**Lockwood TEDD\_Taxing Entities\_01-13-15**

Well, we’ll call the meeting to order. I got my marching orders from Sara so I’m good for the day and Sara’s doing a fantastic job in leading this project for us and has been working on it for months and she reminded me the other day that when she actually gets back to her desk here in a day or two, she’s got a very large report to do for the Federal EDA because part of the funding for our industrial park feasibility analysis came from the EDA. The EDA also funded our target industry analysis that we did a couple of years ago so we’ve created this kind of stepping stone approach partnering with the Federal Economic Development Administration and to some extent, the State Department of Commerce to kind of get us to where we are today in planning and we’re really wanting to be able to go back to the Federal EDA and ask them for $2 million to help jump start infrastructure and improvement associated with this project. We have very good grant writers with Diane’s leadership. Sara’s expertise, so we always feel we have a good shot at that, but I can’t make any guarantees but we always put our best foot forward to. But I think in this case we’ve created a good track record for ourselves to have a fairly good shot at that process. What we want to do today is talk just very openly about this whole TEDD and TIF and how it works and what it means to taxing entities that have properties in that area. And just to make sure we get all the issues out on the table so that we fully understand those. I’ve shared a little bit of background with many of you before, but I’ll give you just a little snippet. Actually, no, I’m not going to do that. I’ve read this report this morning when I came in early. We’ve tried, and we have good expertise in the work that we do like all of us, but we also try to lean on what others think and other consultants and that’s why Janet and Lynnette are here to help us in this TEDD process. We recently brought in a lady named Janet Addy who has been working in the site selection business for many, many years. On the one end she worked with companies to find just the right site for their expansion projects, now she’s, she had also worked with the state of Wyoming helping them with positioning their state and business recruitment kinds of efforts. So we hired her to peek over our shoulder take a look at our target industry analysis that’s now two years old and just help us refine it a little bit, help us refine our recruitment strategies and our business expansion strategies.

So I want to read to you what she said in this report because I think it has context in what we’re trying to accomplish. I was teasing Robin that she’s stuck with us because we were out very late, Bob thank you for opening that door and kicking us out of there about 10:00 last night. We had a long day yesterday but that’s really important and I drove home pining the fact that I didn’t get to see that football game, but apparently it wasn’t much of a game after the 1st quarter or so. Thinking wow, why are we really doing all this? Because this is a lot of work. But I really do think that if we do it right, it will take time, but we will really create some long term opportunities for YC that we don’t have today. And I believe that strongly. Here’s what Janet told us as she came to our community, worked with our recruiting team, started to talk about what are the trends in site selection business, and what did she see from her perspective. I guess I could put my glasses on to read this to you.

One of the trends that she sees in site selection is the following: Increasingly readiness will be the basis on which communities and regions compete. So, and it’s not just readiness in having an industrial park, she talks about readiness in terms of workforce development, Terry’s working with us on that, readiness with respect to economic development programs you have, but she does talk a lot about infrastructure and site preparation as being one of those things that you really have to be ready and that’s part of how we’ll be judged, is are we ready when businesses are ready to go. The other thing that she told us in her evaluation, she spent three days on the ground with us here in Billings and she said the following: It is important for the Big Sky Region to have a plan for infrastructure improvements including water and sewer expansion annexation so that companies can also plan. In her opinion the industrial park feasibility analysis, and when she was here we were just in the middle of that process, is a necessary component to Big Sky economic development strategy and in her opinion probably overdue. In fact I got criticized the other day, not directly because I wasn’t there to hear the criticism, but I was doing some follow up, because frankly someone in our community in the Transtech area still today has concerns about locating the larger FED EX distribution center next to Transtech and felt that we should have been much more proactive in identifying a much better space that would be conducive to that larger scale distribution area. And so our response to that criticism is we’re trying to get ahead of it now and yes, we probably should have been thinking about this years ago but here we are today and so I want to try and avoid that criticism five years from now when somebody says, well, you should have been planning for this, I want to be able to do that. My last point and then I’ll be quiet. This is encouragement from Janet as well. And these are her final five recommendations and regarding sites, availability of sites, and buildings. She says, continue to push for infrastructure improvements such as sewer, water extension, industrial parks, electrical grid, reliability and capacity. So she’s really just encouraging us as we look at our economic development strategy, that we have to talk about infrastructure and being ready to go and so that answers my question late last night, why are we doing all this, it’s because we want to be ready to go. And try out best to get ? of the process. But it does involve everybody around the table, it does have a long term benefit, but near term sacrifice, so we want to talk about what a TEDD really means and you guys have had a chance to think about it over the last several weeks and then over the last couple days so we want to really make sure we get your concerns and questions addressed the best that we can. So with that background, Janet, I’ll turn it over to you and really just open it up for questions I think is the best way.

Sara asked me to remind everybody and to note to everybody that the contents, our discussions are being recorded so we can keep track of our meetings. It sounds like the Janet’s are taking care of things. Thank you again all for being here. Just briefly because I know that you are all acquainted with TIF. As you know the Montana urban renewal law allows us to create urban renewal districts and now are called targeted economic development districts (TEDD). TEDD is a new name for what we use to call either a technology district or aerospace district or industrial district but the legislature combined all of those into one type of development district. And it enables communities to establish cities and counties can establish TEDD’s, only cities can establish urban renewal districts. TEDD can use TIF, which as you know, provides the means by which property tax dollars which are derived from new development within a particular area after a certain date are, with the exception of the 6 mills levied for the university system, those tax increments are placed in a separate fund for, in the case of TEDD’s, for infrastructure development and to promote, particularly to promote the development of secondary, what they call secondary value adding industries. And they primarily are industries that transform materials from one type to another, so wood to furniture, beef hide to leather products, other agricultural products to bio fuels. We’ve seen this kind of activities in everything from aircraft manufacturing to manufacturing large components for highways and bridges so it’s really a broad interpretation of value adding . It also applies to technology business, businesses in medical field, science research, energy field, that add knowledge as part of the value adding process. So the creation of a district like this in Lockwood would again provide an opportunity to take the tax dollars that accrue from that new development in that area and reinvest those rather than distributing them to all the different taxing jurisdictions. The County Commissioners are considering the creation of the district. We are currently in phase 1 which is basically doing some scoping, meeting with people and developing a draft boundary for the district. We, but because, and I think this is an important point, obviously why you’re all here, because TIF defers those new tax dollars to a special fund rather than distributing them to all of your districts. First of all, the BSED wants to have your involvement, the County Commissioners wants you to be involved in the discussions about the district, what it can do, its benefits to the community, but also given that you have a significant financial stake both in the short term, in deferring that income. Of course we would not necessarily be there without this district but in the long term what it can mean to you, in terms of providing a bigger pie to you when a district sunsets, more resources for your community. But there’s also benefits in the short term. Particularly I know Terri, Leo, Patricia and Tobin, Bob might want to talk a little more about this but the fact that increasing jobs in the Lockwood area would result in more families and potentially more students and schools, and again based on the formula that the state implements that you could end up with more funding the short term based on those additional enrollments. Again no guarantees. But I, and then we talked yesterday, all the other, you know the districts to that benefit from tax revenues would have to be asked to provide additional services perhaps without necessarily getting the revenue and what are ways that we can offset that. So with that I’ll end by introductory comments, I want to open this up, we can go around the room, people can just jump in with questions or concerns that you might have with respect to a project like this.

Janet I wanted to touch on a little bit something that was said yesterday at the initial meeting. You talked about not having a taxable, tax impact on our current tax payers and that’s true to a certain extent but it’s also not true to a certain extent as well.

Ok

Because something like BSED or like the university system where it’s a flat mil, 5 mil, 6 mil, that’s not going to change my taxes as a local tax payer

Right

But as with the schools we’re authorized a certain amount based on our funding formulas like you talked about and so if you reduce the value of a mil, or we hold steady the value of a mil then that would increase the amount that each individual tax payer was responsible for so by freezing this it does actually affect our local tax payer.

And explain to me why because if the community, if, first of all I would ask why holding steady would require, if a value of a mil holds steady.

As opposed to a mil that’s going up in value

So if a mil that goes up in value, in other words I’m asking, is it because costs are going up? Is that why, if the mil value holds steady

Yes, because our costs and our budget authority has gone up. So for instance here in Lockwood over the last two years our mil values have gone down so extra mils are assessed to each of those each of those individual tax payers.

Oh, I see. Ok

And so, and I guess that’s kind of where I’m coming from a little bit. One of my things that I’m really concerned about is like looking at, and I know we’re still looking at the boundaries, and that’s our major concern. Steve and I have talked about this quite a bit. Existing values like Peterbilt that has abatement at this point. We want to make sure that we’re not giving up that value there in our taxable value 5 years 10 years down the road when that comes back online as a tax payer, does that make sense?

? and I have been talking on this. Here’s my take on it and I think we need to do some research but, you’re not talking about, TIF is based on taxable value not on actual taxes paid.

Yes

So, the Peterbilt, in all honesty, I’m not a big fan of using tax abatements

I agree

But it can be an appropriate

But you used it Janet, don’t be to critical

I know, I know

Could not decipher all comments here

But from a public policy point of view

I understand

They may make sense in certain circumstances. I don’t think they are a good fit giving tax abatement within a TIF district. But with that being said, if the value, the person whose getting the tax abatement pays fewer taxes but that doesn’t alter the taxable value

It does alter the taxable value

It does. Ok and why is that?

Because it’s an adjustment to the tax rate so with an adjustment to the tax rate it will affect tax value

Oh. Ok. I didn’t realize that.

Can you explain that a little further.

Yes. So in Peterbilt’s circumstance, the first five years he gets a 50% reduction. So instead of in 2014 paying 2.47% tax rate he’s paying a 1.23% tax rate instead. And so therefore his taxable value is reduced by half.

Oh.

And that will happen for the first 5 years. The 6th year then he pays 60%, until he gets to

So the question is, and I knowTobin and I are on the same page as this, so the TEDD comes in in 2015, 2016. In 2018 is the sunset on the abatement. Based on what I understand the TEDD process to be, does the taxable value going up now go to the TEDD?

Correct, that’s what I believe. I need to do some checking on that because it’s my belief that the base year is going to be 2015. So whatever year of the incentive there at in 2015 that will become their base value so if their still within the first 5 years, 50% would be their taxable value that would go to the base.

Unable to decipher comment

Once they hit 10 years, that extra 50% is going to actually go to the TEDD, I believe. I need to do some checking on that.

I can’t speak for the school, district, but for the rest of us it’s no longer a win-win for us, it’s win for businesses.

It’s a skewed base.

Other comments - many speaking at once- could not decipher all comments

Yes, it’s a skewed base.

The main question is can that tax abatement come back into the base for that area. That would be what I hear Tobin saying.

Other comments - many speaking at once- could not decipher all comments

I guess I need to see the math to understand how it works but you’re right, you’re using that as a multiplier against the base, right? So the base should stay the same, you’ve just adjusted your rate, it’s a tax payer in that payment ??? right

The base is taxable value. So if the base in 2015 and there in their third year of incentive and their paying 50%, then the taxable value is 50% of what

Wouldn’t the value, if you’ve adjusted the rate from 2 to 1, that’s what gives them the 50% reduction but that’s against the same base, I

It’s not, it’s against the same assessed value or appraised value but it’s creating a different taxable value and taxable value is what determines the base.

Remember it’s a three step process. And I thought it was after you multiplied it by the, then it’s whatever that is.

See, we experienced that in our phase 1 sewer. Because this businesses wanted to come in whether it was Aspen Air, or they were, you know, wanting to add on and everything, and they went for an abatement. Our whole process was a geo bond based on taxable values. So, it’s not that we are anti-business friendly but we did go to the Commissioners and I think Steve remembers that, and they said that you know, it does have an effect on the remaining people that bought into this to pay on a general obligation bond, based on taxable value, it starts to spread out over to them and make them pay more. Maybe it’s not a big number but it is a number and that’s exactly what we’re dealing with here on the abatement issue when it comes back, can it go into the base rather than the new taxable value as you move forward.

I have a solution. And the solution is that the Montana law allows for you to remit a portion of the increment back to the district. So once we would calculate the effect of the abatement on the taxable value, I would take that difference and have an arrangement where those are remitted back to the various taxing jurisdictions in the proportion that it was derived.

And how many abatements in that proposed area?

I’m not sure.

Is it Pacific Steele and Peterbilt?

Other comments - many speaking at once- could not decipher all comments

I don’t think Pacific Steele is under tax abatement.

OK

So you can

Other comments - many speaking at once- could not decipher all comments

Steve, that would not be a difficult thing to do.

No, we keep those records too….???

So, I would say, so that this doesn’t get to a point of contention, I think that would make you whole.

Yes, we just want to make sure that the value that’s already there existing is being credited to our tax base.

Other comments - many speaking at once- could not decipher all comments

And that’s the way you would do it. Through a remittance process. And the law allows for that. So what we would do, we would suggest you do, is work with the Dept. of Revenue to calculate what that loss is based on the abatement. Say,you should have been taxed at a 3 or a 2.47 rate and you were taxed at a 1.24 rate and for this rate, and you come up with a number. And each year until you meet that threshold, that gap, anything above it would be increment, but based on that, I don’t think it would be a high calculation, and that you would just return those funds to the various taxing jurisdictions.

And then we can also check too to see if we can adjust the base at the time it goes to 100% taxable. Can we then adjust the base value for those businesses that are already receiving ??????

That would be an easier way to do it because they would have a different base value. But short of that a remittance program, I would suspect, because the county would be affected by that as well as the schools and the irrigation district ???

Robin, who would you talk to, to find out

I’ll talk to Michele ?

Ok

Others talking here and couldn’t hear complete sentences

Now is that process defined in regulation or is that a local process? In other words, TIF districts are using the increment above what the current is. Now is that calculation that you just talked about defined in regulation?

The remittance spot is

The remittance

Ok, yes, and I have the law on my computer or I have it in actually in my notebook

That would be clean

That would be very clean because that is a procedure, that is already detailed in the law. It’s a mathematical challenge but it’s a fairly simple one.

And Janet how a new a law is that. That’s recent

No, the remittance provision has been in there for

For TIFF’s but for TEDD’s it’s recent

Yea, and TEDD is a TIFF. This is something that we need to understand. TIF is the mechanism and the mechanism can be used in either urban renewal districts or TEDD. The newspapers done a tremendous job, it’s wonderfully in reporting this, but it’s the one piece they got wrong. They sort of differentiated TEDD from a TIFF. And TIFF is a tool that’s available to use in both types of districts, the way they are calculated, the process by which you create them, is the same. One is infrastructure deficiency, the other is blight. Other than that you need resolution necessity, statement of condition, preparing a plan, planning board review and adoption. So it’s, the checklist is the same for both types of districts. I’ll, we can continue talking. I’ll just grab this citation for you.

One thing is true, to follow up on what Tobin said, it is true, the argument for us as school districts against a TIF, and we’ve had TIF’s, and we’ve had public come to a lot of our meetings. We’re giving authority to tax, let’s just take it easy now, but we’re authorized to tax a million dollars, not mils, I’m just saying a million dollars you can collect. When you take some of the taxable value off the table in a TIF all of a sudden the rest of the tax payers got to pick up that difference. So your dividing amongst a smaller pie. So that’s the downside, the upside of TIF’s is it’s creating more jobs, more people are coming and their going to build a house and they might have something outside a TIF. It’s not guaranteed that those people are going to live in Lockwood or Billings or what school district their going to be in so. So that’s one issue. The other issue that your bringing up, and we realize that a lot of school districts have done this around the state, we might have missed it when our TIF’s were created, I talked to Bozeman recently, when they create their TIF, the Bozeman School District, within the agreement we’re getting X amount of money out of the TIF to fund our facilities that we’re using. Now, you’re right, you can put it in the agreement that the taxing district gets a rebate back but what’s probably not clear is when that rebate comes back it goes towards a building fund, it’s not going towards like general fund dollars it’s usually going into a building fund.

Other comments - many speaking at once- could not decipher all comments

There’s a couple things Leo even short of that bill. If you have a school that within a TIF, you can certainly make direct grants to that school for infrastructure improvements. And you’ve seen that in several, in Helegate High School in Missoula, in Butte High School we did, I know they’ve done some in Kalispell, I don’t know if they’ve done any in Billings where they’ve contributed to the schools. The bill, one of the things, you know, that’s kind of a point of contention now is that the school, the money that creates the increment comes out of general levy, bill levies, so I think the state, the Dept . of Revenue is saying well, if you’re going to remit portions back to the school it has to go back into their general fund. That’s what this bill would do. But, you know, shy of that, the question is, if you return money to a school district would they be obligated to lower their mil value. And what’s happened, I don’t know if you’ve followed this case in Ramsey, which is in Silver? County but it has its own school district, kind of like Lockwood does. And they were able to remit, they had so much increment they didn’t need it all so they said were going to remit it back to the schools. Ramsey School didn’t want it because they would have to lower their mil levy. So it’s a very interesting conundrum. About, even if you enter into an agreement, you still have to enter that agreement with all the taxing bodies. You can’t just do it with the school district. It has to be, if were giving you, if for every dollar you get 37 cents of every dollar in tax, you have to have 37 cents of every tax dollar, and you have to have 7 cents, and however that works. So if we give any tax increment back it has to be distributed to the taxing bodies in the proportion to which you contributed.

So Janet is that something that has been commonly done

No

That’s been something that I’ve been floating around a little bit is if this takes off and it’s a hit from day one, and now, Steve’s gong to probably smack me for saying this, but you’ve got more money in the TEDD that you even need at that point. I mean is there a way that we could set up an agreement where for every $5 million of taxable value that goes in out there that a certain percent starts to come back to the taxing entities. $10 million and a higher percentage

Other comments - many speaking at once- could not decipher all comments

That’s actually what Bozeman, and not all Bozeman has done it, just the downtown one. What the downtown one said was, what we don’t, what is in the ????? of what we need to bond to pay for the parking garage will be remitted. And that is what they said so they, but they thought, what they’ve done is very, really limited themselves, on any other type of improvement because of that, but that was their choice on that one. The other thing that Janet didn’t mention is that Anaconda’s School Districts have been sued

By North Western Energy?

By failing to decrease their millage

Because they had received the remittance

They received the remittance and put it in a building fund

Other comments - many speaking at once- could not decipher all comments

And, you know, it don’t’, I’m neutral on that argument from a structural point of view, that’s where the increment comes from, it comes from the general fund, but the decision on how the school district would spend their remittance seem to be beyond the scope of what I certainly could recommend that there’s been some discussion through the Dept. of Revenue about that issue. But coming back to these agreements.

Coughing- could not decipher all of her comment

The problem with them works both ways as I said. As Ramsey didn’t like the remittance because they had to lower their bill levy, it was a one-time only deal, that’s part of the problem, so that the next year they had to go back up again. Whereas at the end when the district sunsets, you get, then, you know, you have a new base. But you also have situations where you do have opportunity to come along and you may be better off entering into agreements on an annual basis. Based on the situation for that year maybe, so one year a remittance doesn’t make sense for anybody but one year it does depending on the opportunities for economic development and the opportunities as you as a school. Maybe you do have an increase in taxable value in the areas outside the TIF district, and that’s how I usually argue about your first point. Just because you’ve frozen the base inside the district doesn’t affect what ? outside. (COUGHING) . But you said you’ve been experiencing a general decline.

Other comments - many speaking at once- could not decipher all comments

Yes, and that’s essentially assessed

Right  
And I don’t know whether or not, and this is the question I always , answering a question with a question, whether anything would be different with or without this district with respect to what’s happening in the community. And, at least, it offers a promise of increase revenue further down the road.

I guess I’m just looking it from the perspective of , let’s say that in 10 years down the road this has been a hit and there’s $15 million of taxable value sitting out there that’s going back to the TEDD and we’re running a bond issue to build a new school and now also our tax payers, we’re looking to expand the Fire Dept., whatever it might be, our tax payers are saying, you know, you guys really blew it when you agreed to this because now were paying ?Double?COUGHING for that and now were not going to pass those bonds or were not going to pass those levys.

I guess ?COUGHING? coming back to the point that what you have with the opportunity with one of these is to actually grow your tax base for the long term that has the potential, again, of increasing the pie so that it lessens the burden on the tax payers for district, you know, it’s 26 and district 2. That’s what, but, if nothing happens in you’re not in any further ?. Your banking primarily on a positive outcome. So I agree, that you do have that, that you do have those apparent what you might say inequities, what would result, but again, I’ll tell you what we did in Butte, I was the Director of their Renewal Agency and we issued, there was a general obligation fund issued for the renovation of the high school, and we, luckily the high school was inside the TIF. We used TIF to lower the cost of the general obligation fund, we reduced the general obligation fund. So one of the things that might be possible if there’s a remittance back to you, if it goes in your general fund, you can lower your bond, I mean lower your general fund and issue the bond so it could be neutral for the tax payer. I think that I would rather see you leave the drawer open for some innovative approaches rather than lock yourself in for 2015.

Other comments - many speaking at once- could not decipher all comments

And that’s what I’m asking, that’s what I’m really asking, and it’s actually probably more for fire and sewer and those type of areas where there going to be serving more. With the funding formula we’ve kind of got a built in way to mitigate those difference if we do get more people to move into the area but for them there offering more services without any increased tax base.

Although what we talked about yesterday is that one of the things that we can do is that if there is an increasing impact on their services, providing fire and sewer, we talked about TEDD could pay for access roads, could pay for upgrade to the water system, could pay for additional hydrants, so there is a way because of the physical infrastructure needs that would have to happen in the TEDD those would be something that, you know. One thing that they did in Missoula County, they provided, they used TEDD money, or in this case it was TIF it was the old industrial one to pay for a bus stop in the TEDD to serve people you were working, or commuting from other parts of the county. There’s some things that you can do. You know the law is pretty broad and as long as we stay within the law, I think there is opportunities for cooperative adventures.

One other question, we keep talking about taxable value and about the base that’s established. Is that only real property or does that include business tax, personal property

It does include

Other comments - many speaking at once- could not decipher all comments

It includes anything that’s included in the agreement. So some of them have personal property , central ?, real property, industrial property. Some of them only have

Other comments - COUGHING- could not decipher all comments

Because the law, administrative rules calls for all of it

Well, mobile homes being personal property

Right

If they don’t exist in that area then you’re not going to have anything

Right

Other comments - many speaking at once- could not decipher all comments

Any taxable property within the boundary

Anything what the law says is ad valorem tax which is, refers to

Well, what happened in our GO bond is businesses with personal property, mobile homes, mobile homes is probably not the big issue because they remain pretty steady but when you talk about business equipment tax. The last legislature took a pretty good whack at that

Yes

The next legislature is going to take another whack at it. So that was one big pool that had an effect on our GO bond because when we got all done with the phases, the projects in phase 1, we expected that we were going to be able to lower our mil value so that the public would see a reduction on that cost well when the business tax got chopped so much that made a big difference and we weren’t able to do that. We had to hold the line at where were at. And if it’s going to happen again, we’re going to be borderline on that maximum value that we could assess for that GO bond so any of those that are subject to legislature can be taken away from you really need to identified in the base and make sure that that’s solvent.

Is legislative changes a legitimate reason to change the base

No

We use to be able to change the base, for example, when was it, in 1983, when I was only 6, our district in Butte, lost the, remember we use to have the inventory tax, business inventory, and that was taxed at a percentage rate like property is, and that’s when the ad valorem comes in. We had to eat that or they could adjust the base. They said you could treat that like the property was never there, the inventory, but I think that, you can’t do that anymore. But what your saying is a problem for GO bonds is also a problem for increment districts particularly industrial districts because a lot of the taxes that are paid in industrial districts are paid on equipment not on building. They might put up a butler building and have a gazillion dollars worth of equipment inside.

Other comments - many speaking at once- could not decipher all comments

So here’s another one, you know you talk about the conflict of tax abatement vs. tax increment. A lot of times in terms of promoting economic development in the state we like to, we’ll cut taxes for you over here, but that would, that would have a severe impact. If we cut it more than, what is it now a million dollars, any business equipment under a million isn’t taxed

$100,000

Oh, it’s $100,000

We’ll get a ½ million with this legislature

That’s going to be detrimental

So Janet how does the reimbursement from the State because in the last adjustment, the state through state general fund remits dollars back to ?

Other comments - many speaking at once- could not decipher all comments

Only if you have a bond issue outstanding. If you’re creating a new district, they remit money to you to make you whole but not going forward on a new increment district

Other comments - many speaking at once- could not decipher all comments

????there’s a block grant they say that kind of makes you, that gives you dollars to replace some of that? I don’t think it makes ?

No

When they passed that legislation they would have to, it has a fiscal note attached to it for the state. Their putting up state money to back fill

For schools and so forth but not for new increment districts going forward

Other comments - many speaking at once- could not decipher all comments

There would be no base in that, it would be gone

The board when we sold the GO bond to the public for the sewer, we ignored the business tax, we didn’t even include it in any of our calculations because we knew that it was volatile and we knew that the legislature was looking to make change so we always looked at that as a buffer to where at some point in time we could lower that assessment, that mil levy and as it turned out we’re not able to so it was a good decision to not include that. That’s why I bring up the question of the base if you include it, you know, what happens in the future. Because I know that Scott Turner brought that up yesterday, you know if things happen where you get a default or you start to see lower funds how do you address that.

There’s a few answers. On an assessment agreement in place, which means, let’s say you’re going to sell a bond to put in roads for a company. And the company has agreed, they’re public roads but they’ll serve the company. The company, there’s also a provision in the law that they can enter into an assessment agreement. So say based on today your taxes would be $100,000 a year. Legislature changes the law, he still has to pay $100,000 a year based on that assessment agreement or he can buy the bonds or he has a number of different alternative. But you can build in those kinds of safeguards. But your absolutely right. The volatile nature of what the legislature can do with respect to this

But truly in this particular circumstance, if the base value includes just the $100,000 exemption, let’s just say, and the legislature passes and goes to a $500,000 exemption, whatever’s in the base stays with the taxing entities. So the burden will be on the TEDD. There not going to get as much increment, the base will still stay the same including that higher taxable value that that personal property had during the base year. So you guys will still get that, the TEDD won’t. The TEDD will have to eat that

Other comments - many speaking at once- could not decipher all comments

So the base is a fixed dollar amount?

Yes

Well, it’s basically a guaranteed amount, is that what you’re going to ask?

Yes

That’s kind of where I’m headed at. The base is a fixed dollar amount so then if there is a reappraisal , does the base change?

No

So if it increases, then the base doesn’t gain as a part of that reappraisal?

No, not due to reappraisal, no

Ok, if the appraisal decreases the value, does that change the base?

The base stays the same, it always stays the same.

Unless you readjust it,

Other comments COUGHING- could not decipher all comments

There’s a case, there’s some bonding things that could readjust it, you use to be able to readjust it for legislative, administrative and judicial changes you can’t do anything, the base stays the base.

Ok, so if there’s no physical change in the TEDD area, in other words no additional facilities, but the appraisal comes in higher or say one of those ratios at the whim of the legislature changes, the base does not change.

Correct. And we talked about this at the Commission meeting. So you have the base, and I keep going back to Ramsey, it’s a classic, so they created their TIF industrial district, and the ? element phosphorous plant closed. So here’s the base, and this is what happened with the increment, it went down. It was a negative increment. Nothing happened. Then they built ? and they became Rex Silicon and some other things and the tax base came up. As soon as it hit this, then they started having increment. But they had to make the base whole before you measure any increment. So do you all follow? So this ? plant goes, no increment, you don’t have to pay back into the fund, it’s no increment. But as soon as you hit the base, they made the Ramsey school whole, they made the county whole, they made the state whole, then, only then, could they recognize any increment. Even though from here to here was new value, it had to replace what was lost in the base when ? closed.

So what your saying is that basically the TEDD is either the recipient of the additional funds or they lose the additional funds as values go down.

That’s correct.

So the base district stays the same throughout the entirety and that dollar amount stays the same.

Correct

With the caveat of that, if the base is at $1 million and next year the total tax value for the entire school district is only $800,000, the school and everyone else is not going to get a $1 million, you get whatever tax value you have. But the increment gets nothing either.

Right. And the increment won’t get anything until you hit the $1 million again.

What were you going to say Lynnette?

Just that. There has to be increment and they have to be filling the whole. If there’s no growth going on out there and it drops it’s down.

It drops for everybody

So the base starts when the TIF is created. At that point you set the

Other comments - many speaking at once- could not decipher all comments

It’s a January proceeding so as long as we create it by the end of this year, it would be January 2015.

And I suspect, if the legislature does what they are predicted to do, there’s a greater chance that we would start it January 2016.

So you don’t lose this out of the base.

So you don’t lose, I mean if the intent was to take Peterbilt and Pacific into it, Pacific got to have a huge amount on equipment. You might not want to start.

We’ll have to look at that. We’ll have to work with Robin to look at when is the best date for you to start

Yea, so the timing is very important.

So, just for full disclosure we would also be advocating that the legislature reduce the business equipment tax.

Your going to shoot yourself in the foot

That’s alright because it’s all about creating a climate that’s conducive to business growth. On a bigger scale that’s a really important issue for the State of Montana. We’re in a very competitive economic development region. We just got new rankings out on tax climate, and you can take those for what there worth, but Montana did ok, we were 7. Wyoming , I think 1, South Dakota maybe2 or 3, I don’t think where North Dakota is, I think actually we did better than North Dakota on a tax climate basis. But some of those states don’t have a corporate income tax and that’s a big deal for business. We kind of nail them at every turn. They have to pay a big chunk of the property tax obligation for the state on every equipment purchase that they make, we’re going to take a little bit of their earnings through corporate income tax, yes, and then we say by the way, could you guys also pay for the public infrastructure

And Steve didn’t we hear that from a developer on the original meeting for this when he said he moved a business to Wyoming because he got ???

Yea, I got mad at that guy when he told that to me because he promised me that he would at least come gives us a shot and he did his own math and said, no, it just makes more sense to do that. I was driving home again last night thinking, you know, is there a better way to do this. Bottom line is we’ve got to find a way to fund infrastructure if we want to help business locate in our region. So maybe it’s not a TEDD, if there’s another tool out there

Other comments - many speaking at once- could not decipher all comments

I’m not trying to create a debate here, but I’ve worked for three states in the last twelve years. Montana can’t keep comparing itself to sales tax states in terms of business, it’s not right. It’s not right. There are so many things, whether your for sales tax or not, I’m not going to get into that debate, I’m just, every time you sit down and start comparing we forget that they all have sales tax.

That’s right

And those sales tax pays for things like public safety, and infrastructure and all those things, and we negate that, we just want to throw that to the side and say, oh no, we have a lousy business plan compared to North Dakota, South Dakota, Colorado, and Wyoming

I didn’t say we have a lousy business plan.

No, I didn’t say you did, that gentleman did.

I would never say that.

That gentleman did.

Even if we had a lousy business plan, I still wouldn’t admit to it maybe, but other than saying, if you ask me what do you think about a sales tax I would say, absolutely. And here is why I would say that. Because we’re putting all of the pressure for everything on property owners. If you own property in Montana, you’re the go-to person. And if we had another way to generate revenue, we could allow our property owners in the state to catch their breath because we go back to them constantly. And, I can’t hear what your saying

We did an interesting analysis. I worked with the Treasure State Endowment Program which is the program in the state that provides money for the sewer and water systems, and bridges, from the coal tax fund. And the legislature was trying to figure out a way in which it could fairly compare one community to another within the state of Montana, who should get grants and who shouldn’t get grants. And what was interesting and part of that is we did an analysis of the property tax pie. And what has happened in many counties in the state is that increasingly it is the residential property owners who are carrying the burden of the taxes. When Montana, when we had very large companies, like the Anaconda company and others that had such a presence in the state. You had closer to 60% of the taxes were being carried by our largest tax payers. What’s happened is that’s reversed. And in some places, particularly in some places like Flathead County and Gallatin County, and I don’t know what it is for YC,

It would probably trend a little bit in the other direction, just because ???

Yea, the burden of the property tax pie is being held a lot by residential property owners. So in economic development we have all these different tools. And I like TIF obviously because we’re still asking people to pay their share. But it also, and the reason I’m such an advocate for it and I tell the legislature this every two years is because it’s a way in the long term to reduce the burden on the individual residential property tax owners. I think that’s the conundrum. How do you continue to be equitable for our residential property owners while attracting industries? One way is the sales tax, but I think that’s the challenge that we all face in doing economic development is that ultimately the purpose of it is to make it sustainable for the people who live here.

I’m not trying to bring up a debate

No, I, that’s my soap box.

When I got to Colorado the first thing they asked me to do is to develop a strategic plan. Well, I come from a sales tax state. So as I start looking at my needs I realize I’ve got other areas in Colorado that I could extract money from. But it also became really apparent having lived here for 30 years, that there were taxes I was paying here. You know you hear this comment, if you move down there, the cost of living, that was the biggest crock I was ever sold. Pardon me for saying it that way, but my insurance cost more here, doesn’t matter, health insurance, home insurance, auto insurance, because we tax the insurance people. You know, just on a basic life policy. In this state its almost 4½% tax and it goes to 9 or 10 different entities but I didn’t pay that in Colorado. And our gas tax, you know you would look right, living here, we have 3 refineries within 15 miles and I always say why does the gas cost more in Billings. It was 20 cents less than what I was paying in Colorado. It’s the state additional highway tax is put on the gas tax. And again, don’t look at me as an advocate for sales tax but I ran into this in my strategic plan, because we did as I told you down there we had URA’s , we had TIA’s, we had TID’s, that’s their ways of doing TIF’s but all of them had an affect based on another tax that could be collected which was primarily sales tax and that, here again without getting into a debate, it kind of drove me batty when I’d come back here and speak at a conference or convention that my colleagues were comparing us to North and South Dakota and Wyoming. And I’d say no, compare us to Oregon, compare us to Vermont, I was trying to hit all the non-sales tax states. Try and compares us there and then look at wages and the cost of businesses. It really does change, as you pointed out, as you realize we tax everything we just don’t have the sales tax so we don’t tax that consumer. Everything else we do pay some form of tax and probably higher than some other states.

Leo, you were going to say something.

No, you covered it all so, I mean I just, the only point it let’s, an example where you create this industrial park or district, and example let’s say, nobody moves in but when you go through reappraisal the people within there, their taxable value goes up, so that to me, the increment on that would go into that district, which again,

Well, even in this area described, once that goes from agricultural land to any kind of commercial land their value is going to go up and will create some sort of an increment

It will stay within that district

Yea

But looking at that positively that gives the BSED and also the county a little bit of seed money to then go out and recruit the businesses to create. So it isn’t, you know, there’s an obligation associated with getting that little bit of money to say, ok, we have $5,000 or $10,000 here, currently, the area in which their considering, if you look at some of the major tenants right now, it’s generating about $60,000 worth of taxes and if that were to go to $62,000, let’s say, or $65,000, it probably wouldn’t be much more than that, it might give them just a little bit of money to do some recruitment or to begin to move the project forward.

Other questions for Janet

The only other, well from the districts standpoint, the only other concern we have is non-overlapping of the boundary of the TEDD with our existing GO bond boundary for the sewer, and we’ve discussed that and I’ve talked to Sara about where we would like to see that boundary because we know that corner of Johnson Lane, at that intersection, is being purchased by Town Pump. They have 6 to 8 lots. Sometimes the people that live there are going to say, I’ve got enough, the bypass is coming, you know, I need to get out of here

We heard that last night

They will sell it to Town Pump. They may get a good price, they may get a bad price but they will sell it and something commercial and probably high dollar is going to go in there. They do want to build a hotel or motel so you’ll see some structures there. And Tobin and I have had conversations about it. The thing is if you overlap into that, now you’ve given us another layer of reduction as we move forward with our GO bond. So, if we can keep that piece of property, and not only for the school but for the districts boundary for phase 1, than that would help maybe offset some of those abatements that we see affect us on the GO bond. So that’s the only other, I think if I speak correctly, that’s the only other caution or concern we would have that we don’t overlap that boundary into our existing…

Yea, and to add to that Woody, you can comment on my work with the sewer district and the GO bond and how important commercial development is. Because when you look at that tax base, that’s why I’m for this district because it would add to our tax base out here in the long run and so that’s where the majority of those payers are going for our sewer system in phase 1 at least and GO. You look at that commercial development, the Esquire S and the other businesses out here that are paying for phase 1

And we’ll see, I mean, we’ve got a business ? RV that is going to move down to a 30 or 40 acre tract east of Johnson Lane, they’re going to develop that. Those taxes will change. You’re going to still have the existing building down here that somebody will have to move in, and I assume that, but we’re seeing growth and businesses not only, let’s say relocating to another spot but another example is the Zip Trip Cenex over here, they wiped out their building and their building a new building so that’s going to help but we just like to stay away from any overlaps to complicate things and try to keep it as simple as possible.

So what you’re saying Woody, as I understand, these are businesses that are going to locate here outside the proposed TEDD

Right now

Other comments - many speaking at once- could not decipher all comments

That’s one of the things I’ve talked to Steve about is, we want to make sure that we’re not including what is, and I think Commissioner Reno talked a little bit about this too, there is some of this property that is naturally going to be filled by commercial businesses and we don’t want to have the boundaries of the TEDD to overlap that. We want the TEDD to be focused on that light industrial, industrial growth and not take up any of those properties that are attractive as commercial properties.

That makes sense.

Is this the boundary of your GO?

Yes, that blue dash line, so if you look down at Johnson Lane, right there, you can see we have some jogs in it, we prefer to follow that jog around Firth. Firth is a residential street. It’s zoned commercial, like I said it will be bought out

We have a lift station down there,

You’ll probably want some of the, further up the frontage road to be included in the TIF, is that ok?

Yes, we agree with that

Other comments - many speaking at once- could not decipher all comments

…..and Montana Peterbilt and those

Yes, we think, we think

Other comments - many speaking at once- could not decipher all comments

I think that’s a good point

Could we excuse ourselves, thank you very much

Other comments - many speaking at once- could not decipher all comments

Thanks for the information

I have cards, Terri, if you have any other questions,

Thank you very much

Good to see you again Leo

Other comments - many speaking at once- could not decipher all comments

Do you have any other boundary issues for us?

No, because basically you’re going pretty much northeast of where we are. You know we talked about having to work with the city to expand the district boundary to include that portion, that’s the way to get utilities there, we can’t fund it. And as you’ve already seen, two or three business now there have made a huge commitment and spent a lot of money just to be able to locate

Other comments - many speaking at once- could not decipher all comments

…originally that was part of our old farm land is where Peterbilt is now. They originally came to us, came to Woody and asked about water down there and we couldn’t extend it down to where they are.

Other comments - many speaking at once- could not decipher all comments

Very hard to extend water main a mile and half to service one customer and then when you hear Pacific, originally they told us that they didn’t use a lot of water, and they wanted a water main and we couldn’t do that either. Yesterday I think they said that they do use more water than they originally indicated but that has to do with their process of the crusher and that type of thing. So we, the Board doesn’t have any objections to that area, quite honestly the Board has tried to figure out why that area was never in our boundary to begin with.

Yea, it should have been in our area.

It should have been in our service boundary, our Lockwood water and sewer district. When it was written, it just didn’t happen, so

I have a question for Tobin

I think he had a question

Oh, I’m sorry

Go ahead

No, it’s just um, more generally in terms of what kinds of things you would like to see and this is really to all of you, but sometimes the schools have a perspective that would be helpful to us, you know, opportunities for training, ways in which the schools might be able to get involved. I know that we’ve had some of this, is there something that you’ve, as we go forward, if the Commissioners go forward with this, we’ll be writing a plan, that you would like us to include and the same goes for you too, as well as, things that you would like to see the TEDD focus on in terms of the approach of this development

We had a conversation on this, I’m not just bringing this up because Terri and his crew left, but you know our goal is to have a Lockwood High School out here and have a high school that services Lockwood. We’re in the process of trying to get a bill through the legislature so that our local tax payers will be able to have that choice, to make that vote and bond against themselves and that is part of why I’m so protective of our taxable value is, you know, down the road we might be looking at trying to build a high school. One of our focuses and what we really feel is needed for our community is and really the state in general right now is the pendulum is starting to try and shift back away from college prep all the time where we were trying to funnel 95% of kids to college, and you guys know this, there is a huge need in our state for skilled workers.

Across the country

Yea, whether is electricians, HVAC, whatever it may be, so we would like that to be the focus of our high school and so we’ve already reached out and worked with Dan Carter of Exxon about, tell us what a kid would need to be trained and be able to go to work for Exxon because they are our biggest employer in our community. We want to have our graduates go work for our biggest employer and we discussed this with the TEDD coming in as different kinds of industry comes in, it would be great to be able to partner with that and be able to do internships for students and be able to let them understand that there are other jobs out there rather than going to college to spend that $40,000 and decide I don’t want to become an accountant I want to go and work in the industry. So those types of things, those types of partnerships, if we can get that in the business park, if those, if that is something we can write into that, when people come there, when companies come and they would be able to work with the schools. And anyone come in to, you know, our graduation matters, we’ve got going on next week, focusing on the different careers you can have if you have a high school diploma

So Jane can you invest, can we use the TEDD TIF revenue to build a training facility there that might be used for workers

Other comments - many speaking at once- could not decipher all comments

That’s where we are headed, that’s what we are heading for, I’m trying to get you some money here.

Other comments - many speaking at once- could not decipher all comments

And that’s one thing, you know, Billings school district too does an amazing job with their career center, but let’s be honest with it, it’s located on the far West end of Billings so now for a Lockwood kid to go out there and take an hour long or two hour class, an hour commute out and back and the cost that goes with that.

We included Jermison County(???), sunlight , we included a component

Other comments - many speaking at once- could not decipher all comments

And Stevensville, or Hamilton, that one has been kind of floating out there for several years, but the Hamilton, some interesting politics there, but we’ve talked about, they have a facility, kind of a satellite of UM down there and we’ve talked about the appropriateness of using TIF money for workforce training for students in that school that were going to work in those, so if you have a workforce training program so you offer, you know the BSED can offer a workforce training program in ? schools and use TIF money

My goal would be to be basically an east campus of the city college where adults can go out there and get education, students can go out there and get career education. You know were talking with the gentlemen from the Burlington Northern Sante Fe. What a great way for them to come in and make kids aware that this is a career that you can go into. I went to High School in ???, I knew that being a railroader was a career but a lot of our kids don’t necessarily know that unless they are in those communities and, I have, you know, I can’t tell you how many of my friends that I graduated with that work for the railroads or work for refineries because those businesses are right in our communities.

Now we talked yesterday, in the decisions about how this money is spent is not up to Lynnette and I, and it will probably, it primarily, and it’s not up to Steve either

It’s not up to me

Other comments - many speaking at once- could not decipher all comments

So, what, but what Woody had mentioned is the option, we talked about, of setting up an advisory committee to the Commission to say, here is, you know, this is the budget we want to see, here are the projects, this is where we want to spend the money this year and there is nothing that would prevent you from suggesting that kind of program. So I think it is a way, I like partnerships, and that is a way to make that happen

Other comments - many speaking at once- could not decipher all comments

And Janet I was unaware that this money can be used outside of that district

Because, if it is for the district. We’re not spending money to send people to work at Nassau. We’re saying that we are going to train people to work in the industries located in …

Other comments - many speaking at once- could not decipher all comments

Specifically Peterbilt,

Other comments - many speaking at once- could not decipher all comments

I don’t’ know if Colorado’s the same, I’m just getting back use to Montana, but we bought a piece of fire equipment from one of our URA’s because it directly benefitted that particular area, we were able to buy brushery

Yes, when talked to earlier about the possibility of an emergency ambulance station out there if that’s what’s needed to serve the area

Other comments - many speaking at once- could not decipher all comments

Another thing we did, you might already know this, but Billings has, and so does Lockwood, a device at each intersection that reads, it’s called an optican(?), that changes the lights degree. We were able to use, in a TID, money to purchase those for that area

Do we have those?

We do, just on Old Hardin and Johnson.

Other comments - many speaking at once- could not decipher all comments

Well, there’s an example that if the road going to this area didn’t have those, the TEDD could pay to have those installed to get the emergency services there

Other comments - many speaking at once- could not decipher all comments

What about like sidewalks going say, from Old Hardin out to the business park so people could walk to work

Other comments - many speaking at once- could not decipher all comments

Well, it has to connect.

Other comments - many speaking at once- could not decipher all comments

And it has to be a nexus. So those are one of those that you have to convince the landowners next to the sidewalk that they have to pay their fair share too.

Steve I don’t know what the relationship BSED has with the City of Billings and the MET Transit, I think Janet mentioned that doesn’t have any bus stop, is that something that’s a reality that we could find some sort of way to partner with the MET to work on having

Well, I’m telling ,they were very gracious to host our tour for us and one of the things we talked about which really came to us because of a company who is located in Billings, doesn’t like the location, it’s a total nightmare, it’s surrounded by a neighborhood, and part of what he said though is we picked that location because our workforce, some of them to be honest with you, doesn’t have a driving license anymore. But they can weld and they continue to pass their test and I need those guys but if you locate me way off in the hinter land, you’re going to have to address transportation. So that got us thinking, Sara thinking and others, that if we create this opportunity out here there really should be a transportation component.

Other comments - many speaking at once- could not decipher all comments

That’s a huge need.

And look at providing some sort of transportation for mobile workforce some of which may be good in technical skills but because of other life decisions, may need help with transportation. That’s just one issue.

We’ve talked about for years

Other comments - many speaking at once- could not decipher all comments

And the other thing as Tobin and I both said on the pedestrian safety committee out here in ?, the Commissioners on the sidewalk program out here. Tobin wasn’t at the last meeting but we discussed working with MDT(?) and the new park that’s going to go in on the other side of Yellowstone because the bypass is going to go right through it. The park kind of has the keys as to what they’re going to require MDT to do to some degree in there. So we are going to meet with the park people and MDT about at a minimum when they build the bridge they need to have pedestrian or bicycle capabilities be built into that bridge so that there can be a connection from Lockwood to that side to the park. Because quite honestly we don’t have any parks out here and our kids can’t go anywhere, they go to the schools, they use the schools, they use the baseball fields down here, but other than that, developed parks, there aren’t any. So that’s going to be key for Lockwood people to be able to get to that location and so we will be visiting with them about that. On the sidewalk issue which would only be in MDT right away at this point. It wouldn’t be in the rest of the TEDD.

But again, the term nexus, you have to show that there is a direct relationship at the link. So in the very specific case you can say we are going to build a new sewer plant over here, and we are going to run a pipe to the TIF district. That sewer plant isn’t going to just serve just the TIF district, it’s going to serve a community. So if the TIF can account for 10% of that use, it’s a legitimate cost to pay for 10% of that. If you’re talking about a sidewalk or a bus stop, where you have workers or people that are coming to that industrial site, that enable them to access that site, but you have to show the relationship. I mean, you know, we don’t want to be using TIF as a slush fund for all of our community projects. We want to make sure that

It could get out of hand

Yea, we want to make sure that we are connecting building and access roads for fire trucks, building sidewalks or bus stops that help people and workers access the site, reducing energy consumption for the site, all those things you can show the relationship, the link, that makes sense.

You know to be fair Janet, ????, I look at Billings and I look at Lockwood and one of the reasons I saw the benefit of taking this job is that Lockwood is kind of like the unpolished apple. We’ve always been over here, we’ve always been on the other side of the river, we’ve been called the wood, we’ve been called a lot of things. But now’s there time and their starting to grow and I look at again, we’ve heard over the last few weeks all the TIF’s that are in Billings. Some of its easier because Billings already has paved roads, they already have sewer systems, they already have sidewalks. I mean let’s face it. You drive into Billings and you see infrastructure pertaining to business, you see it. You drive into Lockwood, you see undevelopment. Tobin talked about it. You don’t see sidewalks. You don’t see landscaped yards. You don’t see setbacks. This, and I guess that’s why I’m supporting it, this might be our first opportunity. So I heard what you said, but I’m going to say very selfishly, I’m looking forward to the sidewalks and the streets, and the traffic lights because that will be the presentation these business people will see.

Those quality of life elements that people want

Absolutely

When they come to ?

Other comments - many speaking at once- could not decipher all comments

And if I’m in going to build a home as a developer, or I’m going to start a subdivision, if I’m Charlie Hanway, again, I’m looking at this and I’m not saying this selfishly or greedily, or capitalistically, he’s in a business to make money, to develop a residential subdivision. He’s not going to develop it over here if there isn’t something to attract those people to buy that house.

Right, but, I mean

Other comments - many speaking at once- could not decipher all comments

I completely agree with you. When we moved to Butte in 1977 I said to my husband, two years and we’re out of here because of that very thing and here it is 37 years later, 38 years later so I

The demographics are changing out here pretty dramatically. And Woody and John, those guys have been here a lot longer than I have. But just in my few years here you can see the change from we had a lot of low income families. We had the million dollar homes up in the Emerald Hills and a lot of retired people. But with the Sierra State Subdivision, with a lot of these new subdivision that are coming in, you know, they are 3 to 5 bedroom homes, they are starter homes, they are two working parent homes and so we’re getting our middle class, I guess if you would is really growing and conversely I think the demographics are changing a little bit in Billings. Especially the eastern part of Billings to where it’s becoming more low income and so people are pushing out and those families are coming out to Lockwood or to Shepherd in those areas that are growing. There was an article in the Gazette about two weeks ago about the school districts in Billings, the school district has stagnated or dropped but it’s the outlying districts, like Lockwood region that is really booming.

So, I understand what you’re saying but take me one step further. Are you looking at other ways in which the community can spurs its way out. Or what’s the outcome?

What he’s saying is when you have one neighbor who paints their house the other neighbor is looking and saying, gee, I should paint my house. The next thing you know is two other neighbors have painted their house and then four other neighbors have painted their house. It’s what you see and you think, gosh is spurs out. And he’s looking for the ???????

Other comments - many speaking at once- could not decipher all comments

I think this is looking at some of our other businesses and some of our other ????

Oh, ok. I understand

Thorough fares are going to want that

Oh, I got ya, I got ya.

Other comments - many speaking at once- could not decipher all comments

We don’t want, I guess from my perspective, I don’t want a satellite of this great industrial growth out here that’s going to have all these people working here but they are going to choose not to live in Lockwood because they want a walkable community or want to be able to get on a bus, those type of things too. We want

Other comments - many speaking at once- could not decipher all comments

This whole TEDD concept is an opportunity for the community of Lockwood to move forward and get those amenities that we don’t have. I mean like I said the other day, it has been haphazard. I’ve lived here for 37, 38 years and I’ve watched it changed. When I first moved out here it was more rural, lots of space and everything but Lockwood is no longer rural. You know, we are a community and we’ve been left with a lot of things that communities have that we don’t have and now it’s coming out of the pocket.

But I’m so, I’m probably going to get tarred and feathered, but I’m bringing up interesting subjects here but when, several people last night in our conversation after our public meeting talked about incorporation. And some of the things that you are talking about with respect to

That’s why I’m leaving now

I know, no, no, I just think some of the things you are talking about doing come with. The other thing that really struck me, and our conversations last night that I’ve been thinking about since, everything that you are talking about is multiplied by the fact that you are reliant upon the County Commission to make decisions and this will be true of the TEDD as well. But if you were a incorporated community, you would have that.

You have a cost with that

I know

And that cost has been calculated at 25% of what you’re paying now.

Right, that’s about what we have recounted in other places.

So when you start looking at living here, as to living in Billings, if these costs keep increasing and you are not competitive to Billings, you know this is exactly what Tobin’s saying, you are not going to see people out here. You will see the TEDD happen and you will see people living in Billings. So you know, the incorporation, it’s a good idea, it has pluses and it has a lot of minuses too. So do you incur 25% more cost and move forward and be higher than Billings? Quite honestly when we started looking at the sewer, we had to look at, ok, I’m going to pay for sewer, this is going on my taxes, this is going on my bill. How does that compare with somebody living in Billings that has sidewalk, has ? better, has all of this and all of a sudden

Other comments - many speaking at once- could not decipher all comments

We are amazingly close to, at this point in time with, do I stay here or do I move

Other comments - many speaking at once- could not decipher all comments

And that’s again, I’m more responding to your discussion about you wanting the community to be more attractive and having some control over how that happens.

And that’s one of the reasons that we now have the Pedestrian Safety Committee, because of deaths in the community quite honestly, but it is a tool that we can move forward and plan for some of those things. We are even talking to the Commissioners about, you know, is there a way that we can enforcement of development to be able to have people do these things as they come in. We are talking about the part that’s already here not necessarily the TEDD. If we could work with that, that would be great. But we are looking at, what is the mechanism to make people put these improvements in. Is it an overlaid district? There is positive thoughts about that and negative. Do you change the subdivision regulations? Something has to happen, we just can’t keep….

But you would still need the County blessing to do those things

We would need the County to, well the growth, the overlaid, would come from the Planning Dept. and the County would have to approve it.

Right

For an overlaid district

I’m going to run out and I’ll catch you guys at noon.

Noon. Ok, sounds great. Is there anything else we should cover today?

No, just make sure we are getting the input we need on the map. That’s really important and that is what we want to bring back to you in a couple of weeks and say, ok, now here is the proposed boundaries. We can have that discussion before we go on to meet with the Commissioners.

Ok

One clarification that I was looking for a little bit, and I think you may have already touch on it, I’m guessing it goes back to the County Commissioners, we talked about the TIF district or the TEDD district being for 15 years but with the possibility to bond against it. Who would make that decision, is that just the County Commissioners only or?

Other comments - many speaking at once- could not decipher all comments

Well the County Commissioners would make the decision. This is the thing that we have to be, I think we have to be honest about this, in order to build the kind of infrastructure we are talking about you need to bond. Using just the cash, unless you have gazillion and gazillion of dollars of increment, you are not going to have enough. So I think we have to be direct, it will be the County’s decision whether the. Let’s say a company comes in that is going to have 50 jobs, they are even going to build some workforce housing in Lockwood, they are going to be really great for the community but they need an upgrade to the broadband system and the price tag of that would require that you sell a bond for 10 years and you are in year 7 or 8 of the district. So that would take it out, that would extend it but you’d say, gosh, this is going to be great. It’s going to help the school with better telecommunications, so, sitting right here right now, you could say, Oh my God it could go for 40 years and that is kind of intimidating but you don’t know what opportunities are going to come down. But the answer, the short answer, the County with the recommendation, whoever they have working for them as staff, whether it is the economic development authority or their planning staff, will come to the County and say, we need to build this new telecommunication system in the TEDD, it is going to cost us this much money, we are going to need to bond for it and the County Commission will make a decision.

It is solely in their power.

I think we just saw that with the TIF, the downtown TIF. The City Council voted to renew it after 15 years

No, actually they were, that was one was actually one of the first ones that was created in the State. They were close to 34 years because they had bonded and they just renewed it.

Is that the actual downtown one?

Oh, the downtown one

The downtown TIFF, yea.

It has been very successful

You’re talking about the bond

Other comments - many speaking at once- could not decipher all comments

I has been, it’s the winner loser thing again, if I’m the Fire Chief in Billings, I’m going to tell you we just lost again because they tried to pass a public safety bill ?? and that money would have offset, for the fire people, a good portion of that. So they could look at that and say, oh the fire didn’t make it out. On the other side, again having set on that board, I look at the downtown and what it use to be, and from the fire perspective, I can tell you that we use to run to the depot area a minimum of 50 to 75 times a year. We don’t go there at all any more. And it was primarily transient people, you know those types of calls that eat up a lot of time and money and no return in revenue. So, is that an offset? Yes, probably. And also look at the downtown. We remember what Montana Avenue use to look like. Busted windows, empty stores, you know, terrible infrastructure. ??the arcade??? That was already worth another $70 a year. The Empire, that was probably worth another 70 calls a year. And again speaking selfishly, that is why you heard me say again yesterday, I’m kind of going against the grain with a lot of the fire chiefs but I look at that TIFF and then I look at my experience in Colorado and I see the future benefits. A simple thing like when they redid that area down in Montana downtown, I got to replace a bunch of antiquated fire hydrants. It didn’t sound like much but to be honest with you I had to carry a special tool on our fire engines for the hydrants that were there. They were able to replace all that with that TIFF.

Other comments - many speaking at once- could not decipher all comments

Upgrading the electrical in all those buildings downtown, that probably saved you a lot of headaches.

Again, you can look at one side and you can say, yea, but will that chief probably like that money to help pay of the costs that he is claiming now that he needs, sure. But on the flip side, we probably saved that much and more over the last 15 years with the infrastructure increases.

Other comments - many speaking at once- could not decipher all comments

You’re talking about bond links. As a district, the district had to bond for 30 years to build sewer plants, and that’s just the first phase. We will be bonding for, depending on your funding sources, whether it is RD or SRF, and we are using both, 30 to 40 years of improvements and at the start there is a high end cost to the user because this is all new. It wasn’t here, and we are just improving, it is all new. So you start out at a high user cost and the idea is as we get more users we can start looking at bringing that cost down. So the more we move out, the more we create revenue on both sides, water and sewer. It helps us in the future with our ?

Other comments - many speaking at once- could not decipher all comments

More development

And you try to, I like to encourage people to have a reserve fund too because at the end of 40 years you are going to need to start all over again. And so the other things that I try to remind people, it’s kind of going back to your thoughts on the fire chiefs, the, you know, building, I don’t know what it costs to build an access road into, you know, what you were talking about yesterday, a road to give you access to the site, but that couldn’t come out of your budget in a year, probably. Here’s an opportunity for, even though you’re not getting that new tax revenue, you are getting an improvement that will help you. Those are the things, we tend to look at them, and you know, we are not getting cash but we are leveraging a great deal more. Or, at least I would like to believe so or the opportunity to set up a workforce training program, those kinds of things. I think it is a really wonderful way to provide partnership opportunities that may not be allowed in your annual fund. I hope that can offset those losses.

I hope we can get the School Board onboard on this because they have to look at the big picture, the future.

Yea, any thoughts on tonight’s meeting that I should be prepared for?

I think that we are, most of the Board members that I have talked to are positive about it. Again, I go back, this industrial park, this industrial growth is going to happen somewhere. Let’s have it happen in Lockwood, not in Laurel or Billings or Miles City or wherever else there might be. We just have to, our biggest things is protecting the tax payers over the short term, you now, making sure we are protecting that taxable value so that they don’t see a huge increase in their taxes without any change in services. So I would think that our Board is probably - COUGHING – couldn’t hear rest of sentence

So getting the dog and pony show that I had, the slide show, was ok for them to see.

Yea, you know, the biggest thing is making sure, and Steve has done a good job of addressing our concerns with the different properties, and Peterbilt, if that goes in there that’s obviously, and then again, it’s not a huge amount of money, but it does, it adds up. So, we just want to make sure that anything that’s currently there and that’s going to see growth is not going to be unfairly burdened onto our tax payers.

So Janet could explain that to the Board tonight, right

The remittance issue, for example and the abatement and so forth. Ok.

You know I guess I keep coming back, and I know we have talked about there is possibilities, you know, the way I read the law, there is almost side agreements is the best way to say it but, I guess the one thing I would love to have a discussion about and say, I guess I’m a little hesitant to see, if this takes off and grows , Foo (?) talked yesterday about 60%, you know, being full, in, I think it was 6 years or something like that.

Yea, that was way high

Yea, that was way, way high in my opinion but let’s say that does happen. So, I guess, is there a way that the taxing entities can see some of that, even a piece of it. And I know obviously the TEDD wants to maximize the monies that are available so they can move forward with infrastructure, but, even if for every $5 million of taxable dollars that goes in out there, if there was a deal with that that even a $1 million of that would go into the normal tax base, 20% or something like that.

You know, I think it sounds good Tobin, but my problem with encouraging that is just that, you know with bonds and reserve requirements and the possible opportunities, I think that the most current court cases out there, the one, the original one between DOR (?) and Anaconda (?) and the school district but now this new one, I, you know, there is going to be continuing concerns. I think you would want to remain as flexible as possible with respect to that. I think that entering into agreements as an opportunity to do that, I don’t know, I think I would rather see opportunities for the TIFF district to help the schools directly rather than through the remittance process, whether its workforce training or having some role with the TEDD as a way of helping offset some of your costs. That’s just my, yes, you can do that kind of agreement. I’m not real supportive of it only because I think it could create problems for both the School District and the TEDD over time.

This is what I’m saying, I feel like I could make a better case to a tax payer that there’s this money sitting out there, this taxable value, and we are seeing a piece of it and of course down the road we are going to get all of it, but at least we are getting a piece of it, it’s not this big Taj Majal with all this value out there and were putting pennies together to

Other comments - many speaking at once- could not decipher all comments

If you see yourself in that job for a little longer, I know this is a commitment for you, you may want to wait a couple of years and then look at what is happening in the community as a whole verses what is happening in the TEDD.

As in indirectory ???, is what you’re talking about

Yes, to see if you’re getting some growth. In the first couple of years you are not going to see much impact in terms really. You know we talked about 60% by 2020, maybe, but if that growth comes, you’re all talking about this phenomenon people of want to move into this community. Maybe there’s, what are the, if, we’ve been talking a lot about whether you can justify using TEDD for workforce housing but I think it would be hard because you would have to show that the people living in those places were actually working at the plant.

You would probably have to show that there is no other place for them to live

That there is no other place to live

That could maybe be justifiable, in Baineville(?) right now or someplace up in the Balkin(?), you know

Yea, not here. So I’m not, what I’m trying to get at here, is if there is opportunities to grow communities as a whole as a result of this, I’d rather see that benefit the school district.

But truly, even with that, apartment units or condo type things out here there isn’t much of anything either so if we needed those

Other comments - many speaking at once- could not decipher all comments

That would be outside of the TEDD

But what we’re looking at, what we’re hoping is that these are good paying jobs and they are not looking for apartments or condos, they are looking for single family homes, you know, so, I think what I’m hearing and it may not directly answer what you are looking for, but I think one of the things we need to emphasize if this moves on, and we do a development plan for it, is that one of the things, the criteria is, the community, whatever the infrastructure that is being prioritized is how great is its community tie, what is it doing, is one of the thing that is looked at.

Like the sidewalks or the

Yea, is it, whatever that is reaching the priority, is it strictly health and safety and does it have a community tie or not.

And that’s really, and really that’s kind of the bull that ties up everything out here is that community. I think all of our different entities do a good job of working together and being respectful or our tax payers. We didn’t even consider a levy last year because we had just passed the safety levy and we knew that eventually if we got more sidewalks we could probably reduce what we are levying right now for our transportation. It all kind of ties in together whether it’s the fire department, the sewer, the school. I think we all do a good job of working together and that’s the great thing about Lockwood. It really truly is a community much more than a lot of communities that are even our size because we are kind of self-governed. We don’t have the City Council and those type of things so it, you know, I think we see that in this community more so than others you have worked with.

Yea, it’s really a form of direct community government

That’s interesting.

How many boards do you sit on?

To tackle what Tobin’s saying, the sidewalk committee, the pedestrian safety committee, the first project is going to start next year. So we have already identified an area that’s critical to get kids to school. The other projects will start after that and we’ll come down Old Hardin Road, so we are going to start at Johnson Lane and come this way, ? Old Hardin Road. We’re going to go from 3G’s down here over to the school to give pedestrian access to the school. The kids over there have to be bussed, and there what, ½ a mile a way. So they have to be bussed because there are no safe routes for them. I think the other thing though, is that, the important thing is, with the TEDD, that area is going to develop over there whether we have a TEDD or not. It’s going to develop. Will it develop fast or over time, who knows. But from his standpoint and from our utilities standpoint it’s going to start to stretch us to be able to provide services to that area and if this is a mechanism to provide those services and get what’s needed. As a group, and as a utility group and a fire protection group, you know, that’s why I think we’re supportive of moving ahead with this because we know something is going to happen. I mean, when the bypass goes in something’s going to happen. You’ve got interstate access on Johnson Lane that will take you all the way into the Heights.

So, yes, there could be development there. That number one, is it going to be the kind of development that’s going to create livable wage jobs. Is it going to create, is it going to be undertaken in a way that at least has some community input. With this TEDD you have the opportunity to have some ability to direct how that occurs, and you talk about your strong community, and you have the opportunity to provide the services.

We’ve had a completely organic growth out here and we’re trying to retrofit it, sidewalk and sewers and things, into that growth as it is. So I think like Woody said, we are trying to get out ahead of that now. We’re trying to get out ahead of that for the future growth to make sure that there is a plan.

And I agree with both of them. I look at this optimistically I hope. When I’m looking at Johnson Lane, and of course I’m building a station up the road here a bit, I keep thinking that if this TEDD thing does what we claim or think it will do, and add things like nice paved roads and curbs and gutters on them and a place for the water to go when it melts, and we start putting some sidewalks in front of these buildings, I keep thinking two things, and again, maybe I’m being optimistic. I think that these people are going to start looking at their property and thinking that is more valuable whether they sell it or they just improve it for themselves. I think that’s what Voo (?) was trying to say yesterday, as there’s room to add more, but they’re going to look at that as their sidewalks put in here and I’m hoping they add them as well, or at least the businesses that move in. So looking at a footprint we have nothing in these other areas. Maybe if this is the only thing we start with, it’s the first thing and you pull off the highway and you see a sidewalk or as a business owner or as a perspective business owner you see an improvement, I’m hoping everybody else gets hungry for that. The second part of this is political, I keep looking at our County Commissioners and I’m not criticizing them it’s just a fact, where are they targeting money? A jail now which is in Billings. Where else are they targeting it? The Metra which is in Billings. I don’t see them looking at Lockwood as a place they want to commit a lot of money because in their mind politically, there is not a lot of reason to do it there. As Tobin just pointed out, we are trying to improve our community that already exists with things that are already in another part of the county. So the County Commissioners are thinking well where’s the best bang for the buck politically. I’m going to go with ? (COUGHING – missed a word her), so they will put money in those types of things because the jails is overcrowded or again the Metra needs horse barns, that’s what I keep hearing them saying and I’m laughing about that, but all that aside

And we don’t have racing

This might be the one, again folks, I’m not saying it will be I’m hoping, I guess I’m keeping my fingers crossed, this might be the one thing that changes that opinion now

Other comments - many speaking at once- could not decipher all comments

We just have to lobby the Commissioners

Well we can have something to start with. There is already a sidewalk here, there is an improved road here, there is already traffic lights here. County Commissioners now need you to add to that, you have to help us here. We’ve started it now you have to add to that. I hope I’m not being too optimistic, but that’s what I hope.

And I think the more initiative we take with this TEDD being pushed from the local level to the sidewalk committee, the sewer, you know, as we take more and more initiative on our own, its less and less likely that they can continue to ignore us.

This is a vehicle at least let us drive it.

Other comments - many speaking at once- could not decipher all comments

It’s a vehicle to accomplish something.

And you know Sara, and Jean, and Steve, I kind of want to put words in their mouth but the more that they can help you facilitate this local presence, that we put in the plan that we want a local advisory committee that you, when we have meetings before the Commission to the extent that you can that come and say we really want this for our community. And to have the school district or the fire chief, or irrigation or the water and sewer district say we are willing to forego, to defer this new revenue because we believe in the long run its going to be good for our community and here is why.

That’s what they need to hear.

That’s what they really need to hear and so if Commissioner Reno who has a lot of concerns about this for example, say yes Jen(?) we know that but here is why we’re willing to do this may go along. I don’t know. I don’t know the politics well enough in Billings to say that’s going to be the key but I think it would move it along somewhat. If they think that this project is burdening your jurisdictions then maybe it’s not such a good idea. So that’s the opportunity.

And so Janet it’s based on a thorough study by the engineering firm KLJ at looking at all the sites, possible sites around Billings right?

Yes

And this is what they have come up to, the conclusion, this is it.

So you know I could get up there and tell them that TIFF is the best thing you know in the world but you know, unless they, the effect really are affecting taxing jurisdictions, and that’s the word from you. You may decide it’s not in your best interest but if what I’m hearing is that you see the advantages of the potential for it then that has to be addressed.

Well if we didn’t have the sewer we wouldn’t be having this conversation.

That’s right.

It took from 1977 to 2008 to get a successful election to be able to build a sewer and we continue, the Board continues to fight to extend it to, well let’s just say the people that aren’t well informed. They need it but there not well informed. They listen to their neighbor. They don’t come to the meetings. We’ve struggled with that for the 15 to 16 years. But without the sewer we wouldn’t be having this conversation. Aceda (?) wouldn’t have looked at that location, I would imagine, because you have utilities here. It’s only going to grow and we have to be prepared for it and we have to a plan for it.

So now Steve had mentioned before he left that, has everyone here had a chance to weigh in on the boundaries?

Well I’ll get together with Sara again just to, to find that line.

Meeting drawing to a close many people talking at the same time.

TRANSCRIPTION ENDS