



TAB

Technical Assistance to Brownfields

Facility Feasibility Analysis

Lincoln County, Montana

Note: This document was produced by Pioneer Development Company, Inc., a partner of the Technical Assistance to Brownfields (TAB) Program at Kansas State University, to provide high-level feasibility analysis of development scenarios to meet county government facility needs. TAB is an EPA-funded program. User Entities receiving TAB assistance should engage appropriate professional services prior to making final decisions, plans or actions on brownfields redevelopment projects. No warranties are made, express or implied.

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November 12, 2023



November 12, 2023
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Lincoln County,

Dear Lincoln County Commissioners,

Pioneer Development Company (PDC), as part of Kansas State University's Technical Assistance to Brownfields program (KSU-TAB), has completed Facility Feasibility Analysis for Lincoln County. This Feasibility Analysis unpacks Lincoln County's need for new or redeveloped County Facilities. The report evaluates demographic, fiscal and real estate data to determine Lincoln County's current and future need for facility expansions. The report uses this information to evaluate potential development scenarios where Lincoln County could either develop new facility or redevelopment existing property to meet their needs. The report concludes with a series of recommendations for the County to pursue a feasible strategy for growing their facility space and expanding their public services.

One element in this report is an evaluation on the feasibility to redevelop the Asa Woods property. This former school district property is currently owned by a private entity. The reason that this property is included in the analysis is because it is known to exhibit environmental contamination, which classifies it as a Brownfield. KSU-TAB and Montana's Department of Environmental Quality (DEQ) were first contacted about redeveloping this property for a public benefit when it was still owned by the school district, prior to its sale. This connection is why the property is still the subject of this report. The fact that the property is a known brownfield also provides the nexus to justify KSU-TAB's ability to conduct this study, even though elements of its scope are beyond simply evaluating the Asa Woods site.

This report synthesizes data, from County Budgets to assessor's databases, with staff testimony and public input. KSU-TAB representatives visited Lincoln County September 6th and toured the facilities in Libby. Informal interviews were also conducted with the County Commissioners and Department Heads during the visit. On the evening of September 6th, a Public Hearing was conducted that presented preliminary data for this study and fielded questions. The responses received by the Commissioners, Staff, and the Public have been incorporated into this report's findings.

PDC and the KSU-TAB team hope that this report inspires further action to ensure that this pioneering project positively transforms the Lincoln County community.

Sincerely,

Andrew Arnold, AICP
Founder | Principal
Pioneer Development Company
Durango, Colorado

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Executive Summary

County Facility Feasibility Analysis:

Kansas State University's Technical Assistance to Brownfields Program (KSU-TAB) has provided this report to assist Lincoln County and its departments with finding a feasibility strategy to relocate County services to a new or larger facility. This report is divided into eight sections, which includes final recommendations for funding and constructing this potential facility.

The report evaluates Lincoln County's need for a new facility using both qualitative and quantitative methods. The reviewers visited Lincoln County to observe firsthand the existing conditions of the facilities. These observations were then supplemented by interviews with County staff and even a public meeting with the community. The site visit, interviews, and public hearing underscored the reality that the County's facilities were aged, outdated, and over capacity. In certain cases, the facilities' current condition posed both a safety concern and liability risk.

The report then tested these sentiments by evaluating the County's facilities through an analytical lens. The County demographics and finances were analyzed, and future growth forecasted. County-owned property was identified and its space quantified. Similar counties throughout the state were also analyzed and compared to Lincoln County. This analysis revealed that Lincoln County is growing, and that its service capacity is less than other similar communities throughout the state. The report estimates that Lincoln County has a deficit of 16,000 Square Feet currently, and that deficit will increase to 37,000 square feet by 2030. Unless the County finds a way to develop new or larger facilities, this constraint will negatively impact the County's ability to serve its growing population.

The report's qualitative and quantitative analysis pointed to the same reality, that Lincoln County needs more space for its employees. Once this reality was determined, the report began analyzing different strategies for developing the facility. Four properties were selected and tested against specific feasibility criteria. These potential properties needed to align with the County expectations regarding location, have the requisite space to develop the site and the building, and offer the most affordable option for construction. These construction cost estimates were then evaluated against different funding strategies.

The facility feasibility analysis found the Asa Wood Property to be the best location for relocating and expanding County services. The property presents the most cost-effective option for redevelopment that will provide Lincoln County with adequate space to meet projected demands on its services. The report recommends that the County form a committee dedicated to this project and form a public private partnership with the Asa Wood development team. Although this report recommends specific grants to help offset construction costs, it is likely that Lincoln County will need to issue bonds to fund this project. The impact of these voter-approved mill levies is estimated by this report.

Lincoln County's need for new and larger facilities cannot be disputed. However, the path to successfully developing these facilities is challenging and complex. This report provides Lincoln County with specific recommendations to help it find a feasible solution amidst these challenges and complexities.

Facility Feasibility Analysis

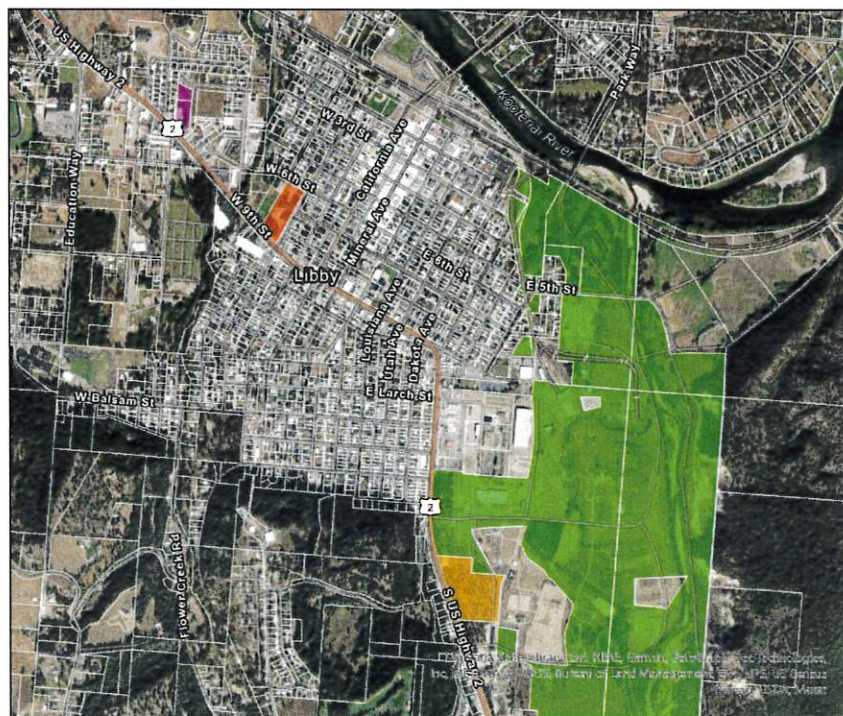
Report Scope and Methodology

The Facility Feasibility Analysis is a report designed to assist Lincoln County, MT with evaluating current opportunities to develop and/or redevelop its County Facilities. To determine Lincoln County's need for new facilities and its ability to fund them, the report first evaluates and forecasts growth within the County. The report analyzes the County's demographics and financials, and later compares this data with other Counties throughout Montana. The report also quantifies the County's existing facility space and full-time employees. Using industry standards for estimating square footage per employee, the report estimates the amount of space currently needed in Lincoln County vs the amount of space currently available. Lincoln County's future growth is also applied to these estimates in order to forecast future demands for space. After determining the range of facility space Lincoln County may require, currently or in the future, the report estimates the cost associated with providing this space. These cost estimates are aligned with specific properties that may become a feasible location for expanding County facilities. The report concludes with a series of funding strategies and recommendations.

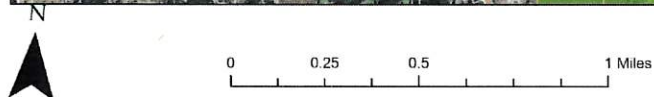
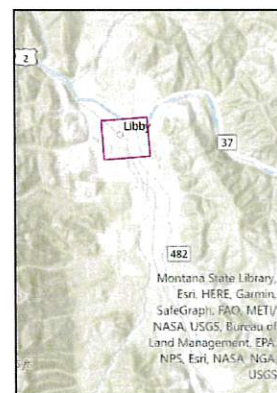
The report evaluates four potential properties/locations that could be used by Lincoln County for its future facilities. These properties range from new development to redevelopment opportunities, from County-owned parcels to privately-owned properties. One of these properties is a known brownfield and is the reason why KSU-TAB conducted this study. The common feature with all four properties is that they are proximal to Libby's downtown, which was a stated community goal for any future facility. The four properties/locations are listed in the table below, and illustrated by the map on the following page:

Facility Feasibility Analysis: Potential Properties/Locations						
Name	Parcel Number(s)	Address	Acres	Imp. SF	Ownership	Brownfield
Asa Wood School	56417503340010000	700 Idaho Ave	5.395	44,000	Private	Yes
Flathead Valley Community College	56417504105040000	225 Commerce Way	2.99	32,518	Public	Unknown
Vacant Land	56417510101600000	33651 US HWY 2	15.24	0	Private	Unknown
Lincoln County Port Authority	N/A	N/A	398.72	0	Public	Yes

Facility Feasibility Study - Potential Locations



- Asa Wood School
- Lincoln County Community College
- Lincoln County Port Authority Property
- Vacant Land (Private)
- Lincoln County Parcels



Demographic and Fiscal Change

Summary

This section unpacks Lincoln County's demographic and fiscal changes as they relate to the Facility Feasibility study. The County's demographics and fiscal year 2024 budget are analyzed. All data used in this section is derived from the State of Montana's Department of Administration, the State's Local Government Services Bureau, Montana's Cadastral GIS database, and the Lincoln County Assessor's database.

Lincoln County's existing conditions, especially in regard to demographic and fiscal growth, indicates that the County is undergoing a significant change. Population growth surged over the past three years, shifting the state's demographic forecast for the County through 2030. This growth also generated a marked increase in property values and the County's overall taxable value. From 2019 to 2023, Lincoln County's total taxable value went up by 67%, and the County's median home value nearly doubled. Although it is debatable whether this level of growth can be sustained, it does underscore increasing demand for services and the pressing need for Lincoln County to proactively address these challenges.

Lincoln County's growth poses both a challenge and an opportunity. A rapidly growing population is going to put stress on existing county services. The County's FY 2024 Budget message confesses that Lincoln County, "is in a weak financial position" and may be forced to raise revenue through voter approved mill levies. This is a political and fiscal challenge. County services are directly correlated with population, and a growth in services may trigger the need for new capital improvements. The FY 2024 budget also stated that existing services, such as the Sheriff's Department and County Jail, are seriously aging and beginning to generate significant maintenance expenses. As the County continues to grow, these challenges will be exacerbated.

On the other hand, Lincoln County can leverage this growth to help fund the services and projects it needs to better serve its community. Population growth and increases in property values will generate new tax revenue for the County. While the State of Montana limits certain mill levy increases, voter approved mill levies are outside of state's purview. Lincoln County's dramatic increase in taxable value the past three years has cause mill levy yield to be at an all-time high. If there is political will, these property tax revenues could be allocated to fund new facilities to serve Lincoln County and its growing population.

County Characteristics

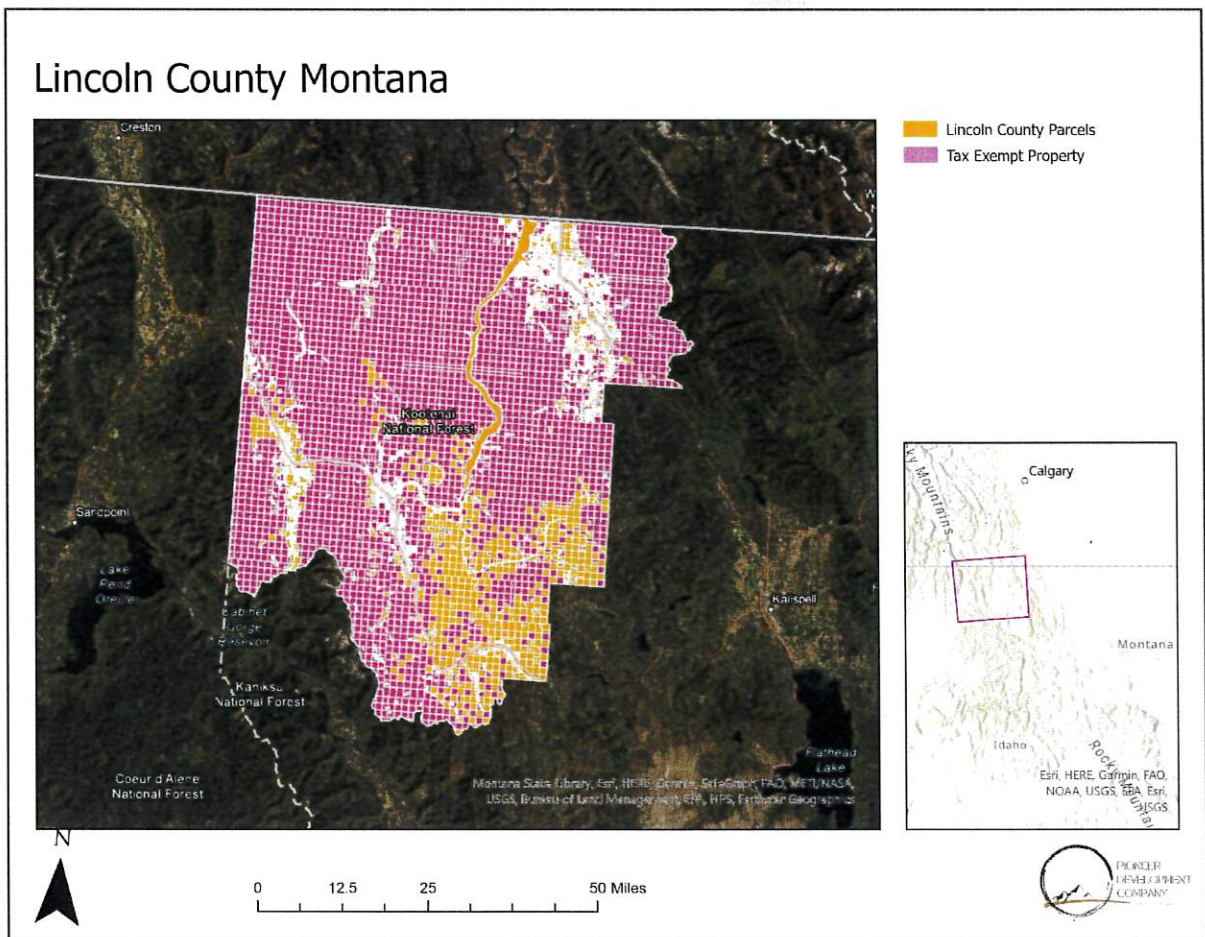
Lincoln County is located in the Northwest corner of Montana, bordering Idaho and Canada. The County includes the Cities of Troy and Libby, and the Towns of Eureka and Rexford. These Cities and Towns are connected via US Highway 2, State Highway 37, and US Highway 93. The City of Libby is the County's seat and primary location for County facilities. According to Montana's State Demographer, the County's population reached 21,525 in 2022, placing it as the tenth largest county in Montana.

Lincoln County is large, with an estimated area of 3,675 square miles. This area is characterized by scenic natural beauty, including the Kootenai National Forest, the Kootenai River and Kootenai Lake, and the Cabinet Mountain Wilderness. Much of the County's area is permanently conserved as national forest. Montana's Cadastral GIS database lists 22,846 parcels as part of Lincoln County, while only 4,459 parcels are classified as Tax Exempt. However, these 4,459 parcels equate to 2,812 square miles. In fact, 73% of

Lincoln County's area is owned by the United States Federal Government and its various departments. Only 860 square miles are privately owned.

Lincoln County also encompasses a major EPA Superfund site. This superfund was created in response to asbestos contamination that impacted the City of Libby and Troy as a consequence of Vermiculite Mining. The asbestos contamination caused by the mining activities was very widespread and led to the EPA organizing widespread environmental remediation efforts in 2000. In 2020, remediation efforts were transferred to Montana's Department of Environmental Quality, which continues the clean-up work today. Although most of the environmental remediation efforts are complete, brownfield properties are frequently a concern for new development or redevelopment within Lincoln County.

Lincoln County Montana

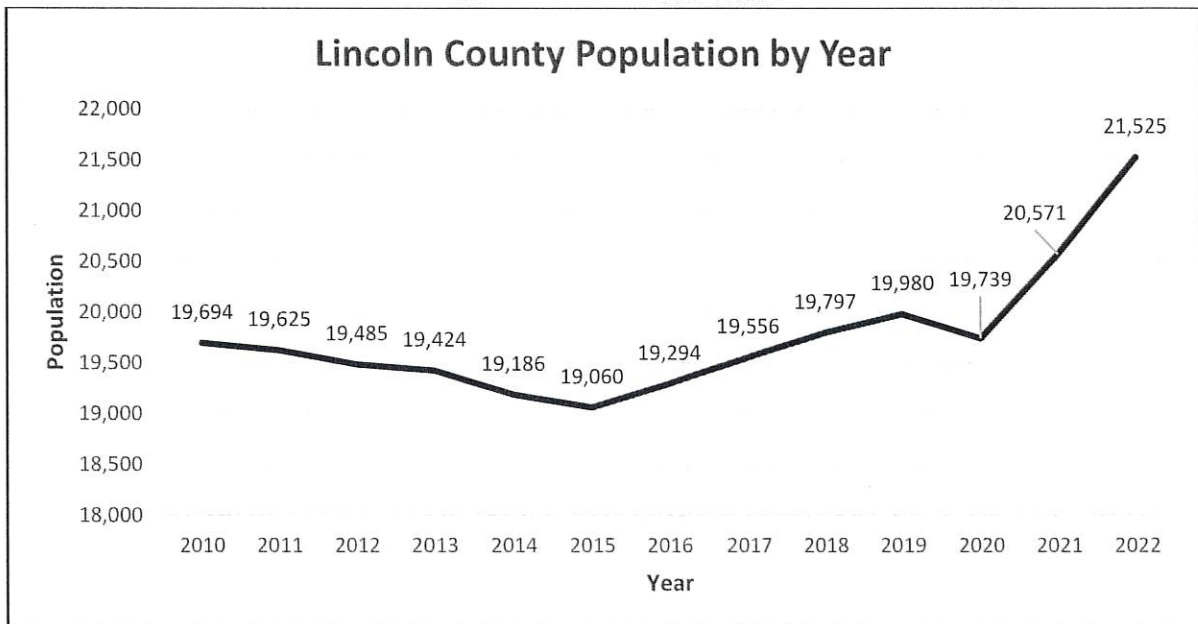


Demographics

Lincoln County's population in 2022 was 21,525. This places Lincoln County as the tenth largest County in the State of Montana (there are 56 counties in the state). In addition to having one of the larger populations within the State, Lincoln County is also experiencing significant growth. From 2020 to 2022, the County recorded its highest year-over-year growth over the past decade, averaging 4.43% growth per year. As context, Lincoln County only averaged 0.03% annual growth from 2010 to 2020.

This rapid growth is not uncommon among mountain communities during the COVID Pandemic. While it is difficult to forecast whether this growth will continue long-term, the past two years have already exceeded the State Demographer's growth projections for Lincoln County. In its 2020 forecast, the state demographer assumed Lincoln County would average 0.67% annual growth through 2030. After two years, the County's 2021 and 2022 growth rates have already skewed that forecast. Even if the state demographer's annual projection holds true through 2030, average annual growth will have reached 1.42%. This report projects Lincoln County to average 2% annual growth through 2030, meaning its population will reach 25,220 residents by the end of the decade. This projection is intended to provide a conservative estimate on the County's service demands by the end of the decade.

Lincoln County's population growth is impacting the area's median household income and median home prices. According to the Federal Reserve Economic Data (FRED), Lincoln County's median household income has increased to \$42,982 from its previous estimate of ~\$36,929 in 2020. The County's rapid population growth has also translated into a significant increase in homes values throughout the County. In 2021, the median home value within Lincoln was estimated at ~\$212,000. According to Zillow's 2023 market estimates, Lincoln County's average home sold for \$424,000 over the past 12-months. This rapid appreciation in home values has also translated into a surge in the County's total assessed value, as will be described in the following section.



Lincoln County Budget

This report reviewed Lincoln County's Fiscal Year 2024 Budget to evaluate changes in Total Market and Taxable Value during this growth period. New population growth typically signals an increase in home sales and economic activity. Periods of growth typically translate into increases in property values, and it was necessary to evaluate how Lincoln County's property values shifted during this time.

Montana's Department of Revenue records each county's certified market and taxable property value from 2014 to 2023. Lincoln County reported a total market value of \$4,492,948,292 in 2023, with a total taxable value of \$60,158,808. These figures represent a significant increase in the County's assessed

value, one that mirrors the County's population and home price growth. From 2019 to 2023, Lincoln County's total market value has increased by an estimated 67%.

This increase in market value has a direct impact on the County's budget, as property taxes represent a significant source of revenue. Property taxes account for 46% of Lincoln County's total revenue (resources) budgeted in 2024. Property tax revenue is generated by taking the County's total taxable value and multiplying it by a specific tax levy rate, or millage rate (mills). Lincoln County has four different mill levy classifications, those that are "allowed" per MCA, those that are voter approved, those that are "Permissive Insurance Levies", and those that are permissive SRS levies. Typically, the County budget and its various departments are funded by the MCA limited and voter-approved mills. MCA limited mills fluctuate annually due to Montana's mill levy limit that holds the County's levy "to a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years"¹. This limit is why the County experienced a fiscal shock this year, when its mill levy fell by nearly 20 mills because of the state levy limit. Voter-approved mill levies, however, are not subject to this limit.

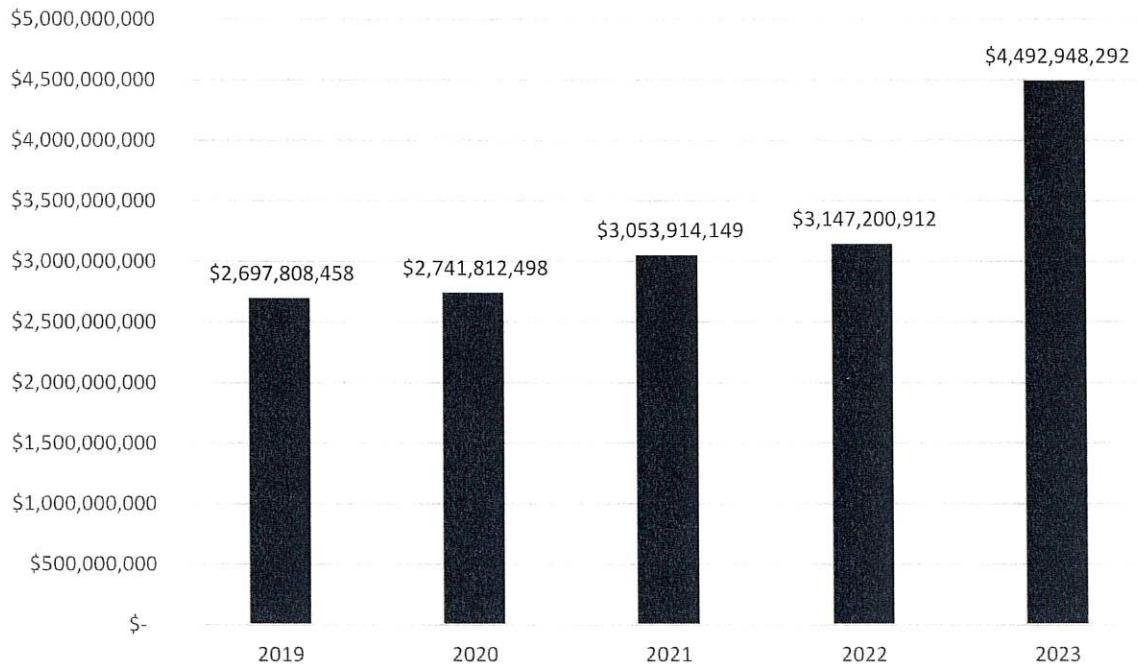
Lincoln County's Budget Message for the Fiscal Year 2023 to 2024 stated that "Lincoln County is in a weak financial position".² This statement reflects the fact that the County is still recovering from COVID-19 impacts and the ongoing consequences of environmental contamination. Fiscally, the County is approaching a situation where it may be forced to approve additional mill levies to fund its roads, infrastructure that is currently being funded by the Secure Rural Funding program. The SRF program's revenue is not currently being replenished, and the County risks depleting this fund if other sources of revenue are not found soon.

Despite these negative statements, this report is optimistic regarding Lincoln County's fiscal future. Lincoln County's growth, and increased taxable value, provides it the resources it needs to help fund specific programs and improvements through voter approved mill levies. Lincoln County's yield per mill is at an all-time high of \$59,696. This means that if the community desires to fund specific programs or projects, they can leverage property tax revenue to a greater extent than anytime in Lincoln County's history.

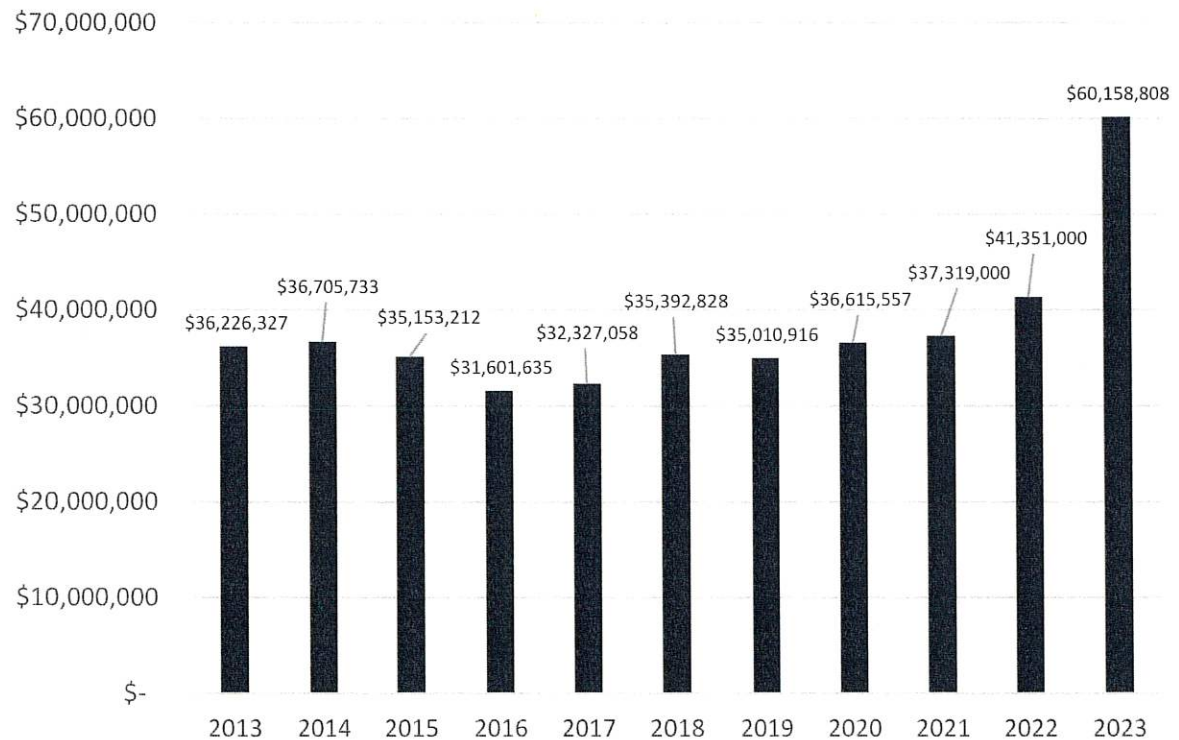
¹ Per Montana's Legislative Services Division 2020

² Lincoln County FY 2024 Budget, page 21 (PDF).

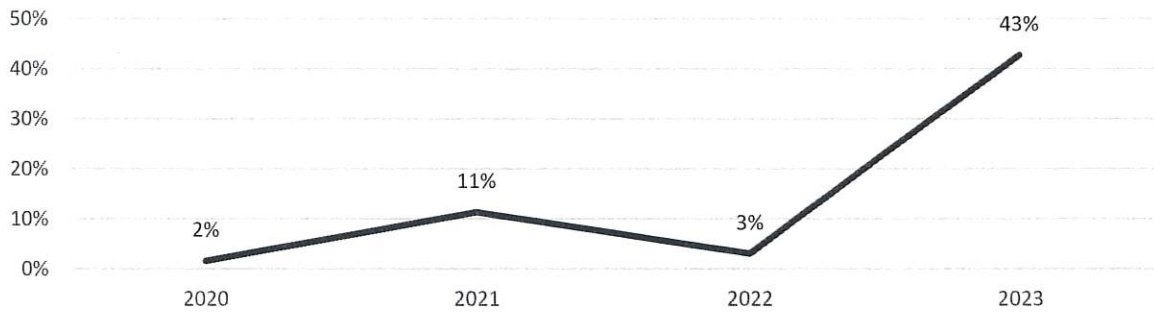
Lincoln County Certified Market Values



Lincoln County Certified Taxable Values



Year Over Year % Change in Certified Value



Lincoln County FY2024 Final Budget

Taxable Valuation	\$60,159
Less Increment	\$463
1 Mill Yields	\$59,696

Fund Name	Property Tax Revenues	Mill Levy	%	Voter Approved Mill Levy	%	Total Resources
General Fund	\$226,487	3.794	5%	0	0%	\$5,034,633
Noxious Weed	\$65,606	1.099	1%	0	0%	\$88,702
Fair	\$86,977	1.457	2%	0	0%	\$120,016
Airport	\$96,887	1.623	2%	0	0%	\$119,868
District Court	\$339,551	5.688	8%	0	0%	\$439,070
Libby Park	\$92,230	1.545	2%	0	0%	\$117,296
Troy Park	\$14,267	0.239	0%	0	0%	\$15,000
Eureka Park	\$14,984	0.251	0%	0	0%	\$15,000
Library	\$441,571	3.907	5%	3.49	5%	\$540,021
Ambulance	\$298,480	0	0%	5	7%	\$298,460
Planning	\$80,888	1.355	2%	0	0%	\$125,995
Public Health	\$79,634	1.334	2%	0	0%	\$120,151
Senior Citizens	\$149,240	0	0%	2.5	3%	\$149,240
Sr. Citizens Trans.	\$59,696	0	0%	1	1%	\$59,696
Extension Service	\$20,297	0.34	0%	0	0%	\$23,999
Public Safety	\$3,071,240	51.448	69%	0	0%	\$5,590,937
Search and Rescue	\$59,696	0	0%	1	1%	\$59,696

TOTAL	\$5,197,731	74.08	100%	12.99	100%	\$12,917,780
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Permissive Levy	\$1,341,966	22.48				\$1,341,966
SRS	\$81,784	1.37				\$81,784

SUM TOTAL	\$6,621,481	110.92				\$14,341,530
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Property Tax %						46%
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Existing Facilities

Summary

This section identifies Lincoln County's existing facilities and property. These are properties owned by Lincoln County that are currently being used by County Departments or that are being leased to other entities. The location and current use of County facilities were identified with the help of Lincoln County staff and Montana's Cadastral website.

This section also describes the observed condition of these facilities and the public's opinion regarding their upgrade or expansion. KSU-TAB representatives visited Lincoln County on September 6th, 2023 to observe the existing facilities and conduct a public hearing. County staff toured KSU-TAB around the facilities located in Libby, the County seat. The tour included the District Court and Jail.

The site visit revealed observable deficiencies with Lincoln County's facilities and insufficient space to meet the needs of its departments. This observation was most pronounced when visiting the County's public order and safety departments, such as the Justice Court, the Sheriff's Office, and the jail. In all these cases, the departments appeared to have outgrown their facilities. In some cases, the inadequacy of the facilities was a cause for safety and liability concerns. These observations were echoed by staff within these departments.

The County's administrative and general services, including the health and elections departments, also appeared to be operating within insufficient space. Offices were frequently found to be overcrowded, with unrelated departments sharing the same space. Overall, the site visit and staff conversations underscored the reality that Lincoln County's facilities were not meeting the community's current demand for services.

Lincoln County Existing Facilities (County-Wide)

According to County Records, Montana's Cadstral GIS database, and County Staff, Lincoln County owns eleven (11) properties with building improvements currently being utilized by County departments or other entities. This list does not include vacant land owned by the County (including landfills, fairgrounds, and parks) or property associated with the airport.

The facility feasibility analysis identified eleven properties with an estimated 244,000 square feet of building improvement space. Two of these eleven properties, however, are not currently being used by Lincoln County. These properties include Libby Elementary School and Flathead Valley Community College. Although Flathead Valley Community College is one of the subject properties in this study, its square footage will not be counted towards the County existing facility space estimate.

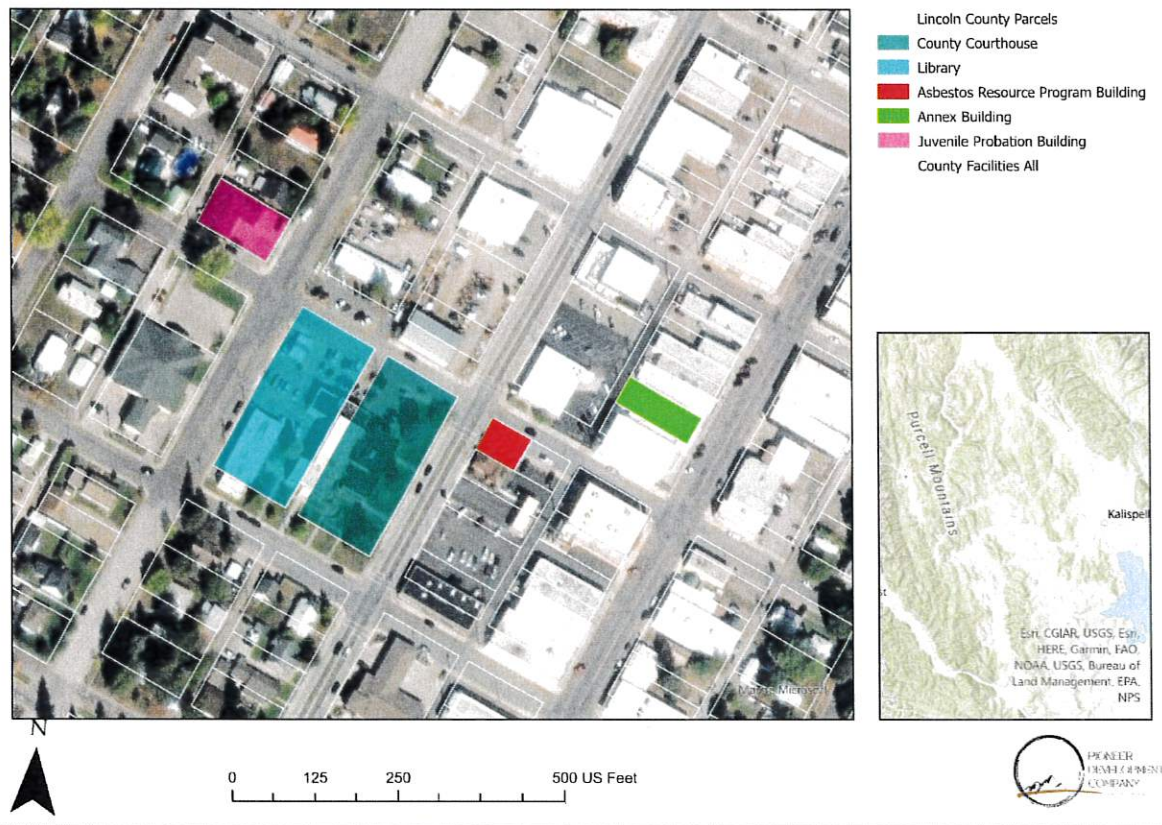
There are a few county-owned properties outside of Libby. These include the Troy and Eureka Public Libraries, the Road Department properties north of Libby and outside Troy, and the Lincoln County Annex in Eureka. When evaluating demand for new facility space, this report isolates departments based on their ability to be consolidated or housed in a common location. This means that the Road Department space and the Eureka and Troy public library space are separated from the demand estimate. The Lincoln County Annex provides adequate space for its functions and is not being considered for consolidation. However, its square footage is still included in these estimates:

This report estimates that Lincoln County's current square footage (SF) for County-Owned properties is ~155,000 SF. Of this total, ~33,000 SF is part of Flathead Valley Community College. The Road Departments and Landfill operations utilize an estimated 39,000 SF. Finally, Troy and Eureka's public libraries exhibit an estimated 5,000 SF. The remaining 78,000 SF is used by the County's Admin, Health, and General Services, as well as Public Safety and the District Courts. The funding for these Department's (per there Fund Name line items in the FY 2024 Budget) accounts for ~80% of Lincoln County's overlapping property tax mill levy.

BUILDING TITLE	BUILDING ADDRESS	City/Town	Acres	FAR	BLDG IMP SF ³
Annex Building (Health Dept., Court, Elections, Probation)	418 Mineral Ave, Libby, MT 59923	Libby	0.13	1.5	8,494
Main Courthouse & Sherriff's Office/Library	512 California Ave, Libby, MT 59923	Libby	1.58	0.8	55,060
Juvenile Probation Building	418 Main Ave, Libby, MT 59923	Libby	0.20	0.5	4,356
Asbestos Resource Building	503 California Ave, Libby MT 59923	Libby	0.08	0.75	2,614
Lincoln County Road Department	1210 East Missoula Avenue, Troy MT 59935	Troy	2.94	0.2	25,570
Troy Public Library	207 N 3rd Street, Troy MT 59935	Troy	0.20	0.275	2,396
Lincoln County Annex	66121 MT Hwy 37, Eureka, MT 59917	Eureka	0.97	0.18	7,606
Lincoln County Road District	674 County Shop Rd, Libby, MT 59923	Libby	12.47	0.025	13,584
Eureka Public Library	318 Dewey Ave, Eureka, MT 59917	Eureka	0.11	0.5	2,396
Flathead Valley Community College	225 Commerce Way, Libby, MT 59923	Libby	2.986	0.25	32,518

³ Montana Assessor's office does not record SF for Tax Exempt property. SF listed are estimates based on Report's analysis.

Lincoln County Facilities Study



The Map above depicts the ~78,000 SF of County Owned Space utilized by General Services, Public Safety and District Courts.

Lincoln County Existing Facility Summary

Lincoln County's Current SF for County Owned Buildings	155,000
SF Dedicated to Schools, Colleges:	33,000
SF Dedicated to Road Department/Solid Waste/Weed Control:	39,000
SF Dedicated to Troy and Eureka Public Libraries:	5,000
SF Dedicated for Admin, General Services, Public Safety, Libby Library, and Courts:	78,000

Lincoln County Site Visit

The KSU-TAB team visited Lincoln County and Libby, Montana September 6th, 2023. This visit allowed the team to meet with the County's staff and department heads and tour the facilities. The site visit revealed observable deficiencies with Lincoln County's facilities. In some instances, the buildings and their interiors were visibly deteriorating. Leaks, water damage, and other evidence of deferred maintenance were frequently identified on the site visit. The building exteriors and facades appeared worn and aged, especially around the Annex building and the County Jail. Inside, the facilities needed significant upgrades. This was evident with the Justice Court space and Jail, as well as the Annex's numerous office spaces.

However, the most striking observation was the limited space found within the County buildings. Unrelated departments and services appeared to be vying for space within the County's existing facilities. In the County Annex building, the Justice Court's insufficient space within the courtroom forced it to spill over into the hallway, where jury members, defendants and prosecutors would sometimes be required to sit together. Jury deliberations would sometimes be required to move to the building's kitchen and rec room, which had inadequate security for this use. The elections department was in the Annex building's basement, in an area better served for storage than offices. The space lacked windows and had a ceiling so low that some members of the KSU-TAB team needed to duck to stand within the area. The health department lacked ADA compatible bathrooms on the second floor, and office space appeared limited. Multiple staff members complained about IT issues and technological upgrades. The building was constructed in 1948 and may require significant remodeling to meet modern day needs.

The County Courthouse building, sheriff's office and jail were similarly aged and outdated. The sheriff's department was in the building's basement along with the jail. The officers had limited space for locker rooms, showers, and equipment. The sheriff's office shared an entrance with the County jail in the building's basement. This shared entrance created an incompatible confluence of needs, since it served as the front desk to the sheriff's office, a meeting place for defendants and their attorneys, as well as an area where arrested individuals were taken to the jail. Staff explained that this combination of uses created an uncomfortable, and possibly, unsafe environment. The detention officers and sheriff demonstrated how the jail space was also insufficient for their needs. The departments explained that the jail cells were overcrowded and creating an unsafe situation for their officers. As many as five or more inmates could be in a single cell due to lack of space. There were also health concerns since the jail did not provide inmates with the ability to go outside. The staff expressed concerns that the jail's inadequacies could yield health concerns that may trigger liability risks. The overall impression from the site visit was that public safety departments, including the Courts, were in serious need of facility upgrades. These observations, coupled with conversations with staff, underscored a pressing safety and liability concern for Lincoln County if facility upgrades continued to go unmet.

While public safety and mitigating liabilities were the most serious concerns identified during the site visit, administrative space deficiencies were also observed. It was not uncommon to find an office in the Courthouse or Annex being used by three different departments. In one instance, the commissioner's office was also shared between an administrative assistant and the IT Department. While this may seem innocuous, it is evidence that the County lacks space to properly serve its departments and elected officials. This is also why the County must lease space from the City of Libby for the County Forester, and the EMA/EOC departments.

Overall, the site visit provided clarity surrounding the County's facility evaluation. While data can help identify growth trends and square footage, first person observations and conversations with staff truly underscored the reality facing Lincoln County. The County's facilities were aged and outdated. Deferred maintenance and deterioration were frequently identified. More importantly, the facilities appeared to be stretched to their limits. From the Courts, to the Sheriff's office and jail, to administrative offices, every County Department seems to have either outgrown its space, or was being asked to utilize space better served for other purposes. County staff frequently expressed frustration with their lack of space and amenities, and this sentiment appeared justified based on the site visit's observations.



Public Hearing

KSU-TAB conducted a public hearing on September 6th, 2023 in Libby to discuss this study, its preliminary findings, and provide an opportunity to field questions and concerns. The meeting had a few dozen residents in attendance, along with County staff and elected officials. After presenting preliminary findings, KSU-TAB received questions about the study and comments regarding its scope. These questions and comments are paraphrased in the list below:

- There was consensus among the public that County Facilities needed upgrades.
- The primary public concern was the state of the jail and sheriff's department. Some members voiced support for a Justice Center, however, there were cost concerns.
- One member of the public criticized the County's historic pattern of refusing to raise taxes and claimed that this pattern is why the County Facilities are inadequate.
- There was a desire and concern for the public to have additional opportunities to weigh in on this process and help guide the County to a desired outcome.
- One member of the public took issue with the properties being evaluated by the feasibility study. They asked to have the scope include other privately owned parcels (this request was granted, and the subject property included within this report).
- A County Commissioner pledged to form a working group/stakeholder group to continue this work after the study was completed.

County Employment Forecast

Summary

This section unpacks the relationship between County population and County employment. This report assumes that population is correlated with demand for County Services. This demand for services can be represented by the county's number of full-time employees (FTE). The relationship between a County's FTE and its population is a proxy for the County's level of service (LOS) provided to that community. This relationship should also mirror changes in the population, assuming that the County has an adequate budget to address service demands and hire new employees when necessary.

This section compares Lincoln County's demographic and fiscal changes with seven other Montana Counties. The Counties were selected based on their population and taxable value. Lincoln County's population, budget and FTE are compared to these seven counties to determine whether its level of service matches the competitive set's average. The section concludes by projecting Lincoln County's estimated number of employees required by 2030 based on population growth projections. This estimate is then revised according to the average level of service exhibited by similar Counties.

Comparable Counties

In this section, Lincoln County's demographics, fiscal characteristics, and County FTE for FY 2024 are compared with similar counties within Montana. The counties included in this comparison are listed below:

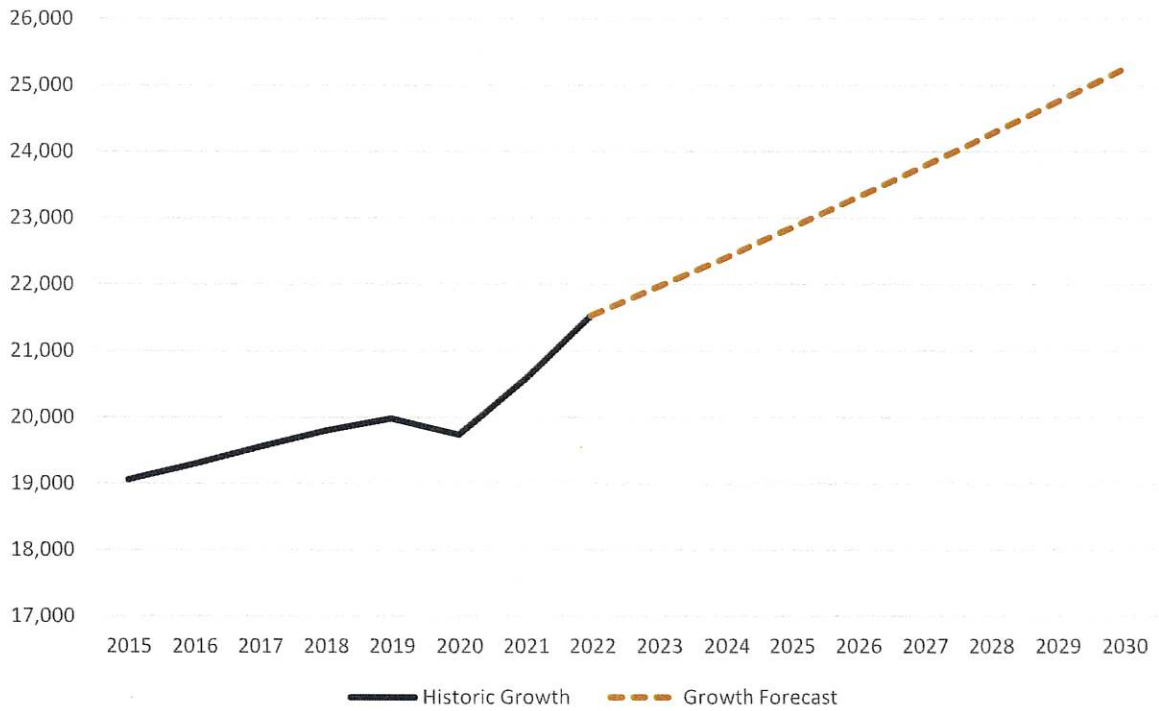
- Carbon County
- Hill County
- Lake County
- Lincoln County
- Park County
- Richland County
- Sanders County
- Stillwater County

Population Growth

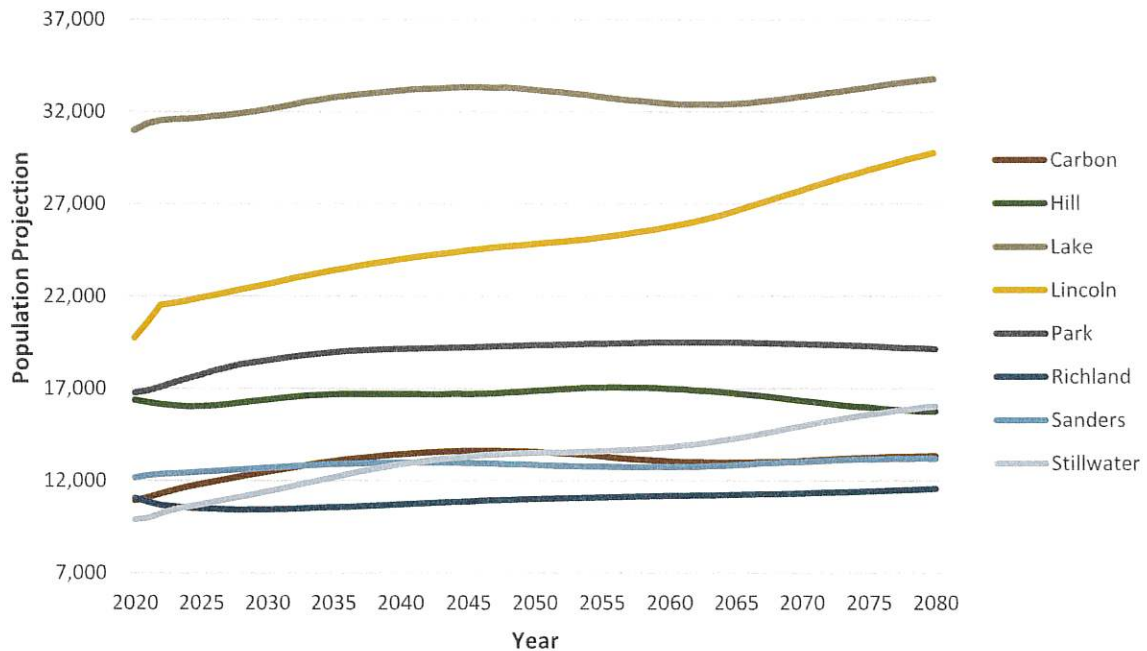
Lincoln County's current population is 21,525, representing a significant increase from 2019. In fact, Lincoln County is one of Montana's fastest growing counties the past three years (according to Montana's Department of Commerce). As described in the Demographic and Fiscal Change section, Lincoln County has averaged over 4% annual growth since 2020. The state demographer's office originally forecast Lincoln County's population growth as averaging 0.67% annual growth from 2020 to 2023. If that forecast were to remain true for the decade's remaining seven years, Lincoln's County's growth would average 1.42%. This already supersedes previous growth estimates and indicates that Lincoln County's services will be tested more than was originally predicted.

This report projects Lincoln County's growth averaging 2% for the remainder of the decade. This growth forecast means that Lincoln County will reach a population of 25,220 by 2030. This level of growth will place Lincoln County in a unique position within the state. It will likely remain the state's 10th most populous county, however, it will close the gap in population between it and Lake County. This report's projection for Lincoln County's population through 2030, and the state's population projection for comparable counties, are illustrated in the graphs below:

Lincoln County Historic and Projected Population Growth



State Demographer's Population Projection by Year and County



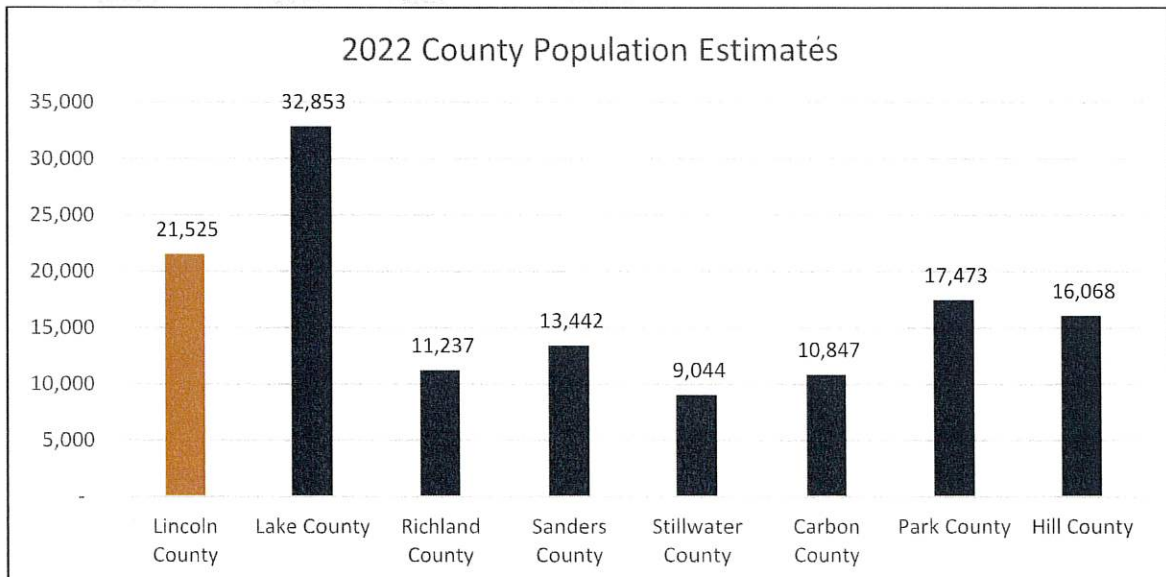
Level of Service Comparison

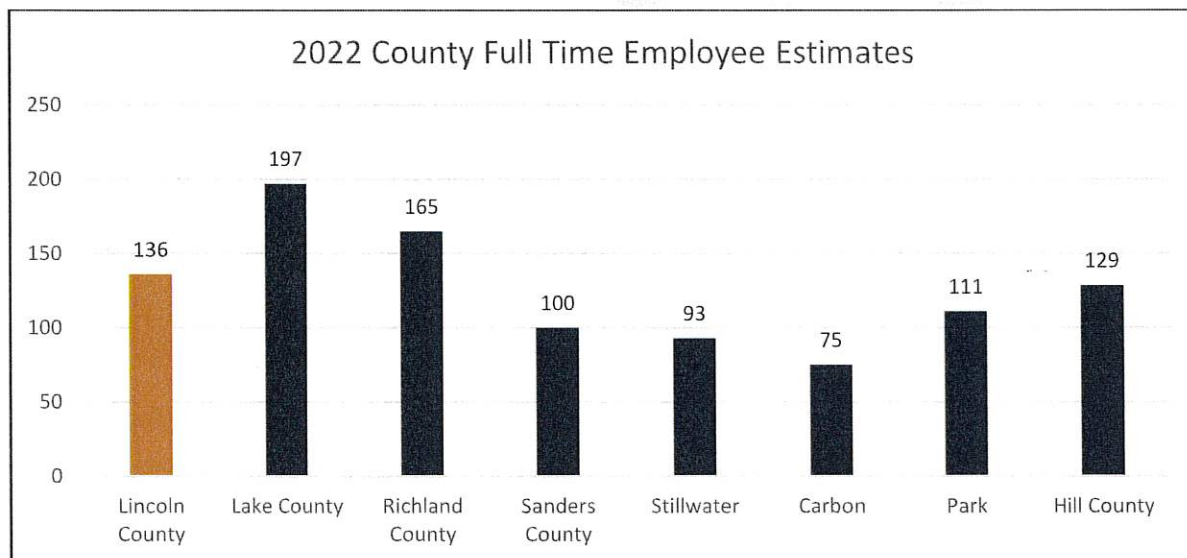
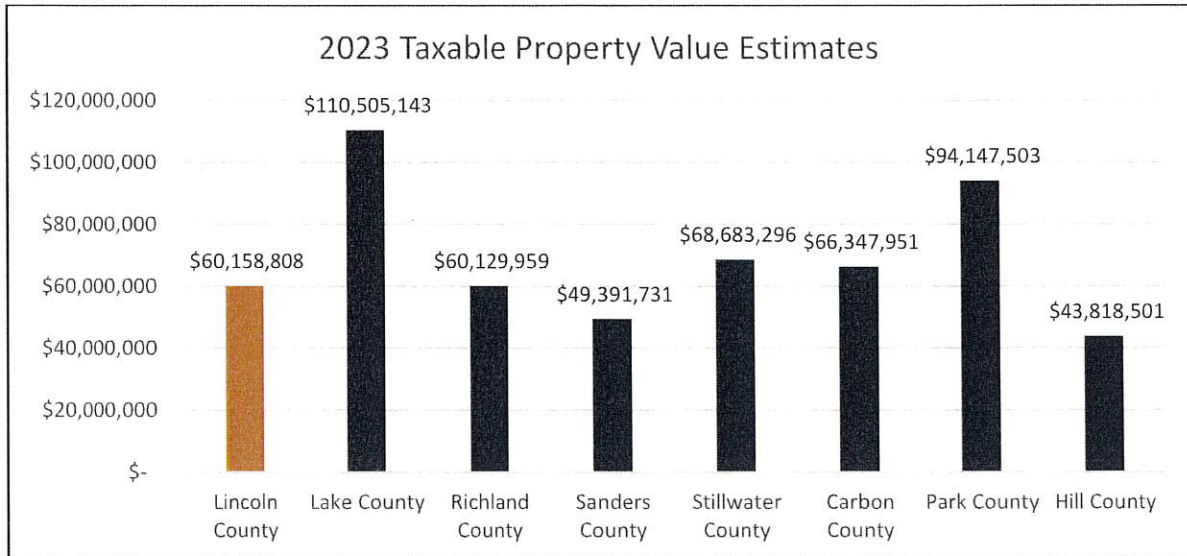
Lincoln County's Fiscal Year 2024 Budget lists the County's Full Time Employees (FTE) at 136. The budget lists the total number of employees based on specific Funding Categories in the following table:

Lincoln County Employee Estimates	
Fund Name	Budgeted FTE (2024)
General	43
Road	21
Public Safety	43
Weed	1
District Court	6
Parks/Rec	4
Library	4
Planning	1
Public Health	2
Solid Waste	11
Budgeted FTE	136

It is difficult to compare a County's full-time employees to other Counties in the state without first comparing population and taxable value. On average, 40% of Montana Counties budget is derived from property taxes. These taxes are used to fund the various services that these employees provide. By first comparing population and taxable value across counties, the FTE ratio to population can then be contrasted.

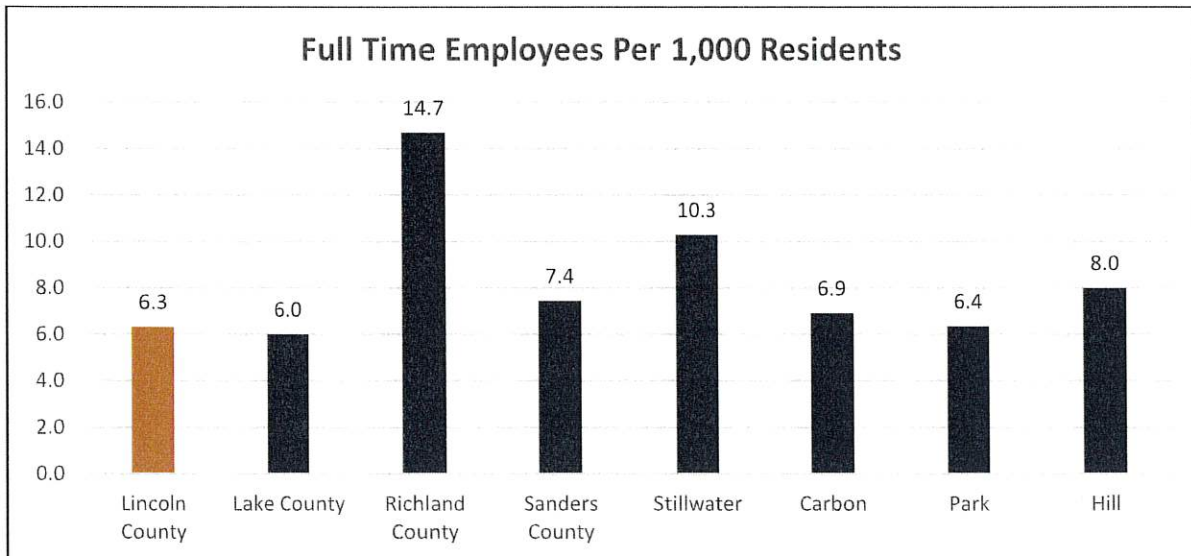
This report uses eight counties, including Lincoln County, as its competitive set for comparison. As the following charts will illustrate, Lincoln County is the second most populous County within the set, the fifth highest taxable value, and the third highest in terms of FTE.





Level of Service Ratio

Lincoln County is middle of the pack when comparing population, taxable value, and FTE to the competitive set. However, to compare Lincoln County's level of service relative to the other counties in the set, this report has developed a ratio between a County's FTE and its current population. The County's budgeted FTE for fiscal year 2024 is divided by its population (reduced by 1000). The following chart illustrates each County's FTE ratio as a means of comparing the County's level of service normalized for population.



The competitive set's average number of full-time employees per 1,000 County residents was 7.2. Lincoln County is currently below this average, with only 6.3 FTE per 1,000 residents. This places Lincoln County second to last within the competitive set, seventh in terms of its level of service ratio. It could be argued that Lincoln County requires more employees to adequately serve its population.

Projecting New Full Time Employees

This report estimates that Lincoln County's population will reach 25,220 residents. If Lincoln County's existing ratio of full-time employees per 1,000 residents remains the same, the County will require ~159 employees by 2030. This is an increase of 23 employees over the next seven years.

However, this report also estimated the average level of service provided by a competitive set of Counties in Montana. In this scenario, the average number of Full Time Employees per 1,000 residents is 7.2. If Lincoln County were to match this ratio by 2030, its total number of employees that year would number 181. This is an increase of 45 employees over the next seven years.

The following section estimates the total square footage range Lincoln County will require given these FTE estimates.

Future Forecast - Lincoln County Full Time Employees 2030		
	Current LOS	Comp LOS
Lincoln County Pop 2030	25,220	25,220
Pop. (Thousands)	25.22	25.22
FTE Per Thousand Residents	159.3	181.0
New Employees	23	45

County Facility Space Forecast

Summary

This section forecast Lincoln County's facility space requirements given its existing space and the County's projected growth. The forecast utilizes industry standards for various government services to estimate the square footage required given the number of employees providing that service. Industry standards are provided by the US Energy Information Administration (EIA).

The analysis found that Lincoln County exhibits a current space deficiency of ~16,000 Square Feet. By 2030, the County's space deficiency will have increased from 37,000 SF to 57,000 SF, depending on projected population and the County's level of service. These estimates are conservative and underscore the fact that Lincoln County's facility space is currently insufficient by industry standards. This lack of space will only become exacerbated as the County continues to grow over the next seven years.

Lincoln County's Existing Facility Space (SF)

This report utilized assessor data, Montana's cadastral website, and staff input to estimate the current amount of building square footage owned by Lincoln. These estimates exclude space that may be utilized but not owned by Lincoln County. The assumption is that County would prefer to locate its departments into buildings it owns and controls.

The analysis found eleven facilities currently owned and operated by Lincoln County. These facilities were found in the Cities of Libby and Troy, and the Town of Eureka. These buildings totaled 244,000 SF. Libby Elementary School and Flathead Valley Community College (Libby Campus) make up 122,000 SF of this total. The County's Road Departments equate to an estimated 39,000 SF, and the Troy and Eureka Public Libraries are estimated to represent another 5,000 SF. This means that Lincoln County's departments in Public Order and Safety, Administrative Services, Health, Planning, Parks and Rec, and other general services are located within the remaining 78,000 SF. These estimates are tabulated below:

Lincoln County Existing Facility Summary	
Lincoln County's Current SF for County Owned Buildings	244,000
SF Dedicated to Schools, Colleges	122,000
SF Dedicated to Road Department/Solid Waste/Weed Control	39,000
SF Dedicated to Troy and Eureka Public Libraries	5,000
County-Owned SF for Services	78,000

Industry Standard Square Feet Per Employee

This report uses information provided by the US Energy Information Administration (EIA), which performs national surveys on how energy is consumed throughout the Country. These surveys include the Commercial Buildings Energy Consumption Survey, which provides various building type's average square footage per employee. This report selected appropriate industry space standards from this survey and included them in the table below:

Employee Per SF Categories	
Source	Recommended SF Per Employee
EIA (Local Government Owned Building)	996
EIA (All Building Averages)	1,138
EIA (Public Order/Safety)	954
EIA (Government Complex)	936
EIA (Public Assembly)	2,222
EIA (Transportation Complex)	1,090
EIA (US Energy Information Administration) Federal Gov.	731
EIA (Commercial Office)	507
Average	1,063
Min.	250
Max	2,222
Analysis Estimate	900

Current Facility Space Demand

This report applied the industry standards for square footage per employee to Lincoln County's current departments and FTEs. EIA standards were selected based on the types of services provided by each County Fund. The estimated square footage required per budget fund based on the industry standard and current number of full-time employees is tabulated below:

Current SF Demand Per Industry Standards			
Fund Name	Budgeted FTE (2024)	Industry Standard SF	SF Estimates Per Fund
General	43	936	40,248
Road	21	1,090	22,890
Public Safety	43	954	41,022
Weed	1	507	507
District Court	6	954	5,724
Parks/Rec	4	507	2,028
Library	4	2,222	8,888
City/County Planning	1	507	507
City/County Health	2	507	1,014
Solid Waste	11	1,090	11,990
Current FTE	136		
Average SF Per Employee		944	
Estimated SF Required (Total)			134,818

This report isolated county services eligible for consolidation to compare the industry standard square footage per service with the County's existing space. The results of this analysis revealed that **Lincoln County exhibits a deficiency of approximately 16,000 SF.**

It is important to note that this estimate excludes the Road Department, Solid Waste, and the Eureka and Troy Libraries. These services were found to have adequate space relative to the EIA's industry standards.

The results of the analysis are tabulated below:

CURRENT SPACE DEMAND ⁴	
COUNTY OWNED-SF FOR DEPT. SERVICES	78,000
General Services SF Demand	40,000
Public Safety SF Demand	41,000
District Court Demand	6,000
Parks/Rec Demand	2,000
Library Demand (Excludes Troy and Eureka)	3,000
County Planning	1,000
County Health	1,000
TOTAL CURRENT DEMAND	94,000
SPACE DEFICIENCY	16,000

Future Facility Space Demand

Although the report finds a space deficiency for Lincoln County's current FTE, this deficiency is expected to increase by 2030. As is described in previous sections, Lincoln County is projected to grow in population over the next decade. This report estimates that the County will reach 25,220 residents by 2030. The county's population growth will necessitate an increase in the County's ability to provide services, which in turn will require the hiring of new employees.

The following table estimates the number of employees Lincoln County will require by 2030 and the level of space this increase will necessitate. This new space is added to the existing deficit to estimate to total new facility space Lincoln County will need by 2030. There are two scenarios that may occur, one in which Lincoln County maintains its current level of service (LOS), and the other where Lincoln County increases its LOS to match that of other counties throughout the state (see the County Employment Section). These scenarios provide a spectrum for estimating the total new facility square footage required by Lincoln County to adequately serve its population by 2030.

⁴ All estimates are rounded.

Future Forecast - Lincoln County Facility Space Demand by 2030

	Existing LOS	Comp. LOS
Lincoln County Pop 2030	25,220	25,220
Pop. (Thousands)	25.22	25.22
FTE Per Thousand Pop. (Current)	159.3	181
Estimated SF Required	143,411	162,900
New Employees	23	45
New Space Required	21,000	41,000
Total Space Required (Current Deficit Plus Future Growth)	37,000	57,000

Lincoln County will require between 37,000 square feet and 57,000 square feet in new facility space for its departments by 2030. This assumes that the County's population continues to grow, and that the County will provide space equivalent to government building industry standards.

Feasibility Evaluation

Summary

This section analyzes four properties within Lincoln County to determine which represents the most feasible location for a facility expansion. As previous sections have demonstrated, Lincoln County's existing facilities are insufficient to meet the demands of their departments and community. The reviewer's site visit revealed aged and outdated structures that were at or over capacity. Staff expressed frustration that the County's existing facilities were inadequate, and in some cases, presenting safety and liability concerns. This report's analysis on County growth and existing space found that Lincoln County has a 16,000 SF space deficiency currently, and that this space deficiency is likely to grow to exceed 37,000 SF by 2030. The County must find property where it can meet these current and future space requirements by developing new facilities for its departments and communities. This requires a feasibility analysis to determine which property yields the greatest likelihood for success.

Staff meetings, public hearings and comments, and interviews with private developers helped identify four possible properties where Lincoln County could locate its future facilities. Each property was then evaluated based on three criteria:

1. **Proximity to Downtown**
2. **Available Space**
3. **Construction Costs**

Meetings with Lincoln County staff and public officials made it clear that any facility expansion should be located close to downtown Libby (the county seat). Locating public services downtown is a sound economic development strategy, as existing businesses benefit from having more activity and employees downtown. The selected property should also be to accommodate the facility's minimum square footage and parking requirements, while also having additional area for infrastructure, drainage, and landscaping. The cost to construct this facility at each property also needs to be compared, as construction costs are arguably the most important feasibility factor. This report utilized market benchmarks, national construction cost indexes⁵, and local development information to estimate the facility's development costs at property.

This report ranked each property within each category, with the most feasible property receiving the highest rank, and the least feasible property receiving the lowest ranking. These rankings were added across categories to produce a feasibility score. The property with the lowest aggregate score is deemed the most feasible location for the County's future facility.

The Asa Wood property received the lowest aggregate feasibility score by this report. From a feasibility perspective, this analysis found the Asa Wood property to be the best option for a future County facility. It is within walking distance of downtown Libby and existing County facilities, it has the requisite acreage and square footage needed to develop a facility large enough to accommodate the County's growth, and the redevelopment of the existing structure is the most cost effective on a per square foot basis. The other properties will require new construction, which is estimated to be about 25% more expensive

⁵ Mortenson, Turner and RS Means Cost Indexes and Estimates were used by this report.

per square foot. These factors make Asa Wood the most feasible development option for Lincoln County. The feasibility scores are tabulated on the following page.

Facility Feasibility Score					
Feasibility Rank	Property	Proximity to Downtown	Available Space	Construction Costs	Total Feasibility Score ⁶
1	Asa Wood School	1	3	2	6
2	Lincoln County Port Authority	3	1	3	7
3	Flathead Valley Community College	2	4	1	7
4	Vacant Land	4	2	4	10

Criteria #1: Proximity to Downtown Libby

Downtown Libby describes the City urban core. This is generally considered the blocks bordering Main Avenue, California Avenue, Mineral Avenue, Montana Avenue, and Louisiana Avenue, between 9th Street and 2nd Street. These properties are predominately zoned “Business”, and include the City’s shops, offices, government services, restaurants, and brewery. Lincoln County’s existing facilities are currently clustered around Libby’s Downtown, as depicted in the Map below:

Downtown Libby and Existing County Facilities



⁶ This scores works like Golf, the lower the score, the better the development option.

It is clear from the map that the Asa Wood building is best located to achieve the County Staff and elected official's goal of locating future facilities downtown. Flathead Valley Community College is slightly removed from the downtown area, but still a short bike ride or walk to the County's existing facilities. The Port Authority property is massive and offers multiple locations for a future County Facility. However, all these potential locations within the Port Authority property are outside City limits. Even if a subdivided parcel were to be annexed into Libby, the future County Facility would be located on the outskirts of the city. The privately owned-vacant parcel south of Libby provides ample acreage and easy access to US Hwy 2. However, this property does not fulfill the goals outlined by the County Staff or the elected officials. Developing the facility at this location would effectively isolate those departments and limit their economic development benefits.

Rankings:

1. Asa Wood Property
2. Flathead Valley Community College
3. Lincoln County Port Authority Property
4. Vacant Land Property

Criteria #2: Available Space

Lincoln County's current facilities require an additional 16,000 SF to meet industry space standards for its various departments. By 2030, this analysis estimates that Lincoln County will require at least an additional 37,000 SF of facilities (although that number could be as high as 57,000 SF). It is critical that the selected property have either a building large enough to accommodate this minimum square footage or have an area large enough to develop a 37,000 SF building on site. The property's area must also be large enough to account for parking, landscaping, internal road networks, utility easements, setbacks, and drainage facilities.

This report estimates that the future County Facility will require at least 127,000 SF of land area. This estimate includes the building envelope, parking, and all other site development considerations. Each potential property was compared against this minimum requirement in the table below:

Feasible Space Analysis							
Property	Acres	Infrastructure Reduction	Min. Building Improvement SF	Min. Parking Space SF	Total SF Required (rounded)	Available SF	Remainder
Asa Wood School	5.4	35%	37,000	56,531	127,000	235,224	108,224
Flathead Valley Community College	3.0	35%	37,000	56,531	127,000	130,452	3,452
Lincoln County Port Authority	398.7	35%	37,000	56,531	127,000	17,368,243	17,241,243
Vacant Land	15.2	35%	37,000	56,531	127,000	663,985	536,985

Lincoln County's Port Authority is the clear winner for this category. With nearly 400-acres available, the property provides more than enough space for a future county facility. Obviously, the county would not utilize the entirety of the Port Authority, and would likely subdivide at least 4-acres to meet its facility space requirements. This study assumes that the land selected would be vacant, and that future building improvements on site would require new construction.

The privately owned vacant parcel south of Libby along US Hwy 2 also provides an excess amount of space for the Lincoln County facility. This property features 15-acres with access to the state highway. This area is large enough to accommodate the facility, its parking, and all site development considerations. Future development would require new construction, however, as the property lacks any existing building improvements.

The Asa Wood property also exhibits the requisite space required to facilitate the County's expansion. With 5.4-acres, this parcel is large enough to accommodate all site development considerations. One unique aspect of the Asa Wood property is that its existing building is large enough to meet the County's future space needs. This report estimates that Lincoln County will, at a minimum, need 37,000 SF of department space by 2030. The Asa Wood building has an estimated 44,000 SF, meaning that the structure would only need to be redeveloped to accommodate this square footage. The area around the property is also large enough for the required parking and site improvements.

Flathead Valley Community College includes two parcels owned by Lincoln County. Taken together, this area is barely enough to accommodate the projected square footage for the facility, parking, and site development considerations. The property's available land area is nearly exhausted when compared to the facility's minimum space requirements. If the County needs to expand the facility beyond 37,000 SF, this property will be unable to accommodate the space requirements. The property could, theoretically, be made to work by going vertical. However, this would further increase costs. Another consideration is that the existing building has less square footage than the County's projected demand. This property would require a hybrid development plan, one that redevelops the existing building while also adding at least 10,000 square feet of new construction.

Rankings:

1. Lincoln County Port Authority Property
2. Vacant Land Property
3. Asa Wood Property
4. Flathead Valley Community College

Criteria #3: Construction Costs

The most important feasibility criterion is the cost of construction. Lincoln County's ability to develop this future facility will depend on its ability to raise capital and fund its construction. It is in the County's best interest to develop a facility that meets its needs, at the lowest price possible.

This report estimates construction costs using a combination of northwest Montana market benchmarks, construction cost databases and indexes, and interviews with local developers. The estimated cost per square foot estimate combines building hard costs with site development costs, soft costs, and overhead fees/profits and contingencies. This report also makes a distinction between new construction costs and redevelopment costs. Redevelopment costs are typically 25% less than new construction costs, especially when comparing site development costs. Redevelopment has the benefit of connecting into existing infrastructure, whereas new construction on raw land must extend infrastructure, utilities, sidewalks, lighting, and other landscaping elements throughout the site. The

following table estimates total development costs, using Asa Woods existing SF (44,000 SF) for all four properties⁷. Flathead Valley Community College assumes that approximately 75% of the existing building could be reused for County offices, and so ~20,000 SF would need to be new construction. The difference in square footage between this facility and Asa Woods is projected below:

Estimating Redevelopment and New Development Costs

Lincoln County, Montana		Asa Wood	Flathead Valley Community College ^a	Vacant Land	Port Authority
CONSTRUCTION COST ESTIMATE (RS Means)					
BUILDING CONSTRUCTION COST (Base Cost)		\$235.00	\$235.00	\$235.00	\$235.00
New Development Adjustment	25%	0%	25%	25%	25%
Inflation Adjustment	45%	45.0%	45.0%	45.0%	45.0%
Location Adjustment	85%	85.0%	85.0%	85.0%	85.0%
INFLATION AND LOCATION ADJUSTED COST		\$289.64	\$362.05	\$362.05	\$362.05
Overhead/Profits/Fees					
General Contractor Reserves	included	--	--	--	--
General Contractor Overhead	included	--	--	--	--
General Contractors Profit	included	--	--	--	--
Developer's Fee/Profit	3%	3.0%	3.0%	3.0%	3.0%
Developer's Contingency	5%	5.0%	5.0%	5.0%	5.0%
ESTIMATED CONSTRUCTION COST PER SF		\$312.81	\$391.01	\$391.01	\$391.01
Estimated Building Costs		\$13,763,574	\$7,820,213	\$17,204,468	\$17,204,468
SITE DEVELOPMENT COSTS					
Site Development Costs per SF of Building: <i>site prep; utilities; pavement; stormwater management; sidewalks; lighting; landscaping</i>		\$25.00	\$50.00	\$50.00	\$50.00
Building sf		44,000	20,000	44,000	44,000
Total Site Development Costs		\$1,100,000	\$1,000,000	\$2,200,000	\$2,200,000
TOTAL DEVELOPMENT COST					
Land (Per Assessor, Tax Exempt is Zero)		\$60,000	\$0	\$110,000	\$0
Site Development		\$1,100,000	\$1,000,000	\$2,200,000	\$2,200,000
Building Construction		\$13,800,000	\$7,800,000	\$17,200,000	\$17,200,000
Tenant Improvements /Other Contingency		\$0	\$0	\$0	\$0
Total Development Costs (Rounded/Estimated)		\$15,000,000	\$8,800,000	\$19,500,000	\$19,400,000
Total Development Cost Per SF		\$341.00	\$440.00	\$443.21	\$440.94

⁷ 44,000 SF was used in this analysis because it is within the potential range of facility space needed by 2030 and allows the redevelopment of Asa to be projected without leaving roughly 7,000 SF unaccounted for.

⁸ FVCC Assumes 20,000 SF of New Construction to achieve capacity requirements.

The construction cost estimates reveal two important considerations for Lincoln County and where it locates its next facility. On a per square foot basis, the Asa Wood Property is the most cost-effective option. Redeveloping this property is estimated to cost approximately \$100 less per SF than the other locations. These cost savings are realized by the fact the existing structure is already gutted and is large enough to accommodate all the County's projected space needs without construction of new buildings. The parcel also features all necessary parking and infrastructure, allowing the site development costs be approximately half of the other locations.

However, the Asa Wood property is not the least expensive option. That title goes to the Flathead Valley Community College location. The community college's existing building could be retrofitted inexpensively for the County's needs. However, this space is not large enough to meet the County's projected facility SF demand, and therefore requires new construction. This report estimates that the Community College facility would need to develop 20,000 SF of new space to meet the County's demand requirements. That new space would cost approximately \$8,800,000 to develop, making Flathead Valley Community College the least expensive option (if the college is willing to vacate the existing facility).

Rankings:

1. Flathead Valley Community College
2. Asa Wood Property
3. Lincoln County Port Authority
4. Vacant Land

Fiscal Funding Strategies

Summary

This section unpacks fiscal funding strategies Lincoln County can utilize to finance its facility expansion. The previous section found the Asa Wood property to be the most feasible location for this future facility expansion. The estimated cost to redevelop this as a county facility, complete with public meeting space, offices, amenities, parking, etc. is \$15,000,000. It will require creative financing and capital stacking for Lincoln County to fund this development. The most probable financial scenario is for Lincoln County to combine Community Development Block Grants, Brownfield Grants, and Municipal Bonding to pay for this capital improvement. Bonding, especially, will represent the main funding source.

Lincoln County's current debt limitation is approximately ~\$112 million. This means that the County, if it elects to do so, can issue bonds to fund the proposed facility expansion. However, bonding a capital improvement is typically funded with property tax generated by voter-approved mill levies. This type of mill levy currently funds Lincoln County's public libraries, ambulance services, senior citizens services, and search and rescue with voter approved mill levies.

A mill levy generates revenue based on the county's current taxable value. Lincoln County's taxable value in 2024 was ~\$60,158,808. After deducting Tax Increment Financing districts from this total, Lincoln County's taxable value for generating property taxes equaled \$59,695,754. This means that each mill yields approximately \$59,696 in annual property tax revenue.

Lincoln County could approve a millage rate and create a new special fund within its budget that generates revenue for capital improvements. This strategy is commonly used by school districts, fire districts, police departments, and other taxing entities when they need to raise capital for a capital improvement. The mill levy pays the debt service on a bond and permits the government entity to fund specific improvements.

In this case, Lincoln County needs to fund a capital improvement that will cost an estimated \$15,000,000. Working with local underwriters⁹, this report has provided an estimate as to how Lincoln County could fund this facility expansion with a voter-approved mill levy and bond. This report also lists outside funding sources, such as grants at the state and federal level, that could further offset the cost of this expansion.

⁹ Bond Terms and Interest Rate provided as an estimate by D.A. Davidson & Co.

Bonding Strategy

The following table estimates the number of voter-approved mills required to finance a \$15,000,000 County Facility. These are only estimates, and terms and rates may change.

Lincoln County Bonding Strategy	
Lincoln County Taxable Value	59,695,754
1-Mill Yield	59,696
Bond Par Amount	\$15,000,000
Term (yrs.)	20.00
Estimated Interest Over Term	\$8,852,750
Estimated Annual Mill Levy	\$1,192,638
Voter-Approved Mills Required	19.98

If Lincoln County were to approve a 19.98 mill levy dedicated to this facility expansion, it would impact property taxes throughout the community. The following table estimates the impact this voter approved mill levy would have on residential properties throughout the County. These estimates project annual and monthly property taxes based on homes values ranging from \$100,000 to \$500,000. The County's current median home value and average home sale price are highlighted.

Estimated Impact on Residential Property Taxes				
	Home Value (Market)	Home Value (Taxable)	Estimated Annual Tax	Estimated Monthly Tax
	\$100,000	\$1,350	\$26.97	\$2.25
	\$200,000	\$2,700	\$53.94	\$4.50
Current Median Home Value	\$212,000	\$2,862	\$57.18	\$4.76
	\$300,000	\$4,050	\$80.91	\$6.74
	\$400,000	\$5,400	\$107.88	\$8.99
Average Home Sale Price 2022	\$424,000	\$5,724	\$114.36	\$9.53
	\$500,000	\$6,750	\$134.86	\$11.24

This bonding strategy's impact on a family that owns a property valued at the County's current median value (per US Census estimates) equates to a \$57.18 increase in property taxes annually. This family would effectively pay \$4.76 more in property taxes per month.

Grant Strategies

The primary funding source for this project will be local financing. However, assuming that Lincoln County is willing to approve a mill levy to fund this capital improvement, it should simultaneously pursue grants to help offset the overall cost of construction. Two grants that the county should evaluate are listed below:

1. Montana Department of Commerce, Community Development Block Grants (CDBG):

Montana's Community Development Block Grant is funding provided to states by the US Department of Housing and Urban Development (HUD) and administered by the State's Department of Commerce. These grants can serve a variety of purposes, from helping communities fund planning activities and documents, to supporting local businesses, to funding public infrastructure and facilities. Although the application of these grants is far-ranging, they have strict rules and are competitive. Lincoln County will need to demonstrate how this new facility will serve low to moderate income individuals in the County in order to be competitive with its application. The following copy is taken from the Commerce Department's website:

Montana's Community Development Block Grants can help local governments fund public facilities and infrastructure, provided that these improvements help serve low-to-moderate income individuals in the community. Public and community facilities projects typically involve either construction or rehabilitation of community infrastructure or a community facility that principally benefit residents whose annual income is below 80% of the area median income published by the US Department of Housing and Urban Development (HUD). CDBG financial assistance can be used for a variety of project-related activities, including but not limited to acquisition, construction, architectural/engineering services, documenting compliance with CDBG requirements, legal work, and grant administration.

2. EPA Brownfields Multipurpose, Assessment and Cleanup (MAC) Grants:

The Asa Wood property is a known Brownfield property that is currently undergoing asbestos remediation. However, this property may qualify for additional EPA Brownfields MAC grants, especially if the private entity were to sell or enter into a lease-purchase agreement with the county. KSU-TAB can provide Lincoln County tools, including grant writing assistance, if one of these grants is identified and can be leveraged for this project.

Recommendations

This report recommends that Lincoln County take the following actions to ensure that this County Facility expansion is successful:

1. Form a Committee/Stakeholder Group

Lincoln County needs to form a dedicated group that can oversee this project and ensure progress is being made. This report recommends that the group is led by an elected official, and its membership includes County Staff, interested residents, and members of the Asa Wood Development Team.

2. Create a Public/Private Partnership

After the Committee has been established, it should begin negotiating a development agreement with the Asa Wood Property Owners (Asa Wood was identified as the most feasible property for this development by this report). This development agreement represents a public/private partnership between the County and the current property owner. Public Private Partnerships are highly effective development strategies that allow the county and the property owner to leverage their unique strengths to make this development possible. This partnership should determine whether the County will purchase the property (thereby making it eligible for Grants) or pursue a lease-purchase agreement where the private developer finances the redevelopment improvements while the County agrees to a long-term lease. In either scenario, Lincoln County will likely have to issue bonds to pay for these improvements.

3. Underwrite the Deal/Target Grants

After the Committee and the Property owner have agreed to specific development terms and agreements, the public private partnership can begin underwriting the development. This report recommends that Lincoln County work with a trusted local bank or municipal financial advisor to model various bond issuances that could fund this capital improvement. It is important that the County knows exactly what impact bonding will have on its finances and on the community. This impact should also be tempered by potential grant funding. The committee should be actively applying for grants to help fund this project and reduce bond issuance amount.

4. Voter-Approved Mill Levy for Capital Improvements

Once a development agreement has been agreed to by the committee and the property owner, and a financial strategy selected after being modeled by the underwriters, Lincoln County will need to appeal to voters to approve a mill levy for the facility. This step will require significant political capital and will need to be articulated clearly to the community.

5. Go Out to Bid

Assuming that the mill levy is approved by voters, the next step is for the Committee to go out to bid for the development. It is essential that the Committee follows state procurement laws and produces a detailed request for proposals (RFP) to help the community select the right design and engineering firms, as well as the right general contractors for this project.