



FINANCE COMMITTEE

AGENDA

Monday, January 4, 2021 – 1pm | Council Chambers, City Hall

1. **Call meeting to order**
2. **Approval of Minutes**
November 2nd – December 7th – December 21st, 2020
3. **Public Comment** - Limit to three minutes per person.
4. **Continued Business**
 - a. None.
5. **New Business**
 - a. Investigate the feasibility of implementing a Tax Increment Financing Program to fund economic development initiatives – Mayor Solle, Terry Jennings & Amber Brown. - Discussion on the two TIF informational documents presented. This is the 2nd presentation by the Mayor on this subject. Mayor believes this will implement industrial growth in Deer Lodge. There is a lengthy process, and we should research while waiting for new CAO who can lead the process. Mayor Solle said that we have potential clean industrial businesses desiring to move into Deer Lodge. Mayor Solle was asked to invite Terry Jennings and Amber Brown to give a presentation concerning TIF.
 - b. Expenditure of Budgeted Item, Fund #2460 – Decorative Lamp Replacement \$5,000. Trent Freeman
 - c. Review & sign December claims.
6. **Committee Comments or Concerns:**
7. **Announcement of next meeting**
February 1st at 1 PM.
8. **Adjournment**

Finance Committee

Members

Dick Bauman | Mary Hathaway | Rob Kersch

FINANCE COMMITTEE MEETING MINUTES

Finance Committee met on Monday, November 2, 2020 at 1 PM | Council Chambers, City Hall

Members Present: Dick Bauman, Mary Hathaway, & Rob Kersch
Members Absent: None
Mayor: Diana Solle
Staff: Judi Whitney, Brian Bender, & Cyndi Thompson
Guests: None

1. Call Meeting to Order

Chairperson Bauman called the meeting to order at 1 PM.

2. Approval of Minutes

- a. October 5th.
Minutes were approved by unanimous consent.

3. Public Comment

None.

4. Continued Business

None

5. New Business

- a. Review Invoice #207690 submitted by Morrison-Maierle – Lagoon decommissioning closeout bill \$4,710.60.

Chairperson Bauman stated there was no action on this item as it was being presented to Council November 2nd at 6pm for final approval.

- b. National League of Cities: Service Line Warranty Program (accompanying letter) Public Works Committee reviewed the item at their October 27th session.

Mayor Solle stated she was contacted by Rob Meston at Home Service regarding the National League of Cities (NLC) Service Line Warranty Program, endorsed by the Montana League of Cities and Towns, provides this protection to homeowners.

Chairperson Bauman asked, "so this company wants our mailing list".

Mayor Solle, yes that is correct. They want to send mailers to the residents letting them know of this additional insurance coverage for their sewer lines that is not covered by their regular homeowner's insurance.

The cost per policy for residents \$7.75 Water, \$8.75 Sewer, \$9.75 Indoor. For each written Policy, the city receives back \$0.50 for every written policy.

Member Kersch Motioned to present the Service Line Warranty Program at Council meeting for approval with Member Hathaway seconding the motion. The vote was unanimous.

- c. Powell County Office of Victim Assistance funding request. (accompanying letter) (Informational Purpose).

Mayor Solle presented a letter from Ambrel McKetchnie, program Director of Powell County Office of Victim Assistance. Ms. McKetchnie's letter states she is asking the City to consider providing funding should the need arise. Mayor Solle stated this letter was for informational purpose only and should Ms. McKetchnie's submit a formal request. Mayor Solle would narrow down the actual amounts Ms. McKetchnie is requesting.

No motion was made on the request letter.

- d. Review and sign October's claims.
The committee signed the claims as submitted

6. Committee Comments or Concerns.

- a. Member Kersch suggested getting Tablets for the Council Members, so each member had the appropriate tools to do virtual meetings and/or proper documents for each meeting at their fingertips. This could help eliminate personal contact due to COVID for each member and/or staff. Member Kersch suggestion a Samsung Galaxy 10.1 tablet (approx.) \$200 (Costco price) each along with \$20 (approx.) for a tablet cover, screen protectors would be an additional cost.
- b. *Silver State Post Newspaper.*
Member Kersch stated the newspaper is publishing inappropriate information about the City. They should use proper facts instead of paraphrasing.

7. Announcement of next meeting:

- a. December 7th at 1 PM.

8. Adjournment

Chairperson Bauman adjourned the meeting at 2 PM by unanimous consent.

Prepared by: Cyndi Thompson, City Clerk

Dick Bauman, Chairperson

Date

Finance Committee

Dick Bauman | Mary Hathaway | Rob Kersch

CITY OF DEER LODGE

FINANCE COMMITTEE MEETING MINUTES

Monday, December 7, 2020 – 10 AM Council Chambers, City Hall

Members Present:	Dick Bauman, Mary Hathaway, & Rob Kersch
Members Absent:	None
Council Members:	None
Mayor:	Diana Solle
Staff:	Trent Freeman, Gary Bender & Judi Whitney
Guests:	None

1. Call Meeting to Order

Chairperson Bauman called the meeting to order at 10AM.

2. Approval of Minutes

The minutes of November 2nd were approved by unanimous consent.

3. Public Comment

None.

4. New Business

a. **Investigate the feasibility of implementing a Tax Increment Financing Program to fund economic development initiatives – Mayor Solle.** Discussion on the two TIF informational documents presented. This is the first presentation by the Mayor on this subject. Mayor believes this will implement industrial growth in Deer Lodge. There is a lengthy process, and we should research while waiting for new CAO who can lead the process. Mayor Solle said that we have potential clean industrial businesses desiring to move into Deer Lodge. Mayor Solle was asked to invite Terry Jennings and Amber Brown to give a presentation concerning TIF at the next meeting on 1/4/2021.

b. **Salary stipend for the Interim Chief of Administrative Officer –** Mayor Solle hired Trent Freeman to serve as Interim Chief Administrator Officer during the absence of Brian Bender and until a new replacement hired. A stipend of \$1,500 was requested by the mayor. After discussion of the additional work the Interim CAO would be doing, it was projected that it would take an additional 20 hours a week. Estimated at \$30 an hour, a more reasonable stipend would be \$2,400 per month. Rob Kirsch moved and Mary Hathaway seconded that \$2,400 per month and a 3-month contract be referred to council for approval. Motion carried unanimously to be carried to the city council to confirm the hiring of Trent Freeman.

- c. **Expenditure approval to repair a Police Department vehicle – Police Chief Bender.** The estimate sheet from Dee Motors was reviewed. Chairperson Bauman questioned the need for this action as he is of the mind to reduce vehicles of the department by not letting police officers take vehicles home when they are off duty. This created quite a discussion as well as the value of the vehicle to be repaired. The repaired value of the vehicle is \$20,000. The cost of repair is \$4,695.02. Rob Kersch moved, and Mary Hathaway seconded that the repairs be allowed and referred to the council for approval. There was a unanimous vote of yay. Dick Bauman wanted it recorded that his yay vote on this instance does not change his original stance of officers not taking vehicles home.
- d. **Review of the RFP Response (Newland & Company) for audit services for Fiscal Year 6/30/20 and 6/30/2021** – Only one bid was received. Council has been satisfied with previous audits; they are familiar with our accounting. Rob Kirsch moved and Mary Hathaway seconded that we accept the RFP bid from Newland & Company and refer to council. Motion passed unanimously.
- e. **Review & Sign November claims**

5. Committee Comments or Concerns

Question was made concerning any action on KOA campgrounds. No. It was discussed that a letter should be sent out mentioning the expiration date of contract, 3/1/20.

7. Announcement of Next Meeting

- a. January 4, 2021 at 1PM

8. Adjournment

The meeting was adjourned at 11:20 AM by unanimous consent.

Prepared by: Diana Solle, Mayor

Dick Bauman, Chairperson

Date

Finance Committee Members

Dick Bauman | Mary Hathaway | Rob Kersch

CITY OF DEER LODGE

SPECIAL FINANCE COMMITTEE MEETING MINUTES

Monday, December 21, 2020 – 10 AM | PC Community Center

Members Present:	Dick Bauman, Mary Hathaway, & Rob Kersch
Members Absent:	None
Council Members:	None
Mayor:	Diana Solle
Staff:	Interim CAO Trent Freeman, Judi Whitney
Guests:	None

1. Call Meeting to Order

Chairperson Bauman called the meeting to order at 5:30PM.

2. Approval of Minutes

Deferred to Regular Meeting on January 4, 2021

3. Public Comment

None.

4. New Business

- a. **Fire department Expenditure, Transfer of Funds for Equipment Repair** – Accept Repair Cost on the Rescue Truck - Brant Pierson - *The [rescue truck] has been in the shop since Monday morning. We originally figured 5k for repairs, but we just found out that it has a blown motor (number 5 cylinder is blown. Long story short- it needs a new motor, and the cost of repair will be just north of 20k. We will have to make a budget amendment and take out of our capital account.* Member Bauman stated this was be presented to Council for final approval. Member Hathaway motioned to approve the amount and repairs to the Rescue Fire Truck. Member Kersch seconding the motion. The vote was passed with 3 Yea's and Zero No's.

5. Committee Comments or Concerns

Member Kersch stated we need to make Council aware of the City Council Bylaws. City Council should be going directly to the Mayor.

Section Four: Council Rules and Discipline

- B. *As members of the Legislative branch, City Council Members shall not direct city employees, who are members of the Executive branch in the performance of their duties.*

7. Announcement of Next Meeting

- a. January 4, 2021 at 1PM, Council Chambers, City Hall

8. Adjournment

The meeting was adjourned at 5:41pm by unanimous consent.

Prepared by: Cyndi Thompson, City Clerk

Dick Bauman, Chairperson

Date

Finance Committee Members

Dick Bauman | Mary Hathaway | Rob Kersch

THE MYTHS

"Urban Renewal Districts (URD) and Targeted Economic Development Districts (TEDD) increase property taxes for the land owners within the District"

— **The Facts**—

Property owners pay at the same tax rate as those outside the District, however as property values increase overtime the difference between the base year and current year property taxes are captured by the District.

"Urban Renewal Districts (URD) and Targeted Economic Development Districts (TEDD) can last forever"

— **The Facts**—

URDs and TEDDs do not have a specified expiration date, however, the Tax Increment Financing (TIF) provision for those districts can only last 15 years unless bonds are sold (with a maximum term of 25 years) in which case TIF will last until the bond obligation is paid. Average length of existing districts is 20 years and 18 years for those that have sunsetted.

"Tax Increment dollars can be spent without public input"

— **The Facts**—

These are tax dollars and the normal public budgeting process of the governing body MUST be followed.

"Tax Increment takes money from the schools"

— **The Facts**—

All taxes that are derived from the base taxable value are distributed to all taxing jurisdictions. Only taxes resulting from growth inside the District are directed to urban renewal or targeted economic development projects.

"Tax Increment Financing (TIF) is the same as Tax Abatement."

— **The Facts**—

A tax abatement is an exemption for a property owner from paying property taxes for a specified amount of time. Property owners inside a TIF district are required to pay property taxes unless they request an abatement. Generally, TIF districts will not support tax abatement applications.

TAX INCREMENT FINANCING THE POSITIVE IMPACT

"Tax increment financing is one of the few tools we have available to publicly assist the private investment that is required to restore and revitalize vacant and/or under performing properties in our urban areas. TIF has been enormously successful in the revitalization of downtown Billings."

Randy Hafer, President/CEO
FAVA, LEED AP[®]



"The resources available through TIFID to put a viable business project together is critical to a sound business infrastructure plan. Without a doubt, jobs are created in Montana which would not be created without the financial and networking support of TIFID."

Ron Ueland
Montana Craft Malt



"The Downtown Bozeman URD invested \$8 million to construct the Bridger Park Garage. This investment of tax increment funds directly enabled over \$80 million of private development within a two-block radius."

Chris Naumann, Exec. Director
Downtown Bozeman Partnership



A LOCALLY DRIVEN ECONOMIC DEVELOPMENT TOOL

LOOKING FOR INFORMATION?

Montana League of Cities & Towns

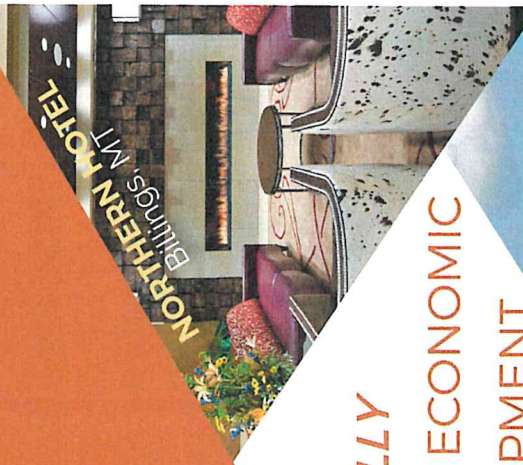
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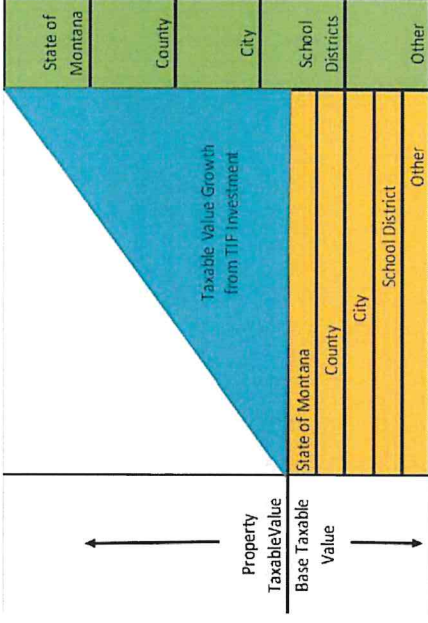


OLD SAWMILL DISTRICT
Missoula, MT



QUICK FACTS

- ✓ 65 URD/TEDDs exist in Montana as of 2017.
- ✓ Existing URD/TEDDs have created \$58 million in taxable value since 1976.
- ✓ 16 Districts have sunsetted creating \$17 million in taxable value to date.
- ✓ Another potential \$34 million in taxable value will be added in the next 5 years from 16 sunseting Districts.
- ✓ Total incremental value of all URD/TEDD as a percentage of state total taxable value is 2%. (58,115,306/2,896,741,442)
- ✓ Total increment created in 2015 was \$34 million which represents just 2.45% of all property taxes collected in the state.

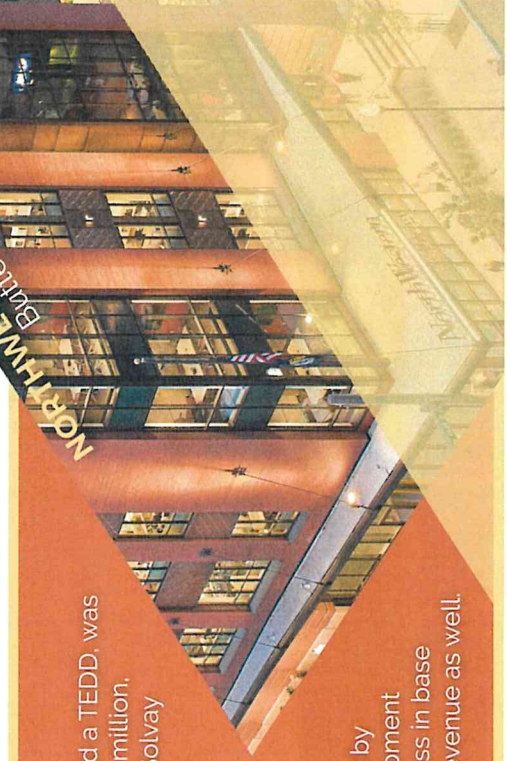


HOW IS INCREMENT CREATED?

Once a District is established, its base taxable value is certified by the Department of Revenue. The base year is identified in the ordinance establishing the District and it is typically January 1st of the year in which the ordinance becomes effective. For example, if the District is approved by the local government in December 2016, the base year will then be 2016. The Base Taxable Value will be certified by DOR as of 01/01/2016. The first year a District would be able to receive any increment would be based upon taxable value of 01/01/2017. No actual funds are available to the District until November of 2017 when the first half property tax payments are received. Local governments are allowed to accrue increment over time to allow for meaningful projects to be undertaken in the District.

TAX INCREMENT IN ACTION

In Butte-Silver Bow, the Ramsay TIFID, now called a TEDD, was created in 1994 with a taxable base value of \$1.7 million, which included \$1.6 million of taxable value for Solvay (Phosphorous Plant). Unfortunately, in 2017 the taxable value of Solvay had decreased to \$28,000. Because of TIF financing, the loss of tax revenue did not impact Butte-Silver Bow taxing jurisdictions! In 1996 REC Silicon developed a \$500 million facility in the Ramsay TIFID, utilizing infrastructure assistance provided by TIF financing. As a result, the REC Silicon development was significant enough to not only replace the loss in base value but also generated additional increment revenue as well.



KEY TERMS

Urban Renewal District (URD) (§7-15-4209 MCA)
 A URD is an area within a city, town, or consolidated city-county which is created to address a blighted area within its' boundaries. The proposed area must contain at least three conditions of blight as defined in §7-15-4206(2) to qualify as a URD. URD's can be governed by the local government or by an **Urban Renewal Agency (URA)** which is authorized by the local government to carry out the powers allowed by state law. URD's undertake projects outlined in the Urban Renewal Plan, adopted for the District, to address the conditions of blight in order to improve economic conditions within the URD.

Targeted Economic Development District (TEDD) (§7-15-4278 MCA) - A TEDD is an infrastructure-deficient area within a city, town, county, or consolidated city-county. The goal of a TEDD is to improve conditions within the District which constitute an impediment to value-adding industrial development. TEDDs are governed by the local government, which generally utilizes an advisory board for assistance. TEDDs undertake projects outlined in the Comprehensive Development Plan adopted for the District.

Tax Increment Financing (TIF) - TIF is a state authorized, locally driven, funding provision that enables cities and counties to designate a portion of property tax dollars generated within a URD or TEDD to be spent on improving economic conditions within or connecting to the District. Only that portion consisting of the net increase (increment) in taxable values is reserved for investment in the District.

TIF (Tax Increment Financing) Overview:

TIF is a tool used to develop communities by encouraging investment into the community by private investors/developers. The TIF generally concentrate on underdeveloped and depleted areas of the community (TIF Districts) to enhance the value and rejuvenation of said community. TIF assistance is considered if an owner/developer has a development or improvement in mind but lack some – or most of – the funds for the project. These individuals will be responsible for developing an agreement that is presented to the City Council for approval. This agreement must illustrate the project scope, funding and overall timeline to completion. (7-15-4282, MCA)

TIF Funding: But how is a TIF funded? While there is no specific expiration date on a TIF, provisions can only last for 15 years unless bonds are sold (with a maximum term of 25 years) in which case TIF till last until the bond obligation is paid. The average length of existing districts is 20 years. The revenue established by new taxes on the renovated or developed properties will equally as well be a part of TIF funding through this same timeframe. Funding used on public improvements – such as city infrastructure improvements and maintenance – though not able to be taxed, will equally serve in gains towards TIF revenue by increasing the value of surrounding properties.

Use of TIF Funding: May be used to pay for a variety of development activities within the TIF district including: (7-15-4288, MCA)

- Land acquisition
- Demolition and removal of structures
- Relocation of occupants
- Infrastructure costs
- Construction of publicly owned buildings and improvements
- Administration of urban renewal activities
- Payment of bonds issued to fund such costs

Types of TIF:

- Business Improvement District (BID): The Deer Lodge Main Street Business District recently failed to carry this improvement increment tax by failing to garner 60% majority vote to carry.
 - A BID is a self-imposed assessment on property owners within a particular geographic area and is authorized by the State of Montana under sub-section 7-12-1101 MCA.
 - Use of a BID is as follows:
 - Promote the health, safety, prosperity, security, and general welfare of the inhabitants of the district.
 - Be of special benefit to the property within the boundaries of any district created pursuant to the provisions of this part: or,
 - Aid in tourism, promotion, and marketing within the district.
- Targeted Economic Development District (TEDD): Is an area within a city, town, or county that that has a deficient infrastructure within the community. Short definition is that TEDD is the use of tax increment financing (TIF) in support of secondary, value adding businesses in both incorporated communities and counties. TEDD was developed by the Montana Senate (SB

239) in recognition of the necessity of value-added economic activities to municipalities suffering from economic downturns and infrastructure deterioration. The TEDD is designed to aid in development and improvement and states:

- Infrastructure-deficient areas exist in the municipalities of the state and constitute a serious impediment to the development of infrastructure-intensive, value - adding economic development in Montana;
 - Municipalities lack sufficient capital to rectify the infrastructure shortage in infrastructure-deficient areas, thus impeding their ability to achieve economic growth through the development of value-adding industries;
 - The creation of infrastructure in support of value-adding economic development is a matter of state policy and state concern because the state and its local governments will continue to suffer economic dislocation due to the lack of value-adding industries; and
 - The state's tax increment financing laws should be used to encourage the creation of areas in which needed infrastructure for value-adding industries could be developed.
-
- **Urban Development District (URD):** (7-15-4209 MCA) is created to address a blighted area within its' boundaries. The proposed area must contain at least three conditions of blight (Definition by Montana: a blighted area is one that substantially impairs or arrests the sound development of communities, constitutes an economic or social liability, and/or constitutes a menace to the public health and safety in its present condition per 7-15-4206 MCA) to qualify as a URD. URD's can be governed by the local government or by an Urban Renewal Agency (URA) which is authorized by the local government to carry out the powers allowed by state law. URD's undertake projects outlined in the Urban Renewal Plan, adopted for the District, to address the conditions of blight in order to improve economic conditions within the URD. Such conditions considered are noted in the MCA as:
 - (a) "Substantial physical dilapidation, deterioration, age obsolescence, or defective construction, material, and arrangement of buildings or improvements, whether residential or nonresidential.
 - (b) Inadequate provision for ventilation, light, proper sanitary facilities, or open spaces as determined by competent appraisers on the basis of an examination of the building standards of the municipality.
 - (c) Inappropriate or mixed uses of land or buildings.
 - (d) High density of population and overcrowding.
 - (e) Defective or inadequate street layout.
 - (f) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness.
 - (g) Excessive land coverage.
 - (h) Unsanitary or unsafe conditions.
 - (i) Deterioration of site.
 - (j) Diversity of ownership.
 - (k) Tax or special assessment delinquency exceeding the fair value of the land.
 - (l) Defective or unusual conditions of title.
 - (m) Improper subdivision or obsolete platting.
 - (n) The existence of conditions that endanger life or property by fire or other causes.
 - (o) or Any combination of the factors listed above listed in this subsection (2)."

- Tax Increment Financing Industrial District (TIFID): industrial park that is zoned Heavy Industrial and is predominantly owned by the city or county of origin. This concept gives the local government on the type of structure and businesses going into this specific area. Considerations are generally the type and number of jobs each potential business will bring into the TIFID area. Example is the Montana Connections Park established at Silver Bow, Montana in Butte/Silver Bow County.

TIF Districts and Taxes: As noted above, the TIF is funded by the incremental increase in property taxes from fiscal year to fiscal year. Property owners within the District pay at the same rate as those outside the district, meaning the base tax rate is consistent throughout the entire community. However, as property values increase with the TIF improvements over time, the difference between the base year and current year property taxes are captured as funding to the individual TIF district. Simply, as with any form of property tax calculation the taxes will only increase depending on increase in property value due to TIF district improvements.

Areas Identified for Business/Industrial Development:

- Kelly Street
- West Street to Rainbow Ave
- 600 Block 2nd Street (West Side)
- 400 Block 2nd Street (East Side)
- 300 Block 2nd Street (East & West Side)
- Old Milwaukee Railroad (Sawmill boundary to Grant Kohrs boundary)
- Deer Lodge Airport

Areas Identified for Housing:

- 600 Block 2nd Street (East Side)

Areas Identified for Business/Housing:

- 400 Block 2nd Street (West Side)
- 200 Block 2nd Street (East & West Side)
- 600 block 2nd Street (West side)