



Item: Ordinance 3022 to Create Great Falls International Airport Tax Increment Financing Industrial District

From: Benjamin Rangel, Planning Director

Initiated By: Great Falls International Airport Authority – Cynthia Schultz, Director

Presented By: Benjamin Rangel, Planning Director

Action Requested: City Commission accept Ordinance 3022 on first reading and set a public hearing for November 5, 2008

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission (accept/deny) Ordinance 3022 on first reading and set a public hearing for November 5, 2008.”

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

Staff Recommendation: It is recommended the City Commission accept Ordinance 3022 on first reading and set public a hearing for November 5, 2008.

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. This interest was presented to the City Commission during a public work session held on May 6, 2008.

The Authority is interested in fostering the development, growth and retention of secondary, value-adding industries at the Airport. This interest is 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.

A Memorandum of Understanding was entered into on May 20, 2008 between the City of Great Falls and the Great Falls International Airport Authority. The MOU 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 has been providing sufficient staff resources to facilitate and coordinate local review and approval processes needed to create the TIFID. In turn, the Authority has retained the consulting services of Stelling Engineers, Inc. and Community Development Services of Montana to assist in creation of the District.

The attached Ordinance will:

- 1) establish a tax increment financing industrial district program to assist in financing necessary industrial infrastructure to encourage the attraction, growth and retention of secondary, value-adding industries at the Great Falls International Airport;
- 2) create the Great Falls International Airport Tax Increment Financing Industrial District;
- 3) establish the boundaries of the District;
- 4) approve the Industrial District Plan;
- 5) establish the costs which may be paid with tax increment funds; and,
- 6) establish January 1, 2008 as the base taxable year.

As required by Section 7-15-4299, MCA and during a meeting on September 23, 2008, the Great Falls Planning Board concluded that the zoning within the proposed Airport TIFID is in accordance with the Great Falls, *Growth Policy*.

Concurrences: Representatives from the Airport Authority, including its Director and consultants, as well as from the City Planning, Public Works, Community Development and Fiscal Services Departments and City Manager's Office, have been involved in the review and approval processes of creating the Airport TIFID.

Fiscal Impact: There has been a cost to the City for provision of staff resources to facilitate and coordinate City review and approval processes in the creation of the District. There will also be long term costs for the management and administration of the District, primarily to be provided by the Planning and Fiscal Services Departments. These initial costs are being accommodated with existing staff and resources, but further consideration will need to be given to long term costs and how those may relate to the proposed new City policy regarding administration of tax increment financing districts.

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 accept Ordinance 3022 on first reading and not set the public hearing. However, such action would deny due process and consideration of a public hearing, as provided for in City Code and State Statute. Additionally, not accepting the Ordinance 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 at the Airport.

Attachments/Exhibits:

1) Ordinance 3022, with exhibits including A) Notice of public hearing, B) District legal description & map, and C) Industrial District Plan

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