



Item: Downtown Urban Renewal District Tax Increment Financing (TIF) Funds for Downtown Streetscape Expansion Supplement to match a CTEP Grant for Streetscape Improvements on Central Avenue between 7th and 8th Streets

From: Andrew Finch, Senior Planner, Planning & Community Development

Initiated By: Planning & Community Development Department

Presented By: Craig Raymond, Planning & Community Development Director

Action Requested: Approve the use of up to \$37,500 in Downtown Urban Renewal District Tax Increment Financing Funds for the Downtown Streetscape Expansion Supplement

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (approve/deny) the use of up to \$37,500 in Downtown Urban Renewal District Tax Increment Financing funding for the Downtown Streetscape Expansion Supplement project on Central Avenue from 7th to 8th Streets.”

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

Downtown Development Partnership Recommendation: Approve the funding of the Downtown Streetscape Expansion Supplement from the Downtown Urban Renewal TIF District.

Background: The Downtown Urban Renewal and Tax Increment Financing (TIF) District generally encompasses Great Falls’ central business district and periphery properties. (Attachment A: TIF District Map).

On May 27, 2015, the City Planning & Community Development Department presented a proposal to the Downtown Development Partnership for the use of Downtown Urban Renewal TIF District funds to match and augment a Community Transportation Enhancement Program grant for Downtown streetscape expansion improvements (Attachment D: Application) to implement elements of the Downtown Master Plan and Downtown Urban Renewal Plan.

The City has a formal “Tax Increment Application Process” for considering funding requests from the private and public sectors for tax increment assistance from TIF Districts. For the Downtown Urban Renewal TIF District, the Downtown Development Partnership (DDP) has been designated as the advisory body that considers proposals and makes recommendation to the City Commission. For final action, the City Commission considers the DDP recommendation and approves or rejects the funding request, along with any special terms of approval.

TIF Request: TIF funds are requested to supplement and complement funding of a larger Downtown Streetscape Expansion project, funded with CTEP and matched by the Business Improvement District (BID).

The BID submitted a grant application for Community Transportation Enhancement Program (CTEP) funding to install period lighting, street trees and patterned sidewalks downtown. After a transportation study was completed for downtown in 2013 (the Downtown Access, Circulation & Streetscape Plan), the project was approved for expansion by the City Commission, with the BID providing the 13.42% matching dollars. The locations of the improvements followed the recommendations in the study.

The total project amount is currently as follows:

Total Project Budget

\$1,007,750	Total
\$872,510	CTEP
\$135,240	Match

However, a portion of the project was contingent upon the expansion of the BID along Central Avenue from 7th to 9th Streets. Because the expansion did not occur, the BID cannot not match the portion of the project outside its current boundaries. With finalization of the project cost estimates, only the segment from 7th to 8th Streets can be constructed, if the required match can be secured. The portion of the project without a matching source is as follows:

Unmatchable portion (Central Avenue, 7th to 8th)

\$276,655	Total
\$239,528	CTEP
\$37,127	Match

Project Description: This supplement request would remove deteriorated sidewalk and install new sidewalk and gutter, including new driveway approaches and patterned (decorative) concrete near the curb. Eight street trees with tree grates would be installed, along with twelve period street lights. The high, arterial street style cobra-head lights would be removed, replaced with overhead street lights matching those on Central Avenue to the west.

Montana TIF Regulations: Creation and administration of Tax Increment Financing (TIF) Districts is governed by Montana State Urban Renewal statutes (Title 7, Chapter 15, Parts 42 and 43, MCA). The excerpted sections of MCA that authorize the requested TIF expenditures are as follows, with the most relevant sections underlined:

7-15-4288. Costs that may be paid by tax increment financing. *The tax increments may be used by the municipality to pay the following 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:*

(4) the acquisition, construction, and improvement of infrastructure, industrial infrastructure, technology infrastructure, or aerospace transportation and technology infrastructure that includes streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and offstreet parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, spaceports for reusable launch vehicles with associated runways and launch, recovery, fuel manufacturing, and cargo holding facilities, publicly owned buildings, and any public improvements authorized by Title 7, chapter 12, parts 41 through 45; Title 7, chapter 13, parts 42 and 43; and Title 7, chapter 14, part 47, and items of personal property to be used in connection with improvements for which the foregoing costs may be incurred;

In conformance with State regulations, the City's adopted Downtown Urban Renewal Plan provides guidance for addressing urban blight, as well as outlining a general process for identifying projects for expenditure of TIF funds. The relationship of the funding request to the Plan is addressed in the following section.

Downtown Urban Renewal Plan and Requested TIF Participation: In 2012, the City of Great Falls adopted the Downtown Urban Renewal Plan. In order to approve TIF participation requests, they must be determined to be in compliance with and follow the recommendations of the Urban Renewal Plan, as well as be determined eligible for TIF participation in accordance with the MCA criteria presented in the previous section. To aid in this determination, the Tax Increment Application Process established eleven specific criteria to assess the merits of the project in relation to the Downtown Urban Renewal Plan.

The criteria are:

- 1) Economic Stimulus - *The amount of economic activity to be generated by the project is assessed, as well as the leverage ratio of public to private investment. In general, the maximum limit of any one project is 10% of the construction/rehabilitation costs, exclusive of acquisition costs. 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.*
- 2) Tax Generation - *The increase in taxable value due to the new construction/rehabilitation as estimated by the County Assessor's office to determine tax increment generation.*
- 3) Employment Generation - *Total employment generated by the project as assessed in terms of new permanent and part-time, and construction jobs.*
- 4) Elimination of Blight - *The project's direct and indirect impact on the physical and fiscal deterioration within the appropriate district and the community, as identified in the Downtown Urban Renewal Plan or the appropriate district plan for industrial, technology or aerospace districts.*
- 5) Special or Unique Opportunities - *The extent to which the project 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.*

- 6) Impact Assessment - The extent of both positive and negative environmental impacts, appropriateness of the project design, and impact on existing businesses or residents.
- 7) 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.
- 8) Project Feasibility - A determination of feasibility is made based on the strength of the Applicant's demonstration of market demand for the project as contained primarily on the pro forma and financing commitments.
- 9) Developer Ability to Perform - An assessment the Applicant's capability to undertake the relative complexities of the project based on past performance on similar projects.
- 10) Timely Completion - The feasibility of completing the project according to the Applicant's schedule.
- 11) Payment of Taxes - All property taxes, special improvement district assessments and other assessments on the project property must be paid to date.

Determination of Appropriateness: The Downtown Streetscape improvements are eligible for TIF funding according to Montana Code Annotated (MCA) guidance. Further, they contribute to the majority of the criteria listed in the TIF application. Below are a few of the primary areas to which the project contributes:

Elimination of Blight. Repair of broken sidewalk and curbing, removal of aged lighting, and installation of attractive landscaping, lighting and sidewalk features will result in an attractive, uniform urban environment. This will also respond to a specific strategy in the Downtown Urban Renewal Plan to "Improve the public realm to provide a safe, attractive and welcoming environment."

Special or Unique Opportunities. This is a one-time opportunity to leverage local funds. The CTEP Program is ending, and the final funds must be spent on approved projects or they will be lost.

Impact Assessment. The improved public "face" of the block will greatly enhance the adjoining businesses, and is expected to result in increased business and private investment. It will have a positive effect on existing businesses.

Financial Assistance. Nearly 87% of the project amount will be provided by the CTEP grant. This is a timely opportunity to secure approximately \$240,000 with a relatively small amount of local funding (\$37,500). Other than TIF, no other known sources of funding are available to fund the remaining improvements.

Timely Completion. The CTEP funds are immediately available and must be expended this construction season. The construction plans are nearly complete, and the timing is ripe for construction of the work requested for TIF funding.

Staff determines the work is eligible and appropriate, and that there is adequate funding in the TIF to fund the project.

Significant Impacts: There are no significant negative impacts that would result from funding this project. The positive impacts would be:

- A more uniform street character on Central Avenue, east of 7th Street.
- Improved aesthetics in the public realm, which often results in investment in private properties and increased tax base.

- Repaired and upgraded sidewalks, making pedestrian and ADA movements more safe and removing the liability risk to the City and adjoining property owners.
- Improved driveway access to adjoining parking lots.

Workload Impacts: Funding is already in place and a consulting engineer under contract for project design and construction oversight. Planning & Community Development Department staff are managing the project, and no additional time would be involved in managing this segment. There will be no adverse impacts to staff as a result of authorizing the TIF funding.

Long term impacts include little increased staff time. An expanded lighting district will pay for the upkeep of the lights, and adjoining property owners will maintain the sidewalks. Future expansion of the BID could include maintenance assistance by the BID.

Concurrences: Representatives from the City Planning & Community Development Department, City Administration, Business Improvement District, Great Falls Development Authority, NeighborWorks Great Falls, and the Downtown Development Partnership concur in the TIF funding request (Attachment E).

Fiscal Impact: There is adequate funding in the TIF Fund available to fulfill the request, with additional funds received in June, 2015. The following overview of available funding has been provided by the City Fiscal Services Department:

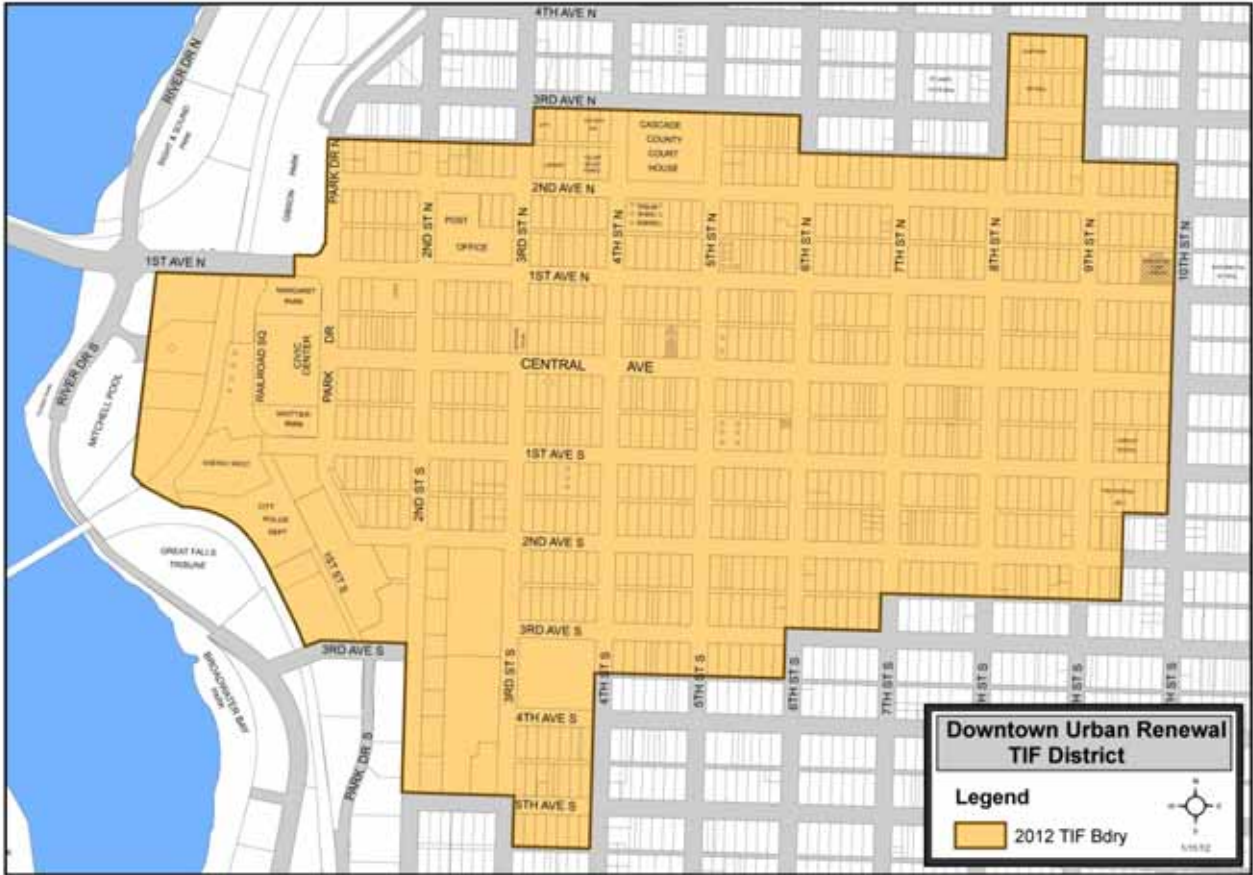
Current Fund Balance	\$ 30,529.48
Expected June 2015 receipts	\$ 15,000 +/-

Alternatives: The City Commission could vote to not approve the TIF expenditures or approve a lesser amount.

Attachments:

- Attachment A: TIF District Map
- Attachment B: Site Photos
- Attachment C: Draft Plan
- Attachment D: TIF Funding Application
- Attachment E: DDP Letter

Attachment A – TIF District Map



Attachment B – Site Photos



Attachment D - Application

CITY OF GREAT FALLS



**TAX INCREMENT FINANCING
(TIF)**

APPLICATION FOR FUNDS

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

Project Name: Downtown Streetscape Expansion Supplement – Central Avenue 7th to 8th Streets

Date Submitted: 5.23.2015

Name of TIF District: Downtown Urban Renewal District

APPLICANT INFORMATION

Name: Planning & Community Development Department, City of Great Falls – Andrew Finch, Senior Planner

Address: P. O. Box 5021, Great Falls, MT 59403

Telephone: 455-8434

DEVELOPMENT INFORMATION

1. Building Address: N/A

2. Legal Description: Central Avenue right-of-way, between 7th Street and 8th Street

3. Ownership: City of Great Falls

Address: N/A

4. If property is not owned by the Applicant, list leasehold interest: (*Attach evidentiary materials*).
Name: N/A

Address: N/A

5. Existing/Proposed Businesses: N/A

Business Description: N/A

6. Employment: Existing FTE Jobs: N/A

New Permanent FTE Jobs created by project: N/A Construction FTE jobs: _____

7. Architectural/Engineering Firm: NCI Engineering, Inc.

Address: 4509 North Star Blvd, Great Falls, MT 59405

Representative: Lyle Meeks, PE

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

8. Please provide a description of the Total Project Development (attach a narrative explanation).
See Attached.
9. Please provide rehabilitation/construction plans (attach schematics, site and landscaping plans).
See Attached.
10. What is the development schedule or estimated completion date for the Total Project Development? The Total Project Development is best defined as the entire development, not just the TIF improvements (please include project phasing if appropriate).
The contract for this project would be let as part of a larger Downtown Streetscape Expansion project, and bid as an alternate. The work would be quantified and tracked separately so the TIF contribution could be directly attributed to the described work. The project contract documents are under review by the Montana Department of Transportation, and authorization to proceed with bid letting is expected to be received in July, 2015. Project completion is expected in November 2015.
11. Do you plan on asking for any other tax abatements, grants, tax credits or other forms of relief? If so, what type?
No.
12. Please describe your funding needs and the anticipated timing schedule for your identified Eligible TIF Activities (example: *I will be fronting the costs of all identified TIF improvements and would like to be reimbursed incrementally as TIF funds become available; I am interested in utilizing bond financing to complete the identified project improvements and would like to be reimbursed with TIF funds as they become available, I need TIF funds immediately to complete the identified TIF improvements, etc.*)
A project to design and install streetscape in downtown Great Falls is short of funding. The entire project amount is \$1,007,750. Most of this amount will be funded through the Community Transportation Enhancement Program (CTEP) and matched by the Business Improvement District (BID). An estimated \$276,655 has no source for match. The Downtown Urban Renewal District TIF is requested to provide the match for this amount (13.42%), which equates to a rounded \$37,500. The TIF is asked to provide this amount up-front, by August 15, 2015. Any unexpended dollars from the improvements related to Central Avenue between 7th and 8th Streets would be returned to the TIF fund.
13. Please indicate the amount of Public Infrastructure Need and the amount of Public Infrastructure being requested to be financed by the TIF District.
For the segment of Central Avenue between 7th and 8th streets, approximately 700 feet of curb and gutter would be replaced; 10,311 square feet of sidewalk replaced (a portion with patterned sidewalk); eight street trees and tree grates installed; 12 period street lights installed, with associated electrical service; 8 cobra-head lights removed.

ELIGIBLE TIF ACTIVITIES

Land Acquisition

	Total	Amount Requested from TIF	Timing for Funds
1.	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Demolition & Removal of Structures

1.	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
2.	<u> </u>	<u> </u>	<u> </u>
3.	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u> </u>	<u> </u>	<u> </u>

Relocation of Occupants

1.	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
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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.	<u>\$276,655</u>	<u>\$37,500</u>	<u>July/Nov 2015</u>
2.	<u> </u>	<u> </u>	<u> </u>
3.	<u> </u>	<u> </u>	<u> </u>
Subtotal	<u> </u>	<u> </u>	<u> </u>

Fees (associated with eligible activities)

(A&E design/supervision, permits & other fees)

1.	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
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CERTIFICATION

I, Craig Raymond, Planning & Community Development Director (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 knowledge and belief.

Signature _____

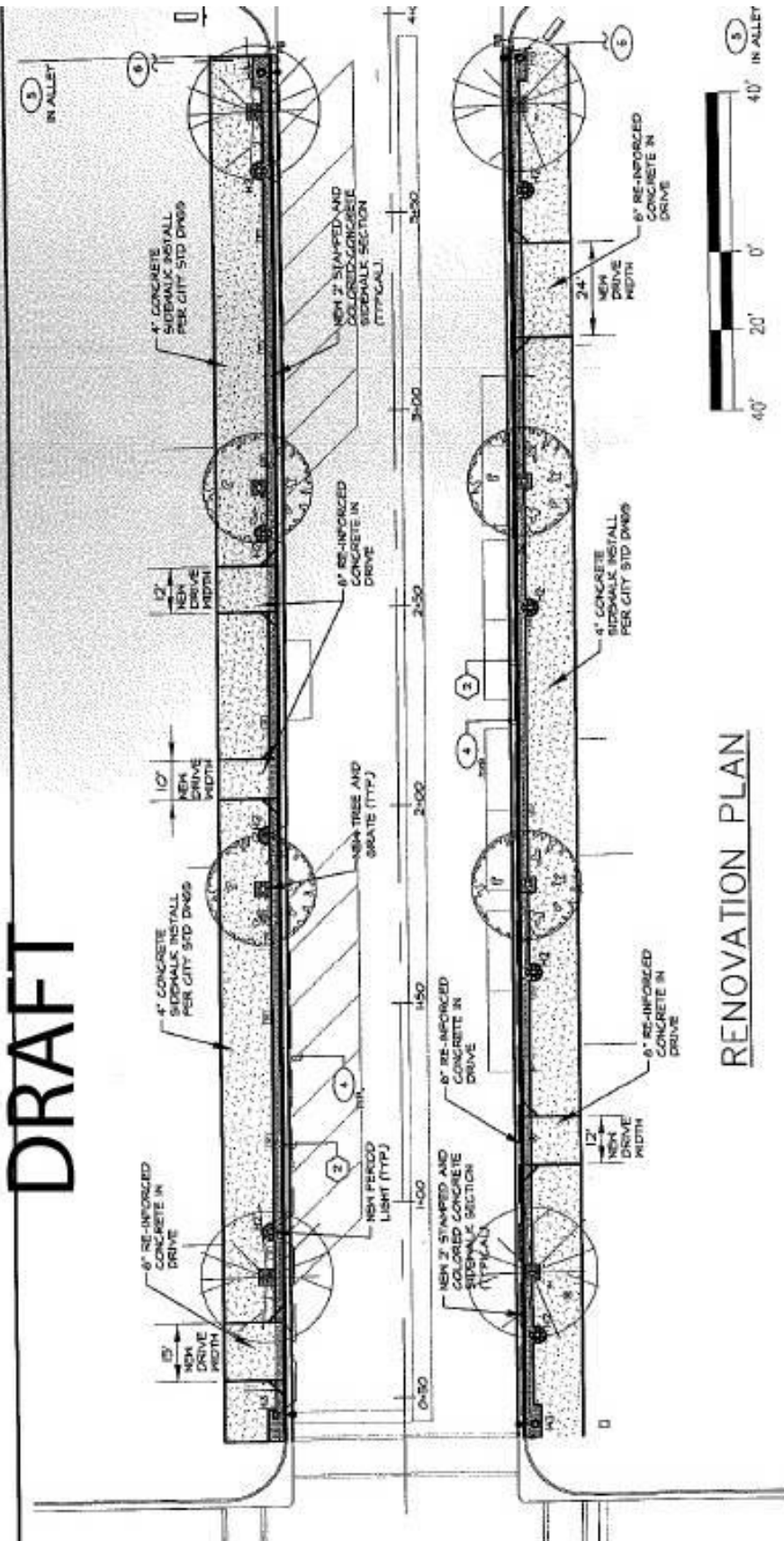
Title Director, Planning & Community Development Department

Address City of Great Falls, P. O. Box 5021, Great Falls, MT 50403

Date 6/2/2015

ATTACHMENT A

Project Plan



ATTACHMENT B

Project Details

Downtown Streetscape Expansion – Project description and background

The BID submitted a grant application for Community Transportation Enhancement Program (CTEP) funding to install period lighting, street trees and patterned sidewalks downtown. The project will install period street lights, street trees and decorative concrete on streets south and east of the existing streetscape.

Compliance with City's Adopted Plans: Streetscape upgrades and extension of the current sidewalk amenities is recommended in both the Downtown Master Plan (pg. 54, Objective 5) and the follow-up Downtown Access, Circulation and Streetscape Plan (an implementation element of the Downtown Master Plan – pages 63-100). Additionally, the 2005 Growth Policy recommends upgrades (pg. 23, Transportation Element).

Need: The Downtown Streetscape is incomplete. Central Avenue has amenities that extend ½ block to the south on the side streets. 1st Ave. N. and the streets between Central and 1st Ave. N. have amenities, as does portions of 2nd Ave. N. However, the south side of the Downtown Core does not have amenities. To foster downtown re-development and private investment, an expanded streetscape will repair deteriorated sidewalks, install shade trees and pedestrian scale lighting – which will build a more attractive visitor and shopper experience, as well as a more inviting place for downtown workers, residents and employers.

After the Downtown Access, Circulation & Streetscape Plan was completed in 2013, the project was expanded to the current project scope, with the BID providing the 13.42% matching dollars. The locations of the improvements followed the recommendations in the Plan.

Total Project Budget:

\$1,007,750	Total
\$872,510	CTEP
\$135,240	Match

A portion of the project was contingent upon the expansion of the BID along Central Avenue from 7th to 9th Streets. However, because the expansion did not occur, the BID could not match the portion of the project outside its current boundaries. With finalization of the project cost estimates, only the segment from 7th to 8th Streets can be constructed, if the required match can be secured.

Unmatchable portion (Central Avenue, 7th to 8th):

\$276,655	Total
\$239,528	CTEP
\$37,127	Match

The project is within the boundaries of the Downtown Urban Renewal District, and will foster urban renewal and revitalization in the area.

Attachment E – DDP Letter



*Downtown Development
Partnership of Great Falls, Inc.
#13 Fifth Street North
Great Falls, MT 59401*

June 1, 2015

City Commissioners
City of Great Falls
Great Falls, MT 59401

Dear Commissioners,

At their meeting on May 24, 2015, with a quorum of Directors present, the Board of Directors of the Downtown Development Partnership unanimously voted to endorse the use of Downtown Tax Increment Financing funds for the purpose of providing the matching funds for the Downtown Streetscape extension from 7th Street to 8th Street.

Directors see the Streetscape extension as a good use of TIF funds and appreciate the efforts of Andrew Finch, Transportation Planner, to gather the resources to complete the project.

Please feel free to contact me if you have any questions or need further information.

A handwritten signature in cursive script that reads "Sheila Rice".

Sheila Rice
Chair
Board of Directors