

ORDINANCE 956

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RED LODGE, MONTANA, ESTABLISHING THE NORTH COMMUNITY ENTRANCE URBAN RENEWAL AREA, CREATING THE NORTH COMMUNITY ENTRANCE URBAN RENEWAL DISTRICT AND ADOPTING THE NORTH COMMUNITY ENTRANCE URBAN RENEWAL DISTRICT PLAN WITH A TAX INCREMENT FINANCING PROVISION PURSUANT TO TITLE 7, CHAPTER 15, PARTS 42 AND 43 OF THE MONTANA CODE ANNOTATED

WHEREAS, the City of Red Lodge (the "City") is authorized by Montana law to exercise urban renewal powers for redevelopment and rehabilitation through urban renewal plans and projects to provide for the sound growth of the City or its environs, provide economic and social stability, and promote public health, safety and welfare and otherwise execute the purposes of Title 7, Chapter 15, Parts 42 and 43 of the Montana Code Annotated (MCA); and

WHEREAS, the City is authorized by the City Charter and Montana law to exercise urban renewal powers after the municipality has made a finding that a blighted area exists that substantially impairs or arrests the sound growth of the City or its environs, constitutes an economic or social liability and/or is detrimental to the public health, safety, welfare, and morals in its present condition and use in accordance with 7-15-4210, MCA; and

WHEREAS, in accordance with 7-15-4210, MCA, on the 13th day of July, 2021, the Red Lodge City Council adopted Resolution No. 3581, the Resolution of Necessity, finding that conditions of blight exist within the municipality in the North Community Entrance area and that the rehabilitation, redevelopment, or a combination thereof of the area (pursuant to 7-15-4203, MCA) is necessary and desirable in the interest of the public health safety, or welfare of the residents of Red Lodge; and

WHEREAS, the City seeks to further its strategic plan visions for “An Innovative Economy - we grow a diversified and innovative economy leveraging our natural amenities, skilled and creative people, and educational resources to generate economic opportunities” and for “A Well-Planned City - we consistently improve our community's quality of life as it grows and changes, honoring our sense of place in Red Lodge as we plan for a livable, affordable, more connected City;” and

WHEREAS, the City seeks to further its economic development strategies - retention and growth of existing businesses, while welcoming and encouraging new businesses; investment in infrastructure to drive economic development; and education and workforce development initiatives to provide businesses with qualified workers; therefore, pursuant to 7-15-4212, MCA, the City caused the North Community Entrance Urban Renewal District (the “District”) Plan (the

"Plan") to be prepared; and

WHEREAS, the City desires to use the tax increment financing provision as a tool to foster rehabilitation and redevelopment, and if revenues permits, may issue tax increment financed bonds and therefore has included it as an implementation strategy in the Plan; and

WHEREAS, the Plan, attached as Exhibit "A", includes a map and description representing the District's boundary to be found on page 4; and

WHEREAS, the District does not contain property included within any other existing urban renewal area district or targeted economic development district; and

WHEREAS, the City has adopted a growth policy pursuant to Section 76-1-601, M.C.A that was duly adopted by the City Council by Resolution on September 8, 2020; and

WHEREAS, the Plan was submitted to the Red Lodge Planning Board for review in accordance with 7-15-4213, MCA, and on the 27th day of October, 2021, said Board adopted a resolution recommending that the Plan is in conformance with the Red Lodge Growth Policy and the area of the District is zoned for uses in accordance with the Growth Policy by a vote of 6-0; and

WHEREAS, notice, required by 7-15-4214(1), MCA of the public hearing(s), in substantially the form as required under 7-15-4215, MCA was mailed on November 10, 2021 to all property owners in the district based on a list obtained from the Montana Department of Revenue of the geocodes for all real property, the assessor codes for all personal property, and a description of all centrally assessed property located within the District at the time of its creation;

WHEREAS, in proposing to adopt the Plan with a tax increment financing provision the City has taken into consideration and informed the Red Lodge School District and Carbon County of its intent to create the District; and

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RED LODGE, MONTANA:

Section 1

Legislative Findings.

1. Median Household Income for residents living in Red Lodge is \$48,311, lower than the County's, median, which is \$58,707, lower than the state, at \$54,970 and lower than the nation, at \$62,483 (American Community Survey, 2015-2019).
2. Poverty and a low median household income constitute an economic and social liability, while

contributing little to the tax income of the City, and the City directs an excessive proportion of its revenues for police and fire protection, transportation and other forms of public services, and facilities to remain an inclusive community.

3. The North Community Entrance Urban Renewal District through the North Community Entrance Urban Renewal District Plan seeks to provide long term economic stability and to use planning and the development of public infrastructure as tools for well managed growth.

4. The goals of the North Community Entrance Urban Renewal District as stated in the North Community Entrance Urban Renewal District Plan are:

GOAL 1. Increase Housing Units Near Downtown

GOAL 2. Support Business Development

GOAL 3. Public Infrastructure Improvements

GOAL 4. Promote Historic Preservation and Cohesive Urban Design Identity

The full details of District Goals are found in “Chapter 4: Vision, Priorities, and Goals” of the Urban Renewal Plan.

5. The North Community Entrance Urban Renewal District Plan provides for the opportunity to use tax increment financing to assist with redevelopment and revitalization activities and encourage the retention and growth of economic development.

6. The North Community Entrance Urban Renewal District Plan supports the development of public infrastructure that encourages urban renewal and economic development in the community.

7. The North Community Entrance Urban Renewal District Plan provides a plan for redevelopment of the existing commercial area to retain existing and attract new economic development.

8. The North Community Entrance Urban Renewal District Plan provides a strategy for redevelopment of the existing commercial area to eliminate the conditions that contribute to blight and retain existing and attract new economic development.

9. The North Community Entrance Urban Renewal District Plan conforms to and will implement the goals and objectives of the Red Lodge Growth Policy in accordance with 7-15-4217.

10. The District includes 160 acres including rights-of-way, and parcels are 149.1 acres of that total, with approximately 77 separate parcels more than large enough to afford maximum opportunity, consistent with the sound needs of the City as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise in accordance with 7-15-4217.

11. The implementation of the North Community Entrance Urban Renewal District Plan does not displace any persons from adequate housing; however, if necessary, in the future, a workable and feasible plan for the relocation of families displaced from the District and to coordinate public and private agencies in such relocation will be prepared.

12. The North Community Entrance Urban Renewal District Plan includes a sound and adequate financial program to use the tax increment financing provision as a tool to foster rehabilitation and redevelopment; allows for, as revenues permit, the issuance of tax increment financed bonds; and promotes the use of tax increment financing to leverage private and public funding sources.

Section 2

Definitions.

The definitions found throughout Title 7, Chapter 15, Parts 42 and 43, Montana Code Annotated apply unless otherwise provided or indicated by the context. The following terms wherever used or referred to in this Ordinance shall have the following meanings:

- (a) "Act" means Title 7, Chapter 15, Parts 42 and 43, Montana Code Annotated and may be cited as the "Urban Renewal Law".
- (b) "Urban renewal area" means a blighted area that the City Council has designated as appropriate for an urban renewal project or projects.
- (c) "Urban renewal district" means an area that the City Council has established as an urban renewal area.
- (d) "Urban renewal plan" means a plan for an urban renewal area/district adopted by the City Council in accordance with the provisions of the Act and this Ordinance in conformance with the Red Lodge Growth Policy which describes potential projects or programs.
- (e) "Urban renewal project or program" means undertakings or activities of the City in an urban renewal area for the elimination and for the prevention of the development or spread of blight and may involve redevelopment in an urban renewal area, rehabilitation or conservation in an urban renewal area, or any combination or part of redevelopment, rehabilitation, or conservation in accordance with an urban renewal plan.
- (f) "Community Entrance Urban Renewal District" or "District" means the urban renewal district created by the City Council through this Ordinance pursuant to the Act.

Section 3

Establishment and Creation of the District; District Area.

The North Community Entrance Urban Renewal District (the "District") is hereby established and created. The boundaries of the District are as shown in Plan, Exhibit A.

Section 4

Name of the District.

The name of the District shall hereby be the North Community Entrance Urban Renewal District.

Section 5

District Plan.

The North Community Entrance Urban Renewal District Plan, attached as Exhibit "A", is hereby adopted.

Section 6

Base Year.

For the purpose of calculating the incremental taxable value for each year of the life of the District, the base taxable value shall be calculated as the taxable value of all real and personal property within the North Community Entrance District, as of January 1, 2022.

Section 7

Tax Increment Provision.

Carbon County is hereby authorized to segregate, as received, the tax increment derived in the District, and use and deposit such increment into the District Fund for use as authorized by the Act and as authorized herein or by the City Council from time to time.

Section 8

Costs that May be Paid from Tax Increments.

The tax increments received from the District may be used to directly pay costs of approved urban renewal projects, or to pay debt service on bonds issued to finance urban renewal projects as defined under the Montana Urban Renewal Law if approved by the City Council. The City Council hereby authorizes the use of tax increment in the District to be used to pay potential debt service on internal and bank financed loans issued to finance all or a portion of the costs of eligible improvements in compliance with the Montana Urban Renewal Law and subject to any limitations imposed by the Montana Constitution.

Section 9

Extent of Power.

Red Lodge Municipal Code does not address eminent domain for economic development. Neither the City nor any of its subdivisions shall use eminent domain to take private property for economic development. The term "economic development" means the use of powers of eminent domain to acquire private property for private use in the implementation of an urban renewal project or similar redevelopment plan.

Section 10

Term of the Tax Increment Financing Provision.

The tax increment financing provision of the District will terminate in accordance with state law. After termination of the tax increment financing provision, all taxes shall continue to be levied upon the actual taxable value of the taxable property in the District but shall be paid into funds of the taxing bodies levying taxes within the District.

Section 11

Effect of Urban Renewal Project or Program.

The creation of an Urban Renewal project or program or the approval of an Urban Renewal project or program does not affect, abrogate or supersede any rules, ordinances, or regulations of the City relating to zoning, building permits or any other matters.

Section 12

That the Red Lodge Municipal Code shall be amended by adding Sections 2-5-1 through Section 2-6-6 to read as follows:

Code Amendment.

Title 2 Chapter 5. - URBAN RENEWAL, TAX INCREMENT, AND ECONOMIC DEVELOPMENT DISTRICT BOARDS

Section 2-5-1. - Purpose and intent.

The purpose and intent of this Chapter is to provide for the authority of the City Council to create advisory boards comprised of citizens of Red Lodge, Montana to assist in the administration and implementation of urban renewal, tax increment financing, and other districts created pursuant to Title 7, Chapter 15, Parts 42 and 43, MCA, which may be granted authority to use tax increment financing.

Section 2-5-2. - Creation; powers and duties.

The City Council may by resolution or ordinance create an urban renewal board or economic development district board to exercise any of the powers authorized pursuant to Title 7, Chapter 15, Parts 42 and 43, MCA, which are specifically authorized for that board by the City Council.

Section 2-5-3. - Members; appointment and terms.

A. All appointments to a board created pursuant to this division will be made by the City Council.

B. A board created pursuant to this division shall consist of at least five and not more than seven members with the initial terms as follows: one member appointed for one year, one for two years, two for three years, and the remainder for four years. Each appointment thereafter shall be for four years.

C. The City Council may determine in the resolution or ordinance creating the board that some positions must be filled by persons with specific backgrounds, expertise, or experiences, while other positions may be at large.

D. Each board member shall hold office until the board member's successor has been appointed and has qualified.

E. A board member shall receive no compensation for the board member's services, but shall be entitled to previously authorized expenses, including travelling expenses, incurred in the discharge of the board member's duties.

F. Any persons may be appointed as board members if they are residents of, property owners within, or gainfully employed by a business or firm located within the City. The City Council may give preference to residents, business owners or employees, or property owners of the district. A majority of members must reside or own real property within the City.

G. A board member may be removed for inefficiency, neglect of duty or misconduct in office, or as provided for by law.

Section 2-5-4. - Meetings; elections of officers; records; ethics.

A. A board created pursuant to this chapter shall hold meetings as it deems necessary to execute its powers and duties as provided for by resolution or ordinance of the City Council.

B. A board created pursuant to this chapter shall adopt bylaws enabling it to elect officers, set officer terms and establish regular meeting times. All bylaws must be approved by the City Council.

C. All meetings of the board are subject to the open meetings provisions of Montana law and all proceedings of the board shall be subject to the public records requirements of Montana law.

Section 2-5-5. - Annual reports.

A board created pursuant to this division shall file with the City Council, on a date as determined by the City Clerk, a report of its activities for the preceding calendar year and shall publish notice of said report in compliance with MCA 7-15-4237.

Section 2-5-6. – North Community Entrance Urban Renewal Board.

There hereby exists authority to create a North Community Entrance Urban Renewal Board created pursuant to ordinance 956, for the implementation and administration of the North Community Entrance Urban Renewal District.

Urban Renewal, Tax Increment, and Economic Development Districts

Section 2-6-1. - Urban renewal, tax increment, and economic development districts; creation.

A. The City Council may, from time to time, create by ordinance an urban renewal, tax increment financing, or economic development district pursuant to Title 7, Chapter 15 and Parts 42 and 43, MCA, following a public hearing on the proposed district. In order for land to be included in the proposed district, in addition to the requirements of Montana law, it must:

1. Consist of an area with an accurately described boundary;
2. Not be contained within the boundaries of another tax increment financing, urban renewal, or other economic development district with a tax increment provision;
3. Be zoned in accordance for the purposes for which the district will be created and be in compliance with the Red Lodge Growth Policy; and
4. Be determined to be in compliance with all other legal requirements.

B. The district must have as its purpose only those authorized by law.

C. Notice of the public hearing on the creation of a proposed district shall be given in accordance

with the provisions of MCA 7-15-4215.

Section 2-6-2 - Costs which may be paid from tax increments.

The district's tax increment may be used to pay for the costs incurred by an authorized urban renewal, tax increment, economic development or authorized infrastructure development project (in that district) as provided by Title 7, Chapter 15 Parts 42 and 43, MCA and as authorized by ordinance of the City Council.

Section 2-6-3 - Use of tax increments for bond payments.

The tax increments received may be pledged for the payment of the principal of premiums, if any, and interest on bonds which the City may issue for the purpose of providing funds to pay for costs accrued pursuant to Section 2-5-2.

Section 2-6-4 - Contents of ordinance.

A. Each ordinance creating an urban renewal, tax increment financing, or economic development district shall:

1. Designate each district by number;
2. Set forth a legal description of and map showing the boundaries of the district;
3. Include a plan that describes the district or development project and contains provisions for undertaking and implementing the district or project; and
4. Establish the base year for the calculation of tax increment within the district.

Section 2-6-5 - Termination of tax increment financing provisions.

An urban renewal or economic development district's tax increment financing provisions shall terminate pursuant to Title 7, Chapter 15 Parts 42 and 43, MCA.

Section 2-6-6 - Administration.

The urban renewal, tax increment financing, or economic development district programs created pursuant to this division shall be administered by the City Council. The Council shall be advised on matters pertaining to the program by a district board created pursuant to title 2 chapter 6 of this chapter and may delegate specific authority to such board pursuant to ordinance or resolution.

Section 13

Repealer.

All provisions of the ordinances of the City of Red Lodge in conflict with the provisions of this ordinance are, and the same are hereby repealed and all other provisions of the ordinances of the City of Red Lodge not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 14

Severability.

That should any sentence, paragraph, subdivision, clause, phrase or section of this ordinance be adjudged or held to be unconstitutional, illegal, or invalid, the same shall not affect the validity of this ordinance as a whole, or any part or provision thereof, other than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the Red Lodge Municipal Code as a whole.

Section 16

Codification.

This Ordinance shall be codified as indicated in Section 2 Chapters 5 and 6.

The remainder of this Ordinance shall not be codified but shall be kept by the City Clerk and entered into a disposition list in numerical order with all other ordinances of the City and shall be organized in a category entitled "Urban Renewal."

Section 17

Effective Date.

This ordinance shall be in full force and effect thirty (30) days after final adoption.

PASSED AND ADOPTED on the first reading by the City Council of the City of Red Lodge, Montana, on the 9th day of November, 2021.

PASSED AND ADOPTED on the second reading by the City Council of the City of Red Lodge, Montana, on the 23rd day of November, 2021.

By:

William Larson, Mayor

Dennison Butler, City Attorney

ATTEST: _____