

PUBLIC MEETING – November 16, 2005

The Public Meeting was called to order at 1:30 p.m. by Chair Jean Curtiss. Also present were Commissioner Bill Carey, Commissioner Barbara Evans, Chief Civil Deputy County Attorney Mike Sehestedt, Chief Financial Officer Dale Bickell and Projects Coordinator Barbara Martens.

Pledge of Allegiance

Public Comment

None

Routine Administrative Actions

Commissioner Carey moved that the Board of County Commissioners approve the routine administrative items adopted the past week and approve the weekly claims list in the amount of \$817,431.98. Commissioner Evans seconded the motion. The motion carried on a vote of 3-0.

Consideration: RBS Ranch (4 lots on 43.92 acres) – Frenchtown Frontage Road and Fred Lane

Tim Worley, Office of Planning and Grants, presented the staff report.

This is a proposal by Sherrie Lee Smith, Elvira Rasmussen, Sidney Billington and Jackie Billington, represented by Ron Ewart of Eli & Associates, Inc., for 4 residential lots on 43.92 acres in an unzoned location north and west of the Wye. The lots range in size from about 5.09 acres to 19.41 acres. This is in an unzoned area, as I said before, and it's in a location where the Comp Plan recommends Open and Resource uses at a recommended density of one dwelling per 40 acres. The subdivision is located on two County roads, Fred Lane and Frenchtown Frontage Road. Individual driveways are planned for the 4 lots in question. Since both of these roads do not meet County standards as far as widths for their respective classifications, two variances are being requested, both of which are supported by County Public Works and OPG. The third variance that's being requested is to the 3:1 depth to width ratio standard in the Subdivision Regulations which is exceeded by Lot 4 on the eastern end of the subdivision. I should note that most of this lot has been designated No Build Zone and is unbuildable. I'll move right to recommended conditions of approval. In Condition 1, staff originally recommended a driveway crossing the southern end of Lot 4 for the benefit of Lot 3. Based on Planning Status discussion, note possible amendments to this condition in your blue memo, and I'm going to go ahead and read it, because there's a lot of underline and strikeout. Condition 1: "A driveway crossing COS 1549 for the benefit of Lot 3 shall be constructed to a 12 foot surface width with a 20 foot unobstructed width and a 13 foot 6 inch vertical clearance, subject to review and approval by the Frenchtown Rural Fire District, prior to final plat approval. If a driveway is not constructed prior to final plat approval, the lot owner shall file a deed restriction with the County Clerk and Recorder's Office prohibiting the sale of the lot until a driveway is constructed, with language of the deed restriction to be reviewed and approved by the County Attorney's Office. The subdivider shall record a 30 foot private access and public utility easement as shown on the preliminary plat, to be reviewed and approved by the County Attorney's Office, prior to final plat approval." This language does a couple different things. It allows the driveway to be constructed in the original proposed location and it also ensures that the driveway built either prior to final plat approval or that a deed restriction be filed that requires a driveway to be constructed prior to the sale of Lot 3. Condition 2 was originally for a shared driveway maintenance agreement, which would not be necessary if the memo Condition 1 is adopted, and so you'll see that Condition 2 is stricken on the blue memo. And originally, staff recommended, in Condition 3, an 8 foot paved pathway along Frenchtown Frontage Road. At the Planning Status discussion on Monday, we discussed the possibility of eliminating that condition, so you'll see Condition 3 stricken. That offers you that option of essentially getting rid of Condition 3. Moving on to Condition 4, this is a recommendation for an easement for an existing power line that crosses Lot 4 for the benefit of Lot 3. This recommended condition also recommends that if there's not an easement for it, that it be relocated within a public utility easement. The next two conditions are per Frenchtown Rural Fire District's recommendations. The first is for a Fire Service Fee of \$530 per lot for the new homes in this subdivision, and the second is a recommendation for residential sprinklers for the new homes in the subdivision. Conditions 7 through 9 are simply recommended amendments or corrections for the covenants. And with that, I'll wrap up and state that staff supports RBS Ranch.

Chair Curtiss: Thank you, Tim. Is the developer or their representative here? And, Ron, if we could ask you to, because the Planning Status meeting is not a – we don't keep minutes from that meeting, so nothing from that

meeting is on the record. If you could address the discussion and reasons that we're considering changes to 1, 2 and 3 in your statement.

Ron Ewart: Sure, thank you. Ron Ewart with Eli and Associates. I'd like to thank Tim Worley of OPG for all his work on this proposal and the staff report is well written. The blue memo is just fine with us, I'll just say that to start with. The property is a little over 40 acres in size. It's been within a family for many years. Five of the family members are here today: JD, Jackie and Elvira Billington, Sherrie Lee Smith and Goldie Enderlin. Another person who isn't here is Jack Billington. Jack and Jackie live on COS 1549, just to the south of the property there. Anyway, the family's taken a lot of really good care of this property for many years. There's hardly a weed on it, it's a very nice place, and what they want to do is they want to keep it in the family. Right now, it's in four different family members names – three names – well, what they want to do is to divide it into three different lots plus another lot, which would be sold to – right now I think there's a buy/sell on the fourth lot to the person who is living in the old homestead. They came up with a certain formula that said how big each lot would be, they wanted to do about 4 to 5 acres in that east end to go with the house and they would go ahead and sell that to help pay for expenses that they have. I know that Jack Billington, he's told me that he just wants to continue farming the property, he will end up owning Lot 3 there and he just wants to be able to drive back and forth through his gate to continue farming the property. We did ask for a little bit of discussion on a couple of the conditions. Number 1, there was a condition that the driveway to Lot 3 crossed along the bottom of Lot 4. The problem with that is it comes a little bit too close to the existing house there, it's also a little bit low in that area. Again, they do have a buy/sell, and I believe I saw Steve here, who might be buying that property, and it's just a little bit too close to the house to have that driveway. We'd like to leave it where it is if possible. And then the other item that we discussed at quite a bit of length has to do with the pathway. There was a recommendation that an 8 foot asphalt walkway be placed along the Frontage Road. One of the things to consider here is that when the freeway was built, Loisselle Lane came in, intersecting with Old Highway 10 and then in order to have the freeway go over the top of Loisselle Lane, they dug way down, so there's a steep bank there in front of the two properties. Now there is one existing access and then there's another place for another good spot for an access that Clint Harris had approved, but because of that bank there, to put in a walkway would probably cost nearly as much in grading alone as it would be to build the walkway, and we think to build the walkway would probably be about \$15,000, so that a lot of money for folks who just want to keep the farm in the family, they're not developing it, they don't plan on selling these anytime soon or building on them anytime soon. If there is to be a walkway someday, from Frenchtown where it ends now at, I believe, at the church, that might be built through CTEP money or something like that, as has been done in Frenchtown. There is a waiver statement on the plat, where the property owners will waive the right to protest an SID, which would include walkway installation. Anyway, that's about all I have and again, we are in complete agreement with the blue memo and then the rest of the conditions behind that. Thank you.

Chair Curtiss: I have one question for you Ron. So, the blue memo, the language for Condition 1, would not limit where that future driveway might be, right, they could put it any spot along there?

Ron Ewart: Right. Now, the – well –

Chair Curtiss: So they could come in at any point, just so there was access to Lot 3, I think, is the way I read it.

Ron Ewart: Right, and because we have to provide legal access to each lot, we would have to file an easement across Lot 1549, where Jack Billington lives, to reach Lot 3, so that would have to be done –

Chair Curtiss: Oh, prior to the final plat.

Ron Ewart: Prior to the final plat. I mean, we'd show it –

Chair Curtiss: So you'll chose the place?

Ron Ewart: We'd show an easement exhibit for that.

Chair Curtiss: Okay, thank you. This is a consideration, not a hearing, but we take public comment anyway. Is there anyone who wants to make comment on the proposed division of land? Don't be afraid, we don't bite!

Sherry Hagemo: I guess I do. I guess I oppose the walkway for just the simple fact that it would make a hardship on us to be able to retain the land and that's what we would have to do, probably, if we put in the walkway, what we'd have to do is go ahead and sell it to go ahead and pay for it and we would like to retain it in the family. I'm Sherrie Hagemo. You'll notice that I'm listed as Sherrie Smith, but I've married since the time that.

Tim Worley: If there's some discomfort about citing the easement for that driveway for Lot 3 in the location that's shown on that plat in orange, you could strike "as shown on the preliminary plat" as written in the blue memo. That would allow for more flexibility there, because as it's written now, the blue memo language pretty much says that easement has to be where it's shown on the plat.

Chair Curtiss: So Ron, is that where the family would like it to be, is right where you showed it.

Ron Ewart: You know, as far as I know, you know, Jack and the other members looked at the plat and I think it's okay with them, so, that's probably as good a place as any.

Chair Curtiss: Okay, thanks.

Commissioner Carey: Thank you for that Tim, it does add more flexibility for them.

Chair Curtiss: Anyone else who wants to make comment? Seeing no one, we're ready for a motion. So, if we want to change that language, we'd –

Commissioner Evans moved that the Board of County Commissioners delete Conditions 2 and 3 as shown on the blue memo from Tim Worley dated November 16, 2005. Commissioner Carey seconded the motion. The motion carried on a vote of 3-0.

Commissioner Evans moved that the Board of County Commissioners delete "as shown on the preliminary plat" and accept the remainder of the amendments to Condition 1 as shown on the blue memo from Tim Worley dated November 16, 2005. Commissioner Carey seconded the motion. The motion carried on a vote of 3-0.

Commissioner Evans moved that the Board of County Commissioners approve the variance request from Article 3-2(3)(B) of the Missoula County Subdivision Regulations to permit a 22 foot road width for Fred Lane, based on the findings of fact in the staff report; and approve the variance request from Article 3-2(3)(B) of the Missoula County Subdivision Regulations to permit a 24 foot road width for the Frenchtown Frontage Road, based on the findings of fact in the staff report. Commissioner Carey seconded the motion. The motion carried on a vote of 3-0.

Commissioner Evans moved that the Board of County Commissioners approve the variance request from Article 3-3(1)(E) of the Missoula County Subdivision Regulations prohibiting a lot depth to width ratio greater than 3:1, based on the findings of fact in the staff report. Commissioner Carey seconded the motion. The motion carried on a vote of 3-0.

Commissioner Evans moved that the Board of County Commissioners approve the RBS Ranch Summary Subdivision, based upon the findings of fact in the staff report and subject to the recommended conditions of approval as amended. Commissioner Carey seconded the motion. The motion carried on a vote of 3-0.

RBS Ranch Summary Subdivision Conditions of Approval:

1. A driveway crossing COS 1549 for the benefit of Lot 3 shall be constructed to a 12 foot surface width with a 20 foot unobstructed width and a 13 foot 6 inch vertical clearance, subject to review and approval by the Frenchtown Rural Fire District, prior to final plat approval. If a driveway is not constructed prior to final plat approval, the lot owner shall file a deed restriction with the County Clerk and Recorder's Office prohibiting the sale of the lot until a driveway is constructed, with language of the deed restriction to be reviewed and approved by the County Attorney's Office. The subdivider shall record a 30 foot private access and public utility easement to be reviewed and approved by the County Attorney's Office prior to final plat approval. *Subdivision Regulations Article 3-2(l)(1), 3-2(10)(E), 3-6, Frenchtown Rural Fire District and OPG recommendation.*
2. A public utility easement across Lot 4 in the location of the overhead power line or plans for utility relocation within a public utility easement shall be reviewed and approved by the appropriate utilities, the County Attorney's Office and the County Surveyor's Office, prior to final plat approval. *Subdivision Regulations Article 3-6 and OPG recommendation.*

3. The developer shall contribute a fire service fee of \$530 per new lot to the Frenchtown Rural Fire District for fire protection purposes. Payment of this contribution shall be verified prior to final plat approval. *Subdivision Regulations Article 3-7(1) and Frenchtown Rural Fire District recommendation.*
4. Interior residential fire sprinklers meeting NFPA 13D standards shall be installed within each new home, or a 1,000 gpm water supply with two-hour storage shall be installed for purposes of fire protection, subject to review and approval by the Frenchtown Rural Fire District. The covenants shall be amended to include this language and this portion of the covenants shall not be amended or deleted without governing body approval. *Subdivision Regulations Article 3-7(1) and Frenchtown Rural Fire District recommendation.*
5. The third sentence of Article I, Section 8 of the covenants shall be revised as follows: “Owners shall ~~renegotiate~~ revegetate any ground disturbance created by construction or maintenance with beneficial species at the first appropriate opportunity after construction or maintenance is complete. *County Weed District recommendation.*
6. Article I, Section 9 of the covenants shall be amended as follows: “Property owners are advised that all new construction incorporate ~~passive radon mitigation systems~~ radon resistant construction features.” The language of the provision shall be subject to review and approval by OPG prior to final plat approval. *City-County Health Department recommendation.*
7. The introduction to Section 10 of the covenants shall be deleted and replaced with the following language, subject to review and approval by OPG:

Living with Wildlife

Homeowners must accept the responsibility of living with wildlife and must be responsible for protecting their vegetation from damage, confining their pets and properly storing garbage, pet food, livestock feed and other potential attractants. Homeowners must be aware of potential problems associated with the occasional presence of wildlife such as deer, elk, black bear, mountain lion, coyote, fox, skunk, raccoon and magpie.

The brochure “Living with Wildlife” is available from the Missoula Office of Planning and Grants (435 Ryman, Missoula, MT), and it is appended to these covenants as “Appendix A.” The brochure contains important information, some of which is also mentioned below. You can also contact the Montana Fish, Wildlife & Parks office in Missoula (3201 Spurgin Road, Missoula, MT 59804) for brochures that can help homeowners “live with wildlife.” Alternatively, see the Education portion of FWP’s web site at www.fwp.mt.gov. The following covenants are designed to help minimize problems that homeowners could have with wildlife, as well as helping homeowners protect themselves, their property and the wildlife that Montanans value. *Fish, Wildlife and Parks recommendation.*

Hearing (The first of two public hearings): Amend Resolution No. 91-029 (Alter Boundaries of Missoula County Airport Industrial Tax Increment Financing District)

Chair Curtiss: This is the first of two hearings, we will have another hearing on the 30th. This is an amendment to Resolution 91-029, and then another item to create an ordinance to establish a technology district within the Missoula Development Park. I will open the hearing and ask for the staff report.

Barbara Martens: My name is Barbara Martens, I’m the Special Projects Coordinator for Missoula County. On November 2, 2005, the Commissioners adopted a Resolution of Intention to alter the boundaries of the Missoula County Airport Industrial Tax Increment Financing District. The Commissioners have advertised, as Jean said, for two public hearing dates, today’s hearing date and then another hearing on November 30th. The hearings are scheduled in order to give everyone an opportunity to comment on the boundary alteration. The Resolution of Intention and the legal notice were also mailed to property owners within the tax increment finance district. On March 20, 1991, the Commissioners approved Resolution 91-029 which established this tax increment finance industrial district. The purpose of this district is to encourage the attraction, growth and retention of secondary value adding industries and to also assist in the financing of the infrastructure within the district. Staff is recommending, on the advice of our bond counsel, that the boundary of this tax increment finance industrial district be amended to remove undeveloped and developed property that does not meet the intent of the district for the secondary value adding industry. The areas to be removed are, for the most part, the areas zoned residential and commercial. This amendment will not change the underlying or existing zoning that is on the property. There are two parcels that may come back into the district, and if I can just show you on the map. Lots 1 and 2 of Block 9 are zoned community commercial and on the legal ad, showed this area as also coming out of

the tax increment district. One is Big Sky Brewing and they meet the intent of the TIF district, so they – and I've talked to Neal Leathers, President and he would like to stay in the district, so we are going to recommend that this stay in the district even though the underlying zoning is commercial, the use qualifies. We were also going to contact the owner of Lot 1, which we understand would meet the intent as well, to see if they would like to stay within the district, so I just wanted to point that out. The amount of taxes that a property owner currently pays will remain essentially the same as a result of this boundary alteration. The taxes above that base tax amount will be redirected from, instead of paying for the infrastructure within the district, would go to other areas such as fire, school and the County fund. If this ordinance is adopted by the Commissioners, it would go in full force 30 after adoption by the Commissioners.

Chair Curtiss: Are there other staff that would like to add anything at this time, or do you want to have public comment and add as needed.

Mike Sehestedt: From my point of view, let's hear from the public first, otherwise I'll be setting up straw men and knocking them down.

Chair Curtiss: Thank you Mike. Okay, this is a public hearing. Is there anyone who wants to make comment or ask clarifying questions about this amendment to the one resolution and creating the ordinance on the other. I guess we haven't discussed that piece yet, so this one is just to amend the resolution and change the tax increment boundaries.

Tim Marinar: My name is Tim Marinar, I own property at 5680 Expressway. I am in the TIF and I have some questions about removing this property. Having been probably one of the oldest property owners out there in the industrial area, we encouraged the County to let businesses like the hotel, Harley-Davidson, Lithia Motors, all those to be anchor businesses in our industrial park in that area. We felt they needed it. We were anxious to become part of the tax increment district because we thought that we needed funding and money to help develop the area and turn it into something that Missoula could proud of. At this point in time, if I understand correctly, a lot of these properties, Lithia Motors, the hotel, Harley-Davidson, Deano's, the fuel stop, all those properties increased values will be pulled out of our district. I understand my property taxes will not be increased, but I do understand that the amount of annual income going into that district will be greatly reduced, by more than \$200,000 a year, if my math is correct. It seems to me that, I understand we're looking at different things with the good of the County versus the good of the district, but we supported these businesses coming in, knowing that they would add to the tax increment district and that it would provide a lot of future funding to promote what's going on out there and I see that leaving now and I don't fully understand why it's being taken out. I've been told that for some reasons, it has to do with being able to qualify for bonding. I don't know if that is current bonding or future bonding that the property is not in compliance with, but I see a lot of annual income that should be going to the TIF, now going to the general fund and I don't see how we're going to make up for that, regardless of what we bring in, what we establish out there, we'll still be short the money in that increment district that these places could be generating.

Chair Curtiss: Thank you Mr. Marinar. I'll have Mike clarify a little bit why we have to do this. It's kind of one of those things where once you find out that you aren't really meeting the letter of law, you need to change it.

Mike Sehestedt: Basically, you asked if it current bonding or future bonding. The answer is essentially both. When we established the district, the intent was essentially to have it all qualified. As it turns out, we've had some area that have developed in a manner that do not qualify as industrial value-added manufacturing, even as that term is loosely interpreted under the TIF. Bond counsel tells us that those properties are now, essentially, improperly included. What bond counsel looked at was zoning for vacant land and actual use for property that had been already improved and their conclusion was we could not continue the TIF for the residential and commercial properties. It will result in a reduction of income to the TIF, no question about it, but we have adequate coverage for the existing and for the proposed bonds and – that's existing development. As we get additional development within the TIF, we're going to again exceed coverage requirements for the bonds and we should continue for the life of the TIF, which will be extended by 20 years, if you issue new bonds, to have that revenue stream available to do work and improvement in the TIF. One of things we talked about, although the bonds can only extend it – if we issue a bond, it only extends the life for 10 years – is if we wind up needing to do additional bonding as soon as the coverage is there, we may do a short term note or some other mechanism. The best judgment we have is that none of the contemplated improvements within the TIF will be adversely impacted by this change. Dale, do you want to follow up.

Dale Bickell: I'm Dale Bickell, Chief Financial Officer for the County. I think, Tim, your assessment about \$200,000 in revenue annually is correct. I think that's almost spot on with I have calculated here, assuming our

coverage. This problem came about in our discussions with our bond counsel on whether we should attempt to do another bond issue in the industrial district in order to finish all the infrastructure and parks left. We have plenty of coverage to be able to do that and rather than wait a few years, let's do it now. When we were notified that a lot of these properties don't qualify in the district and they wouldn't be able to give an opinion and, in fact, regardless of bonding, the operations of an increment district with those types of uses in it was contrary to State law. What this does – it does reduce our capacity to issue new debt in the industrial district, we've going to have to wait for our new values to come in to see where we're at on there. I'm still confident that we'll be able to finish the infrastructure with this available capacity. The parks issue, they may have to be delayed one or two more years, until some of these other properties get built up, but I think over the long term, in the next few years at least, there'll be adequate revenue to finish the entire park, including parks, medians and all those types of infrastructure items as well.

Chair Curtiss: Dale, does the \$200,000 include Big Sky Brewing and the other, is it Dayspring?

Dale Bickell: My analysis does include Big Sky, yes.

Chair Curtiss: Okay, so if we change the district, that could be a smaller number.

Dale Bickell: No, I think it was our intent to leave Big Sky in the whole time – that was just –

Tim Marinan: Tim Marinan again. You have at least three properties that I know of that are under development right now that aren't included in the \$200,000 figure that I gave. You'll have the increased value of the Ashley Furniture building, of Missoula Nissan and of Deano's, not to mention the other two properties that are still in there that I have no idea what current plans are, so my figure of \$200,000 was based only on the businesses that I know of that exist now at their current value. That whole corridor is open for at least probably that much more in money yet as it becomes on the tax roll.

Chair Curtiss: Thank you Mr. Marinan. Anyone else who wanted to make comment?

Will Snodgrass: For the record, I'm Will Snodgrass. You know, we hear so much about money and packing more and more development in more so called economic opportunity into an area and I don't know who came up with the idea that economic development is good. It seems that in general, economic development has not operated to the benefit of society, it's been largely destructive and harmful. I think it's driven primarily by greed and I find the process of marketing and selling out Missoula, which does not have to do with this particular issue, per say, but I find these types of things really offensive, because what we're doing here is essentially destroying a community. Thanks.

Chair Curtiss: Thank you Mr. Snodgrass. Any other comments? Do we address these both separately today then, right.

Mike Sehestedt: For the record, Mike Sehestedt, Deputy County Attorney. Yeah, we need to deal with each of these separately, they really are stand alone issues. We need to take this action based on advice of bond counsel, no matter what action we take with regard to the second issue. The action you need to take is to adopt – well actually, you can do anything you want to, but if you chose to proceed with this, the action you need to take is to adopt it at this meeting. Because the way the statute is set up, we do these as an ordinance. It requires adoption twice at two meetings at least 12 days apart, with the effective date then 30 days after the second adoption. Should you chose to proceed with adoption of the proposal for the first time at this meeting, I would suggest that you do it with the amended boundaries suggested by Barb, and I think that was leaving Lots 1 and 2 of Block 9 in the TIF, rather than deleting them. If you want to go forward with this, you need to act to adopt it today. There'll be time for further consideration and input and then a final and second adoption, if that's where the process leads you, would happen, then, two weeks from today on the 30th.

Chair Curtiss: So the motion would be to amend the resolution as proposed and change the boundary.

Mike Sehestedt: Change the boundary and then, I think, to adopt it.

Chair Curtiss: So change the boundary first, okay. Any other public comment before we go to a motion? Seeing no one come to the mic, we're ready for a motion. I guess I can close this hearing?

Mike Sehestedt: Right.

Chair Curtiss: Okay, I'll close this hearing and then we'll have another one on the 30th.

Mike Sehestedt: That is correct, and of course, anybody that wishes to submit written comments, testimony, other materials, is free to do so at any time prior to final action.

Commissioner Evans moved that the Board of County Commissioners amend Resolution No. 91-029 to Alter the Boundaries of the Missoula County Airport Industrial Tax Increment Financing District as shown on the exhibit attached to the request, with a change of the boundaries to leave in the district Lots 1 and 2, Block 9. Commissioner Carey seconded the motion. The motion carried on a vote of 3-0.

Hearing (The first of two public hearings): Create an Ordinance to Establish a Technology District within the Missoula Development Park

Chair Curtiss: The second hearing then is to create an ordinance to establish a technology district within the Missoula Development Park.

Barbara Martens: Barbara Martens again. On November 2nd, the Commissioners adopted a resolution of intent to create a tax increment technology infrastructure district within the Development Park. The Commissioners, once again, have advertised for two hearings, with today's hearing and then a second hearing on November 30th. There was also a mailing to the property owners within the TIF district, the industrial district and the legal notice. The purpose of this ordinance is to create a technology district which would be known as Missoula County Tax Increment Technology Infrastructure District. The district would be approximately 35.71 acres. The zoning that currently exists on the property, which is Community Commercial, would remain. The purpose of this technology district is to encourage the location and retention of technology development projects in the State and to stimulate growth by providing a financial mechanism to build the infrastructure. The district will host a diversified tenant base of multiple independent tenants. The projects that would qualify to be part of the technology district will include projects where at least 50% of the sales of the business occur outside of the State of Montana, or if the business is a manufacturing company, with at least 50% of the sales going to other state companies that have 50% of their sales occurring outside of the state. Some of the proposed eligible uses within the ordinance include, but is not limited to these, things such as educational and institutional offices and displays that are related to the development of technology, public or private vocational training facilities for workers in the technology field, businesses, professional and government offices which encourage the location and retention of technology development projects or utilize technology, radio or television offices and studios and technology based call centers. January 1st of 2005 is proposed as the base taxable year and we have received one letter of support for the technology district from MAEDC. Once again, if this ordinance is adopted by the Commissioners, it will be in full force and effect 30 days after adoption. I think Dale is just going to speak for a minute about the job incentive portion.

Dale Bickell: Dale Bickell, Missoula County Chief Financial Officer. Included in the ordinance also is a job creation credit program which is intended to be a mechanism to use excess increment, that's beyond the infrastructure that's needed for the technology park. In order to do this, we can provide an incentive for tenants of the park to provide high paying jobs while still using increment for the qualified uses it is. So it's important to know that even though the job credits accumulate to a particular tenant in the district, that those funds can only be used for qualifying infrastructure projects such as reimbursing sewer connection costs, fiber connections for technology businesses, etc. The way the credit is written in the ordinance currently, it's a cumulative credit of \$1,000 per qualifying job per year, which is limited to the increment available in the district, and also this jobs credit would not preclude the tech district board or the Board of County Commissioners from using any of the increment for other qualifying purposes, infrastructure changes or any other project that they deem necessary.

Chair Curtiss: Thank you Dale. So the piece of property that we're talking about now is the piece that's kind of between the Wingate/Harley-Davidson area over to where the housing project is. This was always our intent to have used as technology, we're just changing it to a technology infrastructure district.

Mike Sehestedt: I would just note for the record that given the fact this is part of the area that we have had to and are proposing to remove from the basic increment district, we need a financing mechanism for infrastructure within that district and this TIF is one way of providing for that financing.

Chair Curtiss: So, I'll open the hearing on creating this ordinance. Is there anyone who wants to make public comment?

Tim Marinan: Again, my name is Tim Marinan. I thought maybe the people that had the proposal for the land would maybe get up and speak before me and I'm not knowledgeable about that, but I know that there is a group working to do a technology project on the land. It becomes a little bit of a surprise to me to hear Jean Curtiss say this has always been the directive for the land because I've asked, over the past 11 years, what is the technology area that was drawn out on the first maps I saw and I was just told, well this is all just kind of a pipe dream, we don't really know how it's going to work out. The technology district will pull another 31 acres out of the TIF. It may not qualify for the TIF right now under its current zoning. The area that you're talking about to the Wye is ideal light industrial commercial use. There aren't many places left in Missoula that we can look at that industry or commercial is welcome. I understand why the housing went in. Again, it was more than we were told it would be, it was originally going to be on the eastern end of the deal and it would maybe come out two or three blocks. You've eaten up almost half of that with housing. I understand why we did it, we need the housing, it's done, but again, we're giving up property that was intended to industrial property. If not industrial, at least heavy commercial, and we're going to pull 31 acres out of the TIF to promote, basically, the proposal I understand that's in front of you now, is basically to build an office building that could go anywhere in Missoula County and not have much impact on the housing or anything else that's around it. We're giving up our industrial zone and I know people are going to say, well, you encouraged Lithia, you encouraged – we needed these anchor things to go out there, to get our industrial park to grow, but now we're giving up properties in our industrial park that this community will need for jobs. The proposal that's before you could be elsewhere in the community, it will still bring in good jobs, but we are so limited at areas where industry and heavy commercial is welcomed and can go in this community, to be giving up this area, that is ideal for heavy commercial and light industry, I feel is wrong. I would encourage you not to do this, not to pull this out, and to consider if this needs to be rezoned, to make it fit better within the TIF, to keep it in the TIF and not give this up for basically what's proposed right now – office space. Thank you.

Chair Curtiss: Thank you. Well, I think I see Mr. King sitting here. Can we put you on the spot and tell us why we need to have a technology district.

Dick King: Good afternoon. My name is Dick King with the Missoula Area Economic Development Corporation. You do have a letter from us supporting this action. I think the prior speaker's correct, it pulls this property out of an existing tax increment district and creates a new tax increment district, the purpose of which is to build the infrastructure to promote economic development in that district. If we didn't do that, we would have to be taking revenue from the existing district to do that. In one sense, there's not really a change. The other thing that – in the master plan for the Missoula Development Park, there's a very clear identification of the opportunity to pursue job development and business growth around information technology and technology-based businesses and education. The other aspect of this, the location that was originally identified in that master plan is about the same location where you're proposing to create the technology district, so it isn't very often that a plan that's developed 12 or 13 years ago – we have a chance to actually accomplish what some people had envisioned back then. Finally, from our standpoint, from MAEDC's viewpoint, again, the prior speaker's correct, it's very difficult to find the right location for certain types of development. This technology district is a new law that was adopted by the legislature this past session for precisely the purpose that you're laying out and I think what we're seeing, and what we've seen so far and the interest that we have in talking to companies, the investment of tax increment dollars into the infrastructure in this district will result in widespread public benefit in the form of high quality jobs and business growth that is consistent with the master plan and also very low impact on the adjacent residential area. Finally, it creates a nice business park environment. You have other acreage still left in the Development Park for industrial development and we're hoping to see a couple of those come to fruition. So, we support the action and if you have any more questions, I'll be glad to answer them – or try to answer them.

Chair Curtiss: Thank you Dick. Is there anyone else that wants to make comment today. You'll have another opportunity on the 30th, or as Mike stated, you could send us written comment. Mr. Woodall?

Doug Woodall: My name is Doug Woodall, I'm the owner of Montana Harley-Davidson and I'm, I guess just looking for a little clarification. I'm not exactly sure what effect these changes will have on our property and I'm hoping that somebody can clarify that for me. And I'm also curious what it takes to qualify for this previous designated TIF. I'm assuming that, for some reason, we don't qualify for that and I don't know what the benefit is, one way or the other.

Chair Curtiss: So you're talking about the job credit.

Doug Woodall: Yeah, job credit, creation, education, whatever. If somebody could clarify all that for me, then it might allow me to formulate a better question to ask about it, but I'm just kind of curious and since we are impacted by it, and we're surrounded by these properties that are changing, we're considering doing some

training and education in our facility and I don't know what that has to do with the changes, but maybe somebody could just tell me.

Chair Curtiss: Okay. I'll have Dale or Barbara, who wants to try to clarify the tax, job credit?

Dale Bickell: The job credit is intended to reward tenants, and this particular job credit that we're talking about is in the technology district, for treating new high paying job in the community and we still haven't gone down the road of defining those jobs and getting into the exact details, but it's important to know that all increment dollars raised in the district must be spent on infrastructure and public works projects within that district, so any business that qualifies for these job credits program, they can only use those dollars for infrastructure – that they spend connecting to public infrastructure, say the sewer system. So it is going to be limited in application, I think, for business, but with that prohibition in State law, that's where we're at with that.

Chair Curtiss: So you don't see any way that Mr. Woodall's business would be able to meet that criteria in law.

Mike Sehestedt: The issue, of course, is, is that the Harley-Davidson property, neither what's built on nor the additional lot that they own and have on the market right now, neither of those is within the proposed technology TIF district. All that's going to happen, as far as the Harley-Davidson business is concerned, is that when they pay their taxes, the taxes will go mostly to the schools, some to the fire district, and some to the County, some to the State, rather than all going into the TIF, as they do now. The infrastructure is in as far as Harley-Davidson is concerned, so the TIF funding probably isn't an issue for you. One of things that will happen is the median work on Expressway and Airway. Those things are still projected to go forward. I don't know whether that clarifies or further clouds the issue.

Doug Woodall: I guess that clarifies a little bit, I was just curious – apparently the tax dollars don't necessarily change, they just get redirected.

Mike Sehestedt: That's exactly it. The whole idea of tax increment financing is that you can improve an area just using the increase in tax revenue that area generates over the long term. Downtown Missoula was probably the first big TIF and it's now sunsetted. This particular approach we've had was the idea of instead of using general fund dollars for development, we were going to seed it with some general fund dollars and then recover those dollars back, but use the TIF to essentially pay for all of the improvement out there, rather than the general taxpayers.

Commissioner Evans: There is one other thing that you need to know and that is that one more step may be taken by the City and if they annex you, your taxes will go up.

Doug Woodall: Oh, goodie!!

Commissioner Evans: I just want to be honest with you Doug, that that's likely to occur.

Mike Sehestedt: City annexation is beyond our control.

Commissioner Evans: I know, but I don't want him to think that we said there'd be no tax increase, if ultimately there is one. I just want to be honest.

Doug Woodall: Is there a greater propensity to be annexed if you're outside one of these?

Mike Sehestedt: Actually, the answer to that is yes. The City has declined to annex, for example, Canyon Creek Village, because it's in the TIF. There's no tax revenue to the City if they annex TIF property.

Doug Woodall: Is there, to go along with this, is there some written document explaining what qualifications are required to be a member of one of these organizations?

Mike Sehestedt: To be included in?

Doug Woodall: Right.

Mike Sehestedt: We can show you the State statutes that indicates the purposes for which a TIF can be created. Essentially, there are three easy ones, maybe four. One is the traditional urban renewal, which is what was done in Downtown Missoula. Another is the industrial development area TIF, which is what we used. Those are limited

to value added manufacturing, or that's the statement in the statute. There's a technology TIF available, which is what we're proposing to create on this currently vacant 35-and-a-fraction acres. And I believe there's also an aerospace, which I'm not sure if anybody's used that or not.

Commissioner Evans: Is there any way, Michael, for his business, maybe they have some components of the business we're not aware of, that would qualify them for inclusion in the TIF, staying in the TIF.

Mike Sehestedt: I would certainly be open to that discussion and we do have a second hearing to follow on this, but I'm thinking not.

Commissioner Evans: I would suggest you make an appointment, Doug, to come in with Mike Sehestedt and the County Commissioners and your attorney, if you have one, to show us what about your business might qualify you to stay in the TIF.

Doug Woodall: If I could get a copy of what the regulations are, I could peruse that and then make a decision on that.

Mike Sehestedt: I think we can give you copies of the two proposed resolutions, obviously, and maybe I can give you a copy of the statutes related to the industrial district TIF.

Chair Curtiss: So it mostly has to be able to show value added.

Mike Sehestedt: And out of state sales, and/or for value added.

Doug Woodall: There's a percentage of out of state sales?

Mike Sehestedt: I think it's like 50%, which is challenging for most local businesses.

Doug Woodall: It would be difficult to figure that. We have a rental program which is mostly all out of state. We do sell some of our product, our motorcycles – our territory goes into Idaho, most all of the northern panhandle, all the way to Salmon, is our territory, and partially into Washington.

Mike Sehestedt: Well, we could certainly take a look.

Chair Curtiss: So, Michael, here's an extra copy of the proposed language.

Commissioner Evans: It would probably be worth your time Doug, to look at that carefully.

Chair Curtiss: So we can discuss that further, then, at the next hearing.

Mike Sehestedt: Frankly, we'd be delighted if there was a justification for retaining you in the TIF, for the very reasons stated by the earlier speaker.

Chair Curtiss: Mr. Snodgrass.

Will Snodgrass: Thank you. Can someone tell me, briefly, what is the TIF?

Mike Sehestedt: Tax Increment Financing.

Will Snodgrass: Okay. And what is the purpose of a TIF?

Chair Curtiss: It's to use – the best way to explain it is that if the property value is – we'll make up numbers – say the property is valued at \$100, during the time of the TIF, you put in the infrastructure and improve the property and now it's worth \$1,000. That \$900 goes into the Tax Increment to help pay for the sewer and the water and the streets and all those things to come in there, rather than going to the fire department, the County general fund and those kind of places.

Will Snodgrass: I'm getting the feeling this is a technology based, I'm hearing 'technology district.'

Chair Curtiss: Right, so businesses in the district would be technology based.

Will Snodgrass: So these would be like computer software businesses or –

Chair Curtiss: Call centers.

Will Snodgrass: Clean businesses that are building a kind of state of the art work like we have on the Salish Kootenai up there, their electronic business.

Chair Curtiss: Right, or businesses that are in MonTEC, those kind of businesses.

Will Snodgrass: Okay. And are there standards and criteria written that apply to what qualifies a business for inclusion?

Mike Sehestedt: They're included in the proposed resolution.

Will Snodgrass: Alright. And also I want to thank you guys for being so responsive to people, because, unlike our City Council, you do answer questions. Thank you.

Chair Curtiss: Is there anyone else who wants to comment today on creating the ordinance to establish the technology district? Seeing no one come to the mic, we'll close this hearing and have a second hearing on the 30th.

Commissioner Evans: I'd like to say some things. I'd like to refresh folks memory as to how this whole thing came about. Many years ago, the County wanted to do an Airport Interchange. In order to do that, we needed Federal money, and the Federal folks aren't going to give money to a private owner, so it was necessary, if we wanted an interchange closer to the Airport, that we owned the land – a government agency owning the land had a far better chance of getting Federal money. We were very fortunate that Sunlight Development – is that correct Michael?

Mike Sehestedt: Yeah, I think it was Sunlight at that point.

Commissioner Evans: Had the 400-ish acres for sale. We figured that we'd bet on the come, which I think was a good choice, because we purchased the land and we did get the money to put in the Airport Interchange. I think that has been a very good asset for the community and without that interchange, the land would not have been as valuable as it is today. The money we have made on selling that land has more than paid the taxpayers for our risk. I'd also like to say that economic development I think is very important to our community. It's my belief that if you don't grow or you don't improve, then you stagnate, and we all see the growth that's occurring here, and it isn't all just people coming from California, a goodly share of the growth is coming from our own children. They would like to live here, they'd like to have jobs here, and if we do nothing to provide that, we lose our best asset, so I think that this is a good thing to do, it's a clean type of industry that we're hoping will come here and certainly, computer stuff, technology stuff, is the wave of the future. So, I think it's a good use of our abilities here to try and put in this technology district, in spite of the problems that it does add. I think it outweighs those problems by what it will provide. So, I wanted you to know that Tim, it isn't that we don't listen, it's that in gauging the benefit versus the non-benefit, I fall off on the side that it is a benefit to the community and therefore, I support it. End of speech.

Mike Sehestedt: Once again, if you chose to act favorably on this, you need to adopt. It does not become final and the 30 day period doesn't start until after a second adoption.

Commissioner Carey moved that the Board of County Commissioners create a ordinance establishing a technology district as shown on the exhibit attached to the request, in the Missoula Development Park. Commissioner Evans seconded the motion. The motion carried on a vote of 3-0.

Chair Curtiss: Is there any other business to come before the Commission, before we recess and have a joint hearing with the City Council? Seeing no one come to the mic, we'll be in recess.

There being no further business to come before the Board, the Commissioners were in recess at 2:30 p.m.