Summary

In 2002, Bozeman, Montana enacted a temporary moratorium on stores over 75,000 square feet. The moratorium allowed City officials to develop guidelines for limiting retail size. The ordinance has been permanently adopted in the Municipal Code for construction beginning March 21, 2003 or later, to limit new construction or expansions to 75,000 square feet. Buildings between 40,000 and 75,000 square feet are subject to design guidelines. Stores as large as 100,000 square feet may eventually be allowed, but they would be charged economic impact fees. Economic impact fees are used to develop the downtown core and improve low-income housing. Currently, economic impact fees are assessed through negotiation with the City Manager. Law does not enforce fees at this time (Eppel 2003). New buildings and upgrades on existing buildings require a recommendation from a Design Review Board.

The downtown retail contains smaller shops, while larger-scale development is grouped on a street outside the downtown core. The community-like feel of the downtown core has been preserved and currently, smaller businesses are thriving (Eppel 2003). Andy Eppel, City of Bozeman’s Director of Planning and Zoning, feels that Bozeman is growing at a rate that can support the large-scale retailers that are located in the city. He states that large-scale and discount retail is the next step in commerce and supporting these businesses is in line with Bozeman’s role as a commerce hub for the area.

The story of Bozeman is relevant to Homer, AK in that it is a scenic town that draws both residents and visitors for its beauty and outdoor recreation. The town maintains a ‘community feel’ by supporting many small, family-owned businesses in the downtown area. Size restrictions on large-scale retail are relatively new to Bozeman, and full economic impact reports are not yet available. However, Bozeman is further along in the process of determining what their overall goals are and how they will maintain desirable aspects of town while continuing to grow in size. They aim to preserve their tourism trade, while simultaneously diversifying their economic base through the addition of new industry (high-tech). Bozeman is larger than Homer but faces many of the same issues of a smaller town wanting to support tourism while maintaining a high quality of life for its residents.

Community Background

Bozeman, Montana is a town of 32,000 people that still feels like a small town. It is the home of Montana State University, which provides a student base of 12,000 people, and has a large number of vacation-homes. The Gallatin and Bridger mountain ranges surround the area and provide a rugged backdrop for this community. Tourists and residents are drawn to nearby Big Sky Ski Area for world-class downhill skiing and to local rivers for blue-ribbon trout fishing. It is near the Yellowstone Headquarters of the Gallatin National Forest, and home to the Museum of the Rockies.
**Location:** Bozeman is part of Gallatin County in southwestern Montana. Yellowstone National Park is 90 miles from town. The Gallatin and Bridger mountain ranges are both within 5 miles of town. The nearest 'large' towns are Missoula (201 miles) and Billings (142 miles). The area spans from a temperate region to snow-capped peaks. Town elevation is 4,793 feet.

**Size:** Current population is 32,000 people. With 3% population growth per year, population is growing consistently. The County Seat of Bozeman encompasses 50,000 people (About Gallatin County 2003).

**Economic base:** Farming, ranching, lumber, tourism, university, new high-tech sector.

**Governing / planning structure:** The City of Bozeman is a City Commission/City Manager form of government with an elected Municipal Judge (City Government 2003). Bozeman has no income tax or sales tax. All governmental income from large-scale retail is collected as property tax and development fees (Eppel 2003). Merchants and developers can work with the City, the Chamber of Commerce and the Design Review Board.

Bozeman is an existing town with growing boundaries. All large-scale retail development is currently located within the town boundaries.

**Socio-economic Background**

**Economic base:**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>23.77%</td>
</tr>
<tr>
<td>Government</td>
<td>23.06%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>17.68%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10.01%</td>
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<tr>
<td>Construction</td>
<td>9.75%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>5.62%</td>
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<tr>
<td>Finance/insurance/real estate</td>
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<tr>
<td>Transportation/communication/utilities</td>
<td>3.82%</td>
</tr>
<tr>
<td>Agriculture/forest/fish</td>
<td>1.09%</td>
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<tr>
<td>Mining</td>
<td>0.27%</td>
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</tbody>
</table>

**Social make up:** (Census 2000)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>94.7%</td>
</tr>
<tr>
<td>American Indian or Alaskan Native</td>
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<tr>
<td>Asian</td>
<td>1.6%</td>
</tr>
<tr>
<td>Other</td>
<td>2.5%</td>
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</tbody>
</table>

**Housing:** (Census 2000)

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renter-occupies housing units</td>
<td>57.1%</td>
</tr>
<tr>
<td>Owner-occupied housing units</td>
<td>42.9%</td>
</tr>
</tbody>
</table>
Position and Actions on Large-Store Retail

In 2002, the city of Bozeman enacted a temporary moratorium to limit retail store development to a maximum of 75,000 square feet. The moratorium enabled the city to come up with a plan for limiting big-box development (New Rules 2003). The moratorium was adopted as an ordinance in February 2003, to begin enforcement March 21, 2003 (See Appendix A: Ordinance 1584 – Municipal Code Amendment). The new ordinance addresses issues such as additional costs on public facilities and services due to large retail development and development inconsistent with community character and future community objectives. The ordinance also addresses outfitting large structures for reuse should the existing store leave the building. Goals include ensuring that “development of additional areas does not degrade the Historic Core of Bozeman” and fostering “a diverse economy that will protect the economic climate for existing businesses” (New Rules). In addition to capping the size of new stores, the ordinance requires “retail developments between 40,000 and 75,000 square feet to meet design and site development standards” (New Rules 2003).

A long-term study of the economic and community impacts of stores over 40,000 square feet will be done in five years. The ordinance will be reviewed and updated at that time. Any existing building in excess of 75,000 square feet may be continued, structurally altered, repaired or reconstructed so long as it is not increased, extended or enlarged beyond the gross floor area of the building that existed before March 21, 2003. “To the extent practicable, the Design and Site Development Guidelines… shall be applied to any alteration, reconstruction, or repair that takes place after March 21, 2003” (See Appendix C: Title 18 Municipal Zoning Ordinance of Municipal Code Section 5, Chapter 18.66.010). The Municipal Code has been updated to state that buildings over 75,000 square feet “shall exceed design criteria and development standards contained in Chapter 18.43 BMC, Entryway Corridor Overlay District,” including the general design objectives and guidelines contained in the adopted or updated Design Objectives Plan” (New Rules 2003). At this time, the Design Objectives Plan is 12 years old and is slated to be updated in the near future (Eppel 2003). A review and recommendation by the Design Review Board will be required as a condition of any site plan approval greater than 40,000 square feet (New Rules 2003).

Ordinance No. 1584 Ordinance 1584 – Municipal Code Amendment includes passages to protect a number of features including (See Appendix A for details):

- “Abandoned buildings are seen as a blight on the community. State Legislature has declared that the prevention and elimination of such areas is a matter of state policy and concern.”

- New municipal ordinances are to comply with the Bozeman 2020 Community Plan.

- Calls for “assurance that development of additional areas does not degrade the Historic Core of Bozeman, and fostering of a diverse economy that will protect the economic stability

The Bozeman Municipal Code (Section 18.04.515) has been amended to describe design review as “the aesthetic evaluation of certain development proposals, including those located in the neighborhood conservation overlay district, entryway overlay district, and all planned unit developments and retail developments consisting of single tenant buildings greater than 40,000 square feet.

Downtown Bozeman
relative to architectural, site, landscape, environmental, urban, and other design matters as specified in this title” (New Rules 2003).

Outcomes

Negotiations over the past year or more have allowed some continued development of large-scale retail. Wal-Mart currently occupies a 120,000 sq.ft. building and has just broken ground for an expansion to a 210,000 square foot Super Center. To gain approval of the expansion, an economic impact fee of $400,000 that was negotiated with the City Manager will be used to promote downtown economic development, to provide a shuttle between the superstore and downtown, and to enhance low-income housing. During the time Wal-Mart has been expanding, Home Depot entered negotiations with the City Manager and will need to pay a $450,000 economic impact fee in addition to standard fees paid for water, sewer, fire, police and other urban infrastructure. Other large-scale retail stores in town include Costco (120,000 sq.ft.) and Target (110,000 sq.ft.).

City of Bozeman Director of Planning and Zoning Andy Eppel says the economy continues to grow in Bozeman and it can support the number of large-scale retailers it has. Their economy is amenity-based and people continue to come to Bozeman for its natural wonders and its recreational playground. Newcomers bring Internet and high tech companies.

According to David Smith, Executive Director of the Bozeman Chamber of Commerce, the opening of Home Depot in January 2003 has not affected two local lumberyards. Ace Hardware business slowed after Home Depot opened. However, when Ace mentioned moving to a larger store outside its downtown location, nearer to the other large retailers, local residents protested the move. Ace stayed in their downtown location, and has thus far been successful in keeping clients by having a reputation for good customer service and a community-like feel (O’Connell 2003). According to Dick Pohl, former Design Review Board member, many downtown businesses are still thriving.

David Smith, Executive Director of the Bozeman Chamber of Commerce says that the Southwest Montana Building Industry Association is pursuing court cases through the Supreme Court to fight impact fees. It claims fees are discouraging development. One landowner sued the city over moratorium-delayed construction of a Lowe’s Home Improvement Warehouse on the landowner’s property. Lowe’s now faces size limitations and Economic Impact Fees.

The City of Bozeman is currently updating its Bozeman 2020 Community Plan. Two important components of the planning process are: “1. inventorying existing community characteristics and features, and 2. public participation” (Bozeman 2020, 2003). At this time, the Design Objectives Plan is slated to be updated in the near future. Two interviewees stated concern over design guidelines, and questioned whether the resultant outcomes where in keeping with the local aesthetic. A long-term study of the economic and community impacts of stores over 40,000 square feet will be done in five years. The ordinance will be reviewed and updated at that time.
References


Eppel, Andy, City of Bozeman Director of Planning and Zoning. Telephone interview, April 2003.


O’Connell, Anna. Personal interview, April 2003.


Smith, David, Executive Director, Bozeman Chamber of Commerce. Telephone interview.

Appendices

Appendix A: Ordinance 1584 – Municipal Code Amendment

Appendix B: Title 18 Municipal Code Zoning Ordinance
   - Chapter 18.42 Neighborhood Conservation Overlay District
   - Chapter 18.43 Bozeman Entryway Corridor Overlay District

Appendix C: Title 18 Municipal Zoning Ordinance
   - Chapter 18.51 Design Review Board (DRB), Administrative Design Review (ADR) Staff and Development Review Committee (DRC)

Note: Important chapters of the Bozeman 2020 Community Plan are included in the Extended Resources delivered with this document, including Chapter 1: Dealing with Change, Chapter 2: Community Quality, and Chapter 7: Economic Development.