**Lockwood TEDD 1st Public Mtg\_01-12-15**

Steve: Good evening everybody. I’m Steve Arveschoug, Executive Director for Big Sky Economic Development (BSED). We are the economic development agency for all of Yellowstone County, obviously including this Lockwood area. I have my colleagues with me, Diane Lehm, who is the Director of our Community Development Department, and Sara Hudson, the Community Development Project Manager, and the lead project manager on this work we are doing on this industrial park project. And we want to introduce our consultants who will talk to you a little bit tonight. Let me tell you what we are trying to accomplish tonight. I am going to give you a little bit of background so that you understand why we are having this discussion. And then Janet Cornish, who we have hired as an expert in the State of Montana on TIFD districts and TEDDs, and urban renewal districts, and we’re going to explain the difference and all of that stuff tonight. She is going to walk through her PowerPoint presentation that will explain to you what is a Targeted Economic Development District, how it works, what it means to taxing entities, what does it mean to property owners, and what does it really mean. So you will have that information. We’ll talk to you about our process, and what that process looks like toward making a decision and things that have to come together for that decision to be made. And then we’ll have Q & A time. One of the important objectives for tonight is to have you help us understand what properties should be in or outside of this Targeted Economic Development District. So after we kind of rap up the dialogue, we have maps on the table, and we would really like your individual dialogue on, even find your property on there, and we’ll help you do that, draw a circle and tell us that it should be in or shouldn’t be in, and then you’ll have a little understanding of what we mean by that as we go along tonight. So we want to try and accomplish that. We are going to move quickly so we won’t keep you too late, there is some little football game on tonight that a few of you are interested in.

Steve: Let me give you a little bit of background. Several months ago, Big Sky Economic Development (BSED), started the process of analyzing the feasibility and need to develop “planned industrial space” somewhere in Yellowstone County. When we started the process with Kadrmas, Lee & Jackson (KLJ), we didn’t say, go find a spot there, or go look in Lockwood. We just said look throughout Yellowstone County and see what areas might make sense to develop industrial space. The challenge that we are trying to address is that there is a need for existing industry to have somewhere to grow that has infrastructure in place that can support their growth. And then we also wanted to make sure we had the opportunity that if there was a new industry that wanted to come to town and it needed so many acres and needed a rail spur, needed close proximity to truck transportation, and needed water and sewer, we had somewhere to tell them to go, we have somewhere to point them, we have some “planned industrial space.” So the analysis that KLJ did was to look at helping us address those needs, looking at finding a space that had good rail infrastructure, connection to truck transportation route, had some of the basic infrastructure in place, and, frankly, was then large enough that we could accommodate industry growth. So the study looked at three concept areas. We looked in the Laurel area, actually a little bit west of Laurel, because of the rail transportation connections out that way; and looked at an area in the core of Billings, that had, it’s called the Burlington Northern Santa Fe (BNSF) subdivision, it has some old rail spurs that were rarely utilized so that kind of made some sense, and then we looked at what we call the Lockwood concept area, which is just north of the north frontage road or as you go toward the railroad and Coulson Road, in that area. If you know where Pacific Steel and Recycling is located at (it’s in that general area), it would be on both sides of Coulson Road. And, because of its proximity to rail, there’s actually a tandem track in that area, and its close proximity to truck routes and two interstates coming together—it really became an area that we wanted to pay attention to.

Steve: The KLJ report also told us that we shouldn’t try to do this on our own; we should try and find a private sector interest that has an interest in helping to develop that planned industrial space. In other words, BSED shouldn’t go out and just find a thousand acres somewhere and start from scratch. We really need the synergy of existing industry who are looking for a partnership to make this area make sense, we control some land already, would you look at partnering with us. And so the conclusion of that analysis, really the area that came to the surface was the Lockwood Concept Area. You have the bypass coming through, you have some existing industrial development happening that way, you have a concept called, the Trailhead Commerce Park, that is being proposed in that area, so you have some private interests that are saying, hey, don’t you think this area makes sense in the terms of development.

Steve: So with that information we went to our Board of Directors in November, they accepted the report, and they instructed us to work on the next level of analysis. Basically taking that concept area and turning it into a proposal. Now one of the key elements of that proposal, was the creation of a Targeted Economic Development District, and Janet’s going to explain to you what that really means. After our Board told us to go do the next level of work, we then went to the Yellowstone County Commissioners with the same discussion. We provided them the findings of the industrial park feasibility analysis, and then we asked them, can we take this concept that we have been working on and take it to a proposal stage, looking at the potential to create a Targeted Economic Development District and use that as a tool to partner with private investment to put infrastructure in place that would support industrial space somewhere in Yellowstone County. We really wanted to do that, because we wanted to remain regionally competitive, we wanted our area to be a place where business wanted to grow and, frankly, where we could attract additional industry by having space that was designed, planned, and ready to go, when industries are ready to go. And as I noted earlier, there were really two drivers who have some areas in Yellowstone County that are zoned/controlled/ industrial, but have, through growth and other ways, have had neighborhoods grown right around them. In some cases you have conflicting needs and interests where the business are trying to do the work that the property is zoned for but they’re doing it in a neighborhood, and so those interests are competing with each other. As Yellowstone County continues to grow, even those industrial areas we currently have, we’re going to continue to have those kinds of conflicts. So we wanted to address that.

Steve: I had the opportunity to present our Industrial Park Feasibility Analysis to Burlington Northern Santé Fe Railway in Fort Worth, at their headquarters. I met with their Vice President of Economic Development, his name was Vann Cunningham, and some of his key staff people, and I presented the findings of our industrial park piece, because I wanted them to know what we were planning, at least conceptually, since they have a little bit to say with rail transportation. So I was in Fort Worth, I went to their headquarters and we had this discussion. At the end of the discussion, Vann said, Steve you’re doing exactly what you need to do. Because if your community doesn’t have planned, industrial space that is ready to go to meet industry’s needs, when industry is ready to go, you got nothing to offer, it’s just going to be every man for himself, kind of approach, and that is not the way you want to approach your economic development strategy. It’s not the way you want to reach out and try to support industry.

Steve: So that gives you a little bit of the background. What we’re doing now over the next few days is we’re really talking to the community about what the heck is a TEDD, how it works, what it does and doesn’t do, what are its limitations, how it impacts property owners and others, and so that’s why we are here tonight. So we’re here as part of the process of us meeting those bigger objectives, and as part of that process we need your input for you to tell us what you are thinking, and whether the area make sense, how it might work in terms of job creation, spurring development, …….

Steve: With that I’m going to stop and if you have any questions about our process and our analysis, I’m happy to answer them, but I’d really like to now introduce Janet Cornish. Have her walk through, very quickly, a presentation on what is a Targeted Economic Development District and how it works. Any quick questions for me? Yes Sir.

Audience: When you did your survey, did anybody ever look at the situation north of the railroad track and east of Johnson Lane. Your water table there, years back was at 7 feet, also the lower end of it floods and it floods quite frequently so that should be out of an industrial park. I don’t know what they would ever put in there.

Steve: So if you have lands that are in a flood way or you obviously can’t develop there, so that’s why we’re careful as this analysis goes further, and you start to do the comprehensive development planning for where exactly the development is going to be, you will have to take those things into consideration. You would have to look at the county’s flood mapping and determine what space is actually developable based on those issues, so that will be part of further consideration. Any other immediate questions for me? Yes sir.

Audience: How far is it from the Yellowstone River?

Steve: So I think I’m going to go ahead and let Jan start, because in her presentation she has a map that she’s going to show us, and so you will get a better idea of exactly what that area looks like.

Audience: Do you ever talk about environmental issues?

Steve: Yeah, in our context of looking at the TEDD, this first phase, we’re just conceptualizing the TEDD, drawing boundaries, looking at infrastructure deficiencies. In a comprehensive development phase, which will be the next phase, we will have to look more closely at the environmental issues and other things. Actually by putting in proper infrastructure, water and sewer, I think we can help avoid some serious environmental issues there.

Janet: I just want to add to that answer, Steve. So when we create a district we take in entire parcels so that might include floodplains, floodways, and river ent., but what we’ve done, we’ve worked on a project similar to this, and we’ve been talking about along the Blackfoot River in Bonner in Missoula County, and we actually wrote into the plan that the preservation of the river, the quality of those aspects of the site were important, that the project would respect those features. It’s not a regulatory document, but it would still be set with all the rules that are associated with regulatory requirements by the state and federal government. We do take in whole parcels, so when there are sites that include floodplain, that’s part of it, as well.

Audience: At what point would be doing that or would we consider that?

Janet: We’ll go through that, I’ll discuss tonight and at what point we would prepare the plan. The creation of this district is just an enabling process, and it enables the creation of an industrial district, but this process doesn’t get involved in the actual siting or the development of the individual businesses. That goes beyond what this is about.

Audience: So there would be an EIS done on it?

Janet: Only if, on a specific project, if an EIS, if it’s regulated by the state or federal rules or if its highering EIS, it would. But if it’s a project that’s privately owned or developed, it would not be subject to those regulatory binds. It would just be local, whatever local, state and federal rules….

Steve: We’re going to create the framework that outlines the area of the individual projects within that area would be subject to ???? or the rules might apply to the type of development that they’re proposing.

Audience: *Too soft to understand.*

Janet: Yes, if the type of development triggers an environmental review, they would have to do it, but we’re just talking about the creation of the district itself. We’re not talking about specific businesses.

Audience*: Too soft to understand*.

Steve: Well we’re just talking about the creation of the district itself, not any specific businesses.

Steve: And I think what will help is, as we walk through the steps in the process, that second step in the process called the comprehensive development plan takes a broad look at the general types of businesses but it doesn’t spell out a specific project necessarily.

Audience: *not able to decipher (*something about the Yellowstone River)

Janet: Yes, there may be property owned by Harden Sewer? Whether it’s developable or not that remains to be ??? ??? comes right up to the Yellowstone River.

Janet: Thank you Steve. So again as Steve mentioned, my name is Janet Cornish and this is Lynette Windemaker. And Lynette and I have been retained by BSED and with the understanding of working with YC to assist at looking at the possibility of creating what is called Targeted Economic Development District. Before I get to my slides, I just wanted to give you just a bit of background in what does that mean. In about 1946 Montana passed what was called the Montana Urban Renewal Law. And it gave the authority to communities to establish programs to assist aging downtown districts across the state. In 1974 the state of Montana said you can use the tool, I’ll explain that in a few minutes, called Tax Increment Financing, which allows a way of funding redevelopment projects in downtown. Over the years the state legislature added a number of different types of districts to the law, but in 2013 they said, ok, there are going to be two kinds of districts in the state where we can use tax increment financing. One of them is urban renewal districts in downtowns and cities and the other is entirely economic development districts, Targeted Economic Development Districts can be created in either cities or in counties and those districts can use Tax Increment Financing. So I am going to tonight talk a little bit about why we’re here, what kind of meetings we’re holding, and then talk about, what do we mean when we say Targeted Economic Development Districts (TEDD) and what is Tax Increment Financing (TIF). Then we’ll talk about what we’re doing right now in Yellowstone County and Lockwood with BSED. What are the steps to create a district, in this first phase what we’re doing to accomplish that and then if the county decides it wants to move forward, what would be involved in the 2nd phase of creating this TEDD. We’ll also talk about how these districts are managed, how decisions are made. And then I think the most critical part of the meeting is, as Steve mentioned, we would like to hear from you. I have a couple of easels up around the room and would like to see what your ideas are, we’ll talk a little bit about questions you have and then we have a map here that we would like to invite you up to mark on the map and show where you think make sense to make this district, what properties we should be thinking about including, and get some more of your input because in the end, this is a public process and the decision is made by the representatives of the public ??? So that last part of the meeting tonight is going to be very important.

Janet: So a little bit about what we are doing while we are here, we’ve been busy, this morning we took a tour of the area of which we have been studying and looking at, we then met with the County Commissioners, we did a presentation discussion (the schedule got mixed up, backwards here) at 4:00 we met with some of you that are here, we met with some of the utility providers, water, sewer, electricity, fire service providers to find out what concerns they had about this district, what were some of the infrastructure deficiencies, and then we are having this meeting tonight. Tomorrow we are meeting with the various taxing jurisdictions that have some interest in this. We are going to have another public meeting which you are more than welcome to come to again, at WEVE management at noon and then tomorrow evening we are going to be visiting both with the Lockwood School Board and with the Yellowstone County Planning Board to talk about their role in this process.

Janet: So the first question is what are TEDDs? Targeted Economic Development Districts or TEDD’s help communities’ to address public infrastructure deficiencies that essentially those deficiencies have presented an obstacle or a challenge to the location or retention or expansion of industries that are considered valued added. So without water, sewer, electrical service or roads, fire access, all of those things, if those things aren’t present it is very difficult for industrial development to occur or to expand in a particular area. Value added means the process by which something is transformed from one thing to another. So we are talking largely about manufacturing, processing products in some way that adds value, so turning trees into furniture or agriculture products into alternative fuels or processing minerals or other resources. It also refers to value added businesses that add knowledge or information to technological processes, so things like medical research, energy research, IT research where you are actually developing ideas or products through the additional value added activity of research and information knowledge, adding value to that process of product through the addition of technological innovation.

Janet: TIF is a tool that can be used in a TEDD, TIF is where you take taxes that are generated from new development, some kind of new investment, and you redirect those new tax dollars into the area in which they are brought. That gives rise to the opportunity to form partnerships where you have private investment in a particular area that in turn generates new taxes and then those taxes are available to support public infrastructure that is needed to develop those private businesses.

Janet: In passing this along the Montana Legislature recognizes the importance of base industry, value added industry, creating sustainable economic basis for communities to across the state of Montana. Much of, all sectors of our economy are very important but as you know as a whole the United States has lost key manufacturing jobs to other countries which is a drain on our economic resources and is also a drain on our workforce and this kind of effort encouraging those primary industries to relocate back to this country, and in our case, the state of Montana. This creates a kind of wealth that results in sustainable communities over time. These are decisions that are locally driven, the kinds of activities we undertake, how we do this, our decisions we make as a community. This provides a tool that enables us to accomplish those goals.

Janet: TIF is authorized under Montana law, as I said in the urban renewal law and again it enables communities to direct property taxes that accrue from new development within a designated area that, in this case, is infrastructure deficient to various public activities. A base year is established from which incremental increases in property values are measured. And this little chart kind of helps visualize, I like things I can picture, so we begin in Lockwood in this area that we are talking about. We begin with a situation that we have had some growth but then that leveled off. It was impeded by the fact that we’ve had limits to our infrastructure capacity. We went, as I mentioned earlier, to folks from the sewer and water district, from the fire department, when we talked about the importance of if we are going to experience any kind of growth in this area, we are going to have to have more services, more sewer services, more water access, better roads, access for our fire trucks, more ability to generate, provide more electrical power. Without that our growth remains stagnate. What you do with the TIF district is that at the point of its initiation, you look at whatever tax value is currently in this area, just within the values of this district. And you say whatever is there right now we will continue to collect and distribute to all the taxing jurisdictions; schools, the county, the state of Montana, the fire district, sewer and water services, all those monies that are currently distributed to those taxing jurisdictions continue to be distributed in that way. Any new taxes that come from new development in that district, then they are set aside for a special fund that is used to reinvest in that district in order to provide that public infrastructure. When the district ends then all of that base and all of the increment become part the entire tax base for the community. So now you’ve increased the amount of money that’s coming in for all of the taxing jurisdictions, so another words you’re increasing the pot while the tax burden then is shared by more people. You’re increasing the number of property tax payers in the district.

Janet: So what we’re really talking about here is an agreement and what we’re saying is if the developer comes in, business come in and invests in this area, builds a factory, builds a research laboratory, builds a distribution center, the taxes that that entity will pay will be used for infrastructure development. So how does that work? So let’s assume that a private entity invests money into a project and Department of Revenue says that the property value, the value of that investment is $2 million, it’s appraised at $2 million. The way Montana taxes property is, it says once you have established market value, appraised value, you multiply it by a factor to get to its taxable value. The factor we use for most commercial industrial residential property, is which I called Class 4 Properties, has not yet been set for 2015, the legislature is in session. For 2014 it was 2.47%, it’s been going down a little bit each year, there in a reappraisal cycle now, they just completed a reappraisal cycle and some of the assumptions the state has been making in its projections is that rate is going to 2.2%. That is not anything that has been set at this point, but I just used it for demonstrations purposes. So if you have $2 million worth of appraised value, that translates, if you multiply it times 2.2%, to $44,000 of taxable value. When a community establishes its millage, it takes its taxable value and divides it by 1,000 and multiplies it by the number of mills you need to run the government. In Lockwood that number is 721.78 plus the 6 mill university levy or 727 mills that we levy here in Lockwood. We don’t count the 6 mil university levy, that’s exempt from this calculation. So if we take 721 mills times $44,000 of tax value, that would generate $31,736 in new tax ? revenue. So again, $2 million of new investment, I want to remind that this is new investment, we’re not talking about existing properties in the district, that would generate $31,736 in new taxes that could then be used to support infrastructure ??? .

Janet: I want to be clear thought that there is no financial effect on individual property owners. TIF only affects

Audience: That’s false, come on….???? *(Discussion in audience unable to decipher.) Steve said something too, but couldn’t hear what was said.*

Janet: TIF only affects the way that tax dollars are distributed once collected. As always your taxes are based on the value of your property including any improvements that you make. But the property owners within the district benefit because infrastructure improvements are made in the area in which properties are located.

Janet: So now sir, I’ll be happy to answer your question.

Audience: *Too far away from recorder….COULD not hear question*

Janet: Why?

Audience: *Could not decipher…*something about school taxes….community colleges….tax district….supplement…

Janet: I think this debate could go on for a long time

Audience: ???….all you got to do is….???

Janet: Ok. What we’ve found is that, not all, now we’re talking about development within a particular district, what happens outside the district is, as more growth incurs within the district, the areas outside the district also grow. More homes, more jobs are created also outside the district. And as taxable values go up, school districts and other taxing jurisdictions benefit from growth outside the district, as well. So my experience has been that the overall effect of TIF in the state of Montana has been a positive one. And already we have returned as districts have sunsetted, more than $20 million of new taxable value to the state of Montana that wasn’t there before.

Audience: ? Can you guarantee that????

Janet: In most cases, my experience has been, with downtown redevelopment in particular, without that investment, that you would not have had the ability to experience that increase in value in those central business districts. In industrial districts, we’ve seen for example, in Ramsey and in ?Butte/Sommerville? County, an increase in taxable value or of tax revenues of over $7 million a year, all of which is now being used to offset school costs and other expenses in the community. My experience has been very positive.

Audience: *Very hard to hear all of it* ….this TEDD was not just magically created recently…. …the fact that you have aerospace districts and you have technology districts….you could not…. I actually used to work in legislature…. …all of the same entities in the district….

Janet: Yes, that’s exactly right.

Janet: It’s still premature. So, let’s, we can probably move on, but I really appreciate you’re pointing this out. We have found, overall, the communities have really done well with these.

Janet: The long term benefit, again, the short term benefit is you’re able to create those jobs and that industrial development in your community, in areas where we have had limited resources or no resources to expand infrastructure. In the long term, as I said earlier, you are increasing the entire tax base of the community. So for example for that same $2 million of new appraised value, when the districts sunset annually, just for example, the fire district will receive an additional $7,000 a year in new tax revenue and the school district will receive an additional $7,000 a year in new tax revenue for every $2 million invested. So again, it’s a methodology which you have to take a long term view.

Janet: You can use TIF dollars in a number of different ways. The law is fairly broad and liberal in terms of ways in which TIF dollars can be managed. You can make direct expenditures from cash receipts, each year. You can use TIF to service debt, either in terms of a bond or conventional loan, or property owner finance projects. You can use that as a way of leveraging the funds and then paying back debt, as more of that leveraging. You can use TIF to match federal and state grants and private investment that enables you to take even small amounts of increment and generate larger amounts of other taxable funding. I’ve used this example a couple of times today, we created both TIF in an industrial district and a TEDD in Stevensville, Montana, and they were able to use the TIF in Stevensville to leverage a fairly large grant from the federal economic development administration for sewer infrastructure. You can also create revolving loan funds with TIF. You can provide loans directly to private entities to build private infrastructure. Those loans have to be paid back but you can continue to revolve those loans even after the district sunsets. And you can make those flexible interest rates so that if a business wants to borrow money from a bank, but the interest rate is just a little too high to make it work, you can use TIF to lower the interest rates to make the loan more available. And you can also use it for bridge funding. Small amounts of money can still provide an opportunity to provide some financing that can then be converted later into other types of funding mechanisms.

Janet: TIF can be used for a number of different purposes. You know I want to go back by saying this, even the largest cities across the country, can’t afford to pay revenue for large infrastructure projects. Sewer, water, roads, all of these things, typically have to be financed either through bonds or through expenditures, through state and federal grants. TIF provides a local source to pay for those very large infrastructure projects. So things like roads, rail services, and utilities, I don’t have that up there, but public utilities like providing natural gas and electricity, connectivity, broadband, telephone services, lighting districts, sewer and water, and storm water drainage. You can use it for land improvements and site preparation. I want to go back to this gentlemen’s question about environmental concerns. In Bonner the mill left a lot of

COMMENT from audience *could not hear*

Janet: Pardon, Okay. And while the amount of money in the fund isn’t enough, they are talking about using TIF over time to help clean up that community??PCP?? So it’s a way to address some of these concerns. The types of projects that you decide to fund with this will be up to the local government here, but there is a variety of things that you can do.

Janet: One of the other important pieces is connecting to services outside the district. So if you want to bring water lines in or sewer lines or electrical services, even if those that are located outside the district in order to bring them in, as long as you can show that the funds are going to benefit the TEDD, monies can be spent on connecting infrastructure. Public services, we talked earlier today about if you needed to build a new fire station inside a TEDD, or if there was public transportation wanted to build a bus stop for workers, um more law enforcement, that’s also, those are also allowable uses. And you can use it for businesses and technical assistance programs that assist in helping create businesses. Yes sir?

Steve: You mentioned that the local government …???...to respond to directing how … first draft, but in this case, the local government is Yellowstone County. There is no local government in this area. So the local people, the local neighboring property owners, ?? don’t have any more control than they did to encourage the rest of the citizens of Yellowstone County to support the County Commissioners in providing that. So essentially you’re investing three people out of 100, whatever, thousand people in Yellowstone County, 3 people are going to make the decisions on how that money is going to get spent.

Janet: That’s true except that, I was going to talk about this later, but I think in response to your question, I will mention it now, and that is that many communities have set up, in your renewal districts you can set up authorities with a special board. There is no such provision in the law in TEDDs, but what many of the communities have done is they’ve set up advisory committees that set priorities about programs that speak on behalf of that TEDD district and they give recommendations to the County Commissioners. Your right, they don’t have the power to make that decision, but by virtue of appointing an advisory board, that can be made up of property owners in the district, members of the sewer and water district we talked about today, citizens that are very interested, and there’s no set number. You can have 7 you can have 9 people representing the interest of Lockwood and set the priorities of funding for next year could include these things, or we believe that we want to set up a revolving fund, or we want to create opportunities for, you know to make sure, let’s say you want to set a priority to and you want to make sure there is pedestrian access along the river, you would like to see some funding for that. All that to say that the most important thing for this district is, the biggest priority, for the district, is setting up access roads for fire trucks if that’s the most important thing. County Commissioners may not agree with you but politically it seems to me that one of the things is that if you have an advisory board making these recommendations that would be a very effective tool in making your voices heard. So that’s part of ?

Audience: There’s no guarantee.

No, there’s no guarantee.

Audience: *Comment unable to decipher.*

Steve: Janet, but what one important piece, just to confirm, and that is that the TEDD dollars have to be spent in that TEDD. You’re not going to be spending

Janet: That’s correct.

Steve: You are not going to be spending all of those dollars throughout Yellowstone County on other projects. If the revenue is made there, you’re going to be investing in that TEDD.

Janet: That’s correct.

Steve: Because that keeps those dollars generated in Lockwood invested at least in that area within Lockwood.

Janet: And I think that with a local board, or the advisory board is a very important tool so that the decisions made, you have a voice in that process and I think that is what I really wanted to add.

Audience: There is a major road construction project ?? is going to take place here in the next 6 years ??? *could not decipher rest of comment from audience.*

Steve: No, the TEDD dollars won’t be used to fund the bypass itself, those dollars are based on priority setting by the Department of Transportation, some federal highway dollars, and that’s already in process. This has little to do with that. We’re trying to create a TEDD in that area. Now one thing frankly we want to do, is convince the Dept. of Transportation that there needs to be appropriate off ramps and appropriate access when they put that bypass in so we’re trying to make sure that our voice is heard in their planning process so that they don’t ignore the fact that we are trying to create this industrial space. But they have their own resources, their own planning process for that.

Janet: Yes, sir.

Audience: These access points, on ramps, whatever you want to call them, are they paying for them since they are part of the bypass project, ???? *Could not hear rests of question.*

Steve: That’s a really good question and I’m not going to answer that until I’ve sat down with the Department of Transportation and asked that same question. We think that they should grant some reasonable access. How you define that, I’m not sure. And who has to come to the table to make sure that gets funded is still part of the discussion. But I don’t know the answer to that.

Janet: It’s probably an eligible response whether you would want to do that.

Steve: Yeah, we certainly want the bypass to accent and accentuate the opportunity that we have to develop the industrial space so frankly there may be some give and take with the Dept. of Transportation on how you do that.

Janet: But I also, when you create a district like this, TIFF is only one of several tools. I mentioned state and federal grants in that earlier slide, but you also have the opportunity to use rural special improvement districts, other kinds of public/private partnerships. And then developer financed infrastructure improvements. So in some cases if the developer up front wants to see some public infrastructure put in, and the TIFF district isn’t up and running yet, it’s up but it isn’t recognizing any revenue yet, sometimes we have had developers financing infrastructure, we go through a public procurement process, fund the infrastructure improvement, and then pay the debt back to them ?. There is a number of different ways even without TIF, we talked about community development block grants, state loan programs, rural development funds. There is a number of different resources but all can be applied toward creating opportunities for investment …..that support developing public infrastructure.

Janet: What are the steps in creating the district? We’ve broken this into 2 phases because we want to be able to, the County Commissioners want to be able to say, yes, we want to go forward with this, or no, we don’t want to or we don’t believe it’s in the best interest of Yellowstone County. So in phase 1 which is what we are involved in right now, includes some of the things we are doing in this trip which is identifying an area, which we will be doing a little later this evening for consideration, we are going to meet with those affected tax jurisdictions, we already have a gentlemen, Tobin, (Is he here this evening?) a superintendent from Lockwood Schools and ? Daly from the Fire Dept., and the sewer and water district folks this afternoon. Once we define that concept area, we want to really prepare a preliminary boundary from which we establish the level of infrastructure deficiency. Following that, talking to people and holding our meetings, we will prepare a statement of infrastructure deficiency which the board of County Commissioners would adopt in the form of a resolution of necessity if they choose to do so. And by adopting that resolution of necessity, they have in fact said, yes, this area, would in the order to benefit the people of YC, would benefit from investments in public infrastructure.

Janet: That area of consideration that we are going to be talking about is generally located north of the interstate, south of Yellowstone River, east of Johnson Lane, and then west, slightly west of the planning jurisdictional extend, will show you. But that you can see is generally the area that we are talking about.

Janet: The industrial feasibility study that Steve referred to earlier, that was prepared by Kadrmas, Lee & Jackson consultants, identify a number of areas, identified in their report the Lockwood concept area, that’s generally the area that’s depicted on this map but again, we need your input on what properties should be included.

Janet: If the Commissioners choose to adopt a resolution of necessity, and in a company statement of light, then they would have the opportunity then to move us into phase 2. In phase 2 would be the preparation of what’s called a comprehensive development plan. It’s not a very detailed capital improvement plan. It’s a general enabling document, it that would identify a number of things. It would include a provision to use TIF, it would identify those infrastructure deficiencies, and any priorities that were going to be identified; we’re addressing those. It would mention the kinds of businesses, the general kind of businesses that the community or the county would be working to attract, so that, what kinds of businesses, again, they could be very broad based, it could include a wide range of technological businesses, factory businesses, those that would, again, add value and create jobs here in Yellowstone County. It would include any kinds of special programs or infrastructure projects to be pursued. So we may be talking about whether we want revolving loans, what might be some of the criteria for a project to be funded, what ? would have to be in place. Some of the criteria that some communities have used is how many tax dollars would the business generate, how many jobs would it create, whether or not there was a good private investment , cost sharing, there might be a number of things that would help determine what types of infrastructure projects would have priority, then how the district would be administered, and then finally, some funding strategies. We talked a little bit a moment ago about what’s the role of tax increment, what’s the role of private developers, what’s the role of some of these other funding mechanisms, state and federal loan grants.

Janet: Once the comprehensive plan is prepared, it is viewed by the planning board, the City/County Planning Board for two things. One is that this plan is undertaken in conformance with the road laws, and that is the Growth Policy, which is a visionary document for how the people of the county want to see their community developed over time, what kind of land uses it would like to see, what are its goals and objectives. And also, the planning board is asked to review the zoning in the area to see if it is done in accordance with the road laws. Once the planning board has reviewed the plan and the district, it makes its recommendation regarding those performance and accordance issues to the Board of County Commissioners. Following that recommendation, the County Board of Commissioners, if they want to proceed by ordinance, can adopt that comprehensive plan, but it must hold a public hearing first and that public hearing notification has to go to all the property owners inside that district by certified mail and then there’s also a notice that’s put in the paper.

Janet: Once the ordinance is adopted, it’s effective 30 days after the date of the document. If, the Commissioners decide to go forward, we’re aiming for a 2015 base year which means that all of this has to be adopted by December 31, 2015, which means that that ordinance has to pass by the end of November to be effective 30 days later. Once that ordinance is adopted, all the documentation from the statement of light to all the notices, to the planning board recommendation, to the plan,

Audience comment: I don’t think the declaration of blight is necessary.

Janet: Not the declaration of blight. I’m sorry sir, too many urban renewal districts. Statement of Infrastructure Deficiency. Thank you. I’m glad you’re listening. All of that information goes to State Dept. of Revenue and they review it to make sure you have taken all the steps properly and then they certify the base year for purposes of calculating?

Again, going back to your question earlier: How is this managed? It can be managed directly by the County Commission. They can assign staff to it. They can contract the services from an outside entity. The County Commissioners can choose to appoint a TEDD advisory board, it’s not statutorily enabled, but it can often be used in TIF districts to make data based decisions about projects and how funds need to be allocated. But the County Commissioner maintains all budget authority associated with the district.

Audience: How many acres are you talking about in this TEDD?

Janet: Right now there are 400 acres?? is that what you asked, oh, acres. I’m not sure, I know that the ? about 400 acres and then the remaining portion, is there about 700.

Steve: So can we back up to that one map, because I think that will help answer that question. Ok, this one right here. So in this concept area, this is not the boundary of the TEDD, it just shows how an industrial area might work. So in those 2 shaded areas there, there is probably 6 or 700 acres, something like that. But the TEDD likely would be broader than that. That area would be encapsulated in the TEDD.

Question from audience: *unable to decipher*

Steve: You know you may have, it really depends on what we hear tonight and what we hear at the public meetings tomorrow, what the taxing entity tells us, what the Commissioners say, that sort of thing. But I don’t know, just, you can’t see this

Audience comment – ?????? this has to work for you and everybody. You have an idea ? the acre in side ???

Steve: So the study we have from KLJ, talked about a size of 3 to 400 acres, specifically for the footprint of the planned industrial space. But that was based on, I don’t know what planning horizon, but over the next several years with the idea that you would want to have space to grow into it. So our study said 3 to 400 acres as an initial starting point for industrial space. Those areas there are probably 6 or 700 acres. So it could be, um, you want to make sure you have enough space that you can grow into it. One of the things I learned from Janet today was if you draw that TEDD so narrow then everything has to happen within that circle. So you want it to be bigger, at least bigger than maybe what we even planned for so you could have opportunity to grow.

Janet: Because if you ever want to add more, you have to start all over again. You have to create a new Statement of Infrastructure Deficiency and go through the process of adding to the district. You can do it but you’re better off starting with a larger area. And again, it allows the opportunities. The other thing is, we talked about today, is that you also want to make sure the size where you draw the line makes sense for providing your own infrastructure so that you don’t want to cut off something at a point that doesn’t make sense for providing access.

Steve: So we’ll come back in a few weeks after these initial meetings and we’ll have a boundary and then we’ll be able to give you an exact answer: Here’s how many acres, here’s why we think it makes sense. But what we didn’t want to do is draw a circle around your property and have you tell me, what the heck did you do that for. And so we’re trying to come at it just pretty open ended. But eventually we have to come to you and show you a boundary and that’s what we’re here for.

Audience question: ? how many land owners ?

Steve: Gosh, we had that question earlier, how many land owners?

Audience: 10 or 15 or 2?

Sara: We sent a mailing out to about 100 folks,

Steve: So when we sent a notice out for this meeting, to property owners in the general area, there were about a 100 different notices that went out for that meeting

Audience: How many actually own the land *? Unable to decipher question from audience*

Steve to Janet: So were those based on parcels?

Janet: Parcels

Steve: So those were notices to parcels. So if you owned 6 parcels we may have actually sent you 6 notices. So you ? You got 7, laughing ????? We didn’t know, so, it is, so we just wanted to make sure everybody got a notice to start the conversation.

Janet: Aren’t there, with the list that I saw, about 30 separate property owners, isn’t that closer to the actual property owners there are?

Sara: After we took the duplicates out I thought there were 70 but I drew a wide circle.

Janet: Oh, you drew a wide circle, 70, ok.

Audience: *unable to decipher entire question*. …water and sewer system….are you talking about another sewage pipe?

Janet: I think I’d like to have Nancy answer that question.

*Could not hear exchange or Nancy*

Steve: So I went to a City Council meeting???…. What we want to have them consider is to have City Council sit down with Lockwood water and sewer and talk about expanding that agreement, so that the TEDD could be included in that service area. And then the infrastructure the TEDD could be used ??? to serve that particular area.

Audience: So let’s say Billings says no, we don’t want it, ??? where do you go from there? Does that kill this whole project or what?

Steve: I’m going to go to our private sector partners and say what does that do to your ability. You know you may have some marginal things you could do. I don’t know that you could draw on the scale that we’re talking about without some additional partnership with the city and talking to water and sewer. ???

Audience: *Could not decipher comment*

Janet: One more thing before I answer this gentlemen’s question , but also Nancy’s point today ???? the ? does not include this concept area so one of the things we need to do is ????

*Unable to decipher this section with Nancy and audience.*

Janet: She doesn’t think it’s feasible to cross the river, cross the lines of Billings ????

Steve: You’ve raised a very good point and this is the way I characterize it to the City Council and then the Commissioners. It’s going to require a very unique partnership to really make all this happen. With Lockwood there’s a lot of moving parts. We have private sector interests that want to see development. They control a certain portions,??? so you have to them engaged in the process, you have to keep the Lockwood community engaged in the process, service providers in the Lockwood area, you have to keep the City of Billings, you have to open their eyes to understand that if we can improve the economic opportunity in Lockwood, that does benefit the broader communities, if you can get them all thinking in that direction. You got to get the County Commissioners to say ok, this is a good thing. I have lots of gray hair now and I think it’s going to be totally white before it’s all done. Because it just requires a very unique partnership, but I think on the upside, if we can all come together and craft that partnership it does create some good economic opportunity for Lockwood, in terms of jobs and people locating in this area, because of where that is located, and then frankly, the City of Billings shouldn’t ignore the fact that if Lockwood grows that helps the City of Billings, as well. So if you have everybody at the table understanding the benefit is going to be ????

Audience: I think this is a wonderful project ???? I have one other point ???

Janet: Let me answer this gentleman’s question.

Audience: That was my question is water. You talk about sewer ??? …the City and County, they put mils on and that’s what you’re paying ??? the city and the county put ???? Schools don’t do that. Schools …dollar value ??? big in Lockwood goes to the schools… ???? The biggest share of property. So when you increase 2 million dollars, you have ?? in property taxes ??? There’s money now ???? Everybody else has to pay more.

Janet: Well, except one of the other things that ? the way the distribution works, that they also pay ? schools based on the number of students.

Audience: That’s from the state

Janet: Yes, but as the number of students go up, the schools get more funding based on additional students ?

Audience: The ? funding is still ???? right here in Lockwood. This school district etc. ??? everybody else has to pay more.

Janet: Well they do on the base.

Audience: The base is going to be minor compared to anything that develops that land ?

Janet: Currently the tax, I got a slide and I took it out for tonight. The district currently generates from the four tenants about $60,000/year???, all of that, which you pointed out about 22% goes to schools. So, they have already generated some funds.

Janet: What I would like to do is go around the room just once and get anyone else’s thoughts or suggestions and then I’ll have you come up here and make some marks on the map. What I would like to do is if you have an idea, if you think of something that you think is important, and I’d like to capture that, I’m just going to go, yes?

Audience: I have a question*, Could not decipher*

Janet: That’s right

*Could not decipher audience*

Janet: You’re right

*Could not decipher audience*

Janet: You have something, I mean you have to have a long term view because that long term view means as the district sunsets, as a community, you will have a wealthier tax base.

*Could not decipher audience*

Steve: You don’t have to answer that.

Steve: I think to characterize everything well, I can’t comment on the County Commissioners issue either, but I think that one thing that’s fair everybody makes assumptions, even some of the arguments you make are based on assumptions that you’ve drawn ??? so I think it would be just as fair to draw the same conclusion, that if were creating new jobs in the TEDD in that area and we improve the infrastructure and that helps your business the impact of that will have a broader impact on Lockwood. new store fronts, new roof tops??????? So you’re going to see some benefit in a broader ?

Audience: *Could not decipher audience comment/question*

Steve: I’m talking about the area outside the industrial area

*Could not decipher audience comment/question*

Steve: I can only tell you when we start government analysis. I’m not here to speak for the County Commissioners. ??? I can tell you that ?????? I can’t speak how they are going to vote.

We’re going to present what we’ve collected from these public meetings. As elected officials of the county, given the way this was structured ?? whether they want the TEDD or not. We’re going to present our best economic information ??? positive or negative ???

We have, I think it’s fair to say this, a history, and I think it’s a strong one, Diane you can speak to this,   
working very close with the Lockwood community. Most recently with the planning process ??? We have a responsibility, that includes things going on in Lockwood. *Could not hear this section….only pieces here and there.*

*Could not decipher audience comment/question*

Janet: So this gentleman had a question

Audience: What I’m curious is, when does the sunset end on this, is it 10 years, 20 years?dd

Janet: It’s 15, but if you sell a tax increment bond anytime during that 15 year period, the commitment extends it until the debt is paid off but no more than an additional 25.

Audience: Now, say there is 3 business here and one of them start next year. He’s got 15 years, the next one don’t start ‘till two years

Janet: Right, he only has 13.

Audience: Oh, he only has 13? Yes, if the district ??

Janet: Yes sir

Audience: When you’re talking about the private partnership. What happened to our district was the private partnership ??? that was Walmart ?? that was 7 years ago. So they created a SID ???? The council ? to pay off those SID’s to the tune of $5.2 million because no one showed up and now those SID are ‘quote’ a deterrent to development. And so now we sit in nothing ????? $5.2 million ??? because their big shot idea, ????, see who was right there with them, that will just fill in so fast, just get out of the way. No one’s been there in 8 years. Nobody. Now we have to pay $5.2 million on those SID’s because it’s a deterrent to a development in the area ??????? I’m just worried that this is going to be the same way. You don’t know ???

Steve: Well, Kevin, here is, we’re operating under this fact, actually. When we started looking at this l? board and the Commissioners said, Steve don’t go look for a 1,000 acres out in the middle of nowhere we want know that there are private sectors telling you that this is important. So were really acting at the encouragement of private industry that’s already in that area telling us that if you want us to continue to grow we need a partnership and an infrastructure investment, don’t put all that burden on us. So part of what we’re doing is responding to the private industry in that area already that’s saying, if we’re going to grow, we need infrastructure investment. We could have just started from scratch somewhere, but it made no sense to us if we didn’t have some private sector partners. I can’t tell you where they’re going to go, in terms of their future. I can tell you that they are coming to us now saying, we want to grow further, we need help with infrastructure investment. We want to grow in Trailhead Commerce Park, we need help with water and sewer. We want to expand the Pacific Steele Recycling, we will need additional infrastructure for that. Part of my motivation in addition to those existing needs is creating an opportunity for future business so we don’t have the conflicts that we have in your neighborhood. That is when you have industry happening, at your doorstep. I would much rather plan to have industry work in a place with the infrastructure ???, than to have that kind of reoccurring conflict and, hopefully you understand this, that’s a very real conflict and I don’t have to live with what ??? you to live with that, and I’m trying to plan ahead, so we don’t have those conflicts.

Audience: I just, my last comments going to be let the free money enterprise ?????? if they truly want to be there, corporate America, *could not decipher rest of comment*

Steve: I’m a free enterprise guy too. What they’re telling us is that, Steve, look, we’re going to pay tax levels, it’s their money we’re not talking about somebody else’s, they’re coming in to pay the tax bill and you’re saying I’m going to dedicate the money you pay, your tax money, to provide infrastructure that supports the growth of your business and other businesses in the same area.

Audience: *Could not decipher comment*

Steve: I can’t argue with that.

Janet: Yes sir

You were talking about water in that area earlier. *Could not decipher the rest*

Steve: So Janet, we have a couple of maps.

Janet: Just a thought, the part of the engineering studies that they will do when they actually start developing, we’ll be able to determine whether that will be adequate. What I wanted to say is urban renewal is very different the kind of TIFF district that deal with urban renewal, that’s where I started, the first ever renewal district???? And what you’re dealing with is, your trying to address a lot and the decision to create the TIF district where it develops and others pay for anchors for that district, um, I don’t know if that urban renewal plan called for ???? I can’t speak to how they manage that but I do know is that, I like the way you characterized this, we’re asking businesses, we’re not talking about tax abatement, we’re not telling businesses don’t pay your taxes, come here. We’re saying pay your taxes. Years and years ago when economic development ?? big industry occurred. You’re right, it was the industries that paid. ? got the bill. Highway 10 through the western part of the state. Many of the developments across the state paid the way then that is what really happens. In general businesses look where they can come in as Steve mentioned they have infrastructure in place or a way, a path to get to that. Short term, short term they’re not going to realize that new tax dollars right away. But without it, you’re not going to be able, the determination is that these businesses have indicated to BSED that they would not locate here without some public ?. So in other words, you’re not asking the community to put in tens of millions of dollars in infrastructure, you’re asking that the taxes that those entities are paying are used to invest in that infrastructure. What we have seen in many communities is that growth then doesn’t just occur inside those boundaries but also outside those boundaries. The reports that we have seen from the Department of Revenue many cases, yes, tax base has been reduced by the tax increment, the amount of tax increment that is generated doesn’t get included in the tax base for a while but at the same time outside the district you see some growth. But overall revenue tax abatement which can be helpful to some businesses, the tax abatement means for a period of 5 years, whatever that period is, you’re not getting any of that revenue. In this case you’re getting revenue that enables you to build critical infrastructure that will entice businesses to locate in that community and in the long run, their children go to school, they buy houses in the community, their spouses open businesses, and they create more wealth overall.

Audience*: Could not decipher comment*

Janet: Excellent question. In the state of California, they just got rid of TIF, because they were doing both at the same time. There is nothing in Montana law that prevents you from giving tax abatement in a tax increment district but I think it’s very bad public policy.

Audience: Could not decipher comment

Janet: Yeah, and I agree with that. There are certain cases where tax abatement has worked and it’s appropriate but when you’re in a tax increment district and you get tax abatement, I think that’s the opposite. You know, you were saying that it’s a win-win. But with tax abatement, you’re pulling money out and you don’t have any resources.

Audience: *Could not decipher comment*

Janet: But I think as a matter of policy those are two different tools, but I don’t think they are a good fit together. But there’s nothing in the law that prevents it.

Audience: In regards to your concept area that you have up there, kind of general idea, I guess I’m just kind of wondering why, I guess on the left hand side of the tracks, you have a spot in mind in the black there, is that where the line is to come clear down to almost Johnson Lane. Could you clarify that?

Steve: So Jonathan I want to make sure I answer, this yellow is the bypass route. So that’s how it would bisect the area. ??? So you could actually include some of these lands here and up here even in it along the balance of Coulson, you could include that in the TEDD.

Audience: But the only boundaries right now are the ones that you have highlighted on each side there.

Steve: Again these are not boundaries. If you did a joint industrial park development and our engineer said, hey, that might fit really good right there, that’s not the boundaries of the TEDD, it’s just the study area.

Janet: Yes, we should probably, this would be a good time to let people come up, and if there are any other questions around the room.

Audience: I guess my only other question now that you have established that, could businesses that are close to that, say, your business or what not, could they request to be included in that area?

Steve: Absolutely. And that’s what we want to do now. What we want to do is have all of you who are here come to the map and say, we think, tell us, what the boundaries should be, or we should include, what would make sense. So, unless there is anything else, yes?

Audience: *Could not decipher comment*

Janet: It’s the same in any place.

Audience: *Could not decipher*

Janet: So, I’m going to take your question just one step further. If your project ? annual cash receipts, you’re only buying infrastructure, paying with the infrastructure money here. So if they don’t, If a company goes bankrupt and leaves the district you would lose that tax value, so that would be a negative increment, so it could, in fact, wipe out any positive increment that you might have. That would be if they’re not paying their taxes. If they become delinquent they are subject to the same rules that anybody would have anywhere. If you sold a tax increment bond, usually they would have to have some letter of credit or pledge, or ability to pay, so there are safeguards built into something like that. But if a company goes belly up or bankrupt, you lose that money. If the company is still there, the building is still there, it still generates some taxes.

Steve: Ok. We’ve got. We have a map on this table, and then one here, again the shaded areas are the concept areas for potential industrial development. The broader area might be included in the TEDD. Circle your parcel, just give us an idea, if it makes sense to you to be included in the TEDD, make a note right on there, put your name …???

*At this point people started to come up and many people were talking all at the same time.*

TRANSCRIPTION ENDS