# LOCKWOOD TARGETED ECONOMIC DEVELOPMENT DISTRICT

BIG SKY ECONOMIC DEVELOPMENT

EDA - EDC CREATING MONTANA BUSINESS OPPORTUNITIES

SANDERSON STEWART

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## MARKET

## BOUNDARY

## FUNDING

## NEXT STEPS

Zoning

Final Boundary Area

Goals and Objectives

Comprehensive Development Plan

Public Review

# MARKET

## Market Analysis
## Initial Findings

Lockwood TEDD Feasibility Study

Brian Duffany, Vice President
Economic & Planning Systems

## Growth Trends - Population

- Billings population exceeded 100,000 in 2010
- Arbitrary but important threshold for national retailers and real estate investors/developers

| Geography | Total | [illegible] | [illegible] | Change 2010-2040 [illegible] | [illegible] | [illegible] |
|---|---|---|---|---|---|---|
| Population | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Total | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Households | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Total | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]

## Billings Location

## Lockwood Opportunity

- Level sites with large parcel ownership
- Interstate access and visibility
- Proven industrial market location
  - 400,000 sq. ft. 2000-2015
- Targeted Economic Development District (TEDD)
  - Tax increment financing
  - Fund or finance infrastructure to support value adding industries
- Further study
  - Development phasing and timing
  - Infrastructure costs
  - Landowner participation

## Industrial Land Supply and Needs

- Industrial land is scattered throughout Yellowstone County, small ownership parcels
- Few opportunities for a good quality master planned industrial park
- Corporate tenants don't want the risk of the development process – they want sites that are ready
- Needs
  - Demand for 800 acres over next 20 years
  - Separated from retail, office, and residential
  - Good Interstate access
  - Full utilities: water, sewer, electric, gas, storm water

## Industrial Market

- ~16.0 million sq. ft. in Yellowstone County
- Five industrial and business parks are 34% of the inventory
- Competitive inventory is 5.5 million sq. ft.
- Yellowstone County market grew by 300,000 sq. ft. per year

| Geography | 2000-2014 Construction Sq. Ft. | Avg. | Market Share |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] |
| Lockwood Business Corridor | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | [illegible] |
| Total | [illegible] | [illegible] | [illegible] |
| Yellowstone County | [illegible] | [illegible] | — |

Source: Yellowstone County Assessor & Planning Department
[illegible]

# Market Analysis Initial Findings

Lockwood TEDD Feasibility Study

Brian Duffany, Vice President
Economic & Planning Systems

May 5, 2016

# Growth Trends - Population

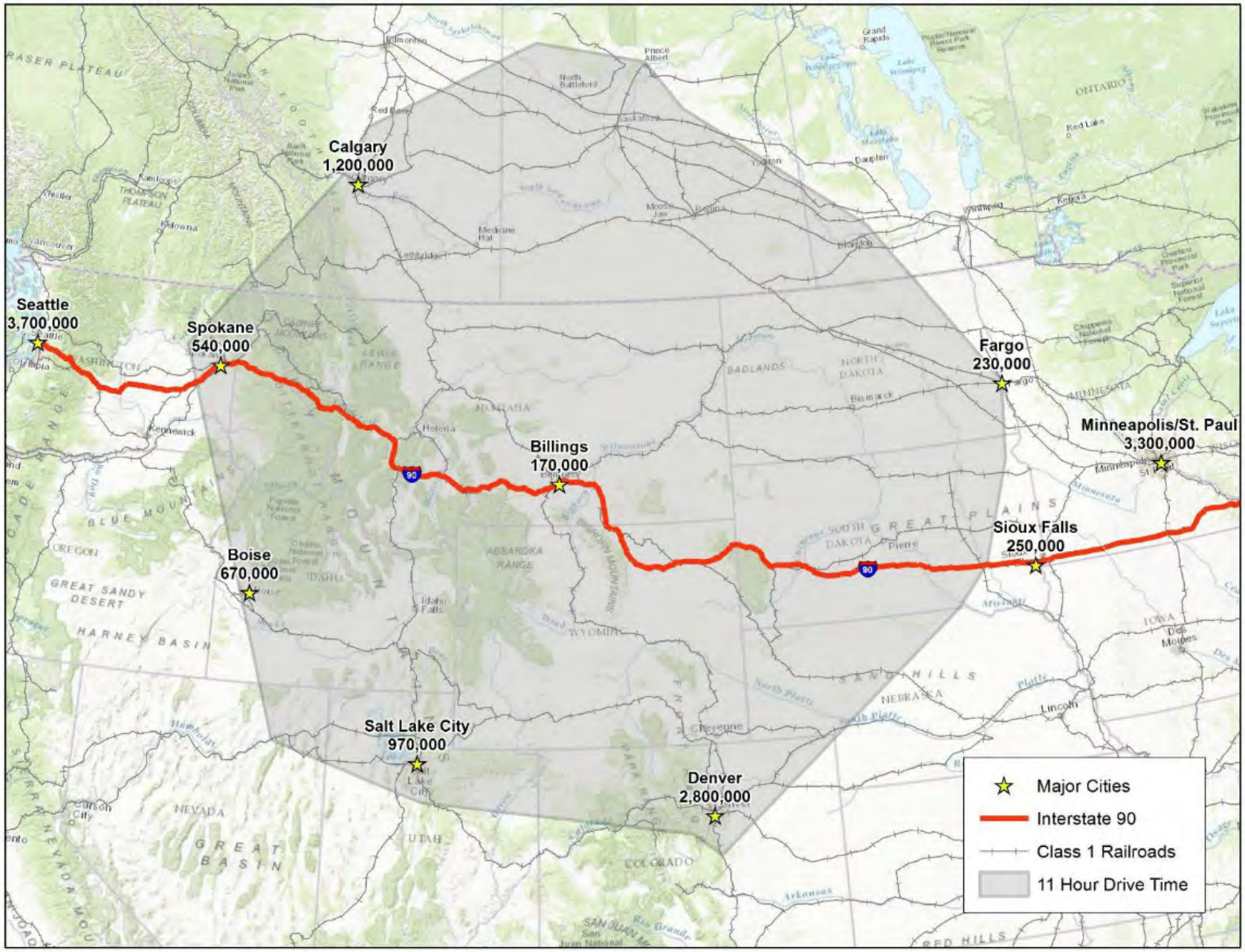
- Billings population exceeded 100,000 in 2010
- Arbitrary but important threshold for national retailers and real estate investors/developers

| Geography | 2000 | 2010 | 2015 | Change 2000-2015 Tot. # | Ann. # | Ann. % |
|---|---|---|---|---|---|---|
| **Population** | | | | | | |
| Billings | 92,609 | 104,170 | 108,975 | 16,366 | 1,091 | 1.1% |
| Laurel | 6,257 | 6,718 | 6,998 | 741 | 49 | 0.7% |
| Remainder of County | 30,486 | 37,084 | 39,781 | 9,295 | 620 | 1.8% |
| **Total** | **129,352** | **147,972** | **155,754** | **26,402** | **1,760** | **1.2%** |
| **Households** | | | | | | |
| Billings | 38,537 | 43,945 | 46,433 | 7,896 | 526 | 1.3% |
| Laurel | 2,533 | 2,790 | 2,946 | 413 | 28 | 1.0% |
| Remainder of County | 11,014 | 13,937 | 15,136 | 4,122 | 275 | 2.1% |
| **Total** | **52,084** | **60,672** | **64,515** | **12,431** | **829** | **1.4%** |

Source: ESRI; Economic & Planning Systems

H:\153074-Lockwood TEDD Economic and Financial Analysis\Data\[153074-Pop HHx.lsx]Table

# Billings Location



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| Geography | 2000-2015 Construction Sq. Ft. | 2000-2015 Construction Ann. | Market Share |
|---|---|---|---|
| Zoo Drive/Exit 443 | 429,217 | 28,614 | 9.1% |
| Gabel Road | 394,320 | 26,288 | 8.3% |
| Lockwood Road/I-90 Corridor | 406,597 | 27,106 | 8.6% |
| BN Industrial Subdivision | 35,764 | 2,384 | 0.8% |
| Adjacent to BN | 171,898 | 11,460 | 3.6% |
| **Total** | **1,437,796** | **95,853** | **30.4%** |
| **Yellowstone County** | **4,727,614** | **315,174** | **---** |

Source: Yellowstone County; Economic & Planning Systems

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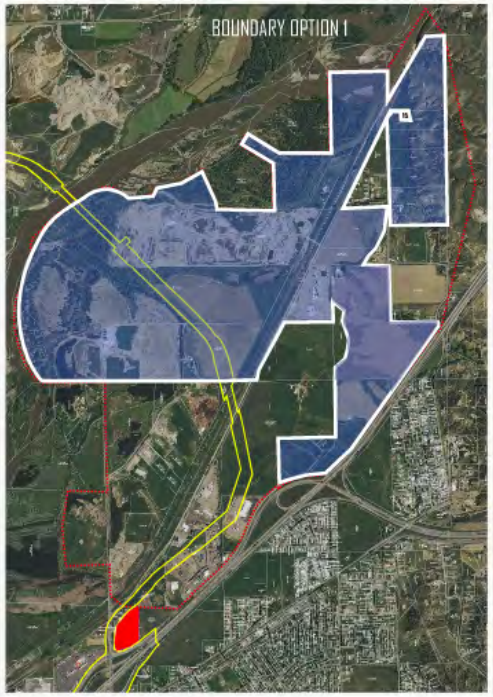
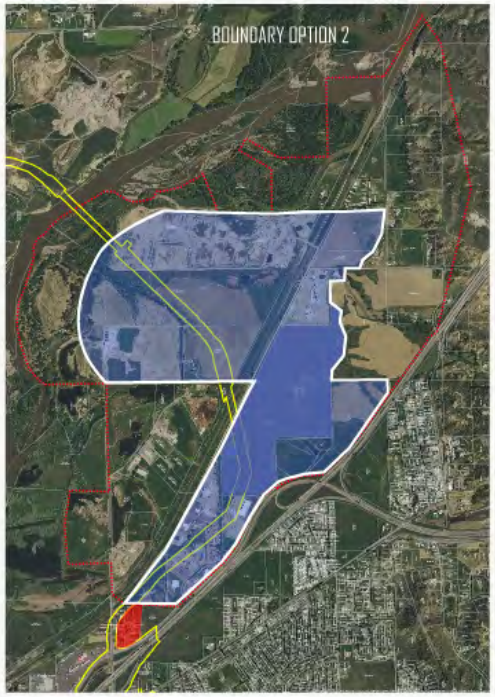
# BOUNDARY



# FUNDING

## PRIVATE FUNDING

Developers and investors
Business Owners
Property Owners

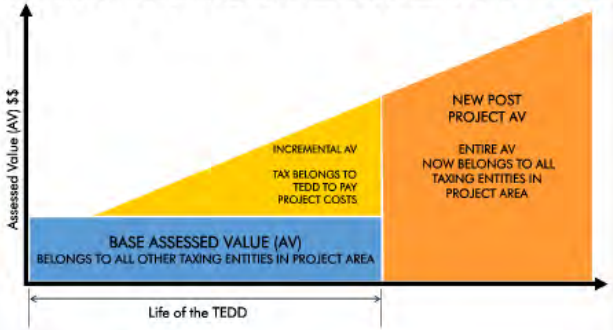
On-site improvements including buildings, parking, landscaping and amenities

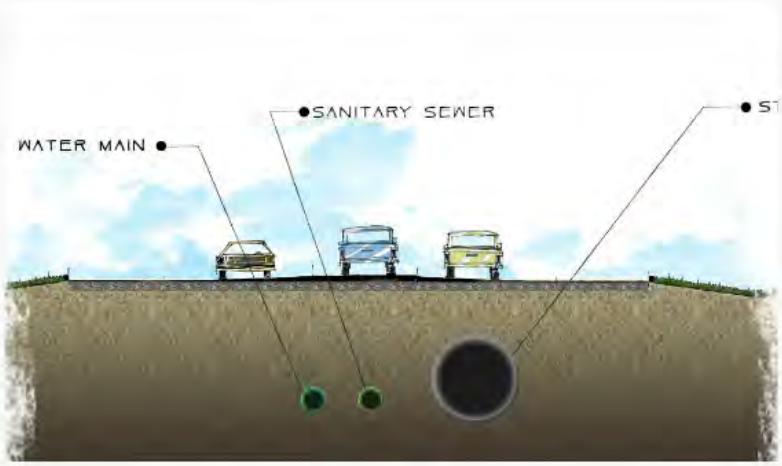
## GRANTS AND LOANS

Grant and Low Interest Loan Programs

- **TIGER Grants** - Transportation Investment Generating Economic Recovery
- **TSEP** - Treasure State Endowment Program up to $500,000 with a 1:1 match
- **Montana Intercap Program** - Board of Investments loan program
- **Community Development Block Grants** - planning and economic development
- **USDA - Rural Development** - Grant and Loan programs available
- **Transportation Alternatives** - Trails, bike and pedestrian improvements
- **Federal Surface Transportation Program** - Railroad crossing improvements

## TAX INCREMENT FINANCING





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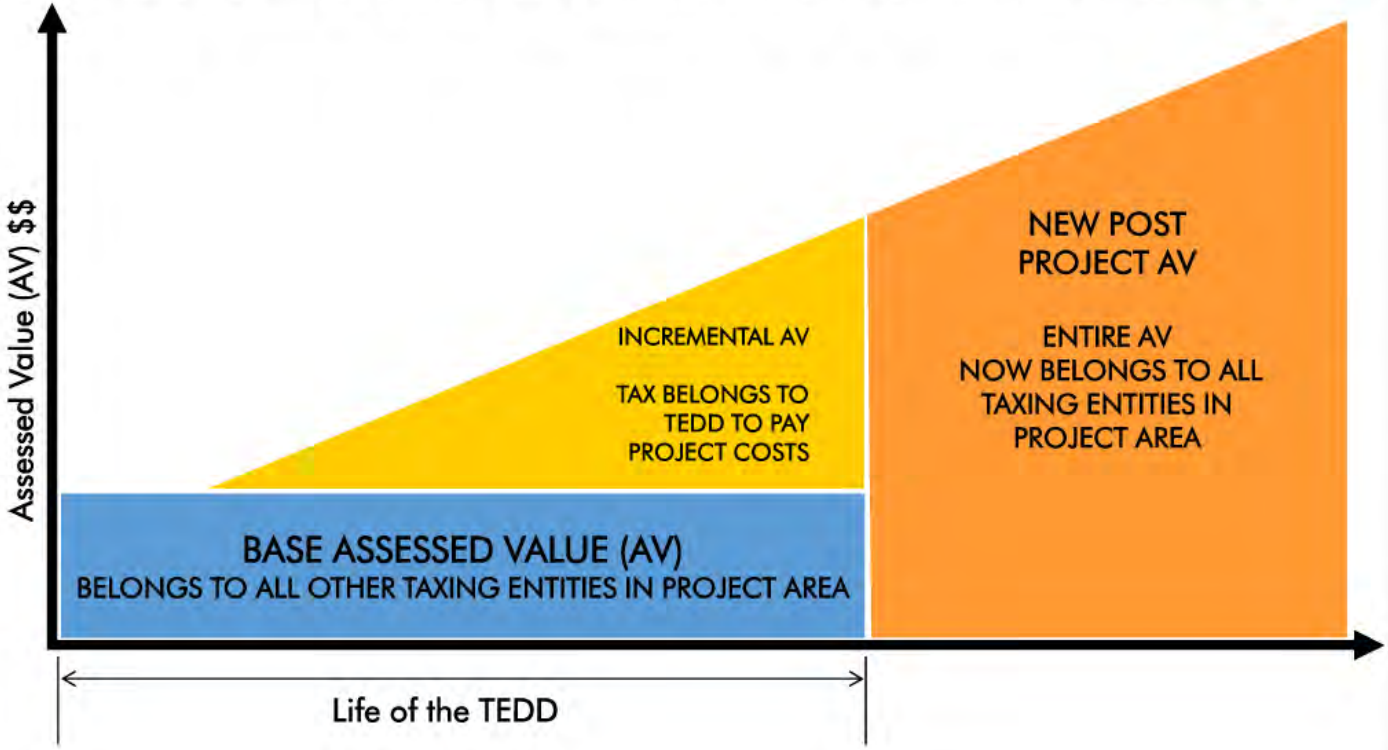


## Department of Revenue

- How taxes are calculated within a
  - Tax Increment Financing District (TIFD)
    or
  - Targeted Economic Development District (TEDD)

## What does it mean to the Taxpayer

- Property value is based on use – same as now
- If the use stays the same, the value is calculated the same way
- Your tax bill will show a line item for the TEDD
  - No additional cost
  - Similar to how School and other Districts appear on your tax bill

## Property Tax Bills

This is a real Property Tax Bill for Yellowstone County. The parcel here under [illegible] 27% of an acre part of the base for the district which goes to the general fund and the 21% goes to the TEDD fund. This are mills that still go to the University even even when a TIF/TEDD is present.

## TEDD Basics

- Targeted Economic Development District
- Does not increase your property taxes
- Channels any *growth* in property tax above a base number to the TEDD district
- TEDD funds can be used for infrastructure and other improvements

## Important Reminders

- Tax increment is not determined per individual property.
  - Once the increment for the entire district has been determined, a percentage is calculated that will indicate the amount of the General Tax that stays with the base and the amount of the General Tax that goes to the TEDD.
  - To maximize the benefit to the District, the timing of the creation and filing of the District is important.
    - Base value is determined for the year of creation
    - Potential increment is calculated the following year
    - If improvements have already happened in the base year, the increment potential will be less

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# Property Tax Bills

| Tax Year | Stmt # | Billing Date | Description | 1st Amount | | 2nd Amount | | Total Tax Billed | 1 D |
|---|---|---|---|---|---|---|---|---|---|
| **2015** | **10705** | 10/16/15 | **TOTAL** | 2,038.94 | P | 2,038.91 | P | 4,077.85 | 1 |
| 2015 | 10705 | 10/16/15 | 0000 - 27TH ST URBAN RENEV | 733.34 | P | 733.33 | P | 1,466.67 | 1 |
| 2015 | 10705 | 10/16/15 | 2TI3 - 2TI3 N27TH URBAN REN | 901.74 | P | 901.74 | P | 1,803.48 | 1 |
| 2015 | 10705 | 10/19/15 | BACF - BACF BLGS ARTERIAL ( | 57.44 | P | 57.44 | P | 114.88 | 1 |
| 2015 | 10705 | 10/19/15 | BID1 - Business Improv Dist 1 | 37.50 | P | 37.50 | P | 75.00 | 1 |
| 2015 | 10705 | 10/19/15 | BLSW - BLSW BILLINGS STORI | 50.72 | P | 50.72 | P | 101.44 | 1 |
| 2015 | 10705 | 10/19/15 | BS#1 - BS#1 BLGS STREET MA | 176.18 | P | 176.18 | P | 352.36 | 1 |
| 2015 | 10705 | 10/19/15 | BS#2 - BS#2 BLGS STREET MA | 37.37 | P | 37.37 | P | 74.74 | 1 |
| 2015 | 10705 | 10/19/15 | L008 - 0008 BLGS LIGHT MAINT | 7.80 | P | 7.80 | P | 15.60 | 1 |
| 2015 | 10705 | 10/19/15 | PD01 - BILLINGS PARK DISTRI | 27.59 | P | 27.59 | P | 55.18 | 1 |
| 2015 | 10705 | 10/16/15 | SOIL - SOIL SOIL CONSERVATI | 1.11 | P | 1.10 | P | 2.21 | 1 |
| 2015 | 10705 | 10/16/15 | TIDU - TIDU TID - UNIVERSITY | 8.15 | P | 8.14 | P | 16.29 | 1 |

This is a Real Property Tax bill for Yellowstone County. The Levied Taxes under 0000-27th St UR are part of the base for the district which goes to the General Fund and the 2TI3 taxes go to the TIFD Fund. TIDU are mills that still go to the University system even when a TIFD/TEDD is present.

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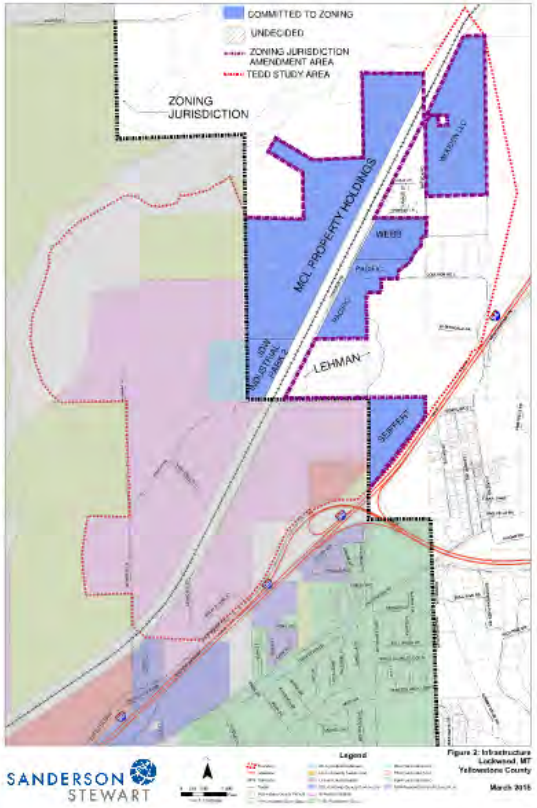
# NEXT STEPS

Zoning

Final Boundary Area

Goals and Objectives

Comprehensive Development Plan

Public Review