

**LOCKWOOD TARGETED ECONOMIC
DEVELOPMENT DISTRICT**

Comprehensive Development Plan Amendment

September 2018

PREPARED FOR:

Big Sky Economic Development

FOR PRESENTATION TO:

Yellowstone County Board of County Commissioners

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1. INTRODUCTION

Overview

In 2016, Yellowstone County, in conjunction with Big Sky Economic Development (BSED), seeking to enhance and expand economic activities through the development of planned, ready-to-go industrial space that supports secondary, value adding industries, created the Lockwood Targeted Economic Development District (TEDD). The Lockwood TEDD is intended to provide planned industrial space in order to attract and retain industrial and manufacturing businesses in Yellowstone County. Currently, it covers 570 acres of land in the Lockwood area and in accordance with MCA 7-15-4279, it will host a diversified tenant base of multiple, independent tenants.

Recognizing that the ability of the TEDD to achieve its goals will be strengthened by increasing its size, and therefore ability to house a diverse tenant base, at the request of the property owners, Yellowstone County is proposing an expansion of the District boundaries. This report addresses the findings and rationale for the expansion of the TEDD boundaries.

This report has been prepared in accordance with Montana Code Annotated, Title 7, Chapter 14, Parts 42 and 43. Other reports used as references for this report are the *Lockwood TEDD Comprehensive Development Plan* which lays the framework to guide the development of the TEDD and the *Lockwood TEDD Strategic Plan* which contains information regarding market analysis, targeted industries, development and implementation strategies.

Purpose

When creating the state statutes for the provision for a TEDD, the Montana Legislature noted that the lack of infrastructure is an impediment to development of value-adding economic development and that local governments often lack the financial resources to expand infrastructure that would serve such development.

In response to these issues, the needs of the community and recommendations of the *Yellowstone County Industrial Park Feasibility Study* (2104), the Big Sky Economic Development Authority identified a site for planned industrial space that could accommodate the demand. This site has been identified as the Lockwood TEDD, established by ordinance and approved by the Yellowstone County Commissioners on December 27, 2016.

Goals of the Lockwood TEDD

The goals of Yellowstone County in creating the Lockwood TEDD are listed below. Each of these goals is furthered by the expansion of the Lockwood TEDD boundaries. Adding additional land to the Lockwood TEDD increases its ability to provide multiple sites of varying shapes and sizes to accommodate users and tenants creating secondary value-added products or commodities.

- Support the expansion of existing industry, and the recruitment of new industry, within Yellowstone County by facilitating the provision and development of planned, ready-to-go industrial space.

- Provide a locally-driven funding tool that can be used to partner with private industry and developers to fund the construction and maintenance of key infrastructure investments that are needed to foster the growth of value-added industry.
- Foster economic and employment opportunities within the Lockwood community and Yellowstone County through the development of secondary value-adding industries.
- Create a planned industrial area in Lockwood that attracts industry and leads to additional private investment in the Lockwood area.
- Implement a development plan centered around the growth of industrial businesses, while supporting non-motorized transportation facilities with the Billings Bypass.

Tax Increment Financing

Yellowstone County uses tax increment financing within the Lockwood TEDD and that would be extended to the additional lands. For the purposes of measuring any incremental value, the base year is 2018, with values as of, January 1, 2018. Tax Increment Financing is explained in detail in the *Lockwood TEDD Comprehensive Development Plan*.

2. SITE ANALYSIS

Site Description

The Lockwood TEDD is located north of Interstate 90 and 94 and south of the Yellowstone River and currently contains about 570 acres.

The areas proposed to be added are located on the west, north and east sides of the existing TEDD boundaries and total approximately 624 acres in thirteen parcels. Therefore, the District will be approximately 1,194 acres, if the amendment area is included in the TEDD.

Like the properties currently located within the TEDD, the current uses are a mix of extraction, low density residential, light industrial, agriculture, and vacant. See Figure 1 for a depiction of the existing TEDD boundaries and the property to be added.

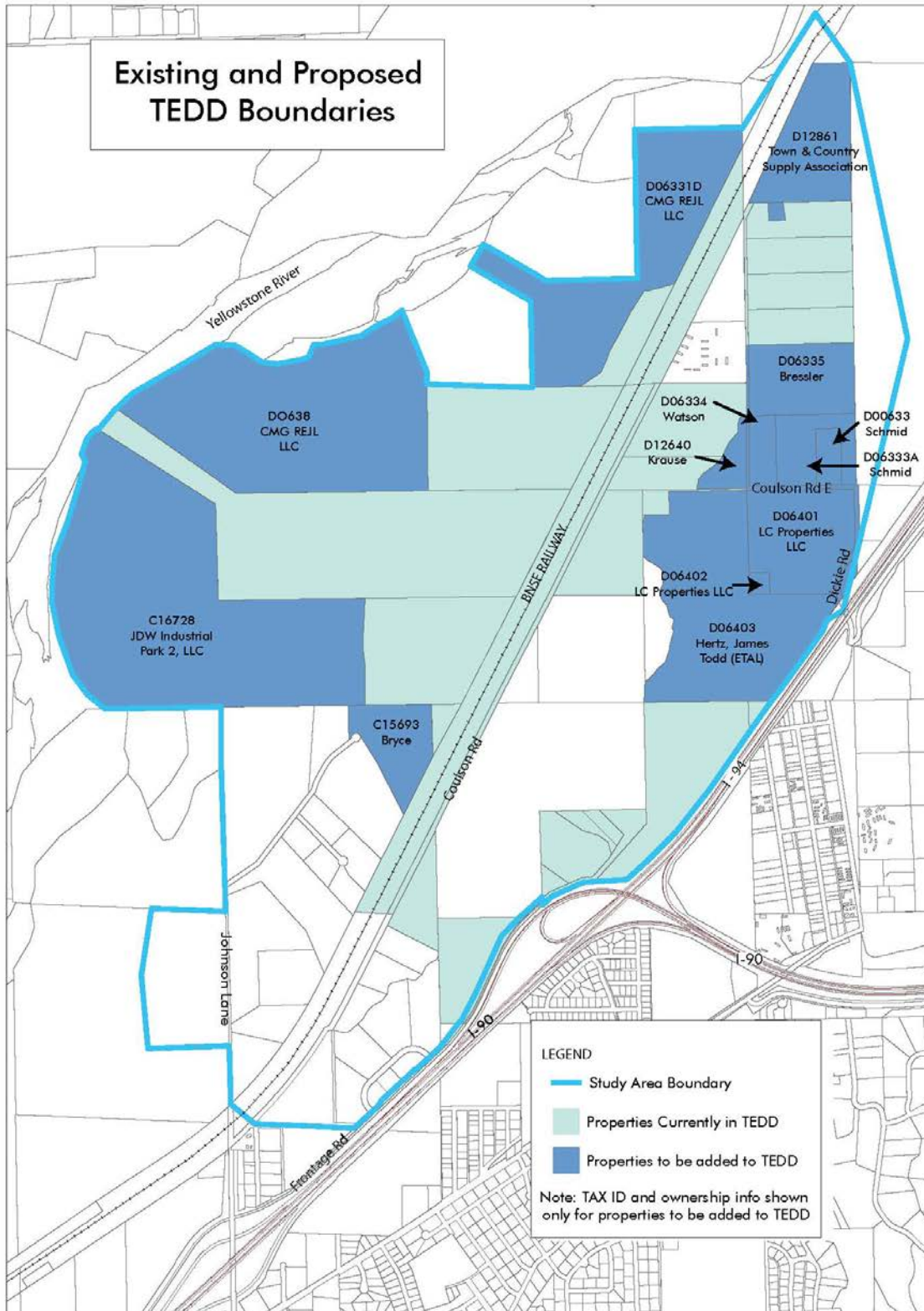


Figure 1 – Existing and Proposed TEDD Boundaries

The BNSF railroad bisects the Lockwood TEDD. There are two a rail spurs within the Lockwood TEDD boundary: one with access to the Pacific Recycling facility and another within the property of the Town & Country Supply Association. Access to the area is provided by local roads, including Johnson Lane, Coulson Road and the Frontage Road. The Interstate 90 interchange at Johnson Lane connects the TEDD to the greater transportation network.

The Montana Department of Transportation is currently in the planning and design phase for the Billings Bypass project. This project will provide a 5-mile long, two lane limited access roadway connection across the Yellowstone River between Interstate 90 and Old Highway 312. There are several roadway improvements within Lockwood that are associated with this project. The Interstate 90 interchange at Johnson Lane will be reconstructed to accommodate the new Bypass. Alternative alignments are still under consideration. Additionally, a new intersection with the Bypass and Coulson Road will be constructed, which will create direct access to the southern portion of the Lockwood TEDD. An additional access point to the Bypass from the TEDD area will be considered as the design progresses.

Legal Description

The legal description of the full Lockwood TEDD after expansion is as follows:

A tract of land situated in Sections 7, 8, 17, 18, 19 and 20, Township 1 North, Range 27 East, P.M.M., Yellowstone County, Montana; more particularly described as follows:

Beginning at the northeast corner of Tract 5, Certificate of Survey No. 1225, said corner also being the northeast corner of said Section 8; thence southerly along the east line of said section 8 to the southeast corner of said Section 8, said corner also being the northeast corner of said Section 17; thence southerly along the east line of said Section 17 to the intersection of said east line with the westerly right-of-way line of Interstate No. 94; thence southwesterly along said right-of-way line of I-94 to the I-94 & I-90 interchange; thence westerly along the northerly right-of-way line of said interchange to the intersection of said northerly right-of-way line with the west line of Seiffert Industrial Park; thence northerly along said west line to the northwest corner of said Seiffert Industrial Park; thence easterly along the north line of said Seiffert Industrial Park to the northeast corner of said Seiffert Industrial Park, said corner also being on the west line of Certificate of Survey No. 1734; thence northerly along said west line to the northwest corner of said COS No. 1734, said corner also being the southwest corner of Certificate of Survey No. 632, 2nd Amended; thence northerly along the westerly line of said COS No. 632, 2nd Am. to the intersection of said west line with the east line of Certificate of Survey No. 2009; thence southerly along said east line of COS No. 2009 to the southeast corner of said COS 2009; thence west along the south line of said COS 2009 to the southwest corner of said COS 2009, said corner also being on the easterly right-of-way line of Coulson Road; thence southwesterly along said right-of-way line to the northeast corner of Lot 1, Block 1, Great Plains Subdivision; thence southerly along the east line of said Lot 1 to the northwest corner of Certificate of Survey No. 3376; thence easterly along the north line of said COS No. 3376 to the northeast corner of said COS No. 3376; thence southwesterly along the easterly line of said COS No. 3376 to the southeasterly corner of said COS No. 3376; thence westerly along the south line of said COS No. 3376 to the southwest corner of said COS No. 3376; thence northerly along the west line of said COS No. 3376 to the southeast corner of said Lot 1, Block 1 of Great Plains

Subdivision; thence northwesterly along the southerly line of said Lot 1 to the southwesterly corner of said Lot 1, said corner also being on said easterly right-of-way line of Coulson Road; thence northeasterly along said right-of-way line to the intersection of said right-of-way line with the south line of said Section 18; thence westerly along said section line, crossing the Coulson Road right-of-way and the Burlington Northern Santa Fe Railroad right-of-way to the intersection of said section line with the westerly right-of-way line of said BNSFRR; thence northeasterly along said BNSFRR right-of-way line to the southerly corner of Lot 5 of Johnson Lane Materials Subdivision; thence northwesterly along the westerly line of said Lot 5 to the northwest corner of said Lot 5, said corner also being on the southerly line of Lot 2, Block 1 of Weaver Flats Subdivision; thence westerly along said southerly line to the southwesterly corner of said Lot 2; thence northerly along the west line of said Lot 2 to the northwest corner of said Lot 2, said corner also being the northwesterly corner of Tract 2 of Certificate of Survey No. 3477; thence northeasterly along the westerly line of said Tract 2 to the northwesterly corner of Tract 1 of said COS No. 3477; thence northeasterly and easterly along the northerly line of said Tract 1 to the northeasterly corner of said Tract 1; thence southeasterly along the easterly line of said Tract 1 to the S1/16th corner common to said Sections 7 & 8; thence easterly along the north line of the SW1/4SW1/4 of said Section 8 to the SW1/16th corner of said Section 8, said corner also being the southeasterly corner of Tract 1A of Certificate of Survey No. 2807; thence northerly, easterly and southerly along the westerly, northerly and easterly lines of said Tract 1A to the intersection of said easterly line with said westerly right-of-way line of the BNSFRR; thence southerly, crossing said BNSFRR right-of-way to a point on the easterly right-of-way line of BNSFRR, said point also being the northerly corner of Tract 3A of Certificate of Survey No. 2807; thence southwesterly along the westerly line of Tracts 3A and 3B of said COS No. 2807 to the southwest corner of said Tract 3B; thence easterly along the south line of said Tract 3B to the southeast corner of said tract 3B; thence northerly along the east lines of said Tracts 3B and 3A to said northerly corner of Tract 3A, said corner also being the northwesterly corner of Tract 6B of Amended Tract 6, Certificate of Survey No. 1225; thence northeasterly along the northwesterly line of said Tract 6B to the northeasterly corner of said Tract 6b, said corner also being the southwesterly corner of said Tract 5, C.O.S No. 1225; thence northeasterly along the westerly line of said Tract 5 to the northwesterly corner of said Tract 5; thence easterly along the north line of said Tract 5 to said northeast corner of Tract 5, being the Point of Beginning; said described tract containing 1,213.1 acres or 1.895 square miles, more or less, and being subject to any existing easements and/or rights of way, whether of record or apparent on the ground.

Parcels

Land owners and property descriptions for the properties to be added to the Lockwood TEDD are listed below.

Owner Last Name	Legal Description	Geocode/Tax ID	Property Address	Mailing Address	Zoning	Acres
Town & Country Supply Assoc.	S08, T01 N, R27, E C.O.S. 1225, Tracts 4A1 & 5	03103408403186002 D12861	3737 Coulson Rd	PO BOX 367 Laurel, MT 59044	Heavy Industrial	33.9
Bressler, Todd M & Trina G	S08, T01 N, R27, E C.O.S. 1225, Parcel 2	03103408403050000 D06335	2611 Watson Rd	2611 Watson Rd Billings MT 59101	Heavy Industrial	24.5
Watson, Emily Lou	S08, T01 N, R27, E C.O.S. 1225, Parcel 1B, AMD	03103408403010000 D06334	3803 Coulson Rd E	3803 Coulson Rd E Billings, MT 59101	Agricultural Open Space	6.5
Schmid, James T & Lucy A	S08, T01 N, R27, E C.O.S. 1225, Parcel 1A2, AMD	03103408403020000 D06333A	3925 Coulson Rd	3925 Coulson Rd Billings, MT 59101	Agricultural Open Space	15
Schmid, James T	S08, T01 N, R27 E, C.O.S. 1225, PARCEL 1A1, AMND	03103408403030000 D06333	3925 Coulson Rd E	3925 Coulson Rd E Billings, MT 59101	Agricultural Open Space	4
Krause, Todd Allyn & Elizabeth Ann	S08, T01 N, R27 E, C.O.S. 3092, PARCEL 1	03103408402010000 D12640	2500 Watson Rd	2500 Watson Rd Billings, MT 59101	Agricultural Open Space	6.7
Hertz, James Todd (etal)	S17, T01 N, R27 E, C.O.S. 632, PARCEL 1-9, 2ND AMND	03103417101210000 D06403	TBA	3041 Bartonian Dr. Billings, MT 59102	Controlled Industrial	91.2
LC Properties LLC	S17, T01 N, R27 E, NENE (LESS HWY & COS 1409)	03103417110110000 D06401	3924 Springdale Rd	405 E 13TH St. Laurel, MT 59044	Controlled Industrial	37.8
LC Properties LLC	S17, T01 N, R27 E, C.O.S. 1409	03103417110100000 D06402	3947 Springdale Dr	405 E 13TH St. Laurel, MT 59044	Controlled Industrial	1.5
JDW Industrial Park 2, LLC	Weaver Flats SUB (14), S17, T01 N, R27 E, Block 1, Lot 2	03103418201010000 C16728	TBA	PO Box 22745 Billings, MT 59104	Heavy Industrial	177.2
CMG REJL LLC	S07, T01 N, R27 E, C.O.S. 3477, Parcel 1, (12)	03103407401010000 D06328		C/O CMG AC LLC 4920 Elm St STE 205 Bethesda, MD 20814	Agricultural Open Space	134.7
CMG REJL LLC	S08, T01 N, R27 E, C.O.S. 2807, PARCEL 1A, AMD (12)	03103408101510000 D06331D	Coulson Rd	C/O CMG AC LLC 4920 Elm St STE 205 Bethesda, MD 20814	Heavy Industrial	81.8
Bryce, Glenn R & Leslie R	JOHNSON LANE MATERIALS SUB (07), S18, T01 N, R27 E, Lot 5, ACRES 20, (07)	03103418401550000 C15693	3060 Farley Ln	3060 Farley Ln. Billings, MT 59101	Heavy Industrial	9.3

Compliance with Growth Policy and Zoning

As required by MCA 7-15-4279, the TEDD must be zoned in accordance with the area growth policy. The entirety of the Lockwood TEDD, including the areas proposed to be added, is located within the Lockwood Planning Boundary.

The Lockwood Growth Policy was adopted by the Yellowstone County Commission on May 17, 2016 and is intended to reflect public values within Lockwood. The document should be considered when land use applications and infrastructure investment proposals are presented.

In creating the growth policy, the Lockwood community contemplated the development of the Lockwood TEDD. Of the 11 growth guidelines identified in the document, one specifically addresses the TEDD:

A Targeted Economic Development District (TEDD) may be used to foster secondary, value adding economic development. Properties within the general area of the TEDD may be initially zoned as agriculture with the intent to rezone to an industrial zoning district when and if the TEDD is implemented.

--Lockwood Growth Policy, 2016

The Lockwood Growth Policy noted two previous planning documents, from which specific goals are still applicable to the Lockwood community. These documents are the Lockwood Community Plan (2006) and the Yellowstone County & City of Billings Growth Policy (2008). The City of Billings Growth Policy (2016) updates the City elements of the 2008 Growth Policy, therefore elements related to the unincorporated portions of the County are still applicable.

Goals from the 2006 Lockwood Community Plan that apply to the Lockwood TEDD, include the following:

Infrastructure: Continue to research and support the improvement and INSTALLATION of community infrastructure that will better serve Lockwood.

--Lockwood Community Plan, 2006

Goals from the 2008 Yellowstone County Growth Policy that apply to the Lockwood TEDD include the following:

Economic Development: Coordinated economic development efforts that target business recruitment, retention, and expansion.

--Yellowstone County & City of Billings Growth Policy, 2008

In accordance with the Lockwood Growth Policy, the properties currently within the Lockwood TEDD are zoned Agricultural, Controlled Industrial, or Heavy Industrial. The properties proposed to be added to the TEDD are currently undergoing a zoning process to bring them into compliance

with the Lockwood Growth Policy and Montana State Statutes regarding zoning within TEDDs. Approval is expected by the end of September 2018. See Figure 2 below for a depiction of properties to be added and their proposed zoning classifications.

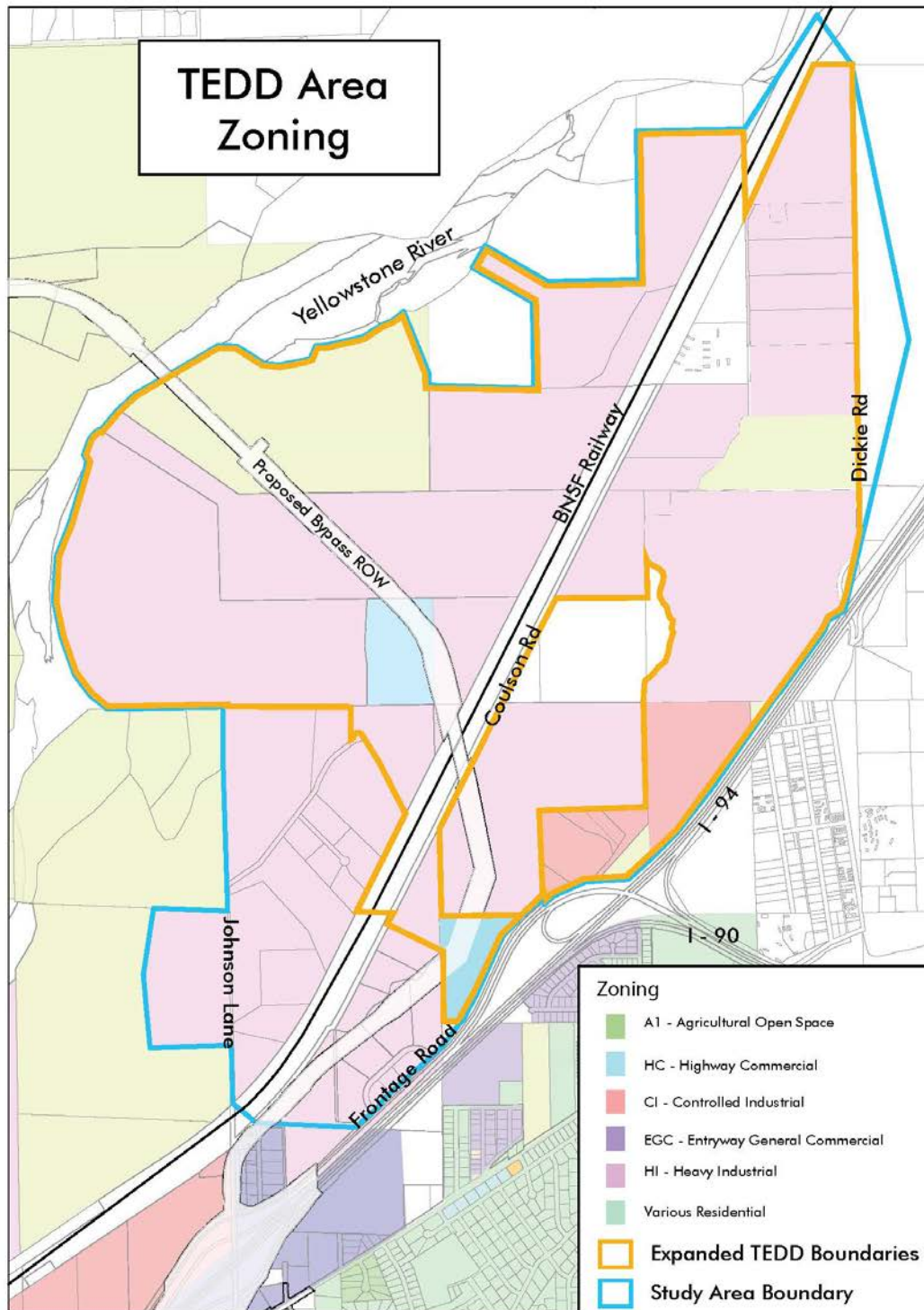


Figure 2 - Current and Pending Zoning Designations for Existing TEDD and Expansion

4. FINDINGS

Montana State Statutes 7-15-4279 contains a set of findings that must be made for a local government to establish a Targeted Economic Development District. This Section lists these findings and the justification for making them as related to the expansion of the TEDD boundaries proposed here.

7-15-4279. Targeted economic development districts. (1) A local government may, by ordinance and following a public hearing, authorize the creation of a targeted economic development district in support of value-adding economic development projects. The purpose of the district is the development of infrastructure to encourage the location and retention of value-adding projects in the state.

(2) A targeted economic development district:

(a) must consist of a continuous area with an accurately described boundary that is large enough to host a diversified tenant base of multiple independent tenants;

Response: The area to be added to the Targeted Economic Development District is contiguous to the existing District and increases the ability of the district to accommodate a diversified tenant base of multiple independent tenants. The expanded area provides greater flexibility in terms of parcel size and makes it easier to accommodate tenants with varying parcel size, configuration and access needs.

(b) must be zoned:

(i) for uses by a local government under Title 76, chapter 2, part 2 or 3, in accordance with the area growth policy, as defined in 76-1-103; or

(ii) if a county has not adopted a growth policy, then for uses in accordance with the development pattern and zoning regulations or the development district adopted under Title 76, chapter 2, part 1;

Response: The property to be added to the Lockwood TEDD is in the process of being zoned in Yellowstone County. Pending zoning designations for the properties to be added include Agricultural / Open Space, Controlled Industrial and Heavy Industrial. Completion of the zoning process is anticipated in September 2018. Figure 2 above depicts the pending zoning. Areas with agricultural zoning can be rezoned to allow industrial and secondary economic uses when required. Such rezoning would be consistent with the Lockwood Community plan.

(c) may not comprise any property included within an existing tax increment financing district;

Response: No property included within the proposed expansion area is located within an existing tax increment financing district.

(d) must, prior to its creation, be found to be deficient in infrastructure improvements as stated in the resolution of necessity adopted under 7-15-4280;

Response: The area to be added to the Lockwood TEDD is lacking sufficient infrastructure. The resolution of necessity created for the designation of the Lockwood TEDD notes deficiencies in several areas of infrastructure. Additionally, the Yellowstone County Board of County Commissioners adopted Resolution 18-62 to reaffirm the resolution of necessity

specifically for the areas included in this amendment. The resolution was adopted on July 3, 2018. The additional properties to be added to the TEDD share the same infrastructural deficiencies. Further discussion of the infrastructure deficiencies and the costs associated with remedying them is included in the *Lockwood TEDD Comprehensive Development Plan*.

Water: A public water system is not available within the existing TEDD boundaries and the additional lands to be added to it do not improve this situation. The Lockwood Water and Sewer District does not have the Lockwood TEDD within their service boundaries.

Sewer: A public sewer system is not available within the existing TEDD boundaries and additional lands to be added to it do not improve this situation. Development on the additional lands will increase the need for treatment capacity.

Transportation: The resolution of necessity indicates that the road network in the TEDD will need to be improved to Commercial Collector standards. The lands to be added to the TEDD include some additional road frontage along Johnson and Coulson Roads that will improve access to parcels but also increase the amount of roadway that needs to be brought up to the required standard.

Other utilities: The addition of these lands to the Lockwood TEDD does not improve access to other utilities such as gas and broadband.

(e) must, prior to its creation, have in place a comprehensive development plan adopted by the local governments that ensures that the district can host a diversified tenant base of multiple independent tenants; and

Response: There is a Comprehensive Development Plan in place for the Lockwood TEDD. These lands to be added to the Lockwood TEDD would further the goals of the Comprehensive Development Plan.

(f) may not be designed to serve the needs of a single district tenant or group of non-independent tenants.

Response: The current boundaries of the Lockwood TEDD are designed to serve the needs of multiple independent tenants and the addition of these properties will increase the TEDD's ability to host multiple tenants.

(3) The local government may use tax increment financing pursuant to the provisions of 7-15-4282 through 7-15-4294 for the targeted economic development district. If the local government uses tax increment financing, the use of and purpose for tax increment financing must be specified in the comprehensive development plan required in subsection (2)(e). The plan must also describe how the expenditure of tax increment will promote the development of infrastructure to encourage the location and retention of value-adding projects in the targeted economic development district.

Response: The lands to be added to the Lockwood TEDD will be part of the same tax increment financing program that the exiting Lockwood TEDD lands are. For the purposes of measuring any incremental value, the base year is 2018, with values as of, January 1, 2018.

5. TARGETED ECONOMIC DEVELOPMENT ACTIVITIES

Targeted Industries

A local government may create a TEDD in support of value-adding economic development, by development of infrastructure within the district that would encourage the location and retention of value-adding projects. The Lockwood TEDD will target businesses that produce products defined in MCA 7-15-4279 (a):

"secondary value-added products or commodities" means products or commodities that are manufactured, processed, produced, or created by changing the form of raw materials or intermediate products into more valuable products or commodities that are capable of being sold or traded in interstate commerce.

Additionally, the Lockwood TEDD will also support secondary value-adding industry, defined in MCA 7-15-4279 (b):

"secondary value-adding industry" means a business that produces secondary value-added products or commodities or a business or organization that is engaged in technology-based operations within Montana that, through the employment of knowledge or labor, adds value to a product, process, or export service resulting in the creation of new wealth.

The addition of these lands to the Lockwood TEDD will increase its ability to host multiple tenants producing secondary value-added products or commodities and better support secondary value-added industry by increasing the amount of available land and the number of potential access points and therefore the ability of the site to accommodate users with varying space and access needs.

6. PLAN AMENDMENTS

This amendment to the Lockwood TEDD and its plan are to be made by resolution of the Yellowstone County Board of County Commissioners at the request of interested property owners.

