

Lockwood TEDD Advisory Board Minutes
Wednesday, August 15, 2018 – 2:30
Yellowstone Conference Room, 1st Floor – Granite Tower

Board Members Present: Woody Woods, Nick Pancheau, Kelly Wilson, Josh Starr, Frosty Erben, Terry Seiffert

Board Member Absent: John Ostlund, Tim Miller, Vu Pham, Pam Ask, Mike Ariztia

Staff and Guests: Tim Goodridge (B.I.R.D.), Robin Rude (MT DOR), Dianne Lehm (BSED), Dan Schwarz (YC Attorney's office), Jennifer Kondracki (JDW), Becky Weekes (LC), Thom MacLean (BSED)

1. Welcome and Introductions

Woody Woods called the meeting to order at 2:30.

2. Approval of Minutes

Terry moved to approve the minutes of the July 18, 2018, meeting. Kelly seconded. Minutes approved.

3. TIFDs and TEDDs – Tim Goodridge

Tim Goodridge of the Billings BIRD provided information on Tax Increment Financing (TIF), Urban Renewal Districts (URDs) and Targeted Economic Development Districts (TEDDs). URDs and TEDDs are two different versions of TIF Districts. They have many similarities and are both governed under the same statutes (Montana Code Annotated Title 7, Chapter 15, Parts 42 and 43). The primary difference is that URDs use TIF to address and alleviate blight through redevelopment while TEDDs use TIF to foster new economic development, specifically "secondary value-adding industry."

Tim also discussed his involvement in the statewide TIF Working Group. This group includes the leaders of TIF Districts, both URDs and TEDDs, throughout Montana and is coordinated by Tim Burton and Kelly Lynch of the Montana League of Cities and Towns. Formed in 2017 in reaction to thirteen bills before that legislative sessions which would have negatively affected TIF district, they have taken a more proactive approach since that time, working with the legislature to help them understand the current TIF structure and processes as well as proposing legislation to the Revenue and Transportation Interim Committee (RATIC) for the upcoming 2019 session. RATIC failed to pass this bill out of the committee in their July meeting.

Tim also outlined some of the concerns often expressed about TIF Districts generally. Some are philosophically opposed, arguing that they don't work, development will happen even without the TIF district, and/or it's a form of corporate welfare. His experience with the EBURD is that they do work. It takes some time for the increment to grow to a point where you can make a big impact, but TIF can be used to incentivize development that may not have otherwise occurred in the area. He used the First Interstate Bank Operation Center as an example. That was the first major development that happened for the EBURD. At the time, the increment had not grown large enough to offer a lot of support, so a development agreement was used to encourage First Interstate to build on a very blighted block rather than another location. That project has served as a catalyst for further development in the EBURD since.

Arguments against TIF districts may also be based on concern for school funding and the "95 mills" in particular. Some feel the 95 mills should be excluded from the increment. However, if that was the case, the 95 mills would go back to the state for the School Equalization Fund, and not directly back to the local school district.

Tim advised the board to be very conservative. Taxable valuations can change dramatically from year to year and a large drop in value can cause problems if the district is overextended. Recent substantial drops in valuation downtown has been a problem for those URDs. Frosty noted that there is not a lot of development in the Lockwood TEDD yet. The valuations on most of the property is currently fairly low, a much different situation than downtown Billings.

4. Tax Increment – Robin Rude MT Dept of Revenue

Robin presented information on the recently release property tax valuations. The Lockwood TEDD's total taxable value is \$892,060. Since the base taxable value is \$752,028, we have an incremental value of \$140,032. This incremental value times the applied mills (excluding the 6 University mills) results in \$80,080.10 to the TEDD, if all taxes are collected. Property owners still have the right to appeal, which would change that amount.

Woody reminded the board that \$75,000 is still owed to Big Sky Economic Development for the funds they supplied for planning. Dianne advised that it will be possible to repay that money in installments rather than as a lump sum.

Robin also provided taxable value information for the additional parcels that are requesting inclusion in the TEDD. If they are added in 2018, the Base Value of the TEDD would increase by \$55,659 to \$807,687. She also noted that 2019 will be a reappraisal year. That may significantly change taxable valuation numbers either up or down.

5. Other Business

There was some discussion regarding the Billings Bypass. Frosty feels that the connection of Lockwood to the Heights will spur a lot of growth in the area. He wondered is the TEDD will be in a financial position to development the needed infrastructure for the area in conjunction with Montana DOT's timeline for the Bypass. Woody also expressed concern with access to the area during construction,

especially the two years when the diverging diamond interchange will be constructed. Unless adequate measures can be taken to help with access to the area during that time, those businesses may suffer.

The board was advised of the progress of the proposed expansion. On August 14, the Planning Board voted 4 – 1 with one recusal to recommend expansion of the county’s zoning jurisdictional boundary and to zone the incoming parcels as they have requested. That matter now goes before the Yellowstone Board of County Commissioners at their regular meeting on August 21.

The Comprehensive Development Plan is currently being updated by Sanderson Stewart to incorporate the proposed parcels. They have said they will have a draft of that plan to Big Sky EDA by August 17. Once that plan is updated, we can move forward the property owners’ request for inclusion into the TEDD.

A tour of Town and Country’s new plant was scheduled for August 29 at 10:00 am.

6. Public Comment

None.

7. Adjourn

Meeting adjourned at 3:15.

Next Meeting: September 19th at 2:30 – Yellowstone Conference Room, Granite Tower

Future Meeting Topics: Annual Workplan
 Lockwood Water and Sewer and Billings Public Works
 Vision Net