the subject property, as shown on Exhibit B, subject to review and approval by Public Works & Mobility, Parks & Recreation, and the City Attorney's Office, within 60 days of City Council adoption of a resolution to annex. The rights-of-way and easements may be modified following the North Reserve / Scott Street (NR/SS) area planning process currently planned to occur in 2026.
2. The petitioner shall provide a regional infrastructure plan to include collector street and trail routing, trunk line water main alignments, sewer force main alignments and lift station location(s), and stormwater routing to include off-site run-on, in general conformance with

the NR/SS Plan update, within one year of City Council adoption of the NR/SS Plan update. New development occurring in the Phase 1 annexation area may use existing City sewer, water, and transportation infrastructure in Howard Raser Drive or existing, onsite water and sewer infrastructure until additional backbone City utility infrastructure is constructed, subject to approval of any impacted private parties and Public Works & Mobility.

3. The petitioner shall provide a waiver of the right to protest the creation of a special improvement district for all owners of the 235-acre property for City water, sewer, stormwater, streets, and trails for installation of the regional infrastructure improvements, based on benefit, subject to review and approval by Public Works & Mobility and the City Attorney's Office, within 60 days of City Council approval of the resolution to annex.
4. The petitioner shall file a retracement survey that includes all existing easements and encumbrances of record for the 235-acre property (not including the right-of-way, utility, or trail easements required above), subject to review and approval by Public Works & Mobility and City Attorney's Office, within 180 days of City Council adoption of a resolution to annex.
5. The petitioner shall survey the location of the onsite YPL gas line, identify the line on a retracement survey, and include a 100-foot wide easement centered on the gas line as a no-build zone, where no habitable structures (dwellings, industrial buildings, or places of public assembly) are allowed within 50 feet of the gas line, and a 50-foot wide easement centered on the gas line where no storage buildings or trees or deep-rooted vegetation are allowed within 25 feet of the gas line across the 235-acre property, subject to review and approval by Public Works & Mobility, within 180 days of City Council adoption of a resolution to annex.

Staff Recommended Motion

Adopt a resolution to annex and incorporate within the boundaries of the City of Missoula, Montana land described as Tracts 1 and 13 of Certificate of Survey No. 6982, Tract 8A of Certificate of Survey No. 6995, Tracts 2B and 4B of Certificate of Survey No. 7035, and adjacent right-of-way, all located in Section 8, Township 13 North, Range 19 West, Missoula County, Montana, P.M.M., containing approximately 93 acres plus right-of-way, as shown on Exhibit A, being subject to all easements or rights-of-way existing or of record, and zone the property M1-2 Limited Industrial, based on the findings of fact in the staff report and Memo No. 2, subject to the recommended conditions of annexation approval.

Exhibit A

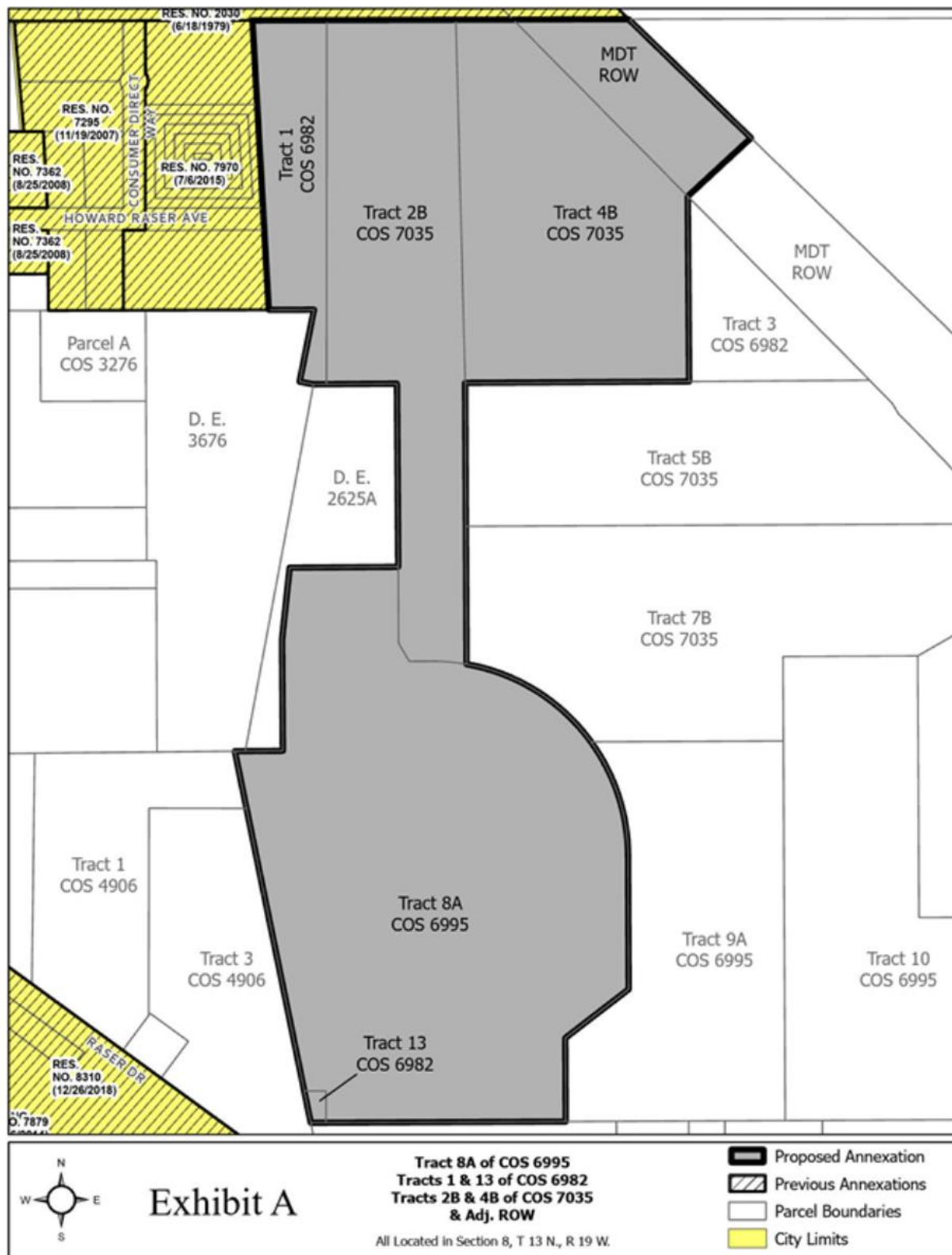


Exhibit B

