



Item: Memorandum of Understanding for creation of a Tax Increment Financing Industrial District for the Great Falls International Airport

From: Benjamin Rangel, Planning Director

Initiated By: Cynthia Schultz, Great Falls International Airport Authority

Presented By: Benjamin Rangel, Planning Director

Action Requested: City Commission accept Memorandum of Understanding

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission accept the Memorandum of Understanding between the City of Great Falls and the Great Falls International Airport Authority in support of creating a Tax Increment Financing Industrial District for the Airport and authorize the City Manager to execute the document.”

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

Staff Recommendation: It is recommended the City Commission accept the Memorandum of Understanding for creation of a Tax Increment Financing Industrial District for the Great Falls International Airport

Background: The Great Falls International Airport Authority is interested in having a Tax Increment Financing Industrial District (TIFID) created for the Great Falls International Airport, in accordance with Section 7-15-4299, MCA.

The Authority is interested in fostering the development, growth and retention of secondary, value-adding industries at the Airport. This interest is a part of the Authority’s overall mission to promote aviation related economic development, to improve area employment opportunities and to expand the tax base. The funds from the TIFID are proposed to be used for the various activities and types of industrial infrastructure development projects allowed for and authorized in Section 7-15-4288, MCA.

The Memorandum of Understanding expresses the City’s support to create the proposed TIFID and its interest to manage and administer the District. The MOU also expresses the Authority’s interest in providing the technical assistance, support and services needed to create the TIFID.

To accomplish the stated interests, the City proposes to provide sufficient staff resources to facilitate and coordinate local review and approval processes needed to create the TIFID. In turn, the Authority has retained the consultant services of Stelling Engineers, Inc. and Community Development Services of Montana to assist in the creation of the District.

Concurrences: The Airport Director has signed the MOU on behalf of the Great Falls International Airport Authority. Additionally, representatives from the City's Public Works, Community Development, Fiscal Services, Administration and Planning Departments have been involved throughout early discussions with Airport Authority and consultant representatives regarding anticipated involvement and relationships in the creation, management and administration of the proposed TIFID.

Fiscal Impact: There will be a cost to the City for provision of staff resources to facilitate and coordinate local review and approval processes in the creation of the District and long term costs for the management and administration of the District, primarily to be provided by the Planning and Fiscal Services Departments. It is anticipated these costs can be accommodated with existing staff.

Additionally, if a District is created, there may be a fiscal impact to other local and State taxing jurisdictions. The level of impact would be equal to their proportionate share of any incremental tax revenue retained by the District. However, the level of increased tax revenue may not be as great without creation of the district, particularly if public infrastructure is not made available to the area to facilitate and encourage development of secondary, value-adding industries. There are also provisions to partially off-set any impacts by returning any unused revenues to the taxing bodies, if so determined.

Alternatives: The City Commission could choose to not enter into the Memorandum of Understanding and proceed without a formal understanding of its relationship with the Airport in the creation of the TIFID. Additionally, not entering into the MOU may also indicate the City is not interested in or supportive of creating the TIFID, which may negatively impact the Authority's and community's ability to facilitate the development and growth of secondary, value-adding industries.

Attachments/Exhibits:

1) Memorandum of Understanding between City of Great Falls and Great Falls International Airport Authority

Cc: Cynthia Schultz, Great Falls International Airport Authority
Janet Cornish, Community Development Services of Montana
Kathy Harris, Stelling Engineers, Inc.

**A Memorandum of Understanding
Between
City of Great Falls and Great Falls International Airport Authority**

THIS MEMORANDUM OF UNDERSTANDING is entered into by and between the above named entities in support of the creation, development and administration of a Tax Increment Financing Industrial District (TIFID) for the Great Falls International Airport.

RECITALS:

- A. The Great Falls International Airport Authority is interested in fostering the development of secondary, value-adding industries in the City of Great Falls as part of its overall mission to promote aviation related economic development, to improve area employment opportunities and to expand the tax base.
- B. The creation of a Tax Increment Financing Industrial District will help fund the supportive public infrastructure needed for the development of secondary, value-adding industries at the Airport.
- C. The City of Great Falls is interested in using Tax Increment Financing, as authorized in 7-15-4282 through 4293, MCA, as a tool to foster economic and community development in the proposed area.
- D. The Great Falls International Airport Authority is interested in providing to the City of Great Falls the technical assistance, support and services needed to create the referenced District, in accordance with Montana law and local ordinances.

IT IS UNDERSTOOD:

- 1. That the City accepts the technical assistance, support and services offered by the Authority to create the TIFID.
- 2. That the Authority, through its contracting authority, will provide the referenced assistance to create the TIFID, in accordance with Montana law and local ordinances.
- 3. That the Authority will provide the City with a map and associated legal description for the proposed TIFID.
- 4. That the City will provide sufficient staff resources to facilitate and coordinate local review and approval processes needed to create the TIFID.
- 5. That the City will exercise its authority and responsibility to manage and administer the created TIFID, in accordance with Montana law and local ordinances.

These understandings are effective upon execution of this Memorandum of Understanding and continue until such time as either party hereto terminates this Memorandum by the method hereinafter prescribed.

This understanding remains in effect until termination by withdrawal of either party hereto after giving thirty (30) days advance written notice to the other party.

Dated this ____ day of _____, 2008.

By _____
City Manager, City of Great Falls, Montana

By _____
Director, Great Falls International Airport Authority