

RESOLUTION NO. 3943

A RESOLUTION ADOPTING THE POLICY AND PROCEDURES OF THE MILES CITY DOWNTOWN URBAN RENEWAL BOARD OF COMMISSIONERS.

WHEREAS, the City Council of the City of Miles City has previously established the Miles City Urban Renewal Board of Commissioners for the purpose of assisting the City Council in evaluating and proposing urban renewal plans and projects; and

WHEREAS, the City Council of the City of Miles City has previously authorized the Miles City Urban Renewal Board of Commissioners pursuant to MCA 7-15-4233 to adopt appropriate policy and procedures in order to exercise the urban renewal project powers granted them by the City Council: and

WHEREAS, upon the request of said Urban Renewal Board of Commissioners to approve said policy and procedures attached herein as Exhibit A, the City Council finds it in the best interest of the City to approve the same;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MILES CITY, MONTANA, AS FOLLOWS:

SECTION I. The Policy and Procedures of the Miles City Downtown Urban Renewal District Agency are hereby approved by the City Council of the City of Miles City, Montana.

SECTION II. : This resolution shall become effective immediately.

PASSED AND APPROVED BY THE CITY COUNCIL AND SIGNED BY THE MAYOR OF THE CITY OF MILES CITY THIS 12th DAY OF JULY, 2016.



Mayor

ATTEST:



City Clerk

ATTACHMENT A

City of Miles City
Miles City Urban Renewal - Tax Increment
Financing District
Policies and Procedures

Miles City Downtown Urban Renewal Agency

City Council Resolution #3940

(July 12, 2016)

EXHIBIT A
Miles City Urban Renewal- Tax Increment Financing District
Policies, Procedures, and Programs

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INTRODUCTION

Tax Increment Financing (hereafter referred to as 'TIF') is an important element of economic development in the City of Miles City as a means to fund development activities. The TIF program operates by first establishing a base year taxable value for all properties within a designated boundary. Property taxes from that boundary or district continue to be paid to all taxing jurisdictions such as schools, county, etc., on the basis of the base year valuation. All *increases in* property taxes in the district above this tax base valuation due to new development or reappraisals are assigned to the City of Miles City to be used to fund eligible activities identified within the urban renewal plan for the Miles City Downtown Urban Renewal- TIF District.

BACKGROUND INFORMATION

As the City founders built the City's core business district, they encouraged the City's role as a regional trade center and planned accordingly. They designed the city based on the concept that "looking prosperous would attract prosperity". Talented architects were hired and as businessmen vied to outdo each other, a city featuring impressive architecture of enduring materials presented an impressive commercial district, beautiful homes, parks, landscapes and walkways was built. Their strategy worked, and Miles City's reputation as a vibrant regional hub has anchored a stable economy for almost 140 years. In recent decades, however, the ability of Miles City's downtown to contribute to that role has diminished due to a number of economic factors which reduced customer traffic and led to a decline in business investment.

During a Community Discussion hosted at the Miles City Library in August of 2012 to discuss the impact of regional energy development, the group also voiced concerns about the increasing number of vacant properties in the Miles City's Main Street business district. The loss of green space for new business construction near Interstate 94 on South Haynes Avenue to accommodate energy growth was a stark contrast to the deterioration of a beautiful Historic Main Street District lacking in similar development. The Urban Renewal Plan with a Tax Increment Finance option is one of many strategies to provide capital resources and leverage existing funds in order to incentivize redevelopment in the city's main business corridor.

Understanding that a vibrant downtown area is a vital component of a healthy economy, the City has chosen to implement Tax Increment Financing in our Historic Main and Seventh Street business corridors and the surrounding residential area to revitalize the heart of the City, and have adopted the Miles City Urban Renewal Plan to guide that effort.

The City of Miles City passed Ordinance 1294 adopting the Miles City Downtown Urban Renewal Plan (The Plan) and establishing the boundaries of the District which encompasses 161.78 acres of the City. The intent of the plan was to improve the area and encourage redevelopment through the use of Tax Increment Finance revenues as specified by Montana Urban Renewal Law 7-15-42 and 7-15-43, M.C.A.

The Plan delineates goals and objectives for redevelopment activates within the boundaries of the District. The language of The Plan encourages the development of innovative and creative

projects in Miles City consistent with this plan. It is the intention of the City of Miles City to foster creative and innovative projects within the Miles City Urban Renewal - TIF District as well as through the use of public/ private partnership programs and other available resources.

On September 22, 2015, pursuant to City of Miles City Resolution 3843, the Downtown Urban Renewal District Agency Board of Commissioners (hereafter referred to as 'URA') was established for the purpose of assisting the City Council in evaluating and proposing tax increment finance district plans and projects. This five member committee is responsible for reviewing all applications for funding, determining feasibility and benefit to the District in order to make a recommendation to the Miles City City Council on the project. Ordinance 1300 was adopted by the Miles City City Council on November 24, 2015 revising City Code Sections 7-46 and 7-56 through 7-64 providing for the operation of the Miles City Downtown Renewal Agency. The Ordinance established management of the District through the Historic Preservation Department and establishing an effective date of May 12, 2015 for the District.

CRITERIA FOR REVIEWING FUNDING APPLICATIONS

Throughout the application and review process it should be recognized that the overriding goal of the Miles City Downtown Urban Renewal - TIF District is the elimination of blight and encouraging investment which will result in an increased tax base for the City of Miles City.

TIF applications will be assessed based on the merits of individual projects in relation to the goals and objectives of the Plan (found online at <http://milescity-mt.org/city-departments/downtown-urban-renewal-agency/>)

Priority will be given to projects that maximize public benefit. Applications should demonstrate one or more of the following objectives and considerations:

1. **Geographic location:** Consideration will be given to projects located along the traffic arterials of the Downtown Urban Renewal - TIF District. When possible, redevelopment efforts will be focused along these arterials so that a more concentrated impact may be realized.
2. *Tax generation: In order for the Downtown Urban Renewal Plan-TIF District to stay economically healthy for the maximum benefit to the district and community, a project is expected to generate new taxes.*
3. *Relationship of public and private investment: The relationship of private investment to public investment of a project shall be significant enough to ensure prudent investment of public funds within the Downtown Urban Renewal Plan-TIF District. A public investment of no more than 5% of the total project cost could be considered a responsible use of public funds, excepting those financial incentive programs (grant and/or loan programs) developed by the agency for a specific focus.*
4. *Job creation: Projects that create opportunities for new employment, contribute to the economic vitality of the district and community in a variety of ways. Projects creating five or more full-time equivalent jobs would be considered to have a significant positive impact on the economic well-being of the district, and will be given greater priority.*

Additionally, new jobs that pay at or above the median county income level will be given priority.

5. *Investment: The project's potential as a trigger for subsequent investment in a blighted area outside one of the District's several major corridors.*
6. *Improvement of public services: The project plan's incorporation of improved or expanded public services such as water, sewer, sidewalks, parking, improved traffic circulation, etc., to an area currently underserved, and which will promote economic development.*
7. *Unique opportunities: The project's potential to present a unique opportunity, address specific TIF district or community goals, fill a beneficial market niche, or provide an unmet community need.*
8. *Urban renewal goals: The project's ability to significantly further specific goals found in the Plan.*
9. *Environmental Impacts: The project's ability to positively impact the environment in terms of noise, dust, traffic, and pollution reduction, public safety and pedestrian access improvements, visual aesthetics, etc.*
10. *Project financing: Types of financing available to the applicant may include such facilities as lender participation commitments, direct matching grants, and state and federal grant monies; such sources are examined to assess the need for TIF monies assistance.*
11. *Project feasibility: A determination of feasibility is made based upon applicant's demonstration of project viability as demonstrated in the pro forma financials and third-party financing commitments.*
12. *Applicant's ability to perform: An assessment of the applicant's capability to undertake the relative complexities of the project, based on relevant experience and past performance, as well as on the project design and strength of the management team.*
13. *Timely completion: The feasibility of completing the project within the applicant's proposed time-frame.*

GUIDELINES

Grant funding for individual categories varies. Loan funding for any individual project should not exceed more than annually-established limits. These funding limits are meant to ensure significant private investment in any given project. If it is the finding of the URA that an amount exceeding these limits is merited due to the size of the project, the magnitude of its impact on the surrounding properties, public benefit, and/or tax generation, the URA may, at its sole discretion recommend additional TIF participation. All property taxes, special improvement district assessments, and other assessments on the project property must be paid to date. All approved expenses are reimbursable subject to completion of improvements, based on

submittal of invoices, within one year of executed Development Agreement.

ELIGIBLE ACTIVITIES

Per Montana State Law (7-15-4288 M.C.A.) tax increments may be used by the local government to pay the following costs of or incurred in connection with an urban renewal area or targeted economic development district as identified in the urban renewal plan or targeted economic development district comprehensive development plan:

1. *Land acquisition;*
2. *Demolition and removal of structures;*
3. *Relocation of occupants;*
4. *The acquisition, construction, and improvement of public improvements or infrastructure, including streets, roads, curbs, gutters, sidewalks, pedestrian malls, alleys, parking lots and off-street 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, 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;*
5. *Costs incurred in connection with the redevelopment activities allowed under 7-15-4233;*
6. *Acquisition of infrastructure-deficient areas or portions of areas;*
7. *Administrative costs associated with the management of the urban renewal area or targeted economic development district;*
8. *Assemblage of land for development or redevelopment by private enterprise or public agencies, including sale, initial leasing, or retention by the local government itself at its fair value;*
9. *The compilation and analysis of pertinent information required to adequately determine the needs of the urban renewal area or targeted economic development district;*
10. *The connection of the urban renewal area or targeted economic development district to existing infrastructure outside the area or district;*
11. *The provision of direct assistance to secondary value-adding industries to assist in meeting their infrastructure and land needs within the area or district; and*
12. *The acquisition, construction, or improvement of facilities or equipment for reducing, preventing, abating, or eliminating pollution.*

IMPORTANT: Costs to be paid with TIF monies may not be incurred by the applicant prior to funding approval and the satisfaction of any conditions of such approval unless specific approval has been granted by City Council. Any expenditure is solely at the risk of the applicant if the project is not approved.

ELIGIBLE APPLICANTS

- Property owners or their designated representatives, including leaseholders with documented project authorization, whose property is located within the boundaries of the District

ELIGIBLE PROPERTIES

Properties must be located inside the Miles City Urban Renewal- TIF boundary and be:

- Commercial
- Mixed-use
- Multi-family properties consisting of four or more units

APPLICATION PROCESS

Applicants must submit a complete written application for each TIF project to the City of Miles City Downtown Urban Renewal Agency Department. The TIF application is available online at <http://miles-city-mt.org/city-departments/downtown-urban-renewal-agency/> under 'online applications' or by contacting the Downtown Urban Renewal Agency Department. Completed applications must be received at least ten business days prior to the URA board meeting at which time the application will be considered. This is to allow adequate time for a thorough staff review of the application for presentation to the URA committee. The following procedure has been developed to expedite the review of TIF funding requests:

1. **Initial Contact:** *Contact the Downtown Urban Renewal Agency Department, City of Miles City, 17 South 8th, Miles City MT 59301, (406) 874-8616, cmuggli@miles-city-mt.org to discuss the project and determine eligibility for TIF assistance.*
2. **Application Process:** *Complete a TIF application with required attachments. The applicant must prepare a TIF application for each funding request and include all required attachments. The Urban Renewal Agency staff will assist the applicant in preparing the application. The application should address the objectives listed on page 3 of this document.*
3. **Board Review and Approval:** *Upon submittal of all necessary information, the URA will review the merits of the project and the case for funding. At any point in the review process the Downtown Urban Renewal Department staff or URA may request more information of the applicant or solicit comment on the project from other public agencies. Items included in personal financial statements. Applicants will be provided the option to sign a Confidentiality Statement specifying application material that must be held private. Upon signing said agreement, the application material will not be subject to public review,*

presentation, or comment by other agencies. The URA will review the project, and issue a recommendation on the funding request or any part thereof, and any special terms of TIF assistance to Miles City City Council. Applicants are encouraged to be present during this review.

4. **City Council Review and Approval:** *The City Council shall act on applications within 30 days of URA recommendation, and take formal action to approve or deny the request. Applicants are encouraged to be present during this review.*
5. **Development Agreement:** *Upon approval by Miles City City Council, the City of Miles City and the applicant must execute a legally binding Development Agreement which establishes the terms and conditions of the TIF assistance. Among the terms and conditions, at a minimum, the agreement shall specify the schedule for the start and completion of the project, specific performance metrics, reporting requirements, and disbursement schedule as deemed necessary for each project . The Development Agreement must be executed within three months of City Council approval; if not completed by this time the applicant must re-apply for project funding.*
6. **Bonding and Insurance:** *All redevelopment projects must provide appropriate bonding)*

IMPORTANT: Other compliance and code requirements may apply. URA recommendation and City Council approval of funding does not relieve the applicant's responsibility to secure all necessary permits.

All requests for grant and loan dollars will be subject to approval by the Downtown Urban Renewal Agency Board of Commissioners. Miles City Downtown Urban Renewal Agency Policy and Procedures will apply to all assistance provided to investors. Current financial statements for each shareholder involved in the project may be required, as well as documentation of financial capacity. This information will be kept confidential, subject to challenge in a court of law.