



Item: Tax Increment Application Process and Forms
From: City Staff
Initiated By: City Staff
Presented By: Jennifer Reichelt, Deputy City Manager
Action Requested: Approve Revised Process and Application Form

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (approve/reject) the revised Tax Increment Application Process and Form and authorize the City Manager to administratively update the Process and Form.”

2. Mayor calls for a second, discussion, public comment, and calls the vote.

Staff Recommendation: Staff recommends the City Commission approve the revised Tax Increment Application Process and Form and authorize the City Manager to administratively update the Process and Form.

Background: The City of Great Falls is responsible for administering the urban renewal program in Great Falls, pursuant to Montana Urban Renewal Law (Title 7 Chapter 15 parts 42 and 43, Montana Code Annotated). Tax Increment Financing (TIF) is an important element of the program as it provides the City with a means to finance urban renewal, industrial, technology or aerospace activities.

The TIF program operates by first establishing a base year taxable value for all properties within the appropriate district. All increases in property taxes in the district above this base valuation, due to new development or reappraisals, are assigned to the City to be used to finance eligible activities within the district.

To date the City has adopted four TIF districts – Central Montana Agri-Tech Park, West Bank Urban Renewal District, Great Falls International Airport Tax Increment Industrial District, and the Downtown Urban Renewal District. The East Industrial Park Tax Increment Financing District is currently pending Commission approval and; a final public hearing regarding its creation will be held on May 7. The Central Montana Agri-Tech Park is in the process of being

expanded. The final public hearing for the expansion is also on May 7. The revised application packet references all of the City's current and pending Tax Increment Financing Districts.

The initial Tax Increment Application Process and Form was adopted by the City Commission in September 2008. The Process developed in 2008 outlined eligible activities under state statute, an application process to be followed, and criteria to be used when evaluating applications (to be used by City Staff, the Planning Advisory Board and the City Commission).

The process outlined in the TIF application requires that the applicant submit a written TIF application which is first reviewed for its merits and need for funding by a group of staff consisting of department heads from Fiscal Services, Planning & Community Development, Park & Recreation, Public Works and the Deputy City Manager. The request is then taken to the Planning Advisory Board for consideration and a recommendation to forward to the Commission. Then ultimately the TIF request is taken to the City Commission for review and approval. If approved, the final step in the process involves the execution of a legally binding development agreement, which establishes the terms and conditions of the TIF assistance.

Changes, additions and edits were made to clean up the form as well as streamline the process for both staff and applicants. Staff felt it was important to more clearly differentiate between the applicant's overall total development costs and the eligible TIF project that was being submitted for consideration and reimbursement.

Changes to the TIF process addressed in this application are minor and include:

- *Prepare a Written Application* - A statement was added to this section specifically referencing City projects. City projects are required to complete a portion of the TIF Application (Application for Funds, Eligible Activities and Certification).
- *Planning Advisory Board* - The term advisory was added to this section when referencing the Planning Board.
- *Development Agreement* - A statement was added to this section stating that applicants who receive TIF dollars are required to follow requirements for public construction contracts as pertains to payment and performance bonding and the standard prevailing rate of wages.
- *Public Infrastructure* - Public infrastructure improvements was added to the list of criteria to be used when evaluating the benefit of the application.
- *Elimination of Blight* - A sentence was added to the Elimination of Blight section under Criteria for Review which states that this item applies only to Urban Renewal Districts.

Changes to the TIF Application include:

- The Pro-Forma and Developer's Statement of Qualifications pages were removed from the application, as they were deemed as unnecessary.
- An application page entitled Eligible Activities was developed that requires the applicant to identify the costs associated with land acquisition, demolition and removal of structures, relocation of occupants and public improvements. It also asks for the applicant to include the costs of all associated fees.
- Throughout the application the term "project" has been changed to "development" to more clearly differentiate between the overall development costs and the cost of the eligible TIF activity.

Fiscal Impact: Tax Increment Revenues are available to be spent by the municipality on eligible activities outlined in state statute for a period of 15 years or the length of any bond issue. Each tax increment district has goals to be accomplished, including public improvements which were outlined in the plan when it was created. Funding that is provided to assist private development with public improvements could also go toward meeting the districts goals or be returned to the taxing jurisdictions. TIF assistance to the private sector is viewed as an appropriate incentive to help a development or redevelopment project become a reality.

Conclusion: The City Manager's Office worked with staff from the Attorney's Office, Planning & Community Development, Fiscal Services and Public Works as well as past and potential applicants to revise the Tax Increment Application Process and Forms. Moving forward, it is staff's recommendation that minor changes relating to the TIF process and application be made administratively.

Alternatives: The City Commission could choose not to adopt or to revise and make changes to the revised Tax Increment Application process and forms.

Attachments/Exhibits: Application and Process for Tax Increment Financing Funds



CITY OF GREAT FALLS APPLICATION AND PROCESS FOR TAX INCREMENT FINANCING FUNDS

IMPORTANT: The material included below outlines the Tax Increment Financing application process and the responsibilities of the Applicant and the City of Great Falls. The Planning and Community Development Department is charged with processing all applications and accomplishing the plans established with creation of each district. Private projects requesting Tax Increment financial assistance will be evaluated by the Great Falls Planning Advisory Board. The Board will prepare a recommendation to the City Commission concerning each individual request using the criteria outlined in this document. Please review this information carefully before submitting the application forms or finalizing your development plans.

Failure to receive approval of a completed application BEFORE construction begins may affect the Applicant's eligibility for Tax Increment Financing assistance from the City of Great Falls.

INTRODUCTION

The City of Great Falls is responsible for administering the urban renewal program in Great Falls, pursuant to Montana Urban Renewal Law (Title 7 Chapter 15 parts 42 and 43, Montana Code Annotated). Tax Increment Financing (TIF) is an important element of the program as it provides the City with a means to finance urban renewal, industrial, technology or aerospace activities. The TIF program operates by first establishing a base year taxable value for all properties within the appropriate district. All increases in property taxes in the district above this base valuation, due to new development or reappraisals, are assigned to the City to be used to finance eligible activities within the district.

The City has adopted four TIF districts:

Central Montana Agri-Tech Park (District expansion under Commission consideration – public hearing set for May 7, 2013)

Adoption Date – May 17, 2005 (Ord. 2911) and boundaries were amended December 4, 2007 (Ord. 2996)

Base Year – January 1, 2005

See Attached District Map

West Bank Urban Renewal District

Adoption Date – March 20, 2007 (Ord. 2967)

Base Year – January 1, 2007

See Attached District Map

Great Falls International Airport Tax Increment Industrial District

Adoption Date – November 5, 2008 (Ord. 3022) and boundaries were amended

September 1, 2009 (Ord. 3043)

Base Year – January 1, 2008

See attached District Map

Downtown Urban Renewal District

Adoption Date – May 15, 2012 (Ord. 3088)

Base Year – January 1, 2012

See Attached District Map

East Industrial Park Tax Increment Financing District (Pending Commission Approval)

City Commission First Reading: April 2, 2013

City Commission Public Hearing: May 7, 2013

Base year: January 1, 2013

See Attached District Map

Applicants for TIF assistance are subject to program eligibility analysis and project review criteria listed below. In addition, project applications will be accepted and processed in the order in which they are received and approved based on the availability of funds in consideration of goals of the plan for the appropriate district.

ELIGIBLE ACTIVITIES

7-15-4288, M.C.A defines how tax increments can be used by the municipality to pay costs of or incurred in connection with an urban renewal project, industrial infrastructure development project, technology infrastructure development project or aerospace transportation and technology infrastructure development project and includes:

1. Land acquisition, including acquisition of infrastructure-deficient areas and assemblage of land for development by private enterprise or public agencies, including sale, initial leasing, or retention by the municipality itself at fair value.
2. Demolition and removal of structures.
3. Relocation of occupants.
4. Public improvements such as the acquisition, construction and improvement of infrastructure which includes streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, sewers, sewer lines, storm sewers, waterlines, waterways, sewage and water treatment facilities, natural gas lines, electrical lines, telecommunication lines, rail lines, rail spurs, bridges, publicly owned buildings and other public improvements.
5. Costs incurred in the exercise of urban renewal powers allowed under 7-15-4233, M.C.A.

APPLICATION PROCESS

Anyone seeking TIF assistance from the City must submit a written application for each TIF-assisted project.

The following procedure has been developed to allow for a thorough and public review of TIF funding requests.

1. Initial Contact. Contact the Planning and Community Development Department, Room 112 in the Civic Center, to discuss the project and determine eligibility for TIF assistance.
2. Prepare a Written Application. The Applicant must submit a complete written application for each funding request. Additional information may be required of other Applicants by staff when deemed necessary for the evaluation process. City of Great Falls initiated and administered projects are required to complete an application. (City projects should complete the following sections of the application—Application for Funds, Eligible Activities and the Certification Page.)
3. Staff Review. Upon submittal of all necessary information, a staff group consisting of Fiscal Services, Planning and Community Development, Park & Recreation, and Public Works department heads and the Deputy City Manager will review the merits of the project and the need for funding. The Planning and Community Development Department staff will prepare a staff report and recommendation to the Planning Advisory Board.
4. Planning Advisory Board. The staff recommendation will be considered by the Planning Advisory Board, who in turn will prepare a recommendation to the City Commission for final approval. At any point in the review process the staff, the Planning Advisory Board or the City Commission may request more information of the Applicant or solicit comments on the project from other public agencies.
5. City Commission Review and Approval. The City Commission will review the project, will consider the recommendation from the Planning Advisory Board and will approve or reject the funding request or any part thereof along with any special terms of TIF assistance.
6. Development Agreement. If TIF assistance is approved, the City and the Applicant must execute a legally binding Development Agreement which establishes the terms and conditions of the TIF assistance. Among the terms and conditions, the Agreement shall specify the schedule for the start and completion of the project, may require the Applicant to guarantee repayment of TIF assistance if the terms of the Agreement are violated by the Applicant and may require an agreement for payment of an annual tax deficiency fee pursuant to §7-15-4294, MCA. The Development Agreement shall also specify whether the Applicant or

City will be responsible for bidding or obtaining cost estimates and selecting contractors for funded activities. If receiving TIF dollars, the applicant is required to follow requirements for public construction contracts as pertains to payment and performance bonding and standard prevailing rate of wages. The Development Agreement must be approved by the City Commission. Projects initiated and/or administered by the City of Great Falls are not required to complete a Development Agreement.

IMPORTANT NOTE: Costs to be paid with TIF monies may not be incurred by the Applicant prior to funding approval and the satisfaction of any conditions of such approval.

CRITERIA FOR REVIEW

Materials contained in TIF applications are used to assess the merits of projects in relation to the goals and objectives of the appropriate district plan. To measure the public benefit derived from the project, the City evaluates projects based on the following criteria. Each district development is judged on its own merit; therefore, no weight is given to any of the criteria. The City Commission may establish additional criteria per district that would provide specific funding priorities.

1. Public Infrastructure Improvements – Public infrastructure improvements have the benefit of improving and impacting an entire district. Each district may have its own Capital Improvement Plan, which may include things such as roadway improvements, storm drains, sewer and water lines, railroads, etc.
2. Economic Stimulus – The amount of economic activity to be generated within the district through the development is assessed, as well as the leverage ratio of public to private investment. In general, the maximum limit of participation in any one development is 10% of the construction/rehabilitation costs, exclusive of acquisition cost. Development projects clearly demonstrating extraordinary benefit to districts or the community may, at the discretion of the City Commission, receive additional TIF assistance for eligible items. All applications should contain credible, measurable information substantiating the project's economic stimulus in the district and the community.
3. Tax Generation – The increase in taxable value due to new district development, including construction/rehabilitation, as estimated by the County Assessor's office to determine tax increment generation.
4. Employment Generation – Total employment generated by the district development as assessed in terms of new permanent and part-time jobs, and construction jobs.
5. Elimination of Blight (applies to Urban Renewal Districts) – The

development's direct and indirect impact on the physical and fiscal deterioration within the appropriate district and the community, as identified in the appropriate district plan.

6. Special or Unique Opportunities – The extent to which the district's development represents a unique opportunity, meets a special need, or addresses specific district or community goals. The restoration of a historic property or the provision of an unmet community need is an example of special and unique opportunities.
7. Impact Assessment – The extent of both positive and negative environmental impacts, appropriateness of the development's project design, and impact on existing businesses or residents.
8. Financial Assistance – Other forms of financing available to the Applicant. Lender participation, industrial development revenue bonds, and state and federal grant monies, for example, are examined to assess the need for TIF assistance.
9. Development's Feasibility – A determination of feasibility is made based on the strength of the Applicant's demonstration of market demand for the development in the district as contained primarily on the pro forma and financing commitments.
10. Developer Ability to Perform – An assessment of the Applicant's capability to undertake the relative complexities of the development based on past performance on similar projects.
11. Timely Completion – The feasibility of completing the development according to the Applicant's development schedule.
12. Payment of Taxes – All property taxes, special improvement district assessments, and other assessments on the project property must be paid to date.

CITY OF GREAT FALLS



TAX INCREMENT FINANCING (TIF)

APPLICATION FOR FUNDS

**CITY OF GREAT FALLS
TAX INCREMENT FINANCING (TIF)
APPLICATION FOR FUNDS**

Project Name: _____

Date Submitted: _____

Name of TIF District _____

APPLICANT INFORMATION

Name: _____

Address: _____

Telephone: _____

DEVELOPMENT INFORMATION

1. Building Address: _____

2. Legal Description: _____

3. Ownership: _____

Address: _____

4. If property is not owned by the Applicant, list leasehold interests: (Attach evidentiary materials.)

Name: _____

Address: _____

5. Existing/Proposed Businesses: _____

Business Description: _____

6. Employment: Existing FTE Jobs: _____

New Permanent FTE Jobs created by project: _____ Construction FTE jobs: _____

7. Architectural/Engineering Firm: _____

Address: _____

Representative: _____

**CITY OF GREAT FALLS
TAX INCREMENT FINANCING (TIF)
APPLICATION FOR FUNDS**

8. Description of Total Development: (Attach narrative explanation.)
 9. Rehabilitation/construction Plans (Attach schematics, site, and landscaping plans.)
 10. Development Schedule: (Attach time line or schedule through completion.)
 11. Amount of Public Infrastructure Need and Proportion of Public Infrastructure Financed by TIF?
-
-

TOTAL DEVELOPMENT COSTS

Land and Site Improvements (Itemized)

- | | |
|------------------|----------|
| 1. Value of Land | \$ _____ |
| 2. | \$ _____ |
| 3. | \$ _____ |
| 4. | \$ _____ |
| 5. | \$ _____ |

Subtotal \$ _____

Do you currently own all of the land or will you be purchasing some? _____

Construction/Rehabilitation Costs (Use general construction trade divisions)

(Total value of improvements)

- | | |
|----|----------|
| 1. | \$ _____ |
| 2. | \$ _____ |
| 3. | \$ _____ |
| 4. | \$ _____ |
| 5. | \$ _____ |

Subtotal \$ _____

Total Project Development Costs \$ _____

ELIGIBLE ACTIVITIES

Land Acquisition

1.	\$ _____	
2.	\$ _____	
3.	\$ _____	
Subtotal		\$ _____

Demolition & Removal of Structures

1.	\$ _____	
2.	\$ _____	
Subtotal		\$ _____

Relocation of Occupants

1.	\$ _____	
Subtotal		\$ _____

Public Improvements

(acquisitions, construction and improvement of infrastructure which includes streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street parking facilities, sewers, sewer lines, storm sewers, etc.)

1.	\$ _____	
2.	\$ _____	
3.	\$ _____	
4.	\$ _____	
Subtotal		\$ _____

Fees (associated with eligible activities)

1. A&E design/Supervision	\$ _____	
2. Permits	\$ _____	
3. Other fees	\$ _____	

Subtotal of Costs of all Public Improvement	\$ _____
--	-----------------

Total Project Development Costs	\$ _____
--	-----------------

PROJECT FINANCING

Please complete Sources of Funds detail and summarize below.

Developer Contribution

Cash Invested \$ _____

Land & Buildings \$ _____

In-kind (Specify) \$ _____

Other (Specify) _____ \$ _____

Subtotal \$ _____

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	Payment/Period
_____	\$ _____	_____ %	_____ yrs	\$ _____ /mo
_____	\$ _____	_____ %	_____ yrs	\$ _____ /mo

Total Loan Amount \$ _____

TIF Request

Eligible Improvements (See Narrative)

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

Subtotal \$ _____

CERTIFICATION

I (we), _____ (please print), certify that the statements and estimates within this Application as well as any and all documentation submitted as attachments to this Application or under separate cover are true and correct to the best of my (our) knowledge and belief.

Signature _____

Title _____

Address _____

Date _____

Signature _____

Title _____

Address _____

Date _____

HOW WOULD YOU LIKE TO RECEIVE YOUR TIF FUNDS?

- ☐ Incrementally over time, as the TIF is generated.
- ☐ I'd like to utilize a bonding mechanism and receive the funding in a one-time lump sum amount. I recognize the risk associated with this option.

Central Montana Agricultural and Technology Park



Tax Increment District

Ordinance No. 2996

US HIGHWAY 89

Lot 5

Lot 4

Lot 1

BLOCK 1

International
Malting Company
LLC

Lot 2

Lot 3

International Malting Co. LLC Addition

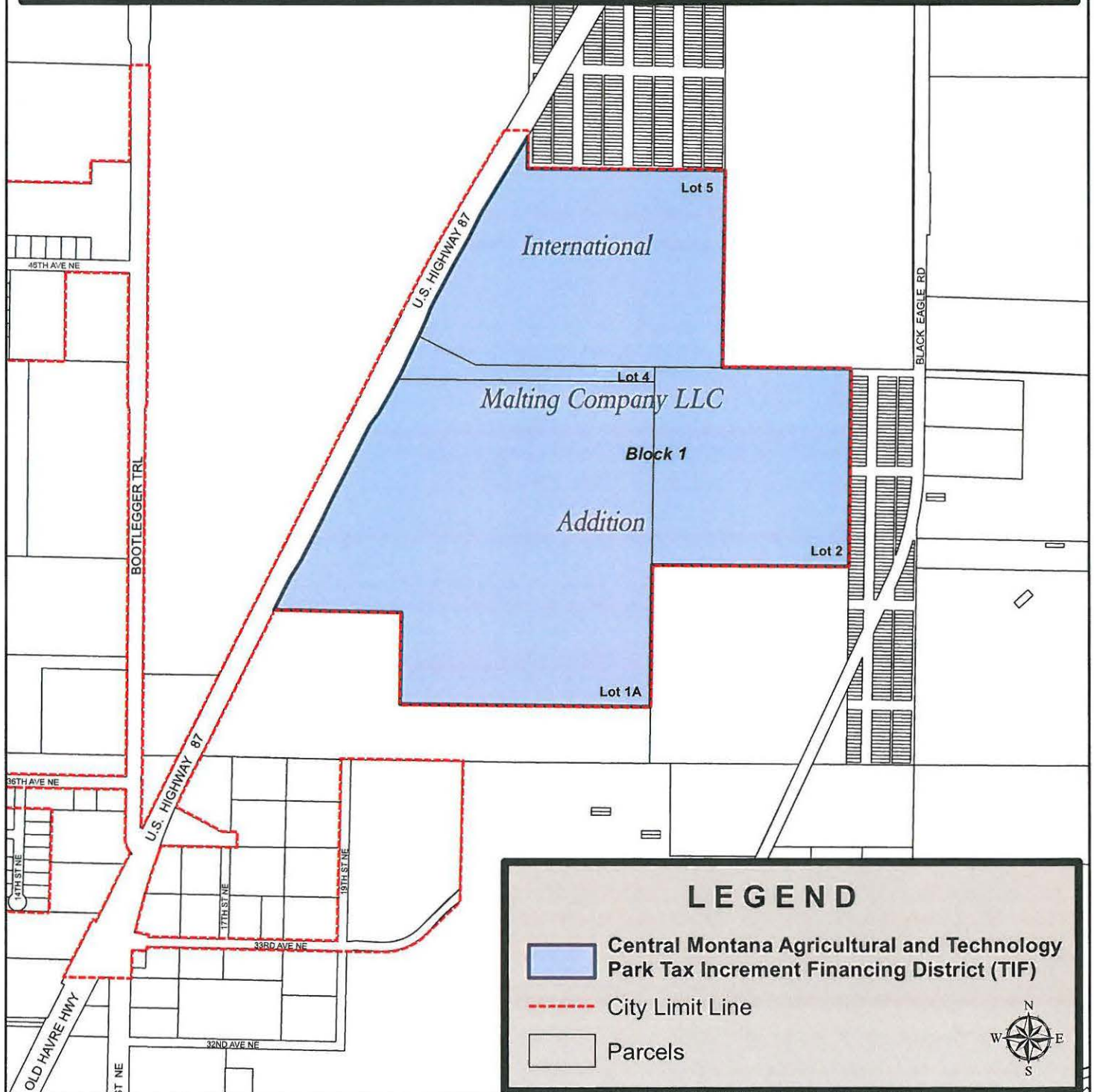


PROPOSED Central Montana Agricultural and Technology Park Tax Increment Financing District

*Lots 2, 4, 5, Block 1, of the International Malting Company LLC Addition
and*

*Lot 1A, Block 1, of the Correctional Plat of the First Amendment to the
International Malting Company, LLC Addition*

Totaling 200.22 Acres all located in Section 30, Township 21 North, Range 4 East



Great Falls West Bank Urban Renewal Area

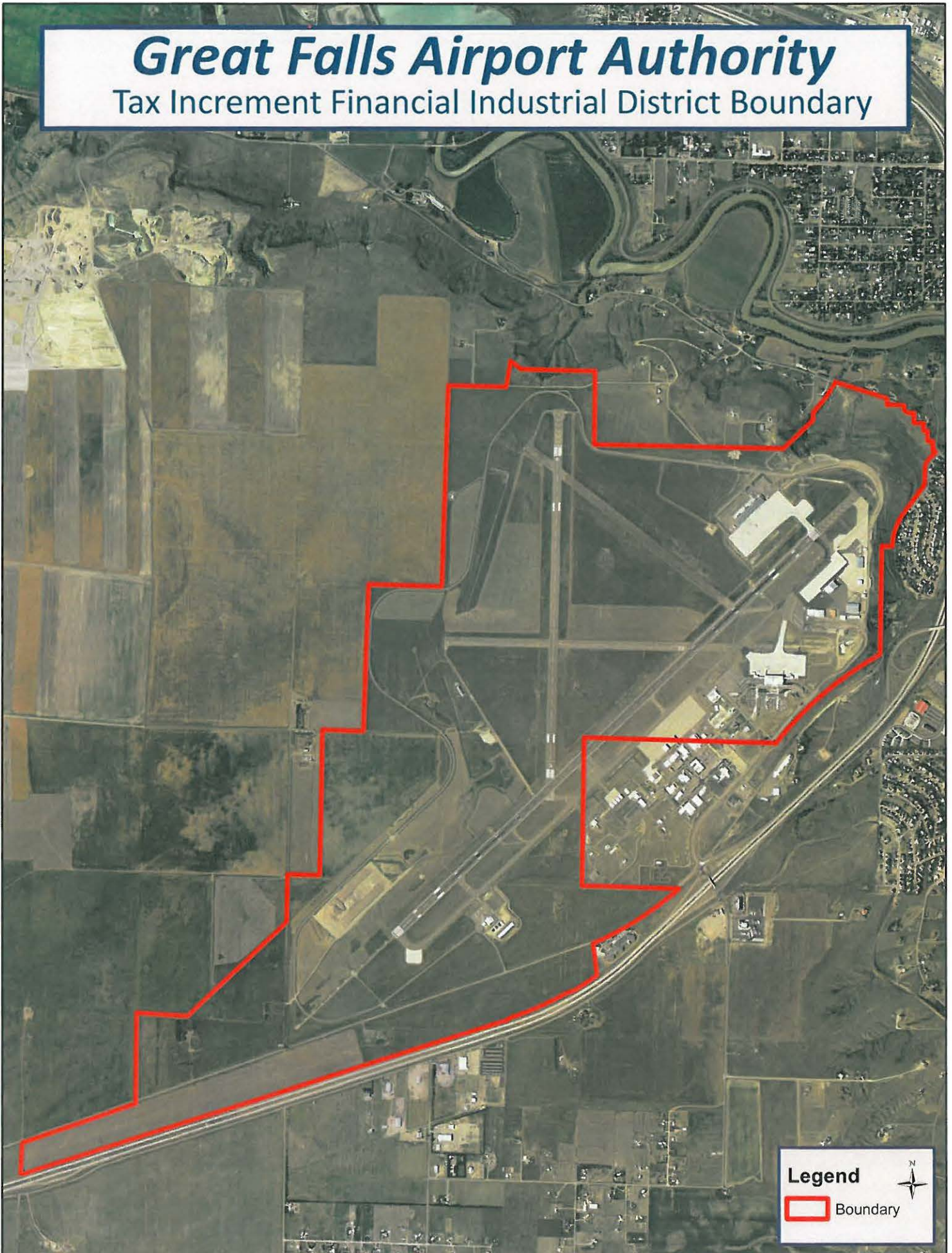
 Tax Increment District

Ordinance No. 2967

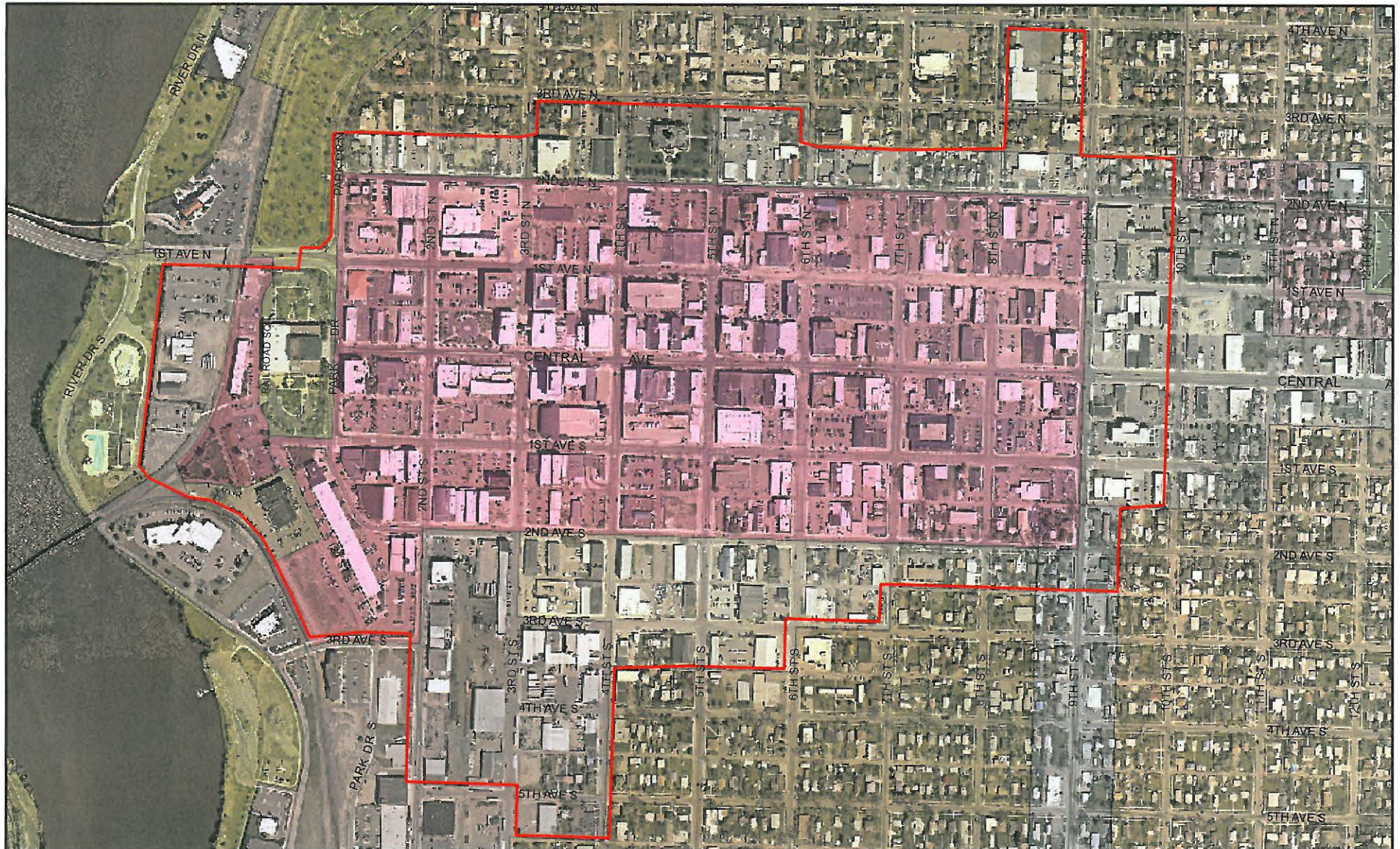


Great Falls Airport Authority

Tax Increment Financial Industrial District Boundary



Downtown Urban Renewal / TIF District



- | | | | | |
|--|---|---|---|---|
| Urban Renewal Area / TIF | C-4 Central business core | M-2 Mixed-use transitional | R-2 Single-family medium density | R-10 Mobile home park |
| AI Airport Industrial | C-5 Central business periphery | PLI Public lands institutional | R-3 Single-family high density | Unincorporated Enclave |
| C-1 Neighborhood commercial | I-1 Light industrial | POS Park Open Space | R-5 Multi-family medium density | |
| C-2 General commercial | I-2 Heavy industrial | PUD Planned unit development | R-6 Multi-family high density | |
| C-3 Highway commercial | M-1 Mixed-use district | R-1 Single-family suburban | R-9 Mixed residential | |

0 0.125 0.25 0.5 Miles



Map of the East Industrial Park TIFID

