Commission Memorandum

REPORT TO:     Honorable Mayor and City Commission
FROM:          Brit Fontenot, Economic Development Director
SUBJECT:       Approval of Resolution 4426 Adopting the North Park Properties Concept Land Use Plan.
MEETING DATE:  January 14, 2013

RECOMMENDATION: Approve Resolution 4426 adopting the North Park Properties Concept Land Use Plan and direct Staff on the future of the city-owned North Park property.

RECOMMENDED MOTION: I move to approve Resolution 4426 adopting the North Park Properties concept land use plan.

OR

ALTERNATIVE MOTION: I move to approve Resolution 4426 adopting the North Park Properties Concept Land Use Plan and direct staff to pursue one of the following or an alternative option or options provided by the Commission:

1) Maintain the current status and condition of the North Park property;
2) Sell the property in whole or part, unconditionally or with conditions to develop in keeping with the North Park vision;
3) Develop the property in keeping with the North Park vision;
4) Turn the property over to a management/development authority or entity to develop and manage the property in keeping with the North Park vision; and/or
5) Alternative option or options provided by the Commission.
INTRODUCTION:

Staff recommends adoption of the North Park Properties Concept Land Use Plan (the “Plan”) through approval of Commission Resolution 4426 (Attachment 1). Adoption of the Plan does not obligate the City to implement any part, or parts, of the Plan. As provided for in the motion and vote language above, adoption of the Plan requires no further action by the Commission. The Commission may adopt the Plan and provide no additional direction; however, staff suggests that if the Commission adopts the Plan, direction to staff concerning the future of the City-owned portion of the North Park properties, be provided.

The name of the project was changed from Mandeville Farm Concept Land Use Plan to North Park Properties Concept Land Use Plan in order to re-launch the project without the negative history associated with the purchase of the City-owned portion of the property in 2003 and the ensuing litigation. The settlement is now final and the City of Bozeman retains a clean and clear ownership title to the City-owned portion of the North Park properties. In the context of the Plan, “North Park property” refers to the approximately 85 acres city-owned portion of the property formerly known as the Mandeville farm and “North Park properties” refers to the combination of the City-owned portion and the approximately 190 acres of State of Montana owned property managed by the Department of Natural Resources and Conservation (“DNRC”) for the benefit of the Montana public education system.

BACKGROUND:

Brief History of the North Park Properties

The City-owned portion of the North Park properties was purchased from John and Donna Mandeville in July, 2003 as a potential future site of a City-owned and operated solid waste transfer station. By 2003, the approximately 190 acres of the State-owned portion was aggregated by the State of Montana. Most of the State-owned portion of the North Park properties was acquired at Statehood as part of the Enabling Act of 1889, the remainder was acquired from the Mandeville family in 2003. Combined both properties total approximately 275 acres and currently support agricultural activities.

The City-owned portion of the property consists of approximately 85 acres, is zoned M-2 (manufacturing and industrial) and is within the boundaries of an industrial tax increment finance, or TIF, district. The 190 acres of State owned property is zoned M-1 (manufacturing and industrial). The industrial TIF District, encompassing both parcels, was established in 2006 with a 15 year term. The industrial TIF District is 6 years old and approximately 40% through its “life”; It sunsets in 2021. Given the 20 – 30 year time horizon of the Plan, consideration should be given to extending the life of the industrial district.

The City-owned portion of the North Park property was subdivided and platted (preliminary) but due to rising project costs, objections from nearby residents and other related issues, the transfer station was never constructed. The City’s Economic Development Council (“EDC”) and internal Economic Development Team (“EDT”) have discussed the North Park properties on several occasions and have suggested the existing preliminary plat design on the
City-owned 85 acres may not represent the highest and best design for the property today. Given the amount of money invested in the engineering and preliminary platting of the City-owned portion of the North Park properties and despite the uncertainty of the applicability of the existing preliminary plat design, in April, 2012, the preliminary plat on the City-owned portion was extended for two additional years. The original site design and engineering on the City-owned portion of the North Park properties was intended for an entirely different configuration and mix of uses than being contemplated in the Plan.

Currently, infrastructure resources are limited on the property. There is an absence of a road network, curbs, gutters, sidewalks and functional water and sewer services. Additionally, there are poor intersections for ingress and egress and limited connectivity to the existing street network. Please note that a small portion of the State-owned North Park properties, managed by the DNRC, was identified as a possible location for future Bozeman Fire Station 7 in the Fire Protection Master Plan adopted by the City Commission in August, 2006, see page 170.

RATIONAL FOR THE PLAN:

The Commission identified North Park as part of their number one 2012 –2013 Work-Plan goal via implementation of the adopted 2009 Economic Development Plan, integrating economic development principles throughout the organization through the adoption of a North Park Properties Concept Land Use Plan in collaboration with the DNRC.

To assist with the project, the EDC identified several high growth potential sectors including manufacturing and fabrication, along with the bio-science and bio-technology, high-technology, photonics and the outdoor industry as sectors that the City should encourage and support in an effort to create new, higher paying and skilled jobs while diversifying the local and regional economies. The North Park properties represent a physical location where these types of economic activities can be encouraged and supported.

Plan Objectives

Primarily, the objective of the Plan is to raise awareness of the economic development potential in terms of job creation and economic diversification that exists in the North Park properties. Additionally, an objective of this Plan is to demonstrate how governmental organizations and the private sector can work together to support a vision greater than any one partner organization. Also, an objective of the Plan is to provide a locally supportable, market based economic analysis and feasibility study and concept land use plan using local data, codes, standards and regulations and adding realistic infrastructure cost estimates through multiple phases to establish viable use patterns, timelines and costs to inform decision making and decision makers. Finally, given market conditions and development costs, the Plan establishes a sense of urgency for the development of the North Park.

Specific objectives for the North Park project are shown below in long, medium and short term time horizons. The total build-out time frame for the entire North Park properties is 25- 30 years. Please note that many of the medium and short term objectives are complete or are currently underway.
**Long term objectives (present – 25 to 30 years)**

1) In partnership with the DNRC, create a place (and space) where, once developed, high growth potential businesses including manufacturing and fabrication, bio-science and bio-technology, high-technology, photonics and the outdoor industry and others, can start, grow or relocate to North Park, resulting in the creation of new jobs and increased economic diversity (Underway); and
2) Continue with infrastructure improvements for undeveloped phases.

**Medium term objectives (present – 12 to 24 months)**

1) Identify and seek funding sources for the preliminary engineering report and Phase I infrastructure development (Underway);
2) Create and/or adopt a management and operational structure that will manage the development of the North Park properties (Underway);
3) Identify and/or secure an anchor tenant or tenants (Underway); and
4) Commence Phase I infrastructure improvements.

**Short term objectives (present 3 to 6 months)**

1) Complete the North Park Properties Concept Land Use Plan and the North Park Properties Marketing Brochure (Completed);
2) Commission approval of the North Park Properties Concept Land Use Plan (Underway);
3) Add the North Park Phase 1 infrastructure improvements to the CIP (Completed);
4) Identify capacity expanding, off-site improvements that may aid in the development of the North Park properties, i.e. intersection control device at the intersection of North 7th Avenue and Griffin Drive (Completed);
5) Re-name and re-brand the project from Mandeville Farm to North Park (Completed);
6) Recreate/extend the life of the industrial TIF district;
7) **Phase 1 Environmental Site Assessment** (Completed);
8) Low to moderate income study, or LMI, to support a State of Montana Department of Commerce economic development public infrastructure grant application (Underway);
9) Preliminary engineering report or PER, to support a State of Montana, Department of Commerce, CDBG for public infrastructure application (Underway);
10) Install appropriate signage at key locations on the property representing the vision of North Park;
11) Property appraisal; and
12) Phase 1 preliminary platting.

Selling all or part of the City-owned portion of North Park at anytime, conditionally or unconditionally, as allowed in §§ 2.06.880 through 2.06.910 of the **Bozeman Municipal Code**, remains an option.
THE NORTH PARK PROPERTIES:

North Park Properties Physical Adjacencies and Geographical Assets

Its size, approximately 275 acres within Bozeman city limits, as well as North Park’s existing zoning designations (M-1 and M-2), current inclusion in an industrial TIF district, potential as a Foreign Trade Zone (FTZ), proximity to, and frontages on, Interstate 90, interchanges at North 7th Avenue, North 19th Avenue and a future interchange near Belgrade at the Bozeman Yellowstone International Airport, the existing rail corridor and possible rail spur and proximities to North 7th Avenue, Griffin Drive, Frontage Road, and Bozeman Yellowstone International Airport, collectively support the concept of the North Park properties as an ideal location for the development of a mixed use, light manufacturing/fabrication and/or distribution centers, commercial and/or hospitality center(s), flexible, unique and specialized office and hi-tech facilities (technology, biosciences, etc.) with the vision of creating new job opportunities and increasing the economic diversification in southwest Montana. The North Park vision is supported by local market data research and feasibility studies conducted by the consultants in preparation of the final Plan.

Please note that a significant connectivity improvement suggested in the preferred option identifies a possible overpass spanning Interstate 90 and linking Baxter Lane and Mandeville Road. This connection is identified in the Greater Bozeman Area Transportation Plan (2007 update), p. 3-38.

PARTNERSHIPS:

In the early stages of the project (2011) it became clear that the City of Bozeman and the State of Montana, through the DNRC, would benefit by working collaboratively on the North Park project. Each piece of property has inherent advantages and disadvantages. When considered and planned separately, many of the inherent disadvantages remain, i.e. size, transportation connections, land features (grade, creeks etc.). When aggregated, the properties may still have certain disadvantages like access and connectivity; however, the overall benefit of working in cooperation with the DNRC on North Park begins to mitigate some of the disadvantages outlined above. The City and the DNRC are an example of an effective partnership. With the assistance of our consultants, we have jointly brought the North Park Properties Concept Land Use Plan to life. Both organizations agree on the overall vision of the North Park project as a place where job creating and industry diversifying businesses can come to start, grow or relocate operations adding value to the property, the community and the region.

The North Park properties and associated plans and projects represent an important piece of the City’s economic development strategy and works in cooperation with many other economic development projects currently underway, i.e. the MSU Innovation Campus, Gallatin College Programs and overall cluster support and development.
It is important to note that as the MSU Innovation Campus begins campus expansion within the recently established South Bozeman Technology District, there will likely be opportunities to work together to facilitate the success of each site, the Innovation Campus and North Park, by collaborating on the most appropriate locations for new and expanding businesses.

THE NORTH PARK PROPERTIES CONCEPT LAND USE PLAN:

North Park Properties Concept Land Use Plan

The North Park Properties Land Use Plan was a cooperative effort between the City, the DNRC, CTA Architects Engineers, MXD Development Strategists, City of Bozeman Planning Department and Grants and Engineering Divisions, the Northern Rocky Mountain Economic Development District (the “NRMEDD”), the Prospera Business Network (“Prospera”), The Bozeman Area Chamber of Commerce (the “BACC”) and local business owners and real estate and development professionals.

As discussed above, the goals of the Plan are to recognize the community value, in terms of job creation and economic diversification, in developing the North Park properties in some form or iteration using the Plan as a framework for development. Also, the Plan demonstrates effective intergovernmental partnerships. Additionally, the Plan establishes the uses of the North Park properties based largely on local sources of information, i.e. local codes and requirements, building data, real estate market data and trends etc., while factoring in regional and national trends and sources. While the Plan has a 25-30 year outlook, the farther away from the data collection the less reliable are the assumptions. Lastly, given market conditions, bare ground development costs and time lines, the Plan establishes a sense of urgency.

The Planning Process

This section of the memo describes the process for creating the DNRC partnership and getting the North Park project underway.

In August, 2011, City staff was contacted by Mr. Craig Campbell, Unit Manager for the DNRC’s Bozeman Field Office to discuss City plans for the Mandeville [North Park] property. Mr. Campbell was informed that our EDT was working on the issue and was exploring how an FTZ might function on the property. The EDT quickly entered into discussions with the DNRC about the 200 + acres of State public school trust land. It was during those discussions that the DNRC was informed of the availability of Community Development Block Grant (CDBG) economic development planning grant and the City’s desire to apply for the grant in order to produce a workable plan for the City-owned 85 acres of North Park. Recognizing that the DNRC has similar goals for maximizing the economic output of the State’s school trust lands, they were invited to join the City’s effort to seek the grant in partnership.

The DNRC manages approximately 190 acres known as the State [of Montana] school trust lands to the south, south-east, and contiguous with the City-owned North Park property. The stated goal of the DNRC is “manage the State of Montana's trust land resources to produce
revenue for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land.” Rather than simply plan for the City-owned portion of the North Park property, we endeavored to plan for the approximately 275 acres of City and State-owned property. Additionally, the DNRC matching funds in the amount of $12,500 offset the total required grant match of $25,000 by one-half.

The CDBG Economic Development Planning Grant presented a unique opportunity to partner with the State of Montana through the DNRC and collectively plan both properties to work together on one site. The North Park vision is to create a place in southwest Montana wherein manufacturers of products, i.e. textiles, vaccines, lasers, informatics, etc., can realize cost savings, increase efficiencies or take advantage of the existing TIF or future FTZ and/or proximities to transportation corridors and air services by strategically locating, re-locating or expanding operations into an area supportive of efforts to encourage job growth and increase the economic diversity of southwest Montana. These efforts support Commission goals of creating jobs and diversifying the local and regional economies. The North Park properties represent the garden in our economic gardening strategy, a physical space where businesses can germinate, grow, or become transplanted.

The City successfully negotiated, and the Commission approved, a Memorandum of Agreement (MOA) with the DNRC in September, 2011 to collaborate on a land use plan for the properties now collectively known as the North Park properties.

On September 19, 2011, the Commission authorized the City Manager to sign and submit the grant application for the Montana Community Development Block Grant (CDBG), Economic Development Program 2011 Planning Grant, in partnership with the DNRC.

In November, 2011, The City received the $25,000 CDBG grant for economic development from the Montana Department of Commerce. As outlined in the MOA, the City and the DNRC agreed to equally divide the match requirement in the amount of $12,500 each.

In January – March, 2012, the City and DNRC proceeded to draft and publish an RFP for professional services to produce a joint land use and marketing plan for the North Park properties. The City and the DNRC received five (5) proposals, interviewed four (4) respondents and chose CTA Architects Engineers and MXD Development Strategists as project consultants.

On April 9, 2012 the Commission authorized the City Manager to sign a contract for services with CTA Architects Engineers (CTA) for the commencement of the North Park Properties Concept Land Use Plan.

On April 23, 2012 CTA provided the Commission with a special presentation outlining the goals and strategies of the project and plan. Additionally, CTA organized two public stakeholder meetings designed to open the public discussion on the use of the North Park properties and identify opportunities for sustained economic development on the site. In addition to the public stakeholder meetings and in conjunction with the Plan development, staff, Prospera, the NRMEDD, and the BACC organized and/or attended several developer and anchor tenant meetings. The goal of these meetings was twofold. First, the team intended to generate interest
in the project. Second, we sought to listen and understand the needs of interested developers and potential anchor tenants. We also met with private and public sector leaders. Many of whom maintain a high level of interest in the North Park project.

**Project Funding**

We continue to discuss Phase I development funding. The estimated Phase I development costs associated with the preferred development option, Option D, page 91 of the Plan, is approximately $5.4m. With Plan completion, we have expended all the funds available from the Department of Commerce for the original planning grant.

If the Plan is approved and direction to move forward provided by the Commission, we intend, in cooperation with the DNRC, to seek additional funding to complete the Preliminary Engineering Report (PER). Possible sources for PER funding include the City’s General Fund, the State’s Big Sky Trust Fund and/or the U.S. Economic Development Administration. On December 3, 2012 the Commission approved the Capital Improvement Plan (CIP) which includes North Park Phase I improvements (GF185) broken down over three fiscal years:

1) Scheduled in FY 14 – $150k (for partial Phase 1 development including preliminary engineering, site, geo-technical and platting work);
2) Scheduled in FY 15 - $4.6m (for partial Phase 1 development including completing the geotechnical and platting work, if necessary, and major Phase I infrastructure improvements);
3) Scheduled in FY 16 - $550k (for completion of the Phase 1 development)

It should be noted that the CIP process was completed prior to the North Park Properties Concept Land Use Plan review or adoption by the Commission. North Park Phase I improvements shown on the CIP in FY 14 – 16 will be adjusted based on Commission direction for Plan implementation.

Also in 2012, the Commission approved adding an intersection control device(s) at the Griffin Drive/Mandeville Road and North 7th Avenue (south and east of the North Park properties) intersection to the CIP as unscheduled items in the amount of $500k from street impact fees (SIF33). Public/private partnership arrangements should also be considered as a potential source of funding for Phase I infrastructure improvements.

Additionally, we are aware of a State of Montana, Department of Commerce, CDBG for public infrastructure in the amount of $400k ($400k match required). Grant applications are due in May, 2013 and require and completed PER and LMI referenced above.

During plan development we discussed and researched the concept of establishing a development entity or authority that would be contractually responsible for the development of North Park. If the Plan is adopted and implementation follows, we should be prepared to discuss management and ownership alternatives to the City as property owner, property developer and development regulator. As part of our research and investigation into development authorities/entities we traveled to Great Falls, Montana to discuss the success of the Great Falls
The Great Falls Development Authority (GFDA) managed by Mr. Bret Doney. The Great Falls model may be transferable to Bozeman. If directed to do so, staff will return to the Commission in the future to discuss specific models and options for the structure of ownership, management and operations of North Park.

**The Marketing Brochure**

**North Park Properties Marketing Brochure**

The North Park Properties Marketing Brochure was created along with the Plan using the information and graphics provided by the consultants for generating interest in the North Park project to Bozeman residents and business owners, the wider southwest Montana community, potential anchor tenants, development and real estate professionals and public officials.

**NEXT STEPS IN COOPORATION AND COORDINATION WITH THE DNRC:**

If the Plan is adopted, the next most critical next step in the North Park project includes Commission direction on the goals with, and future of, the City-owned North Park property. The Commission may have additional options not listed below. Some options include:

**Determining the North Park Vision**

1) Maintain the current status and condition of the North Park property;
2) Sell the property in whole or part, unconditionally or with conditions to develop in keeping with the North Park vision;
3) Develop the property in keeping with the North Park vision;
4) Turn the property over to a management/development authority or entity to develop and manage the property in keeping with the North Park vision; and/or
5) Alternative option or options provided by the Commission.

If direction is given on which path to pursue any number of next steps are required. The list of “next steps” below assumes the Plan is approved and the North Park project is directed toward options 2), 3) and/or 4) listed above. Some or all of the steps may be required as the North Park direction is refined. Any action will have associated costs.

**Possible Next Steps**

1) Add signage at the appropriate areas to encourage interest;
2) Preliminary Engineering Report (approximately $100k) March 1st, 2013. Possible funding sources include:
   a. BSTF Planning Grant – $50k (inc. $12.5k match from each City and DNRC);
   b. EDA Grant - $50k ($50k match with CDBG and COB/DNRC funding);
   c. City’s General Fund, see CIP, FY 14 - 16.
3) Identify an ownership, management and operational structure for North Park;
4) Secure a property appraisal;
5) Begin preliminary platting process; and
6) Re-establish industrial TIF district.

UNRESOLVED ISSUES: The most substantial unresolved issue is that of the vision and direction of the North Park project. Once the North Park vision is established by the Commission there are many additional unresolved issues to consider. If job creation and industry diversification are cornerstones of our economic development strategy and if the North Park vision represents an opportunity to strengthen these economic cornerstones, and in order to move the project forward past the planning stage into the implementation stage we will require more leadership, more hard work and more commitment. Additionally, we must move forward on answering the following questions:

1) Who is interested in becoming the anchor tenant or tenants?
2) What incentives will be necessary to secure commitments for anchor tenants?
3) Where will Phase I infrastructure funding come from?
4) When will Phase I infrastructure funding be available?
5) How will the ownership, management, development and operational structure function at North Park?

ALTERNATIVES: As determined by the Commission.

FISCAL EFFECTS: The direction on the future of the North Park project will determine the ultimate fiscal effects. If the status quo is maintained, the fiscal effects will continue to be minimal. If the Commission directs something other than that, the costs will rise commensurate with the scale and scope of the project. It should be noted that the fiscal effects have the potential to be significant. Specific effects are undetermined at this time.

Attachments:

1. Resolution 4426 adopting the North Park Properties Concept Land Use Plan.

Report prepared on December 27, 2012
RESOLUTION NO. 4426

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF BOZEMAN, MONTANA, ADOPTING THE NORTH PARK PROPERTIES CONCEPT LAND USE PLAN.

WHEREAS, job creation and industry diversification are critical to the long-term economic vitality of Bozeman; and,

WHEREAS, the City wishes to stimulate, encourage and support the attraction, retention and growth of jobs and industry in a variety of high growth potential sectors. The number and diversity of jobs created in a variety of sectors including manufacturing and fabrication, bio-science and bio-technology, high-technology, photonics and the outdoor industry have high growth potential and support moderate to high income employment; and,

WHEREAS, the City of Bozeman’s 2012 – 2013 adopted Work-Plan includes the implementation of the adopted economic development plan, integrating economic development principles throughout the City of Bozeman organization which includes the adoption of a North Park properties [formerly Mandeville farm] concept land use plan in collaboration with the Montana Department of Natural Resources and Conservation (“DNRC”); and,

WHEREAS, the City of Bozeman and the DNRC have collaborated on the North Park Properties Concept Land Use Plan (the “Plan”) which includes contiguous property owned by the City of Bozeman (85.34 acres) and the State of Montana (189.66 acres) and entirely within the Bozeman city limits, and,

WHEREAS, when combined, the North Park properties represent the largest contiguous M-zoned parcels adjacent to a rail line within the Bozeman city limits; and,

WHEREAS, the North Park properties are entirely included in an established (2006) industrial tax increment finance district; and,

WHEREAS, the North Park properties site is zoned M – 1 and M – 2, the highest intensity zoning districts allowed, and could support the uses identified in the Plan; and,
WHEREAS, the Plan suggests reasonable development patterns, configurations and timelines based on locally, regionally and nationally acquired market and feasibility data; and,

WHEREAS, the Plan provides cost estimates on infrastructure requirements for North Park Phases I – IV; and,

WHEREAS, the Bozeman City Commission did, on the 7th day of January, 2013, conduct a public hearing to consider the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Bozeman, Montana, that:

Section 1

That the North Park Properties Concept Land Use Plan, attached hereto as Exhibit A, is hereby adopted.

Section 2

That the North Park Properties Concept Land Use Plan includes a marketing brochure for the site and is attached hereto as Exhibit B. Exhibit B is hereby incorporated herein and made a part hereof.

This resolution shall be in full force upon passage and approval.

PASSED AND APPROVED by the City Commission of the City of Bozeman, Montana at a regular session thereof on the ___ of ____________________, 2013.

_________________________________
SEAN A. BECKER
Mayor

ATTEST:

_______________________________
STACY ULMEN, CMC
City Clerk

APPROVED AS TO FORM:

______________________________
GREG SULLIVAN
City Attorney