

Sept. 26, 2019

**Butte-Silver Bow Planning Board
Courthouse - 3rd Floor - Room 312
Council Chambers**

MEMBERS PRESENT: Janet Lindh, Jeremy Salle, Matt Stajcar, Josh O'Neill
Bart Riley and Jim Clary

ABSENT: Denise Anderson, Tim Schrapps, Steve Hess

STAFF: Lori Casey, Planning Director
Dylan Pipinich, Senior Planner
Roxie Larson, Secretary

M I N U T E S

- I. **Call to Order** - The meeting was called to order at 5:30 P.M.
- II. **Roll Call of Board Members** – Having a majority of the Planning Board members in attendance, a quorum was established.
- III. **Approval of the Minutes** – The minutes of the Sept 4, 2019 Planning Board meeting were approved by Mr. Riley and seconded by Mr. O'Neill. The voice vote in favor of the motion was unanimous.
- IV. **Board Discussion/Board Action**

- A. Butte-Silver Bow Harrison Avenue South Urban Renewal District Plan Review – Ms. Casey gave a report which is made a part of these minutes.

Mr. Stajcar asked for an explanation about how the area is defined and why it was reduced.

Ms. Karen Byrnes stated I am the Director of Community Development for Butte-Silver Bow. When you look at an area and start trying to draft a boundary for a plan it can be kind of difficult. It is almost like a kid at Christmas when you are like let's just take in everything. You have to be really strategic on how you draw your boundaries. You have to draw it big enough to take in things you want in an area, but you also

have to draw it small enough to be impactful with your efforts in the area and the amount of plans that you can absolutely implement and things like that. In talking with our Assessor, we all need to be on the same team in pulling in the same direction. He had a little bit of heartache with how large we had drawn the District to begin with. So, we met with him to talk about what his concerns were. Some of his concerns were about including a lot of centrally accessed property in a district can be difficult to manage on the tax increment collection side of things. It sometimes can cause a district to have some swings that you wouldn't necessarily get if you had centrally assessed property. Centrally assessed property would be the railroad to the west and so he really felt strongly that we should pull that in a little bit from the west side. To the south he made a very valid point. The Copper King Inn and their renovations in that district. The Copper King had received a tax abatement from this local governing body and that tax abatement still has about 5 years left on it or maybe 4 years, I think. What that would do is that would almost be a double whammy to have a tax abatement inside a tax increment district. So, he just felt strongly that we should pull that border up a little. So, looking at the new border that we drew it seemed to make a lot of sense to us. That this was going to be an area that we were going to be able to create some impact in and some projects in and have some really significant improvements in terms of public infrastructure.

Ms. Casey stated because I didn't address it maybe a brief overview of what the tax increment district is and how that money stays.

Ms. Janet Cornish stated I am with the Community Development Services of Montana and I am under contract with Butte-Silver Bow to assist the local government in taking it through all the steps to create an urban renewal district. The process as Lori very well laid out is you first have to establish that the district is blighted. So, it is typical that you start with a larger area and then use that as a starting point. You have to find at least three (3) conditions of blight that exist in that area in order for the Council to first pass a resolution of necessity. The resolution of necessity then creates an area which cannot get any bigger but some subset of that can then be declared an Urban Renewal District. So, that is one step that we went through. I want to underscore what Karen said in that tax increment financing which is the primary funding mechanism that urban renewal districts can use. They are not synonymous but urban renewal districts and industrial districts can use tax increment financing which allows the City and County in this case to reinvest tax dollars that accrue from new investment within the district after a certain date. For example, if a property has a taxable value or an assessed value of \$10,000. Then you build something on it and now it is worth twice that \$20,000

accessed value. The taxes that accrue from that additional \$10,000 basically the entire amount with a few exceptions is then made available for reinvestment in public infrastructure in support of redevelopment. So, given that as Karen pointed out it often takes years before you actually see any significant amount of increment. A million dollars worth of investment only creates \$13,000 to \$14,000 of new taxes. Maybe a tiny bit higher in Butte-Silver Bow. The point is that is if you have a very large area or an area that is too large you really can't do anything significant because you just don't collect that much money and that would be frustrating. So, we have had property owners who are in the district and then we have to prioritize. The priority focus' on the stormwater infrastructure for example and then you can't tell the neighbors down the way no there isn't enough money for sidewalks. You want to make sure we are not creating a no-win situation where there isn't an adequate amount of money to do the work. That doesn't mean there is some future possibility of other areas being identified as urban renewal district, but I think to be the most efficient with our dollars and actually have to most effect on improving the area it would require that we have a more reasonable boundary.

Mr. O'Neill questioned are there any other towns that have done this? After you had the meeting at the Mall my phone just blew up with people wanting to know what was going on. Nobody was excited everyone was just mad. What do I tell them?

Ms. Brynes stated so yes please have them call me. I am happy to talk with anyone however they reach out by email, text, whatever. I am happy to discuss this with anyone. Yes, there are multiple examples of how this has worked throughout the state. I can say that Butte because of Janet, her original job here with Butte-Silver Bow was she led the Urban Revitalization Agency in uptown Butte. The very first district that was established here in Butte that sunset in 2013. There are amazing projects that have been done across the state with these districts. They have been very successful. Missoula, I believe has 7 or 8 districts alone, Bozeman has 5, Helena has a few, Great Falls has a few, Billings has 5, I think. They are used across the state. They are really the only local tool that is available to local governments to take charge of their destiny in terms of economic development in areas where they can meet these conditions, findings of blight and things like that. Create their own revenue stream through investment. They can then reinvest back into that district and then it sunsets after 15 years if you don't issue a debt towards bonds or something like that that extends the live of the district. For an example so uptown Butte in 2014 we established a new urban renewal district. If we would not have had been able to establish that district, we wouldn't have been able to entice Northwestern Energy to build their general office building

in uptown on the corner of Park and Main and then we facilitated building our parking garage in uptown Butte and then all of the wonderful projects that have come along after that. So, there are lots of success stories. The number one thing that you can tell your constituents when they call is that this is not a tax increase. This is not a tax on them. It is not a tax on their neighbors. What it is doing is capturing investment that is going to occur and facilitating additional investment that wouldn't occur otherwise. So, that you can then grow your taxable value within that area, capture it, reinvest it until that district sunsets then everything goes back to the tax jurisdiction. So, for example right now we have the district that will sunset in 2022. Our industrial district which is called MT Connections when that district was created in 1993 Rhone Poulenc or now Solvay was in existence so that huge decrease in taxable value was completely absorbed by the district. So, the Ramsay School and Butte-Silver Bow didn't feel the huge impact of what that would have done to our general fund. In the long terms as we look forward look at the amazing things, they have been able to do out there because of issuing over 90 million dollars in bonds to put in public infrastructure in that park which no have recruited ASMI, REC Silicon, Federal Express, MT Precision Products, MT Craft Malt and the list goes on and on. So, all of the value and investment that they are making when that district sunsets that all goes back to tax and jurisdictions. So, there will be a huge bump up on our taxable value in Butte-Silver Bow in terms of general fund dollars available. It is a long-term tool. It is pretty exciting stuff.

Ms. Casey stated Missoula did it around their mall. The Lucky Store and several others and it was through their Urban Renewal District.

Ms. Cornish stated we have seen these traditionally in downtowns. There are about 65 districts in the state. What you can say to your constituents is none of us like property taxes and it takes a long time to diversify a tax base. Butte like much of Montana has moved more and more towards looking at residential property owners as having to bare the brunt of property taxes and we need to have more commerce whatever that might be. This provides a tax base, an incentive, not a tax abatement which lets people off the hook for paying their taxes rather it takes those taxes and invests them in infrastructure and that in turn draws more commerce. The goal ultimately is, and it take a while, it took a while for our tax base dwindle to ultimately create a more equitable tax sharing scenario so there is not as much burden on the individual tax payer. The reason the State of Montana does this kind of investment is that we realize that we need to bring base industry jobs, value adding jobs, we need to address blight in our elder commercial areas, and we can only do that through investing. It is

hard to take a long-term view, but the long-term view indicates that this is a better way to more equitably distribute the burden of paying taxes.

Ms. Lindh asked for a motion.

Mr. O'Neill made a motion to authorize the signing of the Butte-Silver Bow Harrison Avenue South Urban Renewal District Plan.

Mr. Riley seconded the motion.

The voice vote in favor of the motion was 6 yes and 0 no.

V. **Other Business:** - Comprehensive Plan Place type review.

Ms. Casey gave a brief overview and went over the Zoning Map.

Ms. Casey stated Mr. Hess resigned from the SARTA Board and we will need to replace him on the Board. It will be on our agenda for October so please start thinking about it. One of the requirements of the SARTA Board is that a member of the Planning Board serve on their Board. I can have Julia Crain come and give a brief presentation regarding the SARTA Board.

Ms. Lindh stated being as we have some new members it would be good to have Ms. Crain come to speak to us. Please invite her.

VI. **Adjournment** – The meeting adjourned at 7:30 P.M.

BY:

Janet Lindh, Chairman
Butte-Silver Bow Planning Board

ATTEST:

Lori Casey, Secretary
Butte-Silver Bow Planning Board