

## CONTRACT SERVICES AGREEMENT

This Agreement is made and entered into this 13th day of April, 2009, by and between the City of Billings, a Montana Municipal Corporation, hereinafter referred to as the "City", and the Downtown Billings Partnership, Inc., a Montana not-for-profit Corporation, hereinafter referred to as the "Partnership".

### WITNESSETH

WHEREAS, the City has duly adopted an urban renewal plan for the North 27<sup>th</sup> Street Urban Renewal Area pursuant to Title 7, Chapter 15, Part 42, MCA, the Urban Renewal Plan; and,

WHEREAS, the City has duly approved the use of tax increment financing for the Urban Renewal Area pursuant to Title 7, Chapter 15, Part 42, MCA, the Tax Increment District; and,

WHEREAS, the City has approved the Downtown Billings Framework Plan and incorporated all or a part of the Framework Plan into the Urban Renewal Plan for the Urban Renewal District, and is a voting member of the Partnership which was formed to oversee, coordinate and implement the Framework Plan and Urban Renewal Plan; and,

WHEREAS, the City wishes to contract with the Partnership for the performance of certain services and tasks related to the Urban Renewal Plan and the Downtown Billings Framework Plan.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. **Work Plan.**

The Partnership shall perform the work plan described in Exhibit A, which is attached hereto and by this reference incorporated herein. **The work plan may be amended annually as mutually agreed to by the parties.**

2. **Term of Agreement.**

This Agreement is for the period July 1, 2009 through June 30, 2010. This Agreement will **automatically renew for additional one-year periods** unless terminated by either party, with or without cause, upon issuance of sixty (60) days written notice that the agreement will be terminated. **The terms and conditions of the Agreement may be amended as mutually agreed to by the parties.**

### 3. Compensation.

The City shall budget and pay to the Partnership for services rendered, as outlined in **Exhibit B - "Expenditures DBP Operations"**. Payment shall be made from N. 27<sup>th</sup> Street tax increment funds and shall be paid quarterly, in advance. If there are insufficient funds in the N. 27<sup>th</sup> Street tax increment account, the City may make payment to the Partnership in arrears when unencumbered funds do become available within the N. 27<sup>th</sup> TIF account, without penalty and without interest charges. The City shall have authority to approve the annual Operations Budget of the Partnership.

### 4. Reports.

The Partnership shall provide quarterly verbal and written progress reports to the City in September, January, April and July, of each year and will provide additional copies of the written report to School District 2 and Yellowstone County.

An Annual Report shall be provided to the City each July with information regarding the operational and financial activities of the Partnership consistent with Montana Code Annotated Section 7-15-4237.

### 5. Grants and Loans of TIF Moneys.

The Partnership shall engage in predevelopment discussions with private development entities pursuant to the goals of the Urban Renewal Plan.

The Partnership shall facilitate development with the assistance of appropriate City staff.

The Partnership shall write and submit all Development Agreements and loans of TIF money to be presented to the City for approval by the City Council.

The Partnership shall manage the implementation of approved Urban Renewal Projects, prepare verbal and written reports to the City regarding these projects and facilitate and submit appropriate payment request letters to the City.

All grants and loans shall be itemized in the Partnership's quarterly reports and Annual Report.

### 6. Political Activity.

No City Funds may be used for political purposes including support or opposition of political candidates or support or opposition of any legislative action.

**7. Project Administration.**

Any project to be funded by TIF dollars which, in the opinion of the City Administrator or designee, will become the responsibility of the City through ownership, maintenance or any other reason, shall involve the appropriate City departments beginning at the planning phase and through completion. Where practical, such projects shall be administered by the City with input and guidance from the Partnership.

The Partnership shall administer all grant, loan, incentive and funding programs in accordance with program guidelines approved by the City Council and is authorized to execute agreements and documents in accordance with the approved program guidelines.

City of Billings

Downtown Billings Partnership, Inc.



Ron Tussing, Mayor



Partnership Board Member

Attest:

Cari Martin  
Cari Martin, City Clerk

**EXHIBIT A**

**FY 2010**

**DOWNTOWN BILLINGS PARTNERSHIP, INC.**

**JULY 1, 2009 – JUNE 30, 2010**

**URBAN RENEWAL WORK PLAN**

***N. 27<sup>th</sup> Tax Increment District***

1 **EXECUTIVE SUMMARY**

2

3 **Description of the Corporation**

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5 In November 1998 the DBP executed a management agreement with the City of Billings to  
6 perform numerous revitalization activities and services within the City's Downtown Tax Increment  
7 Financing District (TIFD). In 2005, the Billings City Council approved the creation of a new Urban  
8 Renewal Tax Increment District known as the N. 27<sup>th</sup> Tax Increment District. This TIFD was  
9 expanded in 2007 and once more in 2008. In 2008, the original Downtown TIFD expired but urban  
10 renewal activities related to that district and the Downtown Framework Plan continue.

11

12 The DBP continues to focus on the administration of and participation within a functioning  
13 "downtown alliance" organization that promotes downtown as a safe, attractive, affordable and  
14 desirable neighborhood in which to conduct business, shop, celebrate the community and live. It  
15 has also worked diligently to provide opportunities for involvement by individuals and groups that  
16 have an interest in downtown.

17

18 The Board of Directors of the Downtown Billings Partnership may contain up to 15 members and  
19 represents eight downtown organizations and there are five at-large members. The downtown  
20 property owners are organized via the Council approved Business Improvement District (BID) (a  
21 501 (c) (3)) and have promoted specific actions or projects and continue to provide "Clean, Safe  
22 and Vibrant" services to our downtown. Using a footprint larger than the BID and corresponding  
23 to the boundaries of the N. 27<sup>th</sup> TIFD, the downtown property owners have formed another 501 (c)  
24 (6) corporation to represent the property owners currently not within the BID. The downtown  
25 cultural institutions continue to work together, under the umbrella of the Billings Cultural Partners,  
26 and the merchants are organized by the Downtown Billings Association (DBA). As of 2007, the  
27 DBP, the BID and the DBA have shared resources under the term "Downtown Alliance" to cut  
28 costs, streamline management and further the missions of all three organizations. The media  
29 continues coverage of downtown events and people. Enthusiasm for the downtown seems to be  
30 building and with organizational issues now clearer, the DBP plans a fruitful fiscal year that will  
31 result in continued urban renewal and tax base stability and growth.

32

33 **Mission Statement**

34 The mission of the DBP has been and continues to be simply stated, "Revitalize Downtown  
35 Billings!" Our goal requires us to serve as an umbrella organization covering the member  
36 partners and a liaison between the private sector and the City of Billings and other governments  
37 and organizations.

38

39 **Products and Services**

40 The DBP serves the community and works towards the ultimate goal of increasing the taxable  
41 value of all of our Tax Increment Districts. Via the Urban Renewal Law the DBP proposes that  
42 Fiscal Year 2010 will see continued of implementation of all of the identified legacy projects  
43 proposed in FY2008 as part of the now sunset Old Downtown TIFD:

- 44 • A renovated Northern Hotel
- 45 • A renovated Babcock Theater Building
- 46 • A new Federal Courthouse
- 47 • Installation of a Railroad Quiet Zone

48

49 **The DBP plans to begin or continue working with City staff and departments on:**

- 50 • A Stockman Bank Building at 4<sup>th</sup> and Broadway
- 51 • Further study and implementation of results of the City Parking Study, 2009
- 52 • A possible lodging property at 6<sup>th</sup> and Broadway
- 53 • Facilitation and initial site development for a new Federal Office Building
- 54 • New and expanded parking near the Courthouse, Northern Hotel, and Montana  
55 Avenue.
- 56 • Continued study and development of street level businesses (retention and  
57 recruitment)
- 58 • Continued enhancements of traffic and pedestrian flow and access
- 59 • Expansion of the Historic District

60

61 **Financial Forecast**

62 Since 1998, the DBP has encouraged investment of 1976 TIFD dollars (City Fund 202) and  
63 reaped a return that has resulted in private investment exceeding \$50 million. Through FY2010  
64 and beyond, the DBP intends to develop and administer programs, incentives and projects for the

65 new city center urban renewal district. The DBP forecasts continued private investment in  
66 downtown Billings in significant amounts that could equal the past 11 years within the first 3.

67

### 68 **Funding Requirements**

69 For FY2010, the DBP proposes an operations budget (see exhibit B) of \$158,580.00. This is a  
70 27.9% reduction from FY2009. Further, the DBP proposes expending any and all previous year  
71 carryover balances as part of their FY2010 budget. This would require TIFD participation in the  
72 amount of equal to \$98,580.00.

73

74 As part of the efficient and successful operation of a downtown information hub and alliance, the  
75 DBP operations budget includes a 1/3 participation in the overhead costs of the downtown office  
76 shared with the Downtown Business Improvement District and the Downtown Billings Association.  
77 It would be a detrimental financial burden to the BID and DBA, at this time, to absorb the costs  
78 assigned to the DBP.

79

### 80 **HISTORY AND POSITION TO DATE**

81 Since 1998 the Downtown Billings Partnership has been assisting the City of Billings with  
82 management services related to Tax Increment Financing Urban Renewal Districts.

83

### 84 **The Partnership's Activities and Services**

85 In order to continue the implementation of the Downtown Framework Plan, leverage investment of  
86 the Tax Increment Funds, and maintain an organization that will administer the activity and public  
87 sector improvements in the Downtown area beyond well beyond 2010. The DBP activities include  
88 but are not restricted to:

- 89 • Administer, manage and develop programs that will increase property values within  
90 the N. 27<sup>th</sup> St. TIFD
- 91 • Attract and locate new or relocated businesses within the N. 27<sup>th</sup> St. TIFD
- 92 • Retain and assist current business and commercial activity found within the N. 27<sup>th</sup>  
93 St. TIFD
- 94 • Support and implement the creation of new housing units within the N. 27<sup>th</sup> St.  
95 TIFD
- 96 • Support and maintain the current events and activities that take place within the  
97 TIFD and develop new regional and local events that attract conventions, tourists

- 98 and visitors through the implementation of the Streets and Events Kit of Parts as  
99 outlined in the Framework Plan.
- 100 • Work with the Parking Advisory Board and the City of Billings Parking Division to  
101 further study and implement Parking Study (2009) plans and recommendations
  - 102 • Assist the Business Improvement District with expansion and the development and  
103 implementation of the Business Watch program
  - 104 • Continue to assist the City with various current Development Agreements and  
105 Public Works projects, including the Railroad Quiet Zone
  - 106 • Assist GSA with the development of a new Federal Courthouse and leased office  
107 building.
  - 108 • Involve the City of Billings staff in the creation and implementation of Requests for  
109 Proposals for TIFD funded projects.
  - 110 • Work with the City of Billings to develop a project plan for the N. 27<sup>th</sup> TIFD that  
111 could include Tax Increment Financing Bonds issued by the City of Billings.
  - 112 • Market the programs, projects and potential investment opportunities found within  
113 the TIFD to the local, state, and regional audience and beyond.
  - 114 • Work with the City of Billings to begin the implementation of public infrastructure  
115 improvements required in the N. 27<sup>th</sup> St. TIFD
  - 116 • Continue to study traffic flow including vehicles and pedestrians
  - 117 • Explore alternate transportation modes and connect the new MET transfer center  
118 to City Center activities
  - 119 • Continue to implement and develop program applications, formats, materials and  
120 criteria that adhere to the Framework Plan, the Urban Renewal Plans of both  
121 TIFDs and practice a fair, unbiased approach that identifies and addresses any  
122 potential conflicts of interest.

123

## 124 **Management Team and Key Personnel**

125 The DBP will continue to maintain an "Info-Hub" office at 2815 2<sup>nd</sup> Ave. North and attempt to  
126 become the "one-stop-shop" for downtown revitalization and redevelopment. In addition, the DBP  
127 will assist with the facilitation of services, activities and responsibilities of all partner organization  
128 staff members as it relates to the implementation of urban renewal plan and this Work Plan. This  
129 requires working closely with partner organizations, including the BIRD as it relates to the  
130 connections of the East Billings Urban Renewal District and the N. 27<sup>th</sup> District. In an effort to

131 maximize staffing management and potential while maintaining streamlined operations, the DBP  
132 will assist the operations of the Business Improvement District as well as the Downtown Billings  
133 Association.

134

135

## 136 RESEARCH AND PLANNING

137

138 The DBP continues to implement and follow the plans, timetables, and observations detailed in  
139 the following documents:

140 The Downtown Framework Plan, 1997

141 The Urban Design Sketchbook, 1998

142 The Market Potential For Housing in Downtown Billings, 2001

143 Downtown Billings Retail Market Thematic and Spatial Retail Clusters, 2002

144 Railroad Quiet Zone Study, 2005-2006

145 Downtown Billings Partnership Report of Goal Planning, 2004

146 Wayfinding Plan, 2006

147 The City Parking Study, 2009

148 The EBURD Master Plan, 2009 (as it relates to the transition from the N. 27<sup>th</sup> TIFD)

149

## 150 Economic and Social Factors

151 Globally, people are locating in and relocating to cities that offer the best living experiences and  
152 diverse amenities. Vibrant city centers with a neighborhood feel, mix of businesses, civic and  
153 government outlets, and cultural and entertainment adventures are a must. The demographics  
154 that comprise this "Urban Tribe" are projected to grow by over 12 Million people in the next 10  
155 years.

156

## 157 Competitive Environment

158 As the City of Billings continues to expand, promotion of and development within the core of the  
159 community becomes increasingly unattractive and unaffordable without projects and programs  
160 designed to "level the playing field." Projects and programs offered by the DBP in no way  
161 discourage development outside of the TIFD. Instead, they offer competitive options that will  
162 attract all levels of development. The economic impact of a valuable and productive and densely  
163 populated downtown has a multi-fold impact on the community as a whole. As downtown

164 property values rise, revenue increases to the community overall without much increase in  
165 demand for services and infrastructure. Conversely, as downtown property values decrease, the  
166 strain on a growing city budget prompted by service requirements and infrastructure demands of  
167 growth areas, are not supported. Downtown has been financially supporting our City government  
168 for 125 years and with caring management of resources, it can sustain that high level of support  
169 for another 125!

170

### 171 **Long-Term Opportunities**

172 Beyond 2010, the redevelopment of the East TIFD will provide housing, lodging, entertainment  
173 and industrial opportunities that can enhance the economic viability of the entire region and the  
174 DBP will plan to assist that continued growth. The remaining blight in the core of downtown will be  
175 tackled by the N. 27<sup>th</sup> TIFD and could, over time, double the overall taxable value of downtown  
176 again. The DBP has the opportunity to "fine-tune" a management and administration structure that  
177 will maintain the public improvements to the downtown and continue to manage the assets  
178 developed through public and private investment.

**EXHIBIT B - DBP OPERATIONS/PROJECTS BUDGET FY2010**

*Approved by DBP Board February 27, 2009*

<b>PROPOSED N. 27TH TIFD DISTRICT FY 2010 BUDGET</b>	
Estimated Cash Balance as of 6/30/09 - Tax Year 2009	\$134,870.00
Projected Increment - Tax Year 2009	\$80,000.00
<b>TOTAL FUND</b>	<b>\$214,870.00</b>
<b>Expenses</b>	
DBP Management Services	(\$28,580.00)
Approved FY2009 Project Encumbered	(\$15,000.00)
Council Approved TIFD Projects	(\$75,000.00)
Other Service Charges	(\$9,000.00)
<b>BALANCE</b>	<b>\$17,290.00</b>

	<b>Tax Year 2008</b>	<b>Tax Year 2009</b>
<b>Current FY -</b>		
	<b>FY2009</b>	<b>FY 2010</b>
Carryover Balance	\$80,000.00	\$80,000.00
From City - Fund 202 - Old TIFD	\$220,000.00	\$0.00
From City N. 27th TIFD Fund	\$0.00	\$98,580.00
BIRD Management Contract	\$0.00	\$2,000.00
<b>INCOME TOTAL</b>	<b>\$280,000.00</b>	<b>\$180,580.00</b>
Staffing & Occupancy (Alliance)	(\$142,000.00)	(\$130,529.00)
Professional Services	(\$30,000.00)	(\$11,951.00)
Postage	(\$4,000.00)	(\$2,000.00)
Annual Audit	(\$5,000.00)	(\$7,000.00)
D & O Liability Insurance	(\$2,000.00)	(\$2,100.00)
Travel	(\$13,000.00)	(\$5,000.00)
Street Expenses	(\$5,000.00)	(\$2,000.00)
Severance	(\$19,000.00)	\$0.00
<b>Balance</b>	<b>\$80,000.00</b>	<b>\$0.00</b>