

**Lockwood TEDD Advisory Board Minutes**  
**Wednesday, April 17, 2019 – 2:30**  
**Yellowstone Conference Room, 1<sup>st</sup> Floor – Granite Tower**

**Board Members Present:** Woody Woods, Terry Seiffert, Mike Ariztia, Frosty Erben, John Ostlund, Kelly Wilson, Josh Starr, Nick Pancheau, Vu Pham, Pam Ask

**Board Member Absent:** Tim Miller

**Staff and Guests:** Chris Kukulski (City of Billings), Steve Arveschoug (BSED), Dianne Lehm (BSED), Becky Bey (KLJ), Marcell Bruski (BSED), Allison Corbyn, (BSED), Linda Green, Susie Weaver, Tom Llewellyn, Doug Enderson (DOWL), Thom MacLean (BSED)

1. Welcome and Introductions

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

2. Approval of Agenda

Frosty Erben moved to approve the agenda. Terry Seiffert seconded. Board voted to approve.

3. Approval of Minutes

Terry Seiffert moved to approve the minutes of the March 20, 2019, meeting. Frosty Erben seconded. Minutes approved.

4. TEDD Updates

- Lockwood Water & Sewer District and Big Sky EDA presented at the City Council work session on April 1 to initiate the process to expand the Lockwood sewer district boundary to include the TEDD study area under the agreement with the City. That discussion is an agenda item.
- Allison Corbyn, BSED's Director of New Business Recruitment, presented BSED's draft TEDD Recruitment-Marketing Plan to the Board of County Commissioners. That plan is also an agenda item.
- The Infrastructure Master Plan workshop required by the County's contract with KLJ is scheduled for Monday, April 29. Originally scheduled for 12:00 to 3:00, it has been rescheduled for 11:00 to 2:00 to better accommodate board member schedules.
- We are also in the process of scheduling the individual property owner interviews required by the contract with KLJ.
- Vu Pham provided an update on the Rail Service meeting he attended. He advised that the Lockwood TEDD is on the radar of BSNF, MRL, the Montana Dept of Transportation, and the Montana Dept of Commerce. It will be important to keep these organizations updates as we proceed. Steve suggested bringing Colby Tanner and Justin Pearson of BNSF back to Lockwood this spring.

5. TEDD Recruitment-Marketing Plan

Allison Corbyn provided a copy of the draft Marketing Plan for the TEDD and reviewed it with the Board. The plan cites industrial parks in Great Falls and Butte as prime examples of the facilities the Lockwood TEDD will be competing against and from whom we can learn. Montana Connections park in Butte did a great job of developing and marketing their facility.

To build a better foundation for the Lockwood plan, Allison will be meeting with area property owners in conjunction with KLJ's interviews to continue to build those relationships and to better understand their positions. To help develop our plan, we need to understand their view of the current situation, what their plans are, and what they perceive as barriers to those plans. This information will allow us to better search for and identify possible catalyst projects. Allison noted that Commission John Ostlund made the important point that many industries are less infrastructure-dependent, and those should be our focus until increment or other funds are available to build out the infrastructure in that area.

Allison also explained some incentive programs that are available:

- Big Sky Economic Development Opportunity Fund may be available for infrastructure needs and also allows for incentives of up to a \$5,000 bonus per net new employee;
- The Big Sky Trust Fund – up to \$5,000 per net new employee;
- Workforce Development Training Grants – up to \$5,000 per employee.

## 6. Lockwood Water & Sewer Discussions with City of Billings

On April 1, Mike Ariztia of LWSD, Steve Arveschoug, Dianne Lehm, and Thom MacLean of BSED, and TEDD Advisory Board members Woody Woods and Nick Pancheau attended the City Council work session to discuss beginning the process to expand the sewer district boundary to include the TEDD Study Area under LWSD's agreement with the City. BSED gave a short history of the TEDD and its goals and potential. Mike then explained LWSD's agreement with the City for treatment of wastewater and the need to expand the boundary to include the TEDD.

The City of Billings and LWSD have an agreement whereby the City treats Lockwood's wastewater. The original purpose of the presentation by LWSD to the Council was to start the process to extend the sewer boundary under the agreement with the City to include the TEDD without requesting any additional capacity. LWSD is currently only at about 7% of their contracted capacity level. At the work session, the discussion turned to possible annexation of the Lockwood TEDD. The City will take the next 90 days to conduct their due diligence, explore their options, and provide recommendations to the Council.

The following discussion ensued:

**John Ostlund:** Industrial property owners would have to initiate the annexation process.

**Woody Woods:** The Lockwood TEDD area is outside the City's planned annexation area.

**Chris Kukulski:** He recognizes the importance of industrial development and is 100% on board with the Lockwood TEDD, but asked, "How do we best service the area?" If the City gives up its services without annexation, it loses the opportunity to get that property to come into the City, now or in the future. Given that the Billings Bypass project represents \$200 million of development, why would the City not consider annexation? Annexation could occur now or later, through a Waiver of the Right to Protest. The City has made a \$70 million investment in its wastewater services and will soon invest \$85 million in its water service. Given the significance of both water and sewer infrastructure for the development of industry in the Lockwood TEDD, it is important that the City consider the best plan for this area both now and in the future. In the consideration of annexation, the City must look at all services, not just water and sewer. The City also must look at how to meet the demands of the area without tax revenue from it for the 40-year life of the TEDD. Finally, what is best for the community 50 to 100 years out?

**Josh Starr:** Annexation and adding City taxes to first movers like Town & Country and Pacific Steel who built their own infrastructure would put an unreasonable burden on them.

**Chris Kukulski:** There could be agreements with early movers to alleviate those concerns. As City Administrator, he did not feel comfortable to move on this issue (agreement to amend the LWSD contract to expand boundary) without further study.

**Mike Ariztia:** Clarified that the expansion was geographic only. LWSD is not requesting additional capacity. The current reserves could handle the current buildout of Lockwood and the expected needs of the TEDD.

**Josh Starr:** The west side of the TEDD has floodplain issues. Development there will require sewer service since you can't put septic in fill.

**Chris Kukulski:** Is the Infrastructure Master Plan accurate about likely needs?

**Dianne Lehm:** It is a higher-level view.

**Mike Ariztia:** It is hard to know what demands will be without knowing what specific type of industries will be there.

**Chris Kukulski:** So, water availability is tight. What happens if the 5<sup>th</sup> industrial business in is a high water user? It is better to plan for that now than to try to deal with it then.

**Vu Pham:** Four years ago, the Trailhead Commerce Park approached the City about annexation, with plans to get their water from the Heights. The big hurdle was fire and police service in that area.

**Woody Woods:** The need to extend fire service in the Heights and Westend was also discussed at the City Council's April 1 meeting. General feeling was how can the City afford both? Annexation of TEDD would exacerbate that problem. KLJ's new report should be available in June.

**Chris Kukulski:** Suggested the report should include analysis of annexation by the City.

**Josh Starr:** Is the long-term LWSD plan to have the City always treat the wastewater?

**Woody Woods:** Sewer plants are very expensive. Lockwood never had a plan to build a sewer plant.

**Mike Ariztia:** Several options were explored. None besides the City contract were feasible.

**Steve Arveschoug:** The City will do their analysis. We're hopeful for dialogue with the City's team during this process. The Advisory Board will want to be part of the solution.

**Chris Kukulski:** The City will investigate all aspects and try to keep scenarios reasonable and planned so we know what to expect and can handle it appropriately.

## 6. Public Comment

None.

## 7. Adjourn

Meeting adjourned at 3:35.

Next Meeting:

May 15<sup>th</sup> at 2:30 – Yellowstone Conference Room, Granite Tower