

**COUNCIL BILL NO. 16-10**

**ORDINANCE NO. 16-10**

1 **AN ORDINANCE ESTABLISHING THE BASIN CREEK TARGETED ECONOMIC**  
2 **DEVELOPMENT DISTRICT, CREATING THE BASIN CREEK TARGETED**  
3 **ECONOMIC DEVELOPMENT DISTRICT AND ADOPTING THE BASIN CREEK**  
4 **TARGETED ECONOMIC DEVELOPMENT DISTRICT PLAN WITH A TAX**  
5 **INCREMENT FINANCING PROGRAM PURSUANT TO TITLE 7, CHAPTER 15,**  
6 **PART 42 AND 43 OF THE MONTANA CODES ANNOTATED.**

7 **WHEREAS:** The Butte Industrial Park Addition was created 1971 and encompassed the  
8 area around North and South Parkmont Streets; and,

9 **WHEREAS:** In accordance with 7-15-4210, MCA, on February 17, 2016, the Council  
10 of Commissioners of Butte-Silver Bow passed Resolution 16-5  
11 (Resolution of Necessity), declaring that the South Butte Industrial  
12 Targeted Economic Development District described below as  
13 “infrastructure deficient” as described in the Section, 7-15-4279 MCA;  
14 and,

15 **WHEREAS:** Resolution 16-5, generally established boundaries of the South Butte  
16 Industrial Targeted Economic Development District, as located east and  
17 west of Basin Creek Road, north of Technology Way, west of Highway 2  
18 and around North and South Parkmont Streets and determined the  
19 existence of infrastructure deficiencies in the area; and,

20 **WHEREAS:** Butte-Silver Bow is interested fostering redevelopment, growth and  
21 retention of secondary, value adding industries as part of the City-

22 County’s overall goal to promote, stimulate, develop and advance the  
23 general welfare, commerce, economic development and prosperity of the  
24 citizens of the City-County of Butte-Silver Bow and the State of Montana.  
25 Therefore, pursuant to 7-15-4212, MCA, Butte-Silver Bow caused an  
26 urban renewal plan to be prepared; and,

27 **WHEREAS:** Butte-Silver Bow is interested in using Tax Increment Financing as  
28 authorized in Sections [7-15-4282](#) through [7-15-4294](#), MCA, to help fund  
29 the supportive public infrastructure needed for the development of  
30 secondary, value-adding industries in the South Butte Industrial Park area;  
31 and,

32 **WHEREAS:** pursuant to Section 7-15-4279, MCA, a local government may by  
33 ordinance and following a public hearing authorize the creation of a  
34 TEDD in support of value adding economic project: and,

35 **WHEREAS:** the Targeted Economic Development District Plan for the South Butte  
36 Industrial Park, including a Tax Increment Financing provision, has been  
37 prepared to guide the industrial development program and public  
38 infrastructure projects in the infrastructure deficient area established by  
39 Resolution 16-5; and,

40  
41 **BE IT ORDAINED BY THE COUNCIL OF COMMISSIONERS OF THE CITY AND**  
42 **COUNTY OF BUTTE-SILVER BOW, MONTANA, AS FOLLOWS:**

43 **SECTION 1:** The South Butte Industrial Targeted Economic Development District  
44 (TEDD) encompasses an area generally centered around Basin Creek

45 Road, north of South Parkmont, west of Highway 2 and south of Fat Jack  
46 Road.

47 **SECTION 2:** The legal description and map of the District are attached hereto as Exhibit  
48 "A":

- 49 a. The property to be included in the District consists of a continuous  
50 area with an accurately described boundary.
- 51 b. The district includes about 60 separate parcels, more than large enough  
52 to afford maximum opportunity, consistent with the sound needs of  
53 Butte-Silver Bow as a whole, for the rehabilitation or redevelopment.
- 54 c. The District is not comprised of any property included within an  
55 existing Tax Increment Financing district.

56 **SECTION 3:** The Butte-Silver Bow County Growth Policy 2008 Update (2008 Growth  
57 Policy) was adopted in accordance with state statutes.

58 **SECTION 4:** A plan for the South Butte Industrial Targeted Economic Development  
59 District was prepared according to the Montana Urban Renewal Law is  
60 attached as Exhibit "B",

61 **SECTION 5:** The South Butte Industrial Targeted Economic Development District  
62 (TEDD) plan was submitted to the Butte-Silver Bow Planning Board for  
63 review, and on April 14, 2016, said Board executed a resolution that found  
64 the Butte-Silver Bow TEDD Plan to be in conformity with the 2008  
65 Growth Policy and found the Targeted Economic Development District to  
66 be zoned for uses in accordance with the 2008 Growth Policy.

67 **SECTION 6:** Definitions. The following terms wherever used or referred to in this  
68 Ordinance shall have the following meanings:

69 (1) “Act” means Title 7, Chapter 15, Parts 42 and 43, Montana Code  
70 Annotated.

71 (2) “Actual taxable value” means the taxable value of taxable property at  
72 any time, as calculated from the assessment roll last equalized.

73 (3) “Base taxable value” means the actual taxable value of all taxable  
74 property within an urban renewal area prior to the effective date of a  
75 tax increment financing provision. This value may be adjusted as  
76 provided in Sections 7-15-4287 or 7-15-4293, MCA.

77 (4) “Incremental taxable value” means the amount, if any, by which the  
78 actual taxable value at any time exceeds the base taxable value of all  
79 property within an urban renewal area.

80 (5) “Tax increment” means the collections realized from extending the tax  
81 levies, expressed in mills, of all taxing bodies which the urban renewal  
82 area or a part thereof is located, against the incremental taxable value.

83 (6) "Tax increment provision" means a provision for the segregation and  
84 application of tax increments as authorized by 7-15-4282 through 7-  
85 15-4294, MCA.

86 (7) “Taxes” means all taxes levied by a taxing body against property on  
87 an ad valorem basis.

88 (8) "Targeted Economic Development District" (TEDD) means a defined  
89 area that supports value-adding economic development and may  
90 utilized tax increment financing.

91 (9) "Targeted Economic Development project" means a project  
92 undertaken within or for a Targeted Economic Development District  
93 that consists of any or all of the activities authorized by Section 7-15-  
94 4288, MCA.

95 **SECTION 7:** It is the desire of the City-County of Butte-Silver Bow Local Government  
96 to exercise, within the defined area, the powers conferred by the Montana  
97 Urban Renewal Law, as set forth in Title 7, Chapter 15, Parts 42 and 43.

98 **SECTION 8:** A notice of the public hearing in substantially the form presented in, and  
99 attached hereto as, Exhibit "C" was published on May 22 and May 29,  
100 2016. A notice of the public hearing was mailed by certified mail to all  
101 property owners in the district based on a list of the geocodes for all real  
102 property, the assessor codes for all personal property, and a description of  
103 all centrally assessed property located within the TEDD at the time of its  
104 creation.

105 **SECTION 9:** Establishment of the District. The South Butte Industrial Targeted  
106 Economic Development District is hereby established.

107 **SECTION 10:** District Plan. The South Butte Industrial Targeted Economic Development  
108 District Plan, attached as Exhibit "B", is hereby adopted.

109 **SECTION 11:** Base Year. For the purpose of calculating the incremental taxable value  
110 for each year of the life of the District, the base taxable value shall be

111 calculated as the taxable value of all real and personal property within the  
112 District, as of January 1<sup>st</sup>, 2017.

113 **SECTION 12:** Tax Increment Provision. The City-County of Butte-Silver Bow is hereby  
114 authorized to segregate, as received, the tax increment derived in the  
115 TEDD, and use and deposit such increment into the TEDD fund for use as  
116 authorized by the Act and as authorized herein or by the Council of  
117 Commissioners from time to time.

118 **SECTION 13:** Costs That May be Paid from Tax Increments. The tax increments  
119 received from the TEDD may be used to directly pay costs of approved  
120 targeted economic development projects, or to pay debt service on bonds  
121 issued to finance targeted economic development projects as defined  
122 under the Montana Urban Renewal Law as may from time to time be  
123 approved by the Council of Commissioners. The Council of  
124 Commissioners hereby authorizes the use of tax increment in the TEDD to  
125 be used to pay debt service on internal and bank financed loans issued to  
126 finance all or a portion of the costs of eligible improvements in  
127 compliance with the Montana Urban Renewal Law and subject to any  
128 limitations imposed by the Montana Constitution.

129 **SECTION 14:** Term of the Tax Increment Financing Provision. The tax increment  
130 financing provision of the TEDD will terminate in accordance with state  
131 law. After termination of the tax increment financing provision, all taxes  
132 shall continue to be levied upon the actual taxable value of the taxable

133 Property in the TEDD, but shall be paid into funds of the taxing bodies  
134 levying taxes within the TEDD.

135 **SECTION 15:** Effect of Targeted Economic Development Project or Program. The  
136 creation of a Targeted Economic Development project or program or the  
137 approval of an Targeted Economic Development project or program does  
138 not affect, abrogate or supersede any rules, ordinances, or regulations of  
139 Butte-Silver Bow relating to zoning, building permits, or any other  
140 matters.

141 **SECTION 16:** Conflict with Other Ordinances and Resolutions. All parts of ordinances  
142 and resolutions in conflict herewith are hereby repealed.

143 **SECTION 17:** Effective Date: This Ordinance shall be in full force and effect thirty days  
144 after final passage and adoption.

145  
146 **PASSED** this 15th day of June, 2016

147  
148  
149  
150 \_\_\_\_\_  
151 CINDI SHAW,  
152 CHAIRMAN OF THE COUNCIL OF COMMISSIONERS

153  
154 **APPROVED** this 15th day of June, 2016.

155  
156  
157 \_\_\_\_\_  
158 MATT VINCENT, CHIEF EXECUTIVE

159  
160  
161 **ATTEST:**  
162  
163  
164 \_\_\_\_\_  
165 SALLY J. HOLLIS  
166 CLERK AND RECORDER

167  
168  
169  
170  
171  
172  
173  
174  
175  
176  
177  
178  
179  
180  
181  
182  
183  
184  
185

\_\_\_\_\_  
BY \_\_\_\_\_  
ITS \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
EILEEN JOYCE  
COUNTY ATTORNEY

\_\_\_\_\_  
DAVID WALKER  
CHAIRMAN, JUDICIARY COMMITTEE

Silver Bow County  
Targeted Economic Development District  
For the South Butte Industrial Park

## 1. INTRODUCTION

As part of an overall Economic Development strategy Butte-Silver Bow is pursuing the creation of the South Butte Industrial Park Targeted Economic Development District. Butte-Silver Bow was founded on the mining industry and has lived through the boom and bust cycles of a community dependent on the extractive resource industry. For the past few decades economic development in Butte-Silver Bow has focused on diversifying the local economy in order to stabilize the economy during inevitable prices fluctuations in the extractive resource industry. This effort will in part be assisted through the creation of the South Butte Industrial Targeted Economic Development District (TEDD).

### History of the South Butte (Industrial Park) Area

The Butte Industrial Park Addition was created 1971 and encompassed the area around North and South Parkmont Streets. The addition created 17 new tracts of land ranging from 4.2 acres to 9.6 acres. Today a majority of the original tracts have been further modified through boundary modifications and subdivisions with a majority of the original tracts having some development having taken place.

The current site of the Mike Mansfield Advanced Technology Center (MMATC) was originally the Component and Integration Development Facility built, owned and operated by the US Department of Energy's Office of Fossil Energy in the mid-1970s. In 1996, site ownership was transferred to MSE Technology Applications (MSE-TA). In 2002, the site was officially renamed the Mike Mansfield Advanced Technology Center in honor of Senator Mike Mansfield for his efforts and assistance in securing the original funding for the facility. At its peak the Mansfield Center was home to over 300 employees working on testing, demonstration, and commercial application of a variety of waste treatment systems, magneto hydrodynamics (MHD) clean coal technology, as well as providing engineering services to a variety of public and private clients. The MMATC consists of 53 acres of which approximately 22 acres are still available for further development.

Also included within the boundaries of the proposed district is a large tract of land, 100+ acres, owned by the Butte Local Development Corporation along with additional smaller parcels owned by various individuals and businesses.

Other existing developments within the Park include FedEx Ground, UPS, Port of Montana, Universal Technical Resource Services, and JK Fabrication.

### Tax Increment Financing for Industrial Development

Butte-Silver Bow intends to establish a Targeted Economic Development District (TEDD) for the area known as the South Butte Industrial Park and use the Tax Increment Financing (TIF) as provided in 7-15-4282 MCA. The base year for the purposes of measuring any incremental value will be 2017 and the base value will be calculated as of January 1<sup>st</sup>, 2017.

Tax increment financing may be used for improvements as defined in 7-15-4288 MCA.

## **2. DISTRICT DESCRIPTION**

### Legal Description

Generally described as an irregularly shaped area, roughly 546.81 acres generally comprised of tax parcel boundaries, and lines extended across road Right of Way. The area falls into portions of: Sections 7, 8, 17, and 18, T02 N, R07 W.

Beginning at a point located at the north west corner of Government Lot 1, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, thence easterly along the north boundary line of Government Lot One (1), 423.00 feet more or less to a point on the northwest corner, Lot 1, Basin Creek Power Minor Subdivision, Plat No. 258B, thence easterly along the north boundary line of said Lot 1, 824.00 feet more or less, to the north east corner , Lot 1, Basin Creek Power Minor Subdivision, Plat No. 258B, and the north west corner, Geo Code 01109518201010000, Assessor Code 0001740020, the portion of the north half, of the north half Section 18, T02 N, R 07 W, thence easterly along the north boundary line of Geo Code 01109518201010000, Assessor Code 0001740020, the portion of the north half, of the north half Section 18, T02 N, R 07 W, 1,278.00 feet more or less to the south west corner of Tract 3 Remainder, Certificate of Survey 154 A, thence easterly along the south boundary line of said Tract 3 Remainder, 786.00 feet more or less to the south east corner of a portion of Tract 3 Remainder, Certificate of Survey 154 A, and the north east corner of the portion of the north half, of the north half Section 18, T02 N, R 07 W, thence easterly along a property line crossing the Right of Way for the former Chicago, Milwaukee, ST Paul, and Pacific Railroad, 100.00 feet more or less to the south west corner of Tract A, Certificate of Survey 375A, thence northerly along the east Right of Way boundary of the former Chicago, Milwaukee, ST Paul, and Pacific Railroad, and the west boundary line of Tract A, Certificate of Survey 375 A, 2,025.00 feet more or less to the north west corner Tract A, Certificate of Survey 375 A, and the south west corner

Tract B, Certificate of Survey 243 B, thence northerly along the east Right of Way boundary of the former Chicago, Milwaukee, ST Paul, and Pacific Railroad, and the west boundary line of Tract B, Certificate of Survey 243 B, 2010.00 feet more or less to the north west corner Tract B, Certificate of Survey 243 B, and the south west corner Tract 4, Certificate of Survey 86 A, thence easterly along the north boundary line of Tract B, Certificate of Survey 243 B, and the south boundary line of Tract 4, Certificate of Survey 86 A, 700.00 feet more or less to the north east corner of Tract B, Certificate of Survey 243 B, and the south east corner of Tract 4, Certificate of Survey 86 A, thence southerly along the east boundary line of Tract B, Certificate of Survey 243 B, 1,298.00 feet more or less to a point on the east boundary line of Tract B, Certificate of Survey 243 B, thence easterly along a line extended across the Right of Way boundary of Basin Creek Road, 100.00 feet more or less to the north west corner, Geo Code 01109508301390000, Assessor Code 0001421700, portion of the north half, of the north half, of the north west quarter, of the south west quarter, Section 8, T02 N, R 07 W, and the south west corner of Tract B2, Certificate of Survey 791 B, thence easterly along the north boundary line of Geo Code 01109508301390000, Assessor Code 0001421700, portion of the north half, of the north half, of the north west quarter, of the south west quarter, Section 8, T02 N, R 07 W, 258.00 feet more or less to the north east corner of Geo Code 01109508301390000, Assessor Code 0001421700, portion of the north half, of the north half, of the north west quarter, of the south west quarter, Section 8, T02 N, R 07 W, and the north west corner of Parcel 2, Certificate of Survey 204 B, thence easterly along the north boundary line of Parcel 2, Certificate of Survey 204 B, and the south boundary line of Tract B2, Certificate of Survey 791 B, 365.00 feet more or less to the north east corner, Parcel 2, Certificate of Survey 204 B, thence south easterly along the east boundary line of Parcel 2, Certificate of Survey 204 B, 142.00 feet more or less to the south east corner of Parcel 2, Certificate of Survey 204 B, and the north east corner of Parcel 3, Certificate of Survey 204 B, thence south easterly along the east boundary line of Parcel 3, Certificate of Survey 204 B, 306.00 feet more or less to the south east corner of Parcel 3, Certificate of Survey 204 B, and the north east corner of Geo Code 01109508301300000, Assessor Code 0001900110, a portion of the south west quarter, Section 8, T02 N, R 07 W, thence south easterly along the north east boundary line of Geo Code 01109508301300000, Assessor Code 0001900110, a portion of the south west quarter, Section 8, T02 N, R 07 W, 582.00 feet more or less to its intersection with the north corner of Geo Code 01109508301280000, Assessor Code 0000794800, a portion of the south west quarter, of the north east quarter, of the south west quarter, Section 8, T02 N, R 07 W, thence south easterly along the north east boundary line of Geo Code 01109508301280000, Assessor Code 0000794800, a portion of the south west quarter, of the north east quarter, of the south west quarter, Section 8, T02 N, R 07 W, 786.00 feet more or less to the south east corner of Geo Code 01109508301280000, Assessor Code 0000794800, a portion of the south west quarter, of the north east quarter, of the south west quarter, Section 8, T02 N, R 07 W, and its

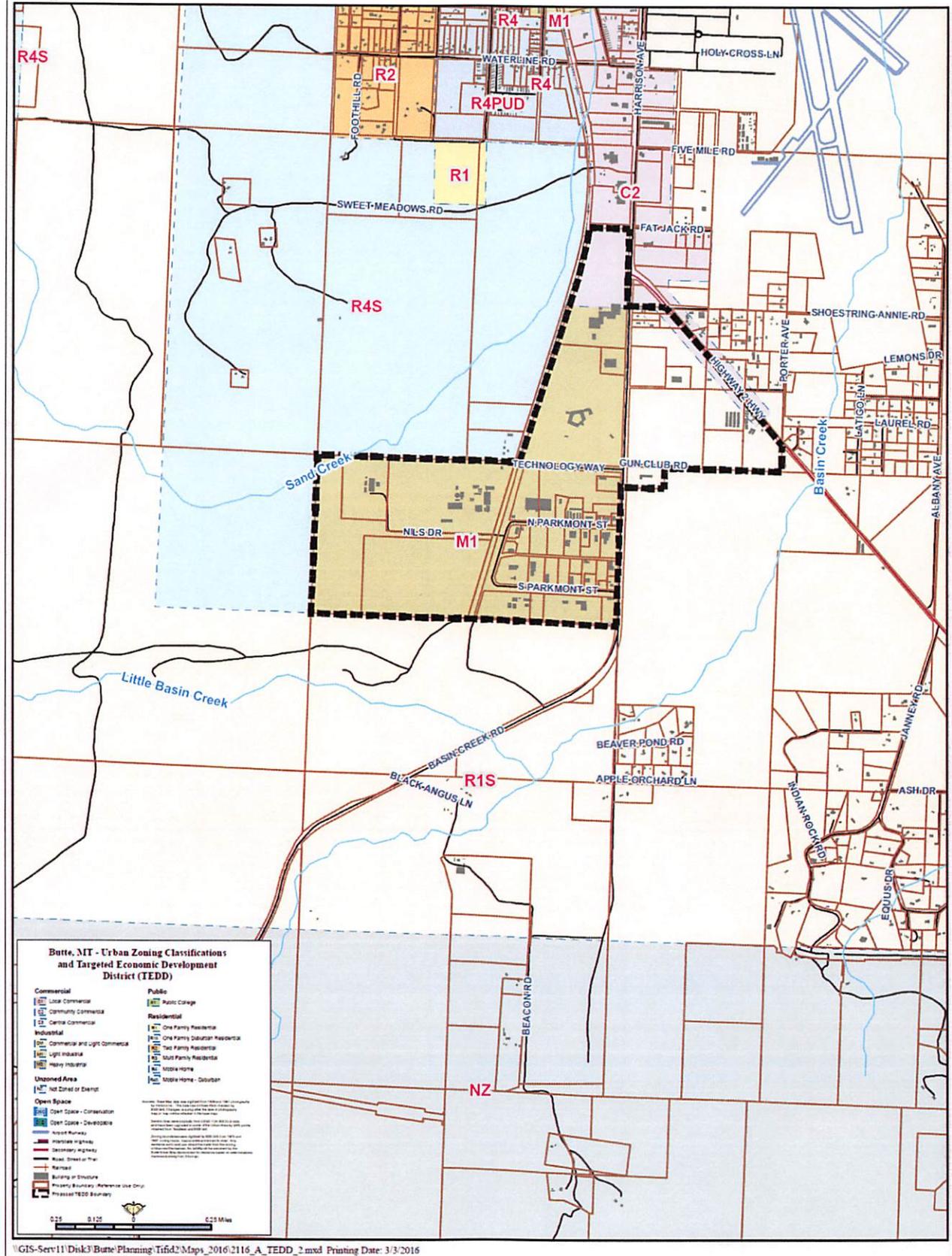
intersection with the north east corner Geo Code 01109508301150000, Assessor Code 0001225200, a portion of the north west quarter, of the south east quarter, of the south west quarter, Section 8, T02 N, R 07 W, thence south easterly along the north east boundary of Geo Code 01109508301150000, Assessor Code 0001225200, a portion of the north west quarter, of the south east quarter, of the south west quarter, Section 8, T02 N, R 07 W, 222.00 feet more or less to its intersection with the north corner of Tract R2, Certificate of Survey 901 A – RT, thence south easterly along the north east boundary line of Tract R2, Certificate of Survey 901 A – RT, 977.00 feet more or less to the south east corner of Tract R2, Certificate of Survey 901 A – RT, and its intersection with the north corner of Geo Code 01109508401010000, Assessor Code 0000224600, a portion of the west half of the south east quarter, Section 8, T02 N, R 07 W, thence southerly along the east boundary line of Tract R2, Certificate of Survey 901 A – RT, and the west boundary line of Geo Code 01109508401010000, Assessor Code 0000224600, a portion of the west half of the south east quarter, Section 8, T02 N, R 07 W, 501.00 feet more or less, to the south east corner of Tract R2, Certificate of Survey 901 A – RT, and the south west corner of Geo Code 01109508401010000, Assessor Code 0000224600, a portion of the west half of the south east quarter, Section 8, T02 N, R 07 W, and the north boundary line of Geo Code 01109517201010000, Assessor Code 0000490300, a portion of the north west quarter, of the east half of the south west quarter, of the northwest quarter of the south west quarter of the portion north west quarter of the north east quarter, Section 17, T02 N, R 07 W, thence easterly along said boundary line 664.00 feet more or less to the south west corner of Tract R2, Certificate of Survey 901 A – RT, the south east corner of Geo Code 01109508301050000, Assessor Code 0000490300, a portion of the south west quarter, of the south east quarter, of the south west quarter, Section 8, T02 N, R 07 W, and the north boundary line of Geo Code 01109517201010000, Assessor Code 0000490300, a portion of the north west quarter, of the east half of the south west quarter, of the northwest quarter of the south west quarter of the portion north west quarter of the north east quarter, Section 17, T02 N, R 07 W, thence westerly along said boundary line 682.00 feet more or less, to the south west corner of Geo Code 01109508301050000, Assessor Code 0000490300, a portion of the south west quarter, of the south east quarter, of the south west quarter, Section 8, T02 N, R 07 W, the south east corner Tract 4, Certificate of Survey 955 B – RT, and the north boundary line of Geo Code 01109517201010000, Assessor Code 0000490300, a portion of the north west quarter, of the east half of the south west quarter, of the northwest quarter of the south west quarter of the portion north west quarter of the north east quarter, Section 17, T02 N, R 07 W, thence westerly along the south boundary line of Tract 4, Certificate of Survey 955B – RT, 664.00 feet more or less to the north east corner of Tract 1, FED-EX Ground Minor Subdivision, Plat No. 296A, thence southerly along the east boundary line of Tract 1, FED-EX Ground Minor Subdivision, Plat No. 296A, 350.00 feet more or less, to the south east corner of Tract 1, FED-EX Ground Minor Subdivision, Plat No. 296A, thence westerly along the

along the south boundary line of Tract 1, FED-EX Ground Minor Subdivision, Plat No. 296A, 622.00 feet more or less to the south west corner of Tract 1, FED-EX Ground Minor Subdivision, Plat No. 296A, and the northwest corner of Geo Code 01109517201010000, Assessor Code 0000490300, a portion of the north west quarter, of the east half of the south west quarter, of the northwest quarter of the south west quarter of the portion north west quarter of the north east quarter, Section 17, T02 N, R 07 W, thence westerly along a line extended across the Right of Way boundary of Basin Creek Road, 110.00 feet more or less, to a point on the east boundary line of Lot 1-E, Plat No. 224B, thence southerly along the east boundary line of Lot 1-E, Plat No. 224B, 75.00 feet more or less to the south east corner of Lot 1-E, Plat No. 224B, and its intersection with the north boundary line of Lot 2B, Certificate of Survey 811 A, thence southerly along the east boundary line of Lot 2B, Certificate of Survey 811 A, 251.00 feet more or less to its intersection with the north east corner of Lot 2A-2, Plat No. 228A, thence southerly along the east boundary line of Lot 2A-2, Plat No. 228A, 149.00 feet more or less to the north east corner of Lot 1A, Block 1, of the Butte Industrial Park Addition, thence southerly along the east boundary line of Lot 1A, Block 1, of the Butte Industrial Park Addition, 200.00 feet more or less to the south east corner Lot 1A, Block 1, of the Butte Industrial Park Addition, thence southerly along a line extended 100.00 feet more or less across the Right of Way boundary of North Parkmont Street to the northeast corner of Lot 5B, Plot No. 281A, thence southerly along the east boundary line of Lot 5B, Plot No. 281A, 480.00 feet more or less to the south east corner of Lot 5B, Plot No. 281A, thence southerly along a line extended across the B.L.D.C. Roadway, Roll 347 \ Card 259, 40.00 feet more or less, to the north east corner Lot 12B, Butte Industrial Park Addition, thence southerly along the east boundary line, Lot 12B, Butte Industrial Park Addition, 253.00 feet more or less to the south east corner of Lot 12B, Butte Industrial Park Addition, and the north east corner of Lot 12C, Butte Industrial Park Addition, thence southerly along the east boundary line of Lot 12C, Butte Industrial Park Addition, 230.00 feet more or less to the south east corner of Lot 12C, Butte Industrial Park Addition, thence southerly along a line extended across the Right of Way boundary of South Parkmont Street, 100.00 feet more or less to the northeast corner of Lot 13A, Certificate of Survey 874A, thence southerly along the east boundary line of Lot 13A, Certificate of Survey 874A, 450.00 feet more or less to the southeast corner of Lot 13A, Certificate of Survey 874A, thence southerly along a line extended across the B.L.D.C. Roadway, Roll 347 \ Card 259, 30.00 feet more or less, to the north east corner of Geo Code 01109518301010000, Assessor Code 0000490300, Government Lots 3 and 4, south half of the south east quarter, the east half of the south west quarter, a portion of the north east quarter of the north east quarter, and 3.18 acres of Railroad Right of Way, Section 18, T02 N, R 07 W, thence westerly along said boundary line 2,418.00 feet more or less to the east Right of Way boundary of the former Chicago, Milwaukee, ST Paul, and Pacific Railroad, thence westerly along the north boundary of Geo Code 01109518301010000, Assessor Code 0000490300, Government Lots

3 and 4, south half of the south east quarter, the east half of the south west quarter, a portion of the north east quarter of the north east quarter, and 3.18 acres of Railroad Right of Way, Section 18, T02 N, R 07 W, and across the Right of Way boundary of the former Chicago, Milwaukee, ST Paul, and Pacific Railroad, 100.00 feet more or less to the south east corner of Tract 1, Certificate of Survey 908A-RT, thence westerly along the south boundary line of Tract 1, Certificate of Survey 908A-RT, and the north boundary line of Geo Code 01109518301010000, Assessor Code 0000490300, Government Lots 3 and 4, south half of the south east quarter, the east half of the south west quarter, a portion of the north east quarter of the north east quarter, and 3.18 acres of Railroad Right of Way, Section 18, T02 N, R 07 W, 1,751.00 feet more or less to the southwest corner of Tract 1, Certificate of Survey 908A-RT, the south east corner of Government Lot 2, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, and the northwest corner of Geo Code 01109518301010000, Assessor Code 0000490300, Government Lots 3 and 4, south half of the south east quarter, the east half of the south west quarter, a portion of the north east quarter of the north east quarter, and 3.18 acres of Railroad Right of Way, Section 18, T02 N, R 07 W, thence westerly along the south boundary line of Government Lot 2, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, and the north boundary line of Geo Code 01109518301010000, Assessor Code 0000490300, Government Lots 3 and 4, south half of the south east quarter, the east half of the south west quarter, a portion of the north east quarter of the north east quarter, and 3.18 acres of Railroad Right of Way, Section 18, T02 N, R 07 W, 856.00 feet more or less to the south west corner of Government Lot 2, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, and the north west corner of Geo Code 01109518301010000, Assessor Code 0000490300, Government Lots 3 and 4, south half of the south east quarter, the east half of the south west quarter, a portion of the north east quarter of the north east quarter, and 3.18 acres of Railroad Right of Way, Section 18, T02 N, R 07 W, thence northerly along the west boundary line of Government Lot 2, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, 1,333.00 feet more or less to the north west corner Government Lot 2, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, and the south west corner of Government Lot 1, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, thence northerly along the west boundary line of Government Lot 1, portion of the Xenophanes Placer M. A. # 4675, and portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, 1,333.00 feet more or less to the north west corner of Government Lot 1, portion of the Xenophanes Placer M. A. # 4675, and

portion of the Helen Placer M. A. # 4308, Geo Code 01109518201100000, Assessor Code 0001928500, the point of beginning. This Targeted Economic Development District (TEDD) will include all lots and parcels of property within the aforementioned boundary.

# Map



## INFRASTRUCTURE ANALYSIS – STATEMENT OF INFRASTRUCTURE DEFICIENCY

With both the aging and lack of necessary infrastructure in the South Butte Industrial area, the creation of a TEDD will assist with planned infrastructure upgrades and additions. The Tax Increment provision will also assist with providing a source of revenue for the required infrastructure. Economic Development efforts rely upon well planned and available infrastructure such as fiber optic connectivity, rail spur access, roads, water, electric and gas. Without addressing the area's infrastructure further development from private investors could be at risk.

In particular the South Butte Industrial area has the following infrastructure deficiencies:

**Internet/Fiber** – There is fiber in the general area but it has not been pulled all the way to the proposed TEDD area. With additional assistance and development plans a comprehensive fiber optic network could be installed in the area. Linking the South Butte Industrial area to the existing fiber optic loop in Butte with connectivity to the data center in the Thornton building.

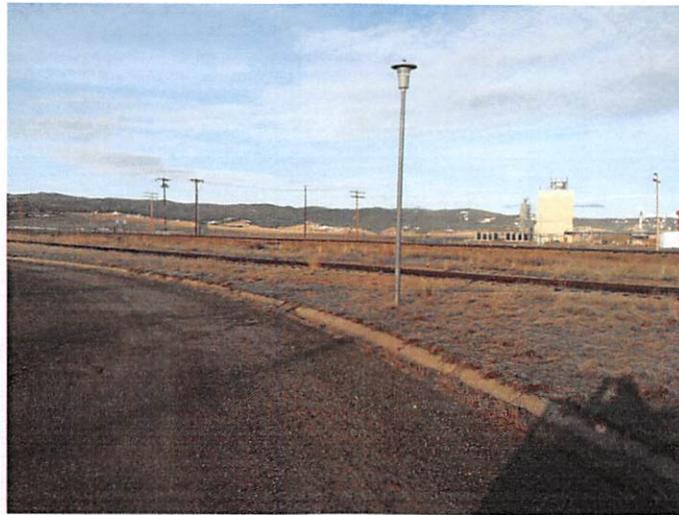
**Water Utilities** – A public sewer system is available in the area but may require extensive repairs or possible replacement. There was a fairly large leak in the potable water system recently at the intersection of N. Parkmont and Basin Creek Road that is indicative of the water system condition in the area. There are also undeveloped areas that have no current access to the either the public sewer or potable water systems. Extending the water service will allow for further development of the area.

### Transportation

**Roads** - There are areas which lack any road infrastructure at all. In some cases such as North and South Parkmont the existing roads may need to be redesigned and/or repaved to accommodate the increasing and larger truck traffic for the area.

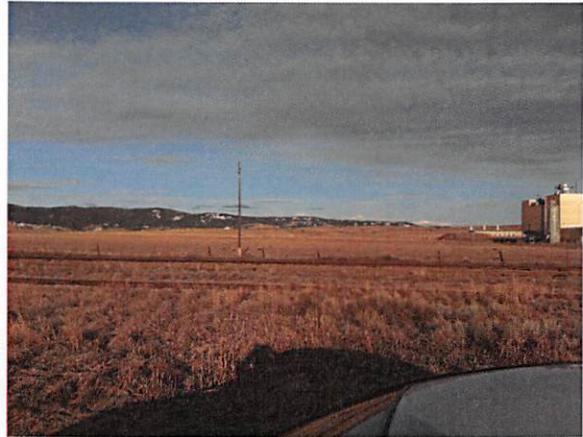


**Rail** – Rail trans-loading facilities exist but are very limited and need to be enhanced. There are no multi-modal facilities in the area but need to be created to afford greater opportunity for targeted development.



**Electric and Gas Utilities** – Service exists in the area for ordinary industrial users and is available but may need to be upgraded for heavy load industrial users.

**General Improvements** – Additional infrastructure and public service deficiencies will be identified over time, for example public transportation, lighting, storm water drainage systems, and sidewalks, curb and gutters.



## **Conclusion**

Based on these findings, the South Butte Industrial area can be described as infrastructure deficient per Montana Statute and that this deficiency impedes the ability of Butte-Silver Bow to support targeted development of secondary-value added industries.

## **4. INDUSTRIAL DEVELOPMENT ACTIVITIES TO BE UNDERTAKEN**

### Identification of secondary, value-adding industries

In 2014 Butte-Silver Bow (BSB) through the Community and Economic Development Department hired Angelou Economics to conduct a Targeted Industry Analysis for the City-County. In that analysis five different industries were identified as target industries where BSB has a competitive advantage and is likely to be successful in retaining, expanding and recruiting companies within these sectors. Two of those five identified industries will be targeted for the South Butte Industrial Technology Park.

The first industry is Manufacturing in the years 2008-2013 employment growth in manufacturing for BSB was 12.6% compared to a national employment growth in manufacturing of -10.3%. Since the study BSB has partnered with other public and private partners to create a manufacturing incubator which is located within the proposed boundaries of the new TEDD. Additional vacant land within the TEDD will allow companies that are incubated at the Mike Mansfield Advanced Technology Center (MMATC) to grow within the TEDD. Niche industries within the Manufacturing sector that have been identified for BSB are Light Assembly, DIY manufacturing, Aerospace and Prototyping.

Mining and Environmental Engineering are another value adding industry that was identified in the targeted analysis study. The goal would be to expand and attract firms in the field of environmental engineering, which can support and compliment mining

operations in Montana and the rest of the US. Engineering firms within the region spearhead remediation efforts locally as well as globally. Environmental engineering and remediation has seen positive 5 year employment growth locally and nationally. This trend, combined with the unique assets and local specialization BSB has to offer firms in this sector make the industry and solid choice that recognizes the economic strengths and needs of the community. Niche industries within the Mining and Environment Engineering sector that have been identified for BSB are mining support services, mining technologies and environmental remediation.

### Capital Improvements Planning and Implementation

Butte-Silver Bow's Community and Economic Development Department with the input of other land owners and developers in the area will create a capital improvements plan aimed to address the infrastructure deficiencies in the TEDD. The infrastructure development will include items that have been discussed at public meetings including Fiber Optic connections, roadways and water utilities. Land acquisition and consolidation will also be part of the infrastructure plan. The capital improvements plan will take into consideration infrastructure necessary to retain, expand and attract the identified targeted industries. Implementation of the capital improvements plan will be taken into consideration during the creation of the plan. The tax increment provision will be the major tool used to accomplish the identified infrastructure projects.

### TEDD Program Design

- Tax Increment Bonds – Tax increment revenues would be pledged to pay bond principal and interest annually. The size and term of the bond would depend on tax increment revenues available from private sector taxpayers within the TEDD. While Montana law provides that tax increment districts may only be authorized for 15 years, the time period may be extended to coincide with the term of a tax increment bond, but no longer than an additional 25 years. In some cases, it may be necessary for the private taxpayer(s) to enter into an agreement with BSB to assure, for the term of the bond, the annual payment of all property taxes due or an equivalent amount if the taxpayer no longer holds property in the district. The amount of tax increment realized each year must be enough to cover all bond payments due, as well as an adequate reserve.
  
- Annual Tax Increment Appropriations – BSB may finance smaller public infrastructure improvements from its annual tax increment receipts by appropriation. Funds available each year would be determined by the size of the annual increment and any prior commitments (such as bond debt service requirements and administrative costs).

- Conventional Financing –BSB may borrow funds from other sources that are deemed to be available in order to finance public infrastructure improvements. Principal and interest on the loan will be paid by annual tax increment revenues. A loan agreement will not, however, extend the authorized 15 year time period for a TEDD.

#### Industry Retention, Expansion and Recruitment

BSB will work with local and state economic development entities along with other BSB staff engaged in economic development activities to ensure the South Butte Industrial TEDD is highlighted as an area for development. BSB will work with existing businesses within the TEDD to ensure that their current and future infrastructure demands can be met through the Capital Improvement Planning. Additional activities will include attendance to relevant conferences, marketing materials and completing Requests for Information (RFI) as needed.

#### Partnership Development

The success of the TEDD will rely upon creating and maintaining strong partnerships between BSB, Butte Local Development Corporation, area land owners and developers. In order to be successful these groups will have to work together on creating capital improvement plans, business plans and business retention, expansion and recruitment. These groups will have to work together to identify and obtain outside financing to be used as matching funds to build necessary infrastructure in the TEDD.

The following list are examples of state and federal programs that could be targeted:

#### **Programs**

- The Treasure State Endowment Program (Montana)
- Community Development Block Grant (U.S. Department of Urban Development)
- The Montana Intercap Program
- Economic Development Administration (U.S. Department of Commerce)
- Department of Natural Resource (Montana)
- Community Technical Assistance Program – Under 23 USC 133 (d) (2) (Federal Code)
- Transportation Investment Generating Economic Recover (TIGER) (U.S. Department of Transportation)

#### **South Butte Industrial TEDD Administration**

The staff position required to manage the daily activities of the TEDD will be provided by the current staff of BSB's Community and Economic Development Department.

Advisory Board Oversight:

Staff will be supported by a five member Advisory Board. Each member of the Advisory Board will serve for three years and may be reappointed. The first appointees to the Board will be appointed in the following manner, to provide for staggered terms:

- Two members for two years
- Two members for one years
- One member for three year

Together Staff and the Advisory Board will create a Work Plan which will include at a minimum the following:

- Anticipated Increment Revenue for the Year
- Project Priorities and Associated Costs
- Financing Strategies Anticipated
  - Direct Increment Revenue
  - Debt Financing
  - Other Sources of Funding
- Administrative Budget for the Board including staff and consulting services

BSB Staff and the Advisory Board will be required to adhere to all state and local procurement laws.