

DBP Board Agenda Item **3a-i** Stockman

TITLE: Stockman Bank TIFD Assistance Application  
 COMMITTEE: Development Committee  
 PRESENTED BY: Staff on 10/28/11

**PROBLEM/ISSUE STATEMENT:** Stockman Bank has almost completed development of the 4<sup>th</sup> and Broadway corner emphasized in the N. 27<sup>th</sup> St. Urban Renewal Plan. This development has been a priority of the DBP since 2005 and Stockman has been awaiting decisions on parking and library development to complete their planned project for this corner.

The development has a potential of well over \$13 Million in construction and new development value to the district if all floors are finished at the same time. Currently, Stockman is negotiating with a local office tenant for occupancy of the upper floors, if an agreement can be reached soon, all of the building will be complete by the end of this calendar year with full occupancy.

The project has buried utilities in the alley, reinvented the streetscape landscape and lighting and added significant private parking to the area. All of these expenditures are qualified under the Montana Urban Renewal Code.

**FINANCIAL IMPACT:** Stockman Bank Total Project Budget:

**PROJECT COSTS**

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**Land and Site Improvements (Itemized)**

1	Equity in Land and Buildings	\$ 1,822,000	
	Subtotal		\$ 1,822,000

**Construction/Rehabilitation Costs (Use general construction trade divisions)**

1 Demolition and Abatement:			
	Power Line Relocate	\$ 8,581	
	Abatement and Mobilization	\$ 18,450	
	Demolition and Excavation	\$ 80,081	
			\$ 107,112
2 Underground Utilities:			
	Integra Telecom	\$ 27,000	
	Northwestern Energy	\$ 162,000	
	Bresnan	\$ 4,076	
	Qwest	\$ 10,000	
			\$ 203,076
3 Landscaping and Parking:			
	Landscaping/Irrigation/Pedestrian Lighting/Paving	\$ 113,770	
	Decorative Sidewalks	\$ 25,000	
	Alleyway Improvements	\$ 16,800	
	Landscaping/Irrigation/Pedestrian Lighting/Paving Expansion after July 2012	\$ 165,000	
			\$ 320,570
	<b>SUBTOTAL - Request for TIF Reimbursement</b>		<b>\$ 630,758</b>
	All Other Construction Costs including Architectural		
4	Design	\$ 11,328,922	
5			
6	Subtotal		\$ 11,959,680

**Total Project Development Costs** \$ 13,781,680

**Expense Reimbursement - TIFD Request from Stockman Bank:**

As noted in the Financial Impact analysis, Stockman Bank has or will expend \$630,758.00 on TIF qualified improvements.

**This project should grow the district:**

	<b>\$ 13,500,000.00</b>	<b>Assessed GROWTH VALUE</b>
<b>X</b>	<u>0.84</u>	<b>Discount on Commercial Property</b>
	<b>\$ 11,340,000.00</b>	
<b>X</b>	<u>2.82%</u>	<b>Taxable % Rate</b>
	<b>\$ 319,788.00</b>	<b>Estimated Taxable Value of Improvements</b>
<b>X</b>	<u>0.62300</u>	<b>MILLS</b>
	<b>\$ 199,227.92</b>	<b>Estimated Increment Generated by Improvements</b>

The \$630,758 request, if approved, could be paid to Stockman in annual payments that would allow for Stockman to evaluate the impact to tenant improvement expenses and not become a burden to Fund 203.

**Resolution:**

The Board, by unanimous vote, with one abstention, approved TIF reimbursement for qualified expenditures up to **\$630,000.00** to be paid to Stockman over a period of years following completion of the project and submission of paid invoices related to the qualified expenditures. The Board instructed the staff to draft a Development Agreement and submit it to the City Council for approval.