



Lockwood TEDD Strategic Plan

2019



INTRODUCTION

In 2014, after having received numerous and repeated inquiries for industrial space that could house manufacturing, warehousing, transportation and distribution operations in the Billings and Yellowstone County area, Big Sky Economic Development (BSED) in conjunction with Yellowstone County began formalized efforts to identify and then develop ready-to-go industrial space that would accommodate these requests and enhance and expand economic activities.

After an initial feasibility analysis, it was determined that of the possible properties in the County, the Lockwood area located near the interchange of I-90 and I-94, between the interstate and the Yellowstone River was most feasible for further study and possible industrial park development.

In 2016, a Lockwood Targeted Economic Development District (TEDD) Comprehensive Development Plan was completed. This was followed by a Lockwood Strategic Plan in 2017, which provided a framework to guide the development of the TEDD and contained information regarding market analysis, targeted industries, development and possible implementation strategies.

After finalizing the formation of the TEDD boundaries in 2017, Yellowstone County and BSED moved forward with a TEDD Infrastructure Master Plan. The Master Plan was completed in November of 2017 and documented the infrastructure needs of the Lockwood TEDD as well as addressing needs that might optimize planning for industrial development. Shortly following completion of the Master Plan, the Lockwood TEDD Advisory Board was formed. The Board began meeting in March of 2018 and has continued meeting monthly since that time.

In January of 2019, the Lockwood TEDD Advisory Board finalized the annual work plan for the year. This document reiterates and formalizes the goals of the Lockwood TEDD, highlights targeted industries, discusses potential funding resources at the disposal of the Board, BSED and the County, and assists in outlining budget priorities for the upcoming 12-month period. As part of the 2019 workplan objective to “develop forward-thinking infrastructure plans which address projected needs through the development of shovel-ready industrial land,” the Advisory Board moved forward in the spring of 2019 with requesting a “micro” strategic plan.

The purpose of the limited strategic plan was to complete a deeper dive into the 2017 Master Plan, get additional property owner feedback, and assist the Advisory Board in determining 1 to 2 priority infrastructure projects to be focused on over the next 1-2 years.

After, two workshops with the Advisory Committee (one for an in-depth review of the Lockwood Master Infrastructure Plan and the second to assist in identification of 1-2 project priorities) combined with individual meetings with the Lockwood TEDD property owners, the Advisory Board selected the following two (2) projects for further cost estimations and funding consideration:

- 1) Old Hardin Road to Coulson Road Water & Sewer Extension
- 2) Water, Sewer, and Road Extension along I-90 Frontage Road

More detailed estimates of cost, preliminary scoping maps, and a summary of potential grant and loan funding for these two identified priority projects are outlined in the following pages.

Funding Opportunities

Costs related to infrastructure planning or construction are generally high and require multiple funding resources to accomplish. Although Montana has traditionally been conservative in infrastructure investment at the State level, the most recent legislative session saw positive movement in the conversation surrounding the importance of infrastructure development and maintenance and, subsequently, some additional financial investment in the 2019-2021 biennium.

Yellowstone County, the City of Billings and BSED continue to successfully utilize several traditional federal, state, and local resources to address community infrastructure needs. Following is a short summary of common granting and loan resources as well as some less known or less common resources that may be of use moving forward with the two priority projects as identified, as well as future projects.

In addition to those resources outlined here, the County has at its disposal traditional local resources including, but not limited to, private and developer investments, bonding, TEDD revenues and the formation of a Special Improvement District (SID), Business Improvement District (BID), Business Revitalization Zone (BRZ) and/or Community Improvement District (CID). Formation of any of these specialized districts would allow for the collection of additional fees from property owners and developers to fund current and future identified infrastructure needs.

Planning Funding Resources

Despite the numerous planning documents that have been completed surrounding the formation of the TEDD and development of infrastructure to date, it is anticipated that any projects seeking funding will require additional planning, to include Preliminary Engineering Reports (PER) and final design.

Montana planning grant applications are almost universally submitted during legislative years (2019, 2021, etc..) while construction grant applications are submitted on the alternate/even years (2020, 2022, etc..) so that those may be processed by the funding agencies and submitted to the legislature the following year for consideration.

The following planning grants should be considered moving forward either this year or in 2021 as appropriate:

DNRC: DNRC planning grants have a maximum award of \$15,000 and no match requirement. They can be utilized for capital improvement plans, growth policies, PERs or other management tools necessary to identify and prioritize projects that provide environmental/renewable resource benefits (including water/wastewater projects). The first of the 2019 grant cycles concluded in February, but there is sometimes a second cycle in the fall (September/October).

Big Sky Economic Development Trust Fund (BSTF): These planning grants have a maximum award of around \$25,000 (can sometimes be more) and require a 1:1 match. Funds are facilitated by Certified Regional Development Corporations (like BSED) and may be used for

planning that assists in attracting/retaining full-time permanent jobs. These can include feasibility studies, industrial development planning, and growth policies. Applications for this grant in 2019 are due on December 18, 2019.

CDBG: Planning grant awards are for a maximum of \$50,000 and require a 1:3 match. These may be used for community/public facilities planning such as affordable housing development planning and economic development plans. Deadlines for these grants change significantly from year to year. For 2019, it is anticipated applications will be released in December.

TSEP: A maximum award of \$15,000 and a 1:1 match is required for this grant. These may be used for PERs, Capital Improvement Plans and other infrastructure related planning (such as a water system master plan). In 2019, this grant cycle opened in late June and remains open until there are no further funds available (generally only 2-3 weeks from the time the applications are accepted because of the sheer volume of requests).

Construction Resources

Federal Resources (Grant and Loan)

The Lockwood TEDD Advisory Board has had extensive discussion and review of the potential of utilizing both the BUILD (Better Utilization Investment to Leverage Development formally TIGER), and INFRA (Infrastructure for Rebuilding America) discretionary grant programs to fund future Lockwood TEDD projects. Neither of the currently selected priority projects would qualify, nor be competitive for these two federal funding opportunities.

That said, these grants, while highly competitive, are also highly lucrative and should not be forgotten as the Lockwood TEDD Advisory Board moves forward with additional development. Particularly as future development coincides with the Billings Bypass construction, the Advisory Committee should continue to examine if/when the time is appropriate for application.

In general, both BUILD and INFRA require the following:

- 1) A large transportation related project (defined as between \$5 and \$25 million in total cost) that is “shovel ready” (i.e. all planning and design are completed or near completion);
- 2) A project that contributes to the improvement of safety, state of good repair, economic competitiveness, environmental sustainability and quality of life at a local, regional and national level; and
- 3) A project in which BSED, the County and/or the Advisory Committee can secure substantial local/non-federal match (between 40-60 percent of total project cost is considered competitive)

WaterSMART Grants (Department of Interior, Bureau of Reclamation): WaterSMART grants are primarily for projects that conserve and use water more efficiently, increase the production of hydropower, and generally contribute to water supply reliability in the western United States. Maximum grant amount is \$1.5 million and requires 50 percent of project costs be local match. Proposals for this grant are currently being accepted. Those received by October 3rd will be funded in 2020. Those received after that date will be considered for 2021 funding.

Water Infrastructure Finance and Innovation (WIFIA) Loans: WIFIA loans are for very large water infrastructure projects (defined as \$20 million minimum project size for communities over 25,000 population). Loans may be utilized for up to 49 percent of eligible costs and have a 35-year repayment term. The interest rate is equal to the US Treasury rate at the day of closing (which right now is 2.01 percent).

US Economic Development Administration (EDA)- Public Works Grants: EDA grants would be a potentially difficult sell for Billings and the immediately surrounding area as they are focused exclusively on “distressed communities” (defined as communities with at least a 50 percent poverty rate). That said, EDA has provided grants to communities that do not meet the definition of distressed, particularly if the applicant can show that the project impacts those in poverty and/or that there are full-time permanent jobs that will positively impact those individuals in poverty. EDA grants are generally up to \$1 million and applications are accepted year-round. A 1:1 match is encouraged but not always required. It is recommended that prior to applying for these grants, a preliminary discussion is had with the regional EDA representative to ensure they are aware of the application and can provide support and advice as to how to be most competitive.

US Army Corp of Engineers (USACE) Water Resources Reform and Development Act (WRRDA) Grants: Although rare, (and riddled with Federal regulations and delays), the Section 7001 WRRDA grants/technical assistance are a viable funding resource for water projects. Section 7001 requires that the Secretary of the Army annually submit to Congress a report that identifies, for potential congressional authorization, completed feasibility reports, proposed studies, water resource development projects/studies an environmental infrastructure that meet the Corps’ primary mission to navigate flood risk management and aquatic ecosystem restoration. Recreation, hydropower and/or water supply projects might also be considered as relate to the Corps’ mission. Proposals to USACE for inclusion in their WRRDA request are usually accepted between late spring and early fall each year and take 1-2 years minimum to process and approve. The submission deadline for 2019 is August 27, 2019.

State Resources (Grant and Loan)

As previously indicated, most, although not all, construction grant applications in Montana are solicited in even-numbered years (2020, 2022, etc.). Applications are usually released in the spring of those years and are due 60-90 days after release. They are reviewed, scored and ranked prior to the start of the following year’s legislative session so that the legislature can approve/include them in bi-annual appropriations. State construction grants are becoming increasingly competitive and require that all planning documents and environmental determinations be completed in advance (thus the reason for the planning grant cycles in alternate years).

Treasure State Endowment (TSEP) Construction: TSEP grants assist with water/wastewater and bridge projects. The maximum award is \$750,000 and require a 1:1 match. This is the primary Montana granting resource for water/wastewater projects.

Montana Coal Board: The Montana Coal Board provides funding for a wide array of infrastructure and public facility projects. They have no specified maximum award and awards tend to be based on how many applicants submit each quarter and the corresponding

appropriation/disbursement that is available. Coal Board total appropriations tend to be around \$3.2 million annually. Match is not required, but strongly recommended as applications are more competitive with significant match.

The Coal Board meets and reviews applications quarterly. Applications must be submitted 45 business days in advance of the quarterly Coal Board meeting.

DNRC Renewable Resource Grants and Loans: Grants can be utilized for projects that conserve, manage, develop or protect renewable resources. The maximum grant amount of \$125,000 and requires no match. Applications for the 2020 cycle are due May 15, 2020. DNRC loans are like the SRF loans noted below. The loan limit is based on the applicant's ability to repay the loan. Applicants are encouraged to utilize SRF prior to considering DNRC.

Drinking Water and Wastewater State Revolving Fund (SRF) Loans: Both loans are facilitated through Montana Department of Environmental Quality (DEQ) and Montana Department of Natural Resources and Conservation (DNRC). There is no deadline for applications, although general practice includes submitting an initial application to be considered for the annual priority project list in advance of completing the full loan application. There is no cap on loan amounts. Loan amounts are determined by the applicant ability to pay back the loan. Loan terms are generally 20 years, and the interest rate changes slightly each year. Currently interest rates are 3.1 percent.

Board of Investments INTERCAP Loan Program: InterCap loans have the broadest range of uses and can be used for not just infrastructure planning/construction but also for equipment, real property improvements and cash flow. They are the easiest of the loan applications to complete. They are also processed and approved more quickly than other loans. The InterCap interest rate is comparable to SRF/DNRC, but the payment term is less, with a maximum repayment term of 15 years. The current interest rate is 3.37 percent.

As noted, the last Montana legislative session saw some additional activity related to financial investment in infrastructure. In addition to increased allocations in some existing funding arenas, and a bonding bill, the Legislature also authorized a new grant resource, the Delivering Local Assistance (DLA) grant. The DLA grant is very much like the previously outlined TSEP grant. The program focuses funds toward needed investments in facilities and other community infrastructure priorities across Montana. Maximum grant award is \$750,000, but this grant requires no match. Applicants must be able to demonstrate an impact to an existing or future population caused by a growth or decline associated with coal, oil, gas or timber development within the county and must have recorded production taxes of coal, oil or gas, or total timber harvested. Projects must also be shovel ready. The grant cycle for this new funding resources is open currently (closing September 30, 2019).

Although this is a one-time appropriation, there is some optimism that should communities show completed infrastructure projects by the start of the next legislative session, there is an opportunity for this grant resource to be renewed in 2021.

Regardless of what funding resource is utilized for the identified priority projects or projects in the future, continued collaboration with the County and potentially the City will be necessary. There are grant resources that allow for only one application per County and those that awards will be substantially less likely if there are multiple applications in the same area "competing" for

funding. For this reason, it is important to maintain Lockwood TEDD infrastructure Development as a priority project in larger planning documents such as Growth Policies and CIPs and to continue to facilitate multi-jurisdictional dialogue about projects moving forward.

Priority Projects

During this strategic planning process, the team sat down for interviews with nearly all the property owners in the TEDD. The interview included questions meant to identify their proposed pattern of development, priorities, and challenges. After all the interviews were complete, the results were compiled and compared to the Infrastructure Master Plan recommendations. Two very clear conclusions were:

1. Water and sewer services are critical to overall development of the TEDD
 - a. Top 3 priority for 8 of 15 interviewees covering 692 acres
 - i. Water was #1 for 5 interviewees covering 689 acres
 - ii. Sewer was #1 for 4 interviewees covering 602 acres
 - b. Water service is necessary for fire protection, which requires sprinkler systems for all commercial buildings of 12,000 square feet
 - c. Sewer service mitigates the nitrate concerns of Montana DEQ with septic systems.
 - d. Sewer service allows for development of the floodplain with fill. Septic systems are not allowed in fill.
2. Transportation was the next priority with a special emphasis on the Frontage Road extension.
 - a. Top 3 critical need for 6 of 15 interviewees covering 361 acres
 - i. 4 of the 6 were specific to the Frontage Road Extension covering 161 acres
 - ii. Identified in Infrastructure Master Plan as catalyst project due to its high visibility.

Based on these conclusions, the advisory board chose two priority projects to explore in depth. A depiction of these projects is included herein, but they are summarized as follows:

- Project 1: Old Hardin Road to Coulson Road Water and Sewer Extension
 - Includes 16-inch water main and 6-inch sanitary force main extension from Old Hardin Road under the proposed diverging diamond interchange (DDI) to Coulson Road.
 - Intended to be in place before construction of the DDI to avoid conflicts.
 - Would be used to serve the future development of the entire TEDD study area once water was extended and the main lift station and remainder of force main is installed.

- Project 2: Water, Sewer and Road Extension along I-90 Frontage Road.
 - Includes 10-inch water main and 12-inch sanitary sewer main extension from Johnson Lane northward towards Dickie Road. Additionally, includes a 2-lane rural county road from the end of the existing North Frontage Road to connect to Coulson Road East/Dickie Road.



Project 1



**ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST
 TEDD STRATEGIC PLANNING, PROJECT 1
 LOCKWOOD MT
 November, 2019**



Old Hardin Road to Coulson Road Water & Sewer Extension

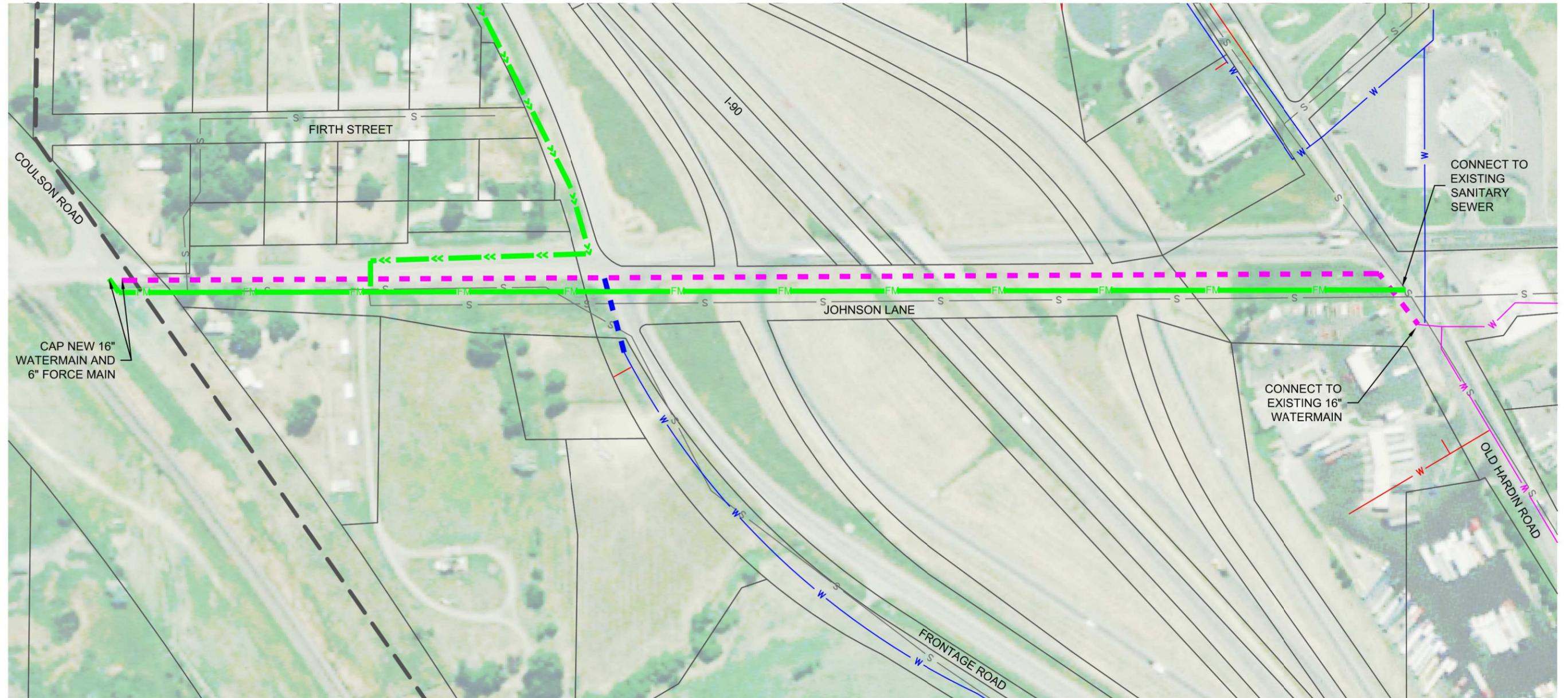
Item #	Description	Quantity	Unit	Unit Price	TOTAL COST
101	Mobilization	1	LS	\$ 47,000.00	\$47,000.00
102	Taxes, Bond, & Insurance	1	LS	\$ 14,000.00	\$14,000.00
103	Temporary Erosion Control	1	LS	\$ 2,900.00	\$2,900.00
104	Construction Traffic Control	1	LS	\$ 2,900.00	\$2,900.00
105	Connect to Existing Water Main	2	EA	\$ 3,250.00	\$6,500.00
106	16" Dia. Water Main	2,550	LF	\$ 100.00	\$255,000.00
107	10" Dia. Water Main	150	LF	\$ 80.00	\$12,000.00
108	10" Gate Valve	1	EA	\$ 2,500.00	\$2,500.00
109	16" Butterfly Valve	5	EA	\$ 3,000.00	\$15,000.00
110	16"x10" Tee	1	EA	\$ 1,000.00	\$1,000.00
111	Fire Hydrant Assembly	4	EA	\$ 6,000.00	\$24,000.00
112	16" Bend	1	EA	\$ 1,500.00	\$1,500.00
113	16" Cap	1	EA	\$ 600.00	\$600.00
114	6" SS Force Main	2,500	LF	\$ 35.00	\$87,500.00
115	FM Discharge Structure	1	EA	\$ 6,500.00	\$6,500.00
116	Cleanouts	5	EA	\$ 2,000.00	\$10,000.00
117	Type 2 Pipe Bedding	130	CY	\$ 35.00	\$4,537.04
118	Imported Backfill	130	CY	\$ 25.00	\$3,250.00
119	Flowable Fill	200	SY	\$ 125.00	\$25,000.00
120	Asphalt Concrete Pavement Patching	200	SY	\$ 70.00	\$14,000.00
121	Dewatering	1	LS	\$ 10,000.00	\$10,000.00
Subtotal					\$545,687.04
15% Contingency					\$81,900
Subtotal					\$627,587
Engineering, Geotech & Construction Admin					\$138,100
Total					\$765,687

*Distance between valves assumed to be 500'
 *Distance between manholes assumed to be 500'

TEDD STRATEGIC PLANNING

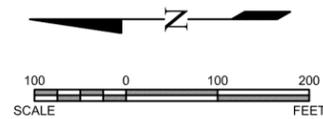
SCOPING EXHIBIT PROJECT 1

PREPARED: 07/24/2019



LEGEND

LOCKWOOD WATER & SEWER DISTRICT	---
PROPOSED 10" WATER MAIN	----
PROPOSED 16" WATER MAIN	-----
PROPOSED 6" FORCE MAIN	FM
PROPOSED SANITARY SEWER	>>>
EXISTING 6" WATER MAIN	W
EXISTING 10" WATER MAIN	W
EXISTING 16" WATER MAIN	W
EXISTING SANITARY SEWER	S





Project 2



**ENGINEER'S OPINION OF PROBABLE CONSTRUCTION COST
 TEDD STRATEGIC PLANNING, PROJECT 2
 LOCKWOOD MT
 November, 2019**



Water, Sewer, and Road Extension along I-90 Frontage Road

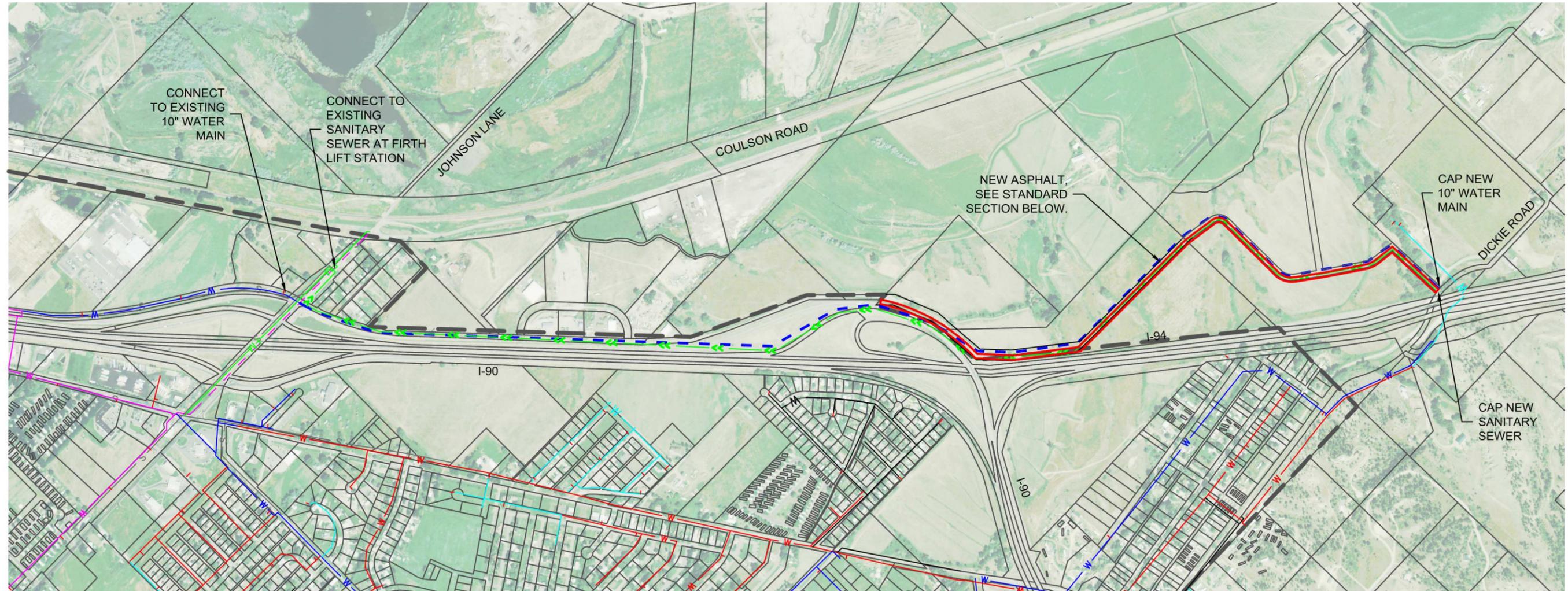
Item #	Description	Quantity	Unit	Unit Price	TOTAL COST
201	Mobilization	1	LS	\$ 303,000.00	\$303,000.00
202	Taxes, Bond, & Insurance	1	LS	\$ 121,000.00	\$121,000.00
203	Temporary Erosion Control	1	LS	\$ 7,366.00	\$7,366.00
204	Construction Traffic Control	1	LS	\$ 4,640.00	\$4,640.00
205	Connect to Existing Water Main	2	EA	\$ 3,250.00	\$6,500.00
206	10" Dia. Water Main	12,000	LF	\$ 80.00	\$960,000.00
207	10" Gate Valve	24	EA	\$ 2,500.00	\$60,000.00
208	Fire Hydrant Assembly	24	Ea	\$ 6,000.00	\$144,000.00
209	10" Bend	20	EA	\$ 1,000.00	\$20,000.00
210	12" SS Gravity Main	12,382	LF	\$ 65.00	\$804,830.00
211	48" SS Manhole	31	EA	\$ 4,000.00	\$124,000.00
212	Lift Station Update	1	LS	\$ 175,000.00	\$175,000.00
213	Type 2 Pipe Bedding	600	CY	\$ 22.00	\$13,200.00
214	Imported Gravel	600	CY	\$ 25.00	\$15,000.00
215	Exploratory Excavation	80	HR	\$ 210.00	\$16,800.00
216	18" CMP	510	LF	\$ 40.00	\$20,400.00
217	Asphalt Surface Course (3" Type B)	3,326	Ton	\$ 68.00	\$226,135.26
218	PG64-28 Asphalt Binder	200	Ton	\$ 500.00	\$99,765.56
219	3" of 1-1/2" CBC	1,646	CY	\$ 30.00	\$49,388.89
220	12" of 3" Minus Pitrun	9,407	CY	\$ 27.50	\$258,703.70
221	Striping	1	LS	\$ 12,000.00	\$12,000.00
222	Signage	1	LS	\$ 7,500.00	\$7,500.00
Subtotal					\$3,449,229.41
15% Contingency					\$517,400
Subtotal					\$3,966,629
Engineering, Geotech & Construction Admin					\$872,700
Total					\$4,839,329

*Distance between valves assumed to be 500'
 *Distance between manholes assumed to be 500'

TEDD STRATEGIC PLANNING

SCOPING EXHIBIT PROJECT 2

PREPARED: 07/24/2019



YELLOWSTONE COUNTY
STANDARD ASPHALT SECTION

LEGEND

LOCKWOOD WATER & SEWER DISTRICT	---
PROPOSED ASPHALT SECTION	—
PROPOSED 10" WATER MAIN	- - -
PROPOSED 16" WATER MAIN	- - -
PROPOSED 6" FORCE MAIN	FM
EXISTING 6" WATER MAIN	W
EXISTING 8" WATER MAIN	W
EXISTING 10" WATER MAIN	W
EXISTING 16" WATER MAIN	W
EXISTING SANITARY SEWER	S

