



Big Sky Chamber of Commerce
55 Lone Mountain Trail
Big Sky, Montana, 59716

September 2, 2014

Big Sky Resort Area District
Board of Directors
PO Box 160661
Big Sky, Montana, 59716

RE: Request to Re-Allocate \$45,000 from the Chamber's Underground Utility Line project to the Chamber's new Targeted Economic Development District (TEDD) project

Dear Resort Tax Board Members;

My purpose in writing is to request board approval to re-allocate \$45,000 of the Chamber's approved Power Utility Line Burial project (\$100,000 was approved with conditions) to the Chamber's new project to establish a Targeted Economic Development District (TEDD) within each county in Big Sky, and within the Resort Area District boundary.

When the power line project was proposed to the BSRAD in April, it was in pursuit of the continuing goal of improving the visitor experience and thereby contributing to Big Sky's overall economic health and development. The project was approved, pending the satisfaction of a few conditions that were placed to ensure the community-wide benefit requirement was achieved and assurances that the project could feasibly be completed. However, with the TEDD project, the Chamber believes that we have identified an opportunity that achieves similar goals as the approved power utility line burial project, but with potentially a much greater impact.

Background:

The Chamber believes that the Power Utility Line Burial project remains a worthy public infrastructure/economic development project that will enhance the entryway to Big Sky. However, in the time since the BSRAD applications were due in April, an opportunity to potentially create a TEDD that can use Tax Increment Financing (TIF) has presented itself. After considering both projects and recognizing the need for funds to research the steps to fulfill the statutory requirements for potential creation of a TEDD in Big Sky, if experts feel confident the project is within the legal framework of Montana law, the Chamber board voted to give the TEDD project a higher priority than burying the power utility lines because of the significant positive economic impact that the TEDD could have on Big Sky.

Description of Project:

The Big Sky Chamber of Commerce formed a sub-committee to research and try to create a TEDD for the purpose of addressing infrastructure deficiencies that impede economic development in the Big Sky community. TEDD's were authorized by state statute in 2013 and they can be created under county government. Because part of the Big Sky community is in Gallatin County and part is in Madison County, the sub-committee believes that two districts would need to be created that would be administered by a single board under an inter-local agreement. There is a history in Big Sky of the two commissions working together towards a common goal, with recent examples being law enforcement, the creation of the park districts, and the community wayfinding signage project.

The sub-committee consists of about 30 stakeholders, including managers/directors of the public service agencies and special districts (including Water & Sewer, School District and Fire District), as well as representation from the resorts, small business, Resort Tax, Chamber, BSOA, etc. This sub-committee builds on more than a year of work that a smaller group of stakeholders have done to build the foundation upon which the TEDD can be created.

A more detailed description of TEDD and TIF can be found in the following attachment:

Tax Increment Financing in Montana – A manual for Local Governments and Economic and Community Development Agencies, dated 2014

The purpose of a TEDD is to provide the planning and financing tools for a community to address infrastructure deficient areas. Planning tools are provided in a comprehensive development plan, and financing tools are provided by a source of investment capital (TIF) for the infrastructure improvements in order to promote value-adding economic development. TIF provides this capital without adding any new taxes and without relying on federal funds, and has been very popular and successful around the country, the state, and locally in Bozeman where there are five such districts, including the downtown district which used TIF to build the 400+ space parking garage, among other public infrastructure projects.

The sub-committee is optimistic that this tool could be used to ensure a stronger private-public partnership to address infrastructure needs for the community. A prime example of a critical need is workforce housing. There are a number of infrastructure deficiencies that stifle the supply of workforce housing, and the sub-committee believes that careful planning and implementation of this tool can address cost prohibitive infrastructure upgrades supportive of value-added industries. By so doing, new opportunities will be created for the private sector to develop lower cost housing. Without a range of housing supply for a growing workforce, the economy may falter as local businesses, schools, public service providers and resorts find it very challenging to staff their operations.

The Goal:

Continue researching the steps to possible creation of a TEDD that could use TIF. If research by the sub-committee continues to show that the TEDD and TIF tools could be used in Big Sky, then work would continue to create a TEDD in the Big Sky portion of each county.

The TEDD's would be administered by a single board that is appointed by the county commissioners. The TEDD could generate significant investment in Big Sky to support and correct infrastructure deficiencies that inhibit economic development. This is a tool to keep more tax dollars for local investment.

Is the project within the resort tax district?

Yes, the proposed boundary of each TEDD is within the BSRAD.

Does the project benefit the community at large, including residents, visitors, and tax collectors/the business community?

Yes, the benefits of a TEDD are community-wide.

Does the project promote tourism and development, help make Big Sky a world class resort community and increase resort tax revenue?

Absolutely. Of all the public investment and financing tools that are available to Big Sky, this has the potential to have the single biggest impact, and may relieve the BSRAD from funding some projects, including some infrastructure projects.

Support or improve critical infrastructure, public health, safety and/or welfare in the world class community?

Yes, the purpose of a TEDD is to provide the planning and financing tools for a community to address infrastructure deficient areas. Public health and safety service providers are on the sub-committee and will be consulted so that the design and administration of the TEDD works as well, or better, for them as compared with their current funding mechanisms.

Involve collaboration among entities in the community to meet common goals?

The Big Sky TEDD sub-committee includes about 30 community leaders, including managers or directors of the major public service entities (fire, police, school, transportation, water/sewer). The sub-committee is currently drafting a document that details the areas in which the community's infrastructure is lacking, and it hopes to submit this document to the commissioners of both Madison and Gallatin Counties so that, after a public hearing, they may make a finding of infrastructure deficiencies. If these findings are made, a public engagement process will follow, with the purpose of gathering input in advance of creating a development plan that will outline various public infrastructure projects to address the deficiencies and promote economic development. This plan will also go before both commissions for approval and annual oversight.

Fill a community need not currently or adequately being satisfied?

The creation of a TEDD will provide a means of financing significant infrastructure in Big Sky that does not currently exist.

Other capital sources:

It has been estimated that the cost of researching and ultimately creating the district(s) will be in the \$95,000 range, including work contracted by all consultants.

To date, TEDD committee members have allocated or invested over \$25,000 in researching the TEDD project over the last year (hard costs, not including in-kind). Additionally, TEDD sub-committee member Rob Gilmore with the Northern Rocky Mountain Economic Development District (www.nrmedd.org) is currently finishing a \$25,000 planning grant application to the Big Sky Economic Development Trust Fund (<http://www.bstf.mt.gov/default.mcp>) that will be applied for through Headwaters RC&D in Butte (<http://www.headwatersrcd.org/>). We are optimistic that this funding will be approved.

If the BSRAD approves this request to re-allocate \$45,000, the Chamber will consider selecting contractors for this portion of the TEDD project through a competitive bid process.

Thank you again for your continued strong support of the Big Sky Chamber of Commerce. Please feel free to call with any questions.

Sincerely,



David O'Connor
Board President
Big Sky Chamber of Commerce

cc: Chamber Board and TEDD Sub-committee