

## 27<sup>th</sup> Street Partnership

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April 6, 2011

City of Billings- Community Development  
Brenda Becket  
P.O. Box 1178  
510 North Broadway  
Billings, MT 59103

RECEIVED  
APR 08 2011  
CITY OF BILLINGS

RE: Offer to purchase- Billings Original Town 613, Block 184, Lots 3, 4, 5 & 6

Dear Brenda,

This letter is an offer to purchase four vacant lots at 516 and 518 South 26<sup>th</sup> Street owned by the City of Billings- Community Development. In particular, Billings Original Town, Block 184, Lots 3, 4, 5 & 6 (Tax codes A01233 and A01234).

We own the block directly south of these parcels containing the Montana State Department of Justice Building. This is a privately owned building leased to the State of Montana, thus generating substantial property taxes. One of our tenants, the Montana Highway Patrol, has out grown its radio shop and is in need of a larger facility. We believe, along with the Montana Highway Patrol, that this location across the street to the North would best suit their needs. We are excited to pursue this new facility because it is difficult to attract new businesses to locate or expand in this area making development opportunities in this part of Billings extremely limited.

This project meets the goals of redevelopment of the South 27<sup>th</sup> Street corridor. The new radio shop would provide a viable long range productive land use, as well as returning the property to the tax roll. The radio shop is used to install and service MHP Patrol car radios, lights and other required law enforcement customizations. Currently limited work space only allows for 1 radio tech to work at a time. The new shop will allow for multiple cars being worked on at a time, thus allowing the MHP radio techs to be more efficient and have less down time on cars waiting for repairs or service.

The properties do not have curb and gutter, city sidewalk or asphalt at the edge of the street. Estimated expenses required to install these city required improvements would be about \$7400.00. There will also likely be considerable cost in storm sewer work, in city right of way, not included in the costs below.

Curb & Gutter- 70' x \$18	\$1250
Approach- 30'	\$2500
City Sidewalk 500 sq ft x \$2.50	\$1250
Asphalt- 100' x 12' (1200 sq ft)	\$2400
Estimated expense:	\$7400

As we discussed in a previous conversation, this property purchase would qualify for a 10% discount for a cash sale under the South 27<sup>th</sup> Street Development incentives.

Land (14,000 sq ft):	\$35,000.00	(= \$2.50 / sq. ft.)
-10% Cash Incentive:	<u>- \$3500.00</u>	
Cash price :	\$31,500.00	(=\$2.25 / sq. ft.)

Taking into consideration the current market, location of the property, improvement expense and other factors we offer the City of Billings \$31,500.00, in one full immediate payment, for Lots 3, 4, 5 & 6, Block 184 of Billings Original Town (14,000 sq ft).

Our cost to bring the property to current city requirements (curb & gutter, city sidewalk and street asphalt) is estimated conservatively and puts our land cost at \$2.78 per sq ft. with this offer.

In addition to, but not as a requirement of the above offer, we would make a second offer to purchase Lots 1 & 2 of block 184. This property is not essential for our project, and would be developed into additional parking. The benefits to the city in selling this property is that because of its smaller size, land use is limited, it would return to tax roll, improvements would be made and the property would be developed. The lots have a frontage of 140' that would require new curb & gutter, city side walk and street asphalt. For the size of the property and amount of roadway frontage, city improvement expense is very high. Cost of improvements is estimated at \$7630.00. This adds \$1.70 per sq ft to the land cost. We request that the city allows a credit of ½ of these improvement costs towards the purchase price. At this point, this property would not generate any additional income for us, but as a current land owner in the area, we have an interest in improving the area.

Land (4500 sq ft):	\$ 11,250.00	(= \$2.50 / sq. ft.)
Improvement Allowance ( ½ estimated cost)	<u>- \$3815.00</u>	
Sub-Total:	\$7,435.00	
-10% Cash Incentive:	<u>- \$743.50</u>	
Cash Price:	\$6,691.50	(=\$1.49 / sq. ft.)

Taking into consideration the current market, location of the property, improvement expense and other factors we offer the City of Billings \$6691.50, in one full immediate payment, for Lots 1 & 2, Block 184 of Billings Original Town (4500 sq ft).

Our cost to bring the property to current city requirements (curb & gutter, city sidewalk and street asphalt) is estimated conservatively and puts our land cost at \$3.18 per sq ft. with this offer.

We also request your support of land use as we apply for South 27<sup>th</sup> Street Permit Zoning District approvals.

Thank you,

Victor Reichenbach  
27<sup>th</sup> St Partnership- Partner

Todd Reichenbach  
27<sup>th</sup> St Partnership- Partner