



**CITY ZONING COMMISSION**  
**AGENDA-Tuesday, August 4, 2015, 4:30 p.m.**  
**Miller Building, 1<sup>st</sup> Floor Conference Room**  
**2825 3<sup>rd</sup> Avenue North, Billings, Montana**

NOTICE TO THE PUBLIC

Public Comment:

There will be a Public Comment Section as noted on the agenda. This is the time members of the public may comment on any item not appearing on the agenda. Under State law, matters presented under this section cannot be discussed or acted upon by the Zoning Commission during this time. For items appearing on the agenda, the public will be invited to make comments at the appropriate time. It is very important to speak clearly, and state your name and address for the record. Please limit your comments to three (3) minutes or less.

**Call the meeting to order.**

**Introduction of City Zoning Commission Members and Planning Department Staff.**

**Public Comment**

**Disclosure of any Conflict of Interest-Members of the Commission and Staff**

**Disclosure of an Outside (Ex Parte Communication)-Members of the Commission and Staff**  
**a. The Exparté Communication Binder is available at the Sign-In and Agenda Station.**

**Regular Business:**

**Approval of Minutes: July 7, 2015**

**Public Hearings:** Reading of rules for the procedure by which the public hearings will be conducted.  
Reading of notices of the public hearings on the following items:

5. a. **Item #1 - City Special Review #930 – 4010 Montana Sapphire Drive – Beer & Wine License with gaming** – A special review request to locate a beer & wine license with gaming for a new Dotty’s Casino, a 4,000 square foot tenant space in a proposed new 10,502 square foot building with a 108-stall parking lot and landscaping in an Entryway Light Industrial (ELI) zone on Lot 8C, Block 1 of Montana Sapphire Subdivision a 1.939 acre parcel of land. Tax ID: A34623.

5. b. **Item #2 - City Zone Change #938 – East of 54<sup>th</sup> St West on Grand Peaks Drive** – A zone change request from Residential 9,600 (R-96) to Residential 7,000 (R-70) on Lot 1, Block 5 and Lot 5, Block 2 of Grand Peaks Subdivision a 7.8 acre parcel of land. The applicant conducted a pre-application neighborhood meeting on June 24, 2015, at the King of Glory Lutheran Church, 4125 Grand Avenue. Tax ID: A33956 & A33960
5. c. **Item #3: City Zone Change #939 – Exposition Gateway Overlay District** – An amendment to the Unified Zoning Regulations pertaining to the development of land within the Exposition Gateway Area of the East Billings Urban Renewal area generally located east of N 10<sup>th</sup> Street to Exposition Drive and from 6<sup>th</sup> Avenue North to 1<sup>st</sup> Avenue North. The district overlay will not change the underlying zoning but will provide for enhanced site development requirements and restrict some industrial uses. The Yellowstone County Board of Planning initiated the amendment on June 23, 2015.

## **Other Business/Announcements**

### **Adjournment**

**The City Council** has designated **Monday, August 24, 2015**, at 6:30 p.m. in the City Council Chambers as the time and place to hear testimony for or against the special review use and zone changes.

Before taking any action on an application for a **special review use**, the City Council shall first consider the findings and recommendations of the City Zoning Commission. In no case shall the City Council approve a special review use other than the one advertised. The City Council shall take one of the following actions on these Special Review requests: 1) approve the application; 2) conditionally approve the application; 3) deny the application; 4) allow withdrawal of the application; or 5) delay the application for a period not to exceed thirty (30) days.

Before taking any action on an application for a **zone change**, the City Council shall first consider the findings and recommendations of the City Zoning Commission. In no case shall the City Council approve a zone change other than the one advertised. The City Council shall take one of the following actions on the zone change requests: 1) approve the application; 2) deny the application; 3) allow withdrawal of the application; or 4) delay the application for a period not to exceed thirty (30) days.

As provided in Montana Code Annotated, Section 76-2-305(2), in the event of a protest petition against such **zone change** signed by the owners of twenty-five (25) percent or more of: (1) the area of the lots included in any proposed change; or (2) those lots or units, as defined in MCA 70-23-102, **one hundred fifty (150) feet from a lot included in a proposed change**, such proposed amendment shall not become effective except by the favorable vote of two-thirds ( 2/3) of the present and voting members of the city council. For purposes of this protest provision interest in the common elements of the condominium, as expressed in the declaration, included in the calculation of the protest. If the property, as defined in 70-23-102, spans more than one lot, the percentage of the unit owner's undivided interest in the common elements must be multiplied by the total number of lots upon which the property is located. The percentage of the unit owner's undivided interest must be certified as correct by the unit owner seeking to protest a change or by the presiding officer of the association of unit owners. The protest petition must be received in the Planning Division office by 5:00 p.m. on the Friday preceding (August 21, 2015) the first reading of the amendment by the City Council.

The Zoning Commission and City Council will hear all persons wishing to speak relative to the proposed special review and zone change. Testimony regarding the above mentioned items may also be submitted in writing to the Planning Division, 2825 3<sup>rd</sup> Avenue North, 4<sup>th</sup> Floor, Miller Building, Billings, MT 59101 (247-8676) or to the Mayor and City Council, P.O. Box 1178, Billings, MT 59103.

The Zoning Commission and City Council will hear all persons wishing to speak relative to the proposed special review uses. Testimony regarding the above mentioned items may also be submitted in writing to the Planning Division, 2825 3<sup>rd</sup> Avenue North, 4<sup>th</sup> Floor, Miller Building, Billings, MT 59101 (247-8676) or to the Mayor and City Council, P.O. Box 1178, Billings, MT 59103.

Additional information on any of these items is available in the Planning and Community Services Office. Public hearings are accessible to individuals with physical disabilities. Special arrangements for participation in the public hearings by individuals with hearing, speech, or vision impairment may be made upon request at least three days prior to the hearing. Please notify Tammy Deines, Planning Clerk, at 247-8610 or e-mail at [deinest@ci.billings.mt.us](mailto:deinest@ci.billings.mt.us)

**City Zoning Commission**

**Meeting Date:** 08/04/2015

---

**Information**

**Subject**

**Approval of Minutes: July 7, 2015**

---

**Attachments**

BZC\_2015\_07\_07

---

## City of Billings Zoning Commission Meeting Minutes- July 7, 2015

**The City of Billings Zoning Commission met on Tuesday, July 7, 2015 in the Miller Building 1<sup>st</sup> Floor Conference Room, 2825 3<sup>rd</sup> Avenue North, Billings, Montana**

Chairman Leonard Daily called the meeting to order at 4:30 p.m. The City Council has designated **Monday, July 27, 2015**, at 6:30 p.m. in the City Council Chambers as the time and place to hear testimony for or against the zoning applications.

Commission and Staff		01/06/2015	02/03/2015	03/03/2015	04/07/2015	05/05/2015	06/02/2015	07/07/2015	08/04/2015	09/08/2015	10/06/2015	11/10/2015	12/01/2015
Leonard Dailey, Jr.	Chairman	1	1	1		1	1						
Barbara Hawkins	Commissioner	1	1	1		1	1						
Dan Wagner	Vice Chairman	1	1	1		E	1						
Dennis Ulvestad	Commissioner	1	E	1		1	1						
Mike Boyett	Commissioner	1	1	1		1	E						
Candi Millar	Director, Planning & Community Services	-	-	-		--	-	-	-	-	-	-	-
Nicole Cromwell	Planner II, Zoning Coordinator	1	1	1		1	1					-	-
Tammy Deines	Planning Clerk	1	1	1		-	1					-	-
Wyeth Friday	Planning Division Manager	-	-	-		-	-	-	-	-	-	-	-
Juliet Spalding	Planner II	-	-	-		-	-	-	-	-	-	-	-
Lora Mattox	Planner II	-	-	-		-	-	-	-	-	-	-	-
Karen Husman	Planning Assistant	-	-	-			-	1					
Jeanette Vieg	Receptionist					1							

Total Number of 2015 Applications	01/06/2015	02/03/2015	03/03/2015	04/07/2015	05/05/2015	06/02/2015	07/07/2015	08/04/2015	09/08/2015	10/06/2015	11/10/2015	12/01/2015	TOTAL
Zone Change	2	2	2	0	0	0							6
Special Review	1	1	3	0	3	2							10

Vice Chair Wagner introduced the Planning Department Staff and Commission: Nicole Cromwell, Zoning Coordinator; and Karen Husman, Planning Assistant

**Public Comment**

Vice Chair Wagner called for public comments. There were no public comments. Vice Chair Wagner closed the public comment portion of the meeting.

**Approval of Minutes: June 2, 2015**

Vice Chair Wagner called for approval of the June 2, 2015 meeting minutes.

**Motion**

**Commissioner Ulvestad made a motion and Commissioner Boyett seconded the motion to approve the June 2, 2015 meeting minutes as submitted.**

**The motion carried with a unanimous voice vote.**

**Disclosure of Conflict of Interest**

Vice Chair Wagner called for disclosures of conflict of interest. There was none.

**Disclosure of Outside Communication**

Vice Chair Wagner called for disclosure of ex parte communication. There was none

Ms. Cromwell explained there are 3 items of communication received after the agenda packets were sent.

**Public Hearings:**

Vice Chair Wagner reviewed the rules and the procedures by which the City Zoning Commission public hearings are conducted and asked Ms. Cromwell to review the first agenda item.

**Item #1: Return Item** - City Special Review #927 – 4020 Montana Sapphire Drive (aka 920 Shiloh Road) – A special review request to locate an all beverage liquor license without gaming in a proposed new 4,125 square foot restaurant, The Divide Restaurant and Bar, an outdoor patio of 1,500 square feet, a parking lot with 56 spaces and landscaping in a Highway Commercial (HC)

zone on Lot 7, Block 1 of Montana Sapphire Subdivision, a 1.69 acre parcel of land. The City Council allowed the applicant to withdraw on May 26, 2015, to re-design the site to meet minimum off-street parking requirements.

### **RECOMMENDATION**

The Planning Division is recommending conditional approval based on the findings of the 3 review criteria for Special Review #927. The Planning Division is recommending the following conditions:

1. The special review approval shall be limited to Lot 7, Block 1, Montana Sapphire Subdivision.
2. The special review approval is for the location of an all beverage license without gaming and no other use is intended or implied.
3. Any expansion of the restaurant and patio area greater than 562 square feet will require an additional special review approval.
4. Any increase in the number of parking spaces over 10% of what is shown (56 spaces) will require an additional special review approval.
5. There shall be no outdoor public address system, outside announcement system, whether permanent or temporary, of any kind. There shall be no outdoor event on the patio or grounds that includes amplified music or an amplified sound system of any kind.
6. The outdoor patio shall have a continuous 3-foot fence around the perimeter with "exit only" gates as required for public safety. There will be no direct entrance from the parking area or landscaped area to the fenced patio area except through the restaurant.
7. The patio is allowed to have background music or un-amplified live music. Background music is defined as amplified music that is not audible beyond the patio perimeter.
8. The solid waste storage area shall have a sight-obscuring enclosure constructed in similar materials and colors of the building. The enclosure will include a sight-obscuring gate.
9. These conditions of special review approval shall run with the land described in this authorization and shall apply to all current and subsequent owners, operators, managers, lease holders, heirs and assigns.
10. The proposed development shall comply with all other limitations of Section 27-613 of the Unified Zoning Regulations concerning special review uses, and all other City of Billings regulations and ordinances that apply.

### **Discussion**

Vice Chair Wagner called for questions and discussion from the members of the Commission.

Commissioner Wagner asked if the angle of the building provided for more parking.

Scott Atwood, AT Architects, agent, said they did gain enough room to get the required number of parking spaces. He said they did not have to change the grade as much with the new plan and eliminated the retaining wall. He said the new plan will allow for the buffer yard landscaping area in front.

Commissioner Boyett asked about fencing and lighting.

Ms. Cromwell explained the lighting is part of the site development and not enforced under zoning. She said the fence would be a minimum of 3 feet high for the outdoor patio area.

Commissioner Boyett asked when they anticipated breaking ground.

Mr. Atwood said they hope to start in the next few months.

**Public Hearing:** Vice Chair Wagner opened the public hearing and called for proponents or opponents of City Special Review #927.

There was none.

Vice Chair Wagner closed the public hearing for City Special Review #927.

### **Motion**

**Commissioner Boyett made a motion and Commissioner Ulvestad seconded the motion to forward a recommendation to City Council of conditional approval of City Special Review #927.**

### **Discussion**

Vice Chair Wagner called for discussion on the motion.

**The motion to approve City Special Review #927 carried with a unanimous voice vote, 3-0.**

**Item #2:** City Zone Change #935 – 741 S 24th St West – A zone change request from Residential Professional (RP) to Neighborhood Commercial (NC) on Lot 9A, Block 2, Justiss Subdivision. A 13,706 square foot parcel of land. The applicant conducted a pre-application neighborhood meeting on May 21, 2015, at the Hilton Garden Inn at 939 S 25th St West. Property Tax ID: C01676.

### **RECOMMENDATION**

The Planning Division recommends approval and adoption of the findings of the 10 criteria for Zone Change #935.

### **Discussion**

Vice Chair Wagner called for questions and discussion from the members of the Commission.

Commissioner Boyett asked if the RP zoning surrounding this parcel would make this spot zoning.

Ms. Cromwell explained the surrounding properties zoning and uses and said that the corner change in use would be beneficial and uniform to the existing area.

Commissioner Boyett asked what kind of services would be allowed on that lot. He was concerned about alcoholic beverages.

Ms. Cromwell said a small drug store or convenience store would be the most likely use. They would be allowed off premise sale of alcoholic beverages (no onsite consumption).

There was discussion regarding the parking spaces allowed for each use, and the NC zoning uses allowed versus the RP and the benefits of the zone change for this parcel and future uses allowed in that location.

**Public Hearing:** Vice Chair Wagner opened the public hearing and called for proponents or opponents of City Zone Change #935.

**Proponents**

Jeff Essmen, 3131 McMasters, applicant, said they have had interest from a number of national retail businesses for the location. He said RP zoning permitted offices, banks and daycare, and dry cleaning with a Special Review. He said he felt the change to NC would provide for more uses that would be appropriate for this neighborhood. He felt it would provide more options for the property.

Vice Chair Wagner asked if there was anyone else wishing to speak in favor or against Zone Change #935.

There was none.

Vice Chair Wagner closed the public hearing for City Zone Change #935.

**Motion**

**Commissioner Boyett made a motion and Commissioner Ulvestad seconded the motion to forward a recommendation to City Council of approval of City Zone Change #935 with the and Findings of Fact presented by Staff.**

**Discussion**

Vice Chair Wagner called for discussion on the motion. There was none.

**The motion to approve City Zone Change #935 carried with a unanimous voice vote, 3-0.**

**Item #3**-City Zone Change #936 – 1545 Hawthorne Lane – A zone change request from Residential 5,000 (R-50) to Residential Multi-Family-Restricted (RMF-R) on Lot 11, Block 1, of Caleb Park Subdivision, a 2.137 acre parcel of land. The applicant conducted a pre-application neighborhood meeting on April 7, 2015, at Lake Elmo State Park, 2300 Lake Elmo Road. Tax ID: D05362.

## **RECOMMENDATION**

The Planning Division recommends denial based on the findings of the 10 criteria for Zone Change #936.

## **Discussion**

Vice Chair Wagner called for questions and discussion from the members of the Commission.

Ms. Cromwell reviewed the valid protest requirements. She said there is receipt of a valid protest, two letters of opposition and one letter in favor of the proposed zone change.

The property was annexed to the city in 1984 and zoned R-70. The property received a zone change in 2005 from R-70 to R-50 prior to the subdivision of the property. The R-50 zoning allows single or two-family dwellings on lots of either 5,000 square feet or 8,000 square feet respectively. The R-50 zone also allows up to 40% lot coverage when most residential zones only allow 30% lot coverage. Most of the surrounding neighborhood is R-70 and has remained R-70 since zoning was adopted by the County in 1973. The property directly north, the 3Gs Convenience Store as well as the retirement home, received a zone change from R-70 to Neighborhood Commercial (NC) in 1978 and 1979. Further west at the intersection of Bench Boulevard and Wicks Lane, King Place Subdivision received a zone change from R-70 to NC and RMF-R in 2005.

Ms. Cromwell explained staff's recommendation of denial.

**Public Hearing:** Vice Chair Wagner opened the public hearing and called for proponents or opponents of City Zone Change #936.

## **Proponents**

**Wes Prouse, 5464 Pollyanna Drive, Shepherd;** said he is the applicant representing Emanuel Baptist church. He reviewed the information found in the City's Infill Policy and he felt the housing needs in that area would be appropriate for this zone change. He said this would be a big impact on the neighborhood and an acceptable improvement in the heights. He reviewed their proposal and the density of this project versus the surrounding area neighborhoods. He said he felt this would benefit the neighborhood.

Jens Selvig, Agent, said he had been supporting the church in giving them a broader use of the property. He reviewed the number of units (maximum 48) and how he felt that would be more than enough units for the growth in the area. He said they would probably not be all occupied at the same time. He then reviewed the proposed plans for the apartments. He indicated the plans for development would be to make the color and style closely match the area housing in an effort to make it fit what was in the neighborhood.

Commissioner Boyett said he felt there would be an issue with adequate parking for that number of units.

Mr. Selvig said each unit has a 1 car garage and one open spot, with each unit having two bedrooms he felt there would be more than enough on site parking.

There was discussion of the number of units proposed, color of the proposed buildings, parking, access and safety.

Ms. Cromwell clarified the site plan suggestion is not something we could review for a zone change. There specific criteria for review of a zone change application and a proposed development cannot be reviewed at this time.

Russ Palmer, 1545 Hawthorne Lane, said he felt this was an opportunity for the City to grow in this area. He felt this could a benefit for the area and would be better than current use for the duplexes they would be able to use it for now. He indicated he thought this would benefit the Heights area.

Vice Chair Wagner asked if there was anyone in attendance wishing to speak in opposition of City Zone Change #936.

### **Opponents**

**Tom Zurbuchen, 1747 Wicks**, said he felt the R-5000 zoning it had been approved for would be sufficient for this area. He reviewed the density and what the impact would be on the fire and police response for the area. He compared the development of this size to the Cherry Creek Subdivision and was concerned with the possible impact on the area as well as the school capacity. He said he was opposed to this proposed zone change.

Commissioner Ulvestad asked if Mr. Zurbuchen realized the zone change if approved may create a higher density but may also benefit low income housing.

Mr. Zurbuchen said he wasn't opposed to promoting low income, but indicated that he felt this zoning request would bring in a larger number of units than would be appropriate for this area.

**Wendy Irvine, 1543 Caleb Ct.**, reviewed some photos on her tablet with with the Commission, indicating parking on the street isn't currently an issue as they have stated. She talked about the crime and vandalism that has been recent on the lot. She reviewed the rear yard of the adjacent properties and felt that a two or three story development would not be aesthetically pleasing to the neighborhood. She said it would not be compatible with the homes in the area. She concurred with the other opponents.

**Terry Odegard 2101 Lake Hills**, said he is a member of Heights Task Force. He said he was familiar with building and contractors and understands the fact they want to get the maximum benefit and use of the property. He explained the professional that is investing in a property should buy understanding the limits of zoning and should keep that in mind for the development of the property. He reiterated this is not a good fit for the property and does not meet the criteria for development of the neighborhoods in the heights area. He concurred with the other opponents.

**Karen Tait, 1526 Hawthorne Lane**, reviewed the site plan and said she is disregarding the appearance or proposed plan for the property, the density and zoning would not be in the best interest of the neighborhood. She reviewed the proposed plan and the possible effect of the development. She said there is not sufficient lighting and sidewalk for the safety of the residents of the neighborhood currently and the surrounding subdivisions are primarily single family homes. She was also concerned about the road condition and potential impact of increased traffic.

**Virgil Middendorf, 1642 Natalie St.**, said he was concerned with the low end renters with the development proposed and how it would impact the neighborhood.

**Ernie Szillat, 961 Gold Dust Cir.**, said he owned the parcel across the street with the farm house on it. He has done some cleaning up of his property and had proposed building a duplex in the future. He was following what was allowed for the zoning and felt the proposed zoning would allow a development that would devalue his property.

**Pam Ellis, 2000 Outlook Dr.**, said she has been the chair of the Heights Task Force and agreed with opposition comments. She did not feel the school is would be able to sustain the amount of children that may

**Betty Martin, 1023 Victory Ave.**, said they bought their house in an area for single family dwellings. She said she felt the development under the current zoning would be sufficient and the possible rentals with the proposed development and change in zoning would lower her property value. She concurred with the other opponents. She said the laws are in place to protect the land and the land owners to live safely.

**Brad Bouchard, 1539 Caleb Ct.**, concurred with the other opponents. He said he did not feel the applicant would follow through and do the project as they are showing here regardless of the zone change to their favor. He felt the laws in place to protect the land were sufficient and the valid protest received against this zone change should be honored.

Ms. Cromwell clarified the valid protest requirements and that it would require a 2/3 vote of the City Council.

Vice Chair Wagner called for rebuttal.

### **Rebuttal**

Mr. Prouse said the consensus of these people were the same concerns they responded to in the other meetings. He said he would be doing the multi-family if the zone change is approved. However the church may propose something different and would likely develop the property even with the existing zoning. They were looking to do what would be the best benefit financially for a project. He indicated they would like to raise the bar for development of low income housing and this project would allow them to do that.

Vice Chair Wagner asked if there was anyone else wishing to speak in favor or against Zone Change #936. There was none.

Vice Chair Wagner closed the public hearing for City Zone Change #936.

### **Motion**

**Commissioner Boyett made a motion and Commissioner Ulvestad seconded the motion to forward a recommendation to City Council for denial of City Zone Change #936 based on the Findings of Fact presented by Staff.**

### **Discussion**

Vice Chair Wagner called for discussion on the motion.

Commissioner Ulvestad said he did visit the site and felt the existing zoning was sufficient for that property. He said it was important to leave the zoning as it is. He agreed it could devalue the property surrounding.

**The motion to approve City Zone Change #936 carried with a unanimous voice vote, 3-0.**

**Item #4** - City Zone Change #937 – 100 Emerald Drive – A City Council initiated zone change from Residential 9,600 (R-96) to Residential Professional (RP) on C/S 604 & Tract 2 of C/S 356 a 35,719 square foot parcel of land. The Council initiated the zone change on June 8, 2015 to correct a misclassification of the commercial property made at the time of annexation in June 1974. Tax ID: D05590.

The property owner was going to build a garage and discovered the property was not zoned appropriately when it was annexed in 1974. They did not receive any public comment with any of the adjacent property owners.

### **RECOMMENDATION**

The Planning Division recommends approval and adoption of the findings of the 10 criteria for Zone Change #937.

### **Discussion**

Vice Chair Wagner called for questions and discussion from the members of the Commission.

**Public Hearing:** Vice Chair Wagner opened the public hearing and called for proponents or opponents of City Zone Change #937.

### **Proponents**

**Mike Schroeder, 4619 Bruce Ave.**, concurred with the staff recommendation asked the Commission for approval.

**Ernie Szillat, 961 Gold Dust Cir.**, said he was in favor of the zone change and felt it would be a benefit to the property owner and would not adversely affect the neighborhood.

**Opponents**

There was none.

**Motion**

**Commissioner Ulvestad made a motion and Commissioner Boyett seconded the motion to forward a recommendation to City Council of approval of City Zone Change #937 with the and Findings of Fact presented by Staff.**

**Discussion**

Vice Chair Wagner called for discussion on the motion.

There was none.

**The motion to approve City Zone Change #937 carried with a unanimous voice vote, 4-0.**

**Other Business:**

Nicole Cromwell announced the next meeting is scheduled for August, 2015 with two zone changes pending for this meeting.

**Adjournment: The meeting adjourned at 6:05 p.m.**

**ATTEST:**

---

**Dan Wagner, Vice Chairman**

---

**Karen Husman, Planning Assistant**



## City Zoning Commission

**Meeting Date:** 08/04/2015

**SUBJECT:** Special Review 930 - 4010 Montana Sapphire Drive

**THROUGH:** Candi Millar, Planning & Community Services Department Director

**PRESENTED BY:** Nicole Cromwell

---

### Information

#### REQUEST

**Item #1 - City Special Review #930 – 4010 Montana Sapphire Drive – Beer & Wine License with gaming –** A special review request to locate a beer & wine license with gaming for a new Dotty's Casino, a 4,000 square foot tenant space in a proposed new 10,502 square foot building with a 108-stall parking lot and landscaping in an Entryway Light Industrial (ELI) zone on Lot 8C, Block 1 of Montana Sapphire Subdivision a 1.939 acre parcel of land. Tax ID: A34623.

#### RECOMMENDATION

The Planning Division recommends conditional approval and adoption of the findings of the 3 criteria for Special Review 930.

#### APPLICATION DATA

OWNER: Stock Land Properties

AGENT: Blueline Engineering, Inc.

LEGAL DESCRIPTION: Lot 8C, Block 1, Montana Sapphire Subdivision

ADDRESS: 4010 Montana Sapphire Drive

CURRENT ZONING: ELI

EXISTING LAND USE: Vacant

PROPOSED USE: Multi-tenant building of 10,502 square feet with a 4,000 square foot tenant space for Dotty's Casino

SIZE OF PARCEL: 1.939 acres

#### CONCURRENT APPLICATIONS

None.

#### APPLICABLE ZONING HISTORY

The City Council has conditionally approved 23 locations for on-premise service of alcohol in this area of West Billings since 1985. Most of these locations were for restaurants with just a few for bars with casinos, such as Montana Lil's at 2850 King Ave West approved in 2008. There are two bars and casinos in Montana Sapphire at this time - Manny's (2008) and Tinseltown Casino (2007). This application is for a beer and wine license with gaming. Dotty's Casino serves a different market of entertainment than the current two casinos in Montana Sapphire Subdivision. The City Council recently approved (July 27, 2015) a location for an all beverage license without gaming for the proposed Divide Restaurant and Bar, an unusual license in Montana.

#### SURROUNDING LAND USE & ZONING

NORTH: Zoning: ELI  
Land Use: Steak & Shake Restaurant

SOUTH: Zoning: Public  
Land Use: Shiloh Conservation Area

EAST:                   Zoning: CI  
                          Land Use: Shiloh Crossing - Taco Bell, Scheels

WEST:                   Zoning: ELI  
                          Land Use: Vacant

## **BACKGROUND**

This is a special review request to allow a beer and wine license with gaming for a proposed new Dotty's Casino at 4010 Montana Sapphire Drive. The property has frontage along Shiloh Road and is directly south of the Steak & Shake Restaurant at 4002 Montana Sapphire Drive. Dotty's Casino caters to a different entertainment market than other casinos in the area and will fill a niche in this developing subdivision. The property is within the South Shiloh Corridor Overlay District so additional landscaping, building design and signage standards will apply to the development. The proposed 10,502 square foot building will have multiple tenants with Dotty's Casino occupying 4,000 square feet. There are no churches, parks with playing fields or playgrounds, or schools within 600 feet of this proposed location. The location will not have an outdoor patio.

Shiloh Road carries about 10,000 vehicles per day on this section of the roadway. This volume of traffic is similar to Rimrock Road, Poly Drive and S 32nd Street West. The traffic volume on Shiloh Road has been steadily increasing since its reconstruction was completed in 2010. As additional dwellings and businesses are developed along the corridor, the traffic volume should increase. Access to the property is from the Montana Sapphire Drive that connects to Shiloh Road to the northeast. The intersection at Shiloh Road is a stop controlled intersection with 3/4 access to Shiloh Road. Exiting traffic must travel south bound on Shiloh Road, continue to the roundabout at Hesper to travel north bound on Shiloh Road. North bound traffic on Shiloh Road has a left turn west onto Montana Sapphire Drive and south bound traffic has a right turn west. There are no left turns to exit Montana Sapphire Drive and go directly north on Shiloh Road. A center raised median prevents any U-turns or illegal left turns onto Shiloh Road.

The Planning Division has reviewed the application and the 3 criteria for special review and is recommending conditional approval. Before a recommendation of approval or conditional approval may be made, each special review request must demonstrate conformance with three primary criteria: 1) the application complies with all parts of the Unified Zoning Regulations, 2) the application is consistent with the objectives and purposes of the Unified Zoning Regulations and the 2008 Growth Policy, and 3) is compatible with surrounding land uses and is otherwise screened and separated from adjacent land to minimize adverse impacts. This application conforms to the first criteria,

and appears to conform to all parts of the Unified Zoning Regulations. Complete compliance with the South Shiloh Overlay District for details on landscaping, screening, building design and signage will be evaluated at the time of building and sign permit submittal. The location is in one of the zoning districts that allows a beer and wine license with gaming by special review approval. The application is conforming to the purposes of the regulations and the 2008 Growth Policy. The location of an additional license in this area should have no impact on the surrounding uses or neighbors.

The application also conforms to the second and third criteria. The Montana Sapphire Subdivision is not yet fully developed so additional businesses and residents will help to improve the area. The new Shiloh Conservation Area is an amenity for this subdivision and the addition of a restaurant and casino will be beneficial. Planning staff is recommending conditions for this special review based on the approval criteria for special review uses.

The Planning Division is recommending the following conditions:

1. The special review approval is for the location of a beer and wine license with gaming on Lot 8C, Block 1 of Montana Sapphire Subdivision and no other use is intended or implied.
2. Any expansion of the casino greater than 400 square feet will require an additional special review approval.
3. Any increase in the number of parking spaces over 10% of what is shown (118 spaces) will require an additional special review approval.
4. There shall be no outdoor public address system, outside announcement system, whether permanent or temporary, of any kind. There shall be no outdoor event on the grounds that includes amplified music or an amplified sound system of any kind.
5. The solid waste storage area shall have a sight-obscuring enclosure constructed in similar materials and colors of the building. The enclosure will include a sight-obscuring gate.
6. These conditions of special review approval shall run with the land described in this authorization and shall apply to all current and subsequent owners, operators, managers, lease holders, heirs and assigns.
7. The proposed development shall comply with all other limitations of Section 27-613 of the Unified Zoning

Regulations concerning special review uses, and all other City of Billings regulations and ordinances that apply.  
**\*\*NOTE\*\*** Approval of this Special Review does not constitute approval of a building permit, sign permit or fence permit. Compliance with all applicable local codes will be reviewed at the building permit level. This application is for a Special Review as noted above and no other request is being considered with this application. The Planning Division points out that the use and development of the property must be in accordance with the submitted site plan.

**RECOMMENDATION**

The Planning Division recommends conditional approval and the adoption of the findings of the 3 criteria for Special Review 930.

---

**Attachments**

- Zoning Commission Determinations
  - Zoning Map
  - Site photos
  - Site Plan and Applicant Letter
-

**Attachment A**  
Zoning Commission Action

The City Zoning Commission shall make a recommendation to the City Council to:

1. Deny the application for a special review use.
2. Grant the application for a special review use.
3. Conditionally grant the application for a special review use.
4. Delay action on the application for a period not to exceed thirty (30) days.
5. Give reasons for the recommendation.

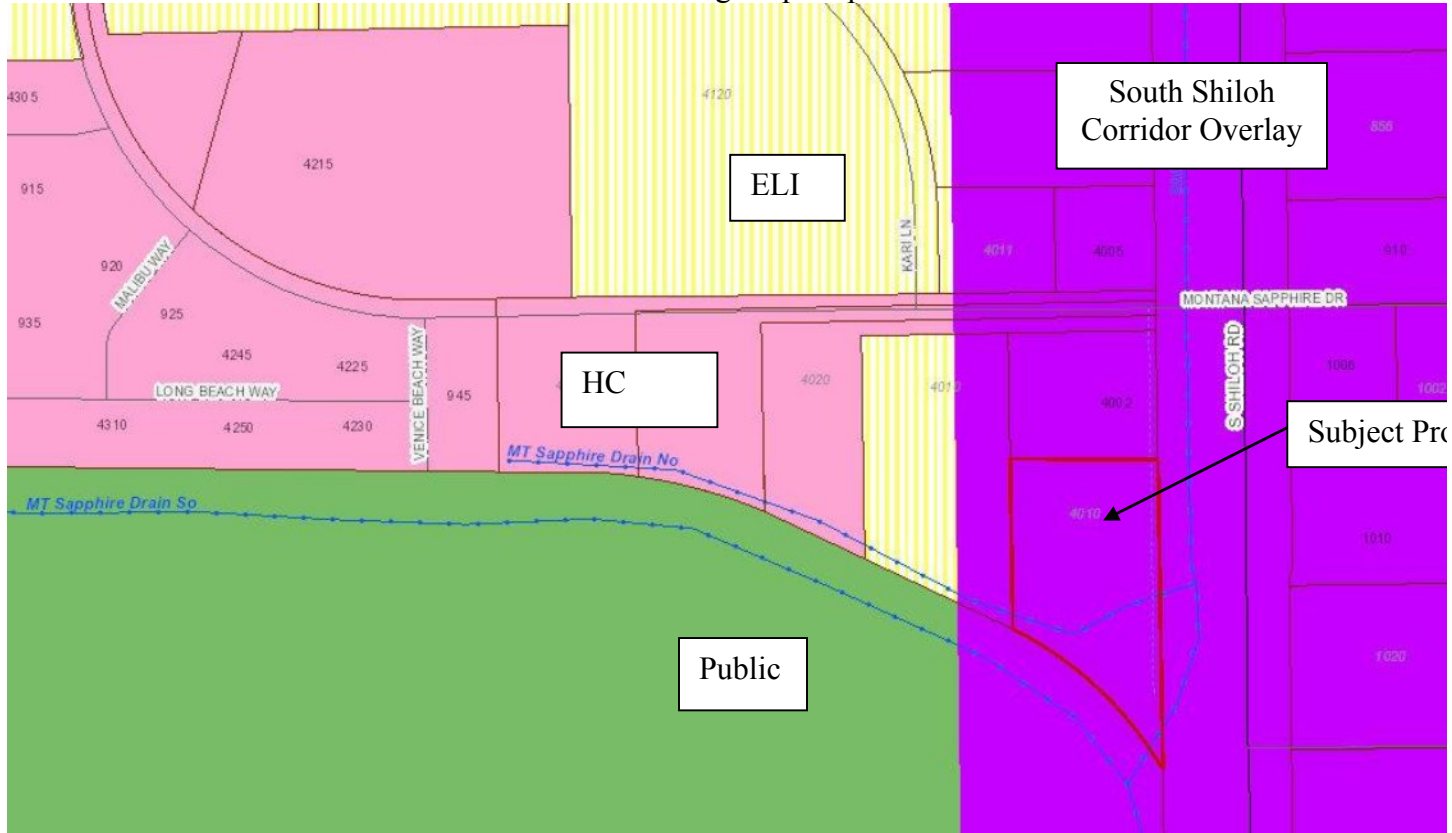
Before approving a special review use, the Zoning Commission shall find that the contemplated use:

1. Complies with all requirements of this Article (27-1500);
2. Is consistent with the objectives and purposes of Chapter 27 and the Comprehensive Plan;
3. Is compatible with surrounding land uses or is otherwise screened and separated from adjacent land in such a way as to minimize adverse effects.

Further the Zoning Commission shall consider and may impose modifications or conditions concerning, but not limited to the following:

1. Street and road capacity;
2. Ingress and egress to adjoining streets;
3. Off-street parking;
4. Fencing, screening and landscaping;
5. Building bulk and location;
6. Usable open space;
7. Signs and lighting; and/or
8. Noise, vibration, air pollution and similar environmental influences.

Zoning Map – Special Review #930



Subject Property

Site Photos – Special Review #930



Subject Property view west from Shiloh Road



View north to Steak & Shake Restaurant

Site Photos – Special Review #930



View east across Shiloh Road



View south along Shiloh Road

Site Photos – Special Review #930



Special Review 930  
Site Plan and Applicant Letter



2110 Overland Avenue, Suite 119B  
Billings, MT 59102  
Work: 406-294-2294  
Fax: 406-294-2295

July 2, 2015

Planning & Community Services Department  
2825 3<sup>rd</sup> Ave North, 4<sup>th</sup> Floor  
Billings, MT, MT 59101

To Whom It May Concern:

We are submitting this special review request for the following parcel: Block 1, Lot 8C (AMD. 12) Montana Sapphire Subdivision, Section 15, T. 01S, R. 25E, in Yellowstone County, Montana (Tax ID # A34623).

The following paragraphs are in response to the questions found within the City Zone Change Application.

1. In what ways is your proposal consistent with the goals and policies of the adopted Growth Policy?

The rezoning of this property supports the Growth Policy in the following ways:

- a. Land Use Element Goal #6 emphasizes more housing and business choices within each neighborhood. Our proposal offers increased business choices within the neighborhood, making it more self-contained as well as reducing inter-city commutes.
- b. Economic Development Element Goal #1 promotes economic development efforts that target business recruitment, retention, and expansion. Our proposal offers to strengthen the area economy by increasing business and living-wage jobs.
- c. Economic Development Element Goal #2 looks to increase the median income of households and individuals. Our proposal outlines an additional business that will offer competitive wages, improving the quality of life for residents.

2. Why is there a need for the intended use of the property at this location?

There is increased consumer traffic due to commercial growth in the area. As such, consumers are spending extended periods of time in the area. The proposed development will provide a location to spend time and will create economic growth.

3. How will the public interest be served if this application is approved?

The proposed development will offer gaming and alcohol sales which cater to the interests of adult consumers.

4. Prepare a written statement addressing what is intended to be done with the property, including new construction or change in the use of the property, and why the special review is being sought.

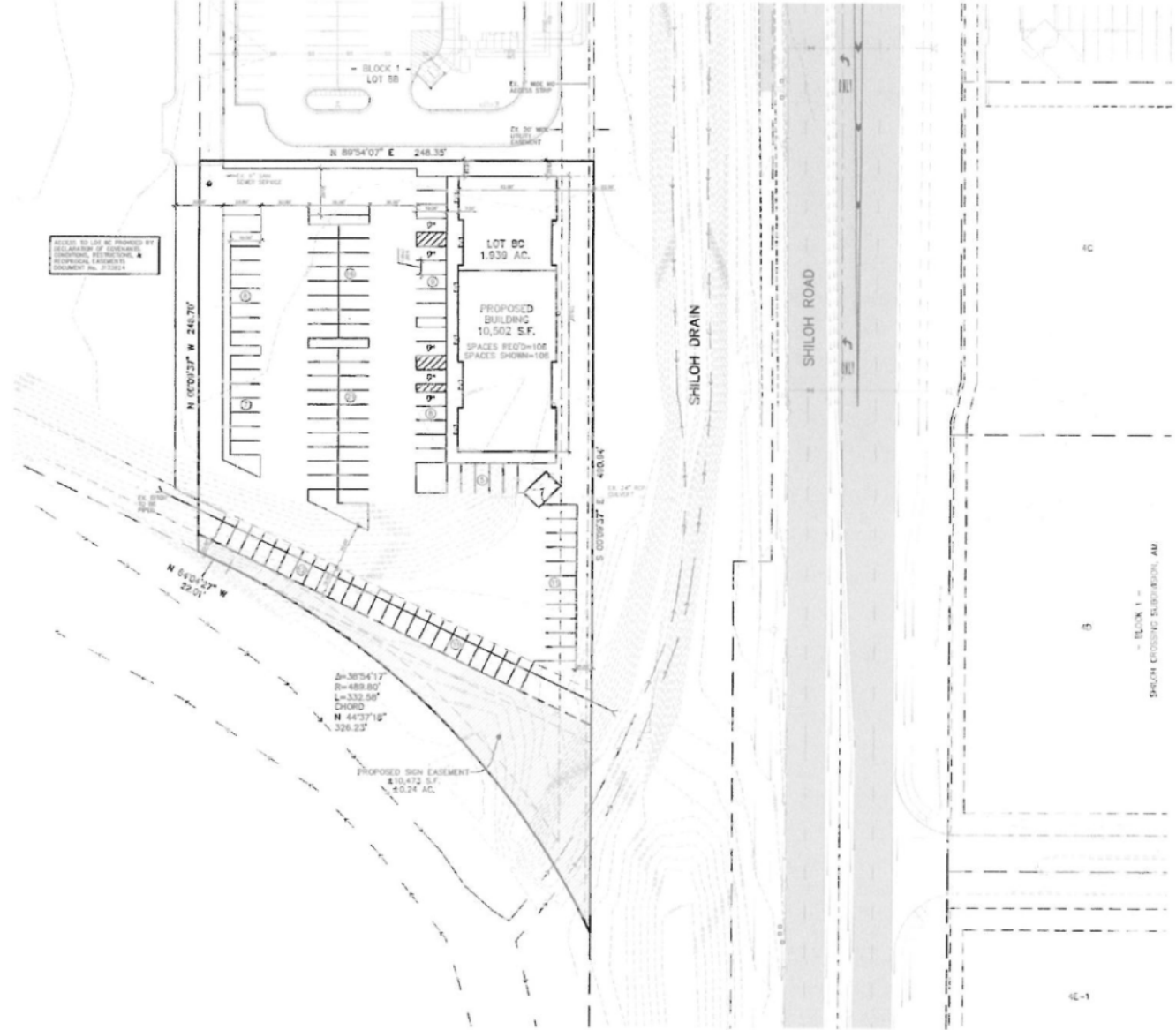
We request a review of this new structure which will include a casino with gaming and beer & wine sales in a portion of the structure.

Additional information and materials specified within the Application forms are included in those forms and/or attached to this letter. We thank you very much for your continued support on this request, and for your consideration of our special review. Please feel free to contact me at (406) 294-2294 if you have any questions.

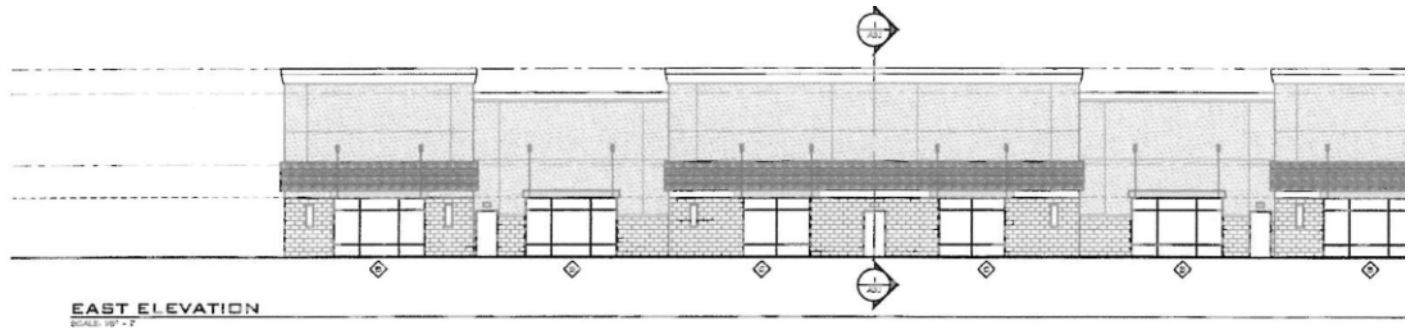
Sincerely,



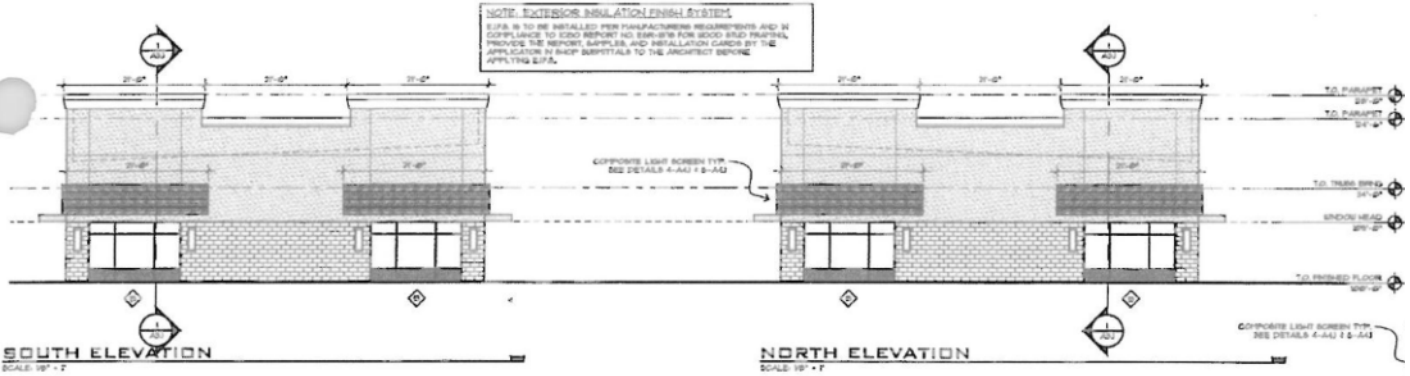
Nicholas McDowell



REFERENCE TO LOT 40 PROVIDED BY  
 DECLARATION OF COVENANTS,  
 CONDITIONS, RESTRICTIONS,  
 RESERVATIONS, EASEMENTS  
 DOCUMENT NO. 271022-4

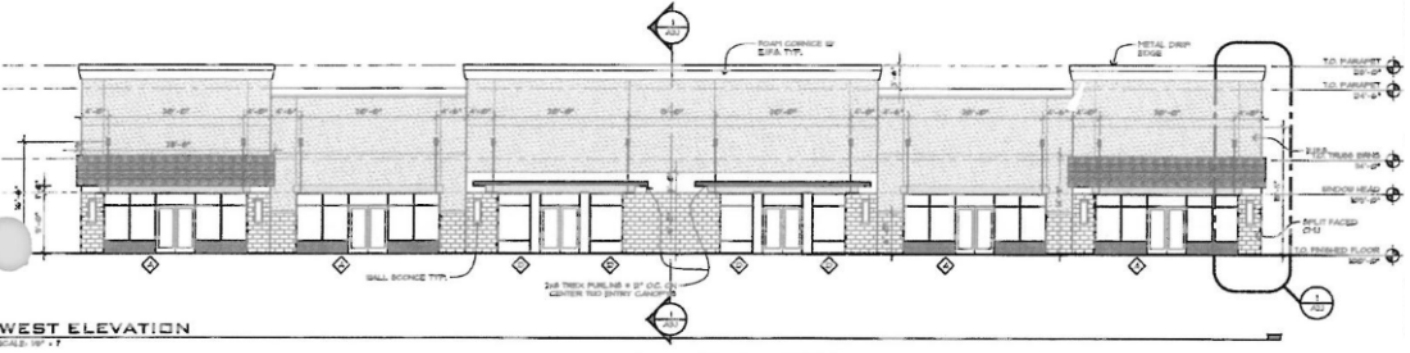


**EAST ELEVATION**  
SCALE: 1/8" = 1'-0"



**SOUTH ELEVATION**  
SCALE: 1/8" = 1'-0"

**NORTH ELEVATION**  
SCALE: 1/8" = 1'-0"



**WEST ELEVATION**  
SCALE: 1/8" = 1'-0"

**NOTE: EXTERIOR INSULATION FINISH SYSTEM**  
EIFS IS TO BE INSTALLED PER MANUFACTURER'S REQUIREMENTS AND IN COMPLIANCE TO ICBO REPORT NO. ESR-878 FOR GOOD STUD FINISHES. PROVIDE THE REPORT, SAMPLES, AND INSTALLATION GUIDES BY THE APPLICATOR IN SHOP SUBMITTALS TO THE ARCHITECT BEFORE APPLYING EIFS.





## City Zoning Commission

**Meeting Date:** 08/04/2015

**SUBJECT:** Zone Change 938 - Grand Peaks Subdivision

**THROUGH:** Candi Millar, Planning & Community Services Department Director

**PRESENTED BY:** Nicole Cromwell

---

### Information

#### REQUEST

**Item #2 - City Zone Change #938 – East of 54<sup>th</sup> St West on Grand Peaks Drive** – A zone change request from Residential 9,600 (R-96) to Residential 7,000 (R-70) on Lot 1, Block 5 and Lot 5, Block 2 of Grand Peaks Subdivision a 7.8 acre parcel of land. The applicant conducted a pre-application neighborhood meeting on June 24, 2015, at the King of Glory Lutheran Church, 4125 Grand Avenue. Tax ID: A33956 & A33960

#### RECOMMENDATION

The Planning Division recommends approval and adoption of the findings of the 10 criteria for Zone Change 938.

#### APPLICATION DATA

OWNER: Grand Peaks, LLC - Jeff Junkert

AGENT: Sanderson Stewart, Dennis Randall, P.E.

LEGAL DESCRIPTION: Lot 1, Block 5 and Lot 5, Block 2 Grand Peaks Subdivision, 1st Filing

ADDRESS: None assigned - 54<sup>th</sup> St West & Grand Peaks Drive

CURRENT ZONING: R-96

EXISTING LAND USE: Vacant

PROPOSED USE: Residential development

SIZE OF PARCEL: ~7.8 acres

#### CONCURRENT APPLICATIONS

None.

#### APPLICABLE ZONING HISTORY

Grand Peaks Subdivision received a zone change at the time of annexation from the A-S (county zoning) to R-70, R-50 and RMF-R. The two lots subject to this zone change request were already annexed and zoned R-96 through the Bishop Fox Subdivision. Grand Peaks purchased the lot from Bishop Fox and included the parcel as part of the subsequent Grand Peaks Subdivision. Grand Peaks also purchased 2 lots from Bishop Fox south of the subject property that were already zoned R-70. These have been subdivided and are in development.

Bishop Fox Subdivision received a zone change in 2005 at the time of annexation from A-1 to R-70, Public, CC and R-96. The Public zoning district parcel was sold to the City and developed for a new Fire Station. The R-96 lot was sold to Grand Peaks. The remaining parcels CC are undeveloped. The Cottonwood Grove Subdivision - west side of 54<sup>th</sup> St West - was annexed and the zoning change to R-70 in 2004. South of Cottonwood Grove is the MK Subdivision annexed in 2007 and zoned CC and NC. Northwest of the subject property is the future Cottonwood Park and the zoning is Public. Mont Vista Subdivision at the intersection of 54<sup>th</sup> St West and Rimrock Road was annexed and a Planned Development zone adopted in 2008.

## **SURROUNDING LAND USE & ZONING**

NORTH:	Zoning: A-1 (County) Land Use: Single family dwelling
SOUTH:	Zoning: R-70 Land Use: Single family dwellings
EAST:	Zoning: R-70 Land Use: Vacant
WEST:	Zoning: R-70 Land Use: Single family dwellings

## **BACKGROUND**

The owner is requesting a zone change from R-96 to R-70 to slightly increase the allowed density for single family dwellings in the Grand Peaks Subdivision. The current zoning allows 1 dwelling for each 9,600 square feet of lot area and the proposed zoning would allow 1 dwelling for each 7,000 square feet of lot area. The current zoning would allow 35 single family dwellings on 7.8 acres of land and the proposed zoning would allow between 48 and 70 (as townhomes) single family dwellings. If the 2 large lots were subdivided further the number of units allowed would decrease due to dedication of land for street right of ways. The proposed zoning of R-70 also could allow the development of duplex dwellings - 2 attached dwelling units. The applicant has not indicated whether duplexes are under consideration. The immediately adjacent phase of Grand Peaks Subdivision is zoned R-70 but is developing as single family dwellings on lots from 8,000 square feet to 10,000 square feet. The surrounding zoning is similar to the proposed zoning with the exception of the County zoning to the north. The County zoning of A-1 is intended to accommodate agricultural uses and low density residential development on lots of at least 10 acres. The property to the north is within the limits of annexation for the city so the property could annex and develop at a future date with similar zoning and dwelling density.

The property has access from 54th St West and from Grand Peaks Drive. 54th St West is a principal arterial street and recent traffic counts show about 2,500 vehicle trips per day on this section between Grand Avenue and Rimrock Road. This will increase in the future as Mont Vista Subdivision is built out, Bishop Fox Subdivision is developed and Grand Peaks in completed. The proposed new middle school at 56th St West and Grand Avenue will also increase traffic counts on 54th St West. The proposed zoning and development of dwellings will increase traffic volume of 54th St West. A traffic study was done with the original Grand Peaks Subdivision. The study may need to be updated based on the new zoning. The study will indicate where additional traffic control or management measure are necessary or if the current measures are adequate.

The applicant indicates the need for the zone change is to accommodate a changing real estate market for small yards but single family homes with subdivision amenities. The homes previously sold in Grand Peaks Subdivision range from \$250,000 to \$350,000. The City will require the applicant to install water and sewer services, roads and other city maintained services for the new development. The City will assume all future financial liability for maintenance and replacement of these facilities.

The Planning Division has reviewed the proposed zone change and is recommending approval based on the findings of the 10 criteria for zone changes. The proposed zoning is similar to surrounding property in the city and is compatible with existing neighborhoods. The proposed zoning will be a more efficient use of land allowing a minimum of density of 4 dwelling units per gross acre of land. The slight increase in density and traffic volume should have no effect on adjacent neighborhoods or streets. The 2008 Growth Policy and the West Billings Neighborhood Plan encourage predictable land use decisions that are consistent with neighborhood character and land use patterns. The existing use and proposed zoning are consistent with this neighborhood and land use pattern.

## **RECOMMENDATION**

The Planning Division recommends approval and adoption of the findings of the 10 criteria for Zone Change 938.

---

### **Attachments**

Findings of the 10 Criteria  
Zoning Map  
Site photos  
Applicant letter and pre-application notes



Zoning Commission Determinations  
Zone Change #938 – Grand Peaks Subdivision

Prior to any recommendation to the City Council, the Zoning Commission shall consider the following:

1. *Is the new zoning designed in accordance with the Growth Policy?*

The proposed zone change is consistent with the following goals of the Growth Policy:

- *Predictable land use decisions that are consistent with neighborhood character and land use patterns. (Land Use Element Goal, page 6)*

The proposed zoning would allow undeveloped property within the Grand Peaks Subdivision to develop in a similar pattern and density consistent with the surrounding property. The zoning district is compatible with the neighborhood character and land use patterns.

- The Infill Policy encourages development of vacant property within the city limits with emphasis on housing choice and efficient use of existing city infrastructure and services. The proposed zoning will allow a wider variety of housing choice, lot size and will make more efficient use of city infrastructure.

2. *Is the new zoning designed to secure from fire and other dangers?*

The new zoning requires minimum setbacks, and building separations. The new zoning, as do all zoning districts, provides adequate building separations and density limits to provide security from fire and other dangers.

3. *Whether the new zoning will promote public health, public safety and general welfare?*

Public health and public safety will be promoted by the proposed zoning. Development of the vacant land in the city will promote the public health and safety of the adjacent residential neighborhood by providing full development of streets.

4. *Will the new zoning will facilitate the adequate provision of transportation, water, sewerage, schools, parks and other public requirement?*

Transportation: The proposed zoning and subsequent development will have an impact on the surrounding transportation systems. The original subdivision provided a traffic study based on the probably build out of the property. The City Engineering Division will work closely with the owner to ensure the existing analysis is still applicable given the new zoning.

Water and Sewer: The City will provide water and sewer to the property. There should be no additional impact to the system from the proposed zoning.

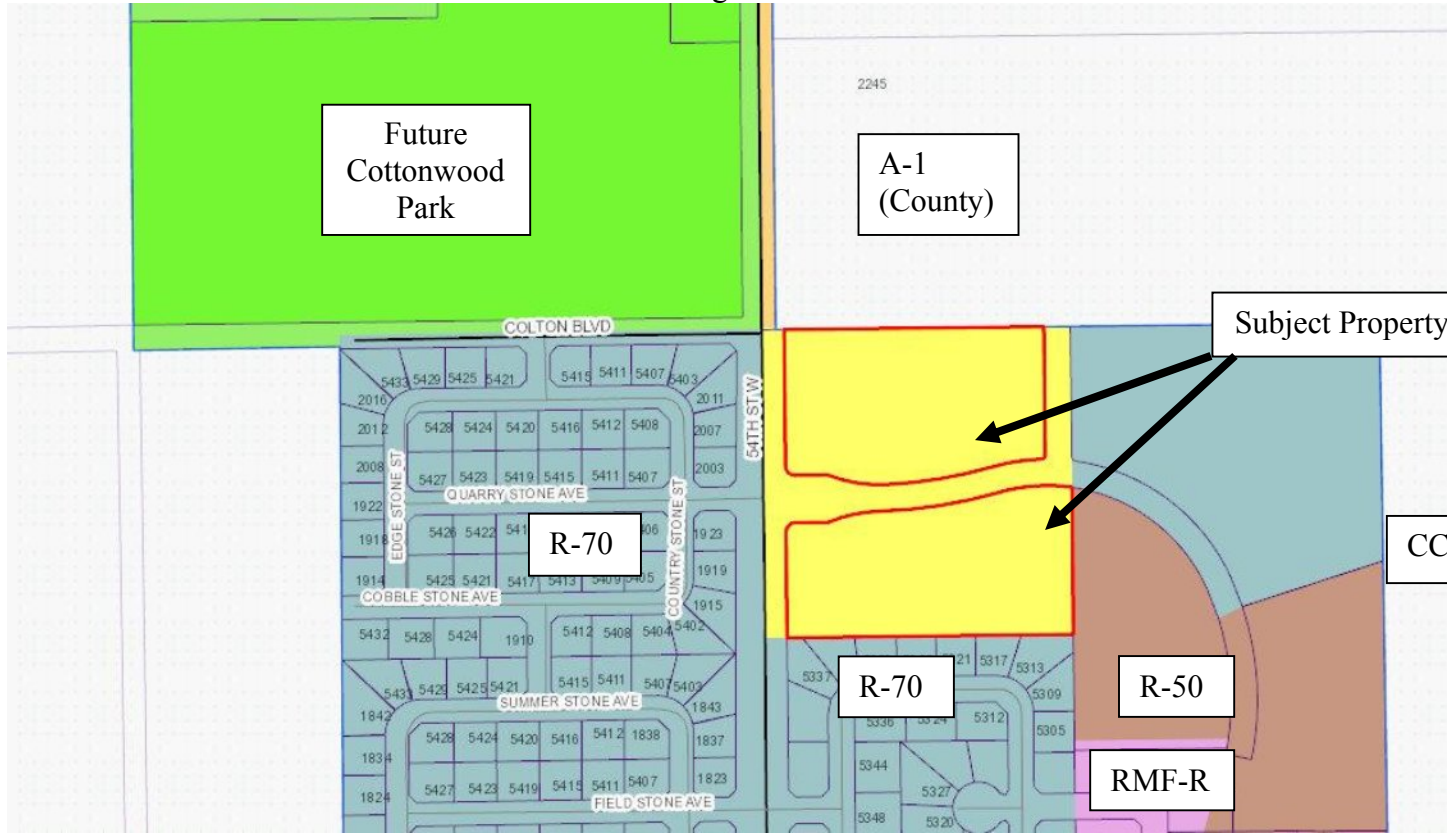
Schools and Parks: There may be a limited impact to schools from the proposed zone change. Residential development is an allowed use in both the current zoning and the proposed zoning. The development plan is for primarily single family dwellings as either townhomes or individual lots.

Fire and Police: The subject property will be served by city public safety services. The Police Department had no concerns with the zone change

and the Fire Department will be involved in the future development whether as a subdivision or a Master Site Plan approval process. Access for emergency services will assured through this process. Fire Station #7 is less than ¼ to the south.

5. *Will the new zoning provide adequate light and air?*  
The proposed zoning provides for sufficient setbacks to allow for adequate separation between structures and adequate light and air.
6. *Will the new zoning effect motorized and non-motorized transportation?*  
The new zoning will have a minor effect on vehicle and pedestrian traffic. Grand Peaks Drive is not yet complete to the north where it is intended to intersect with 54<sup>th</sup> St West. The original subdivision of Grand Peaks included a traffic study to determine the appropriate level of traffic management and control. The proposed zoning allow a slight increase in housing density and the traffic study should be updated to include the potential for additional dwelling units.
7. *Will the new zoning will promote compatible urban growth?*  
The new zoning does promote compatibility with urban growth. The proposed zoning will allow residential uses with an efficient density.
8. *Does the new zoning consider the character of the district and the peculiar suitability of the property for particular uses?*  
The proposed zoning does consider the character of the district and the suitability of the property for a mix of housing types in the neighborhood.
9. *Will the new zoning conserve the value of buildings?*  
The property is currently vacant. The value of existing buildings should increase when the property is developed.
10. *Will the new zoning encourage the most appropriate use of land throughout the City of Billings?*  
The proposed zoning will permit residential dwellings of similar type and density as the surrounding neighborhood and is the most appropriate use of land at this location.

**Attachment A: Surrounding Zoning**  
Zone Change #938 – Grand Peaks Subdivision



Site Photographs  
Zone Change #938 – Grand Peaks Subdivision



Subject Property – view east from 54<sup>th</sup> St West



View south along 54<sup>th</sup> St West

Site Photographs  
Zone Change #938 – Grand Peaks Subdivision



View south and west across 54<sup>th</sup> St West – Cottonwood Grove Subdivision

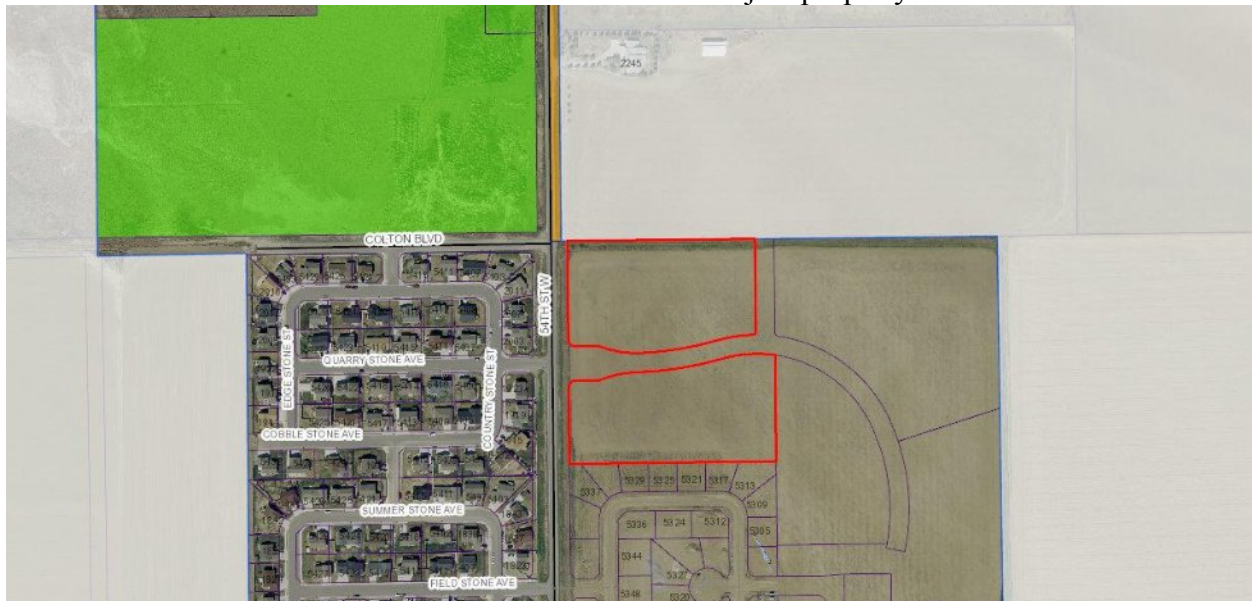


View north and west across 54<sup>th</sup> St West

Site Photographs  
Zone Change #938 – Grand Peaks Subdivision



View north and east across subject property



Aerial View

Applicant letter and pre-application meeting notes  
Zone Change 938 – Grand Peaks Subdivision

Lot 1, Block 5 & Lot 5, Block 2, Grand Peaks Subdivision  
ZONE CHANGE APPLICATION FROM R-9600 to R-7000

**Statement of Proposal**

The owner, Grand Peaks, LLC is seeking a zone change for the property. The property is generally located east of 54<sup>th</sup> Street West and North of the Existing homes in Grand Peaks Subdivision.

The existing zoning is R-9600. The applicant is requesting a zone change to R-7000. The applicant is seeking the zone change in order to develop the property with a similar lot size and density as the existing Grand Peaks neighborhood to the south.

**Accompanying Responses to Questions in Zoning Application Form**

***1A. In what ways is your proposal consistent with the goals and policies of the adopted Growth Policy?***

***LAND USE GOALS***

***Goal 1. Predictable land use decisions that are consistent with neighborhood character and land use patterns.***

The proposed zone change will provide a zoning that is the same as the existing neighborhood to the south and west. The zoning will also be consistent with the undeveloped property to the East. The applicant's intent is to provide a housing type consistent with the neighborhood to the south. Those lots range from approximately 8000 s.f. to 10,000 s.f.

***Goal 2. More housing and business choices within each neighborhood.***

The proposed R-7000 zone will allow for both single family homes as well as townhome duplex units.

***Goal 3: Preserve neighborhood character and quality of life.***

The proposed zoning will allow for the Grand Peaks subdivision to be built out in a manner that is consistent with the existing developed portions of the project. The neighborhood has become an attractive desirable area of town and the zone change will allow that development trend and character to continue into the final phases of the project.

***1B. Explain your need for the intended zone change and why the property cannot be used under the existing zoning. Explain how the new Zoning will fit with the existing zoning and land uses of the immediate area.***

The current housing market demand in the project area is for somewhat smaller lots than a few years ago. Home buyers are not as concerned with having a large yard, and the associated costs. The smaller lots allowed under the proposed zone change allows for a more affordable home, while still providing the expected amenities. The additional density also provides a bonus to the city in the

form of additional tax and SDF revenues, for the same gross acreage of development. The trend nationally is for quality homes on smaller lots, and that trend is apparent in the Billings market, thus necessitating the requested zone change.

The zoning request will make the property consistent with the neighborhoods to the east, west and south. The property immediately to the north is still in the county, and zoned Ag-suburban.



### MEETING MINUTES

<b>PROJECT: Grand Peaks Zone Change</b>			
Project No: 06024.???			
Meeting Location: King of Glory church – 4125 Grand Avenue		Meeting Date: 6/24/15 6:00 PM	
Meeting Subject: Neighborhood meeting		Prepared by: Dennis Randall	
Attending:	See attached sign-in		
Date of Issue: 6/25/15			

**Minutes:**

Jeff Junkert and Dennis Randall moderated the meeting;

- o Jeff gave a summary of the project history, including zoning history, purchase / ownership history, and build-out history
- o Dennis gave a summary of the Zoning process, including the tentative meeting dates for the Zoning commission and City Council
- o Dennis gave a summary of the difference between the existing zoning, R-9600 and the requested R-7000 zoning.
- o Jeff reviewed his intent regarding the future planning of the undeveloped portion of Grand Peaks, including timing and the housing type and density that he anticipates.

- Questions from the homeowners were general in nature, regarding the development in the area, timing of street improvements, timing of the new school development, ect.
- No specific concerns with the proposed Zone change were expressed by the homeowners in attendance.

Meeting was adjourned at approximately 6:40

ZONE CHANGE MEETING  
ATTENDANCE SIGN-IN SHEET

Date: June 24, 2015

Time

Project: Grand Peaks Zone Change

Project No

Meeting Location: King of Glory Lutheran Church

Name:  
(Please Print)

Property Address:

Phone Number

Email

Edna Jensen

5407 Corner Stone Ave.

534-8895

Mary Ann + Jerry Senger

5305 Sundance Mtn Circle

248-2270

Maryann.s@

Toni Haun

5321 Sundance Mtn Cir

406-461-8830

clairmont.

+

JEFF JUNKENT

Applicant

Dennis Randall

Agent



## City Zoning Commission

**Meeting Date:** 08/04/2015

**SUBJECT:** Exposition Gateway Overlay District Amendment to Unified Zoning Regulations

**THROUGH:** Candi Millar, Planning & Community Services Department Director

**PRESENTED BY:** Wyeth Friday

---

### Information

#### REQUEST

**Item #3: City Zone Change #939 – Exposition Gateway Overlay District** – An amendment to the Unified Zoning Regulations pertaining to the development of land within the Exposition Gateway Area of the East Billings Urban Renewal area generally located east of N 10th Street to Exposition Drive and from 6th Avenue North to 1st Avenue North. The district overlay will not change the underlying zoning but will provide for enhanced site development requirements and restrict some industrial uses. The Yellowstone County Board of Planning initiated the amendment on June 23, 2015.

#### RECOMMENDATION

Staff recommends that the City Zoning Commission conduct the public hearing and recommend approval of the text and map amendment to City Council to amend the Unified Zoning Regulations for the purpose of establishing the Exposition Gateway Overlay District Zone for the Exposition Gateway Concept Plan Area.

#### APPLICATION DATA

OWNER:

AGENT:

LEGAL DESCRIPTION:

ADDRESS:

CURRENT ZONING: Controlled Industrial

EXISTING LAND USE: Mixture of commercial and industrial businesses and some vacant parcels

PROPOSED USE: Existing uses to remain but transition over time to a gateway to Billings that contains hospitality related uses and facilities to support events at Metra Park and across the community. Hotels, restaurants, entertainment venues and other uses are anticipated based on the City and County Adopted Exposition Gateway Concept Plan.

SIZE OF PARCEL:

#### CONCURRENT APPLICATIONS

There are no other applications for this property currently.

#### APPLICABLE ZONING HISTORY

The Exposition Gateway Area straddles City and the County boundaries at the east end of the East Billings Urban Renewal District (EBURD). The Exposition Gateway Concept Plan was adopted by the City and County in May 2013. The plan outlined a potential future for the area through strategic public investments, creative marketing, and the use of a variety of development tools, as a lively, evolving, and a unique community and regional destination. In order to protect the public and private investments planned for this area, a zoning overlay district that will apply both inside the city limits and on county lands has been drafted through a collaborative effort of Planning staff and the staff and board members of the Billings Industrial Revitalization District. A future zoning district distinct and unique for the Exposition Gateway Area is also planned. Until this new zoning district is

formulated and adopted, this overlay district shall apply to all the property within the Exposition Gateway Area (See attached Draft Overlay Zoning District and Area Map). This Overlay District would be a new section of code. Staff is proposing that it be established as Section 27-1470 in the Unified Zoning Regulations.

## **SURROUNDING LAND USE & ZONING**

NORTH:	Zoning: Land Use:
SOUTH:	Zoning: Land Use:
EAST:	Zoning: Land Use:
WEST:	Zoning: Land Use:

## **BACKGROUND**

The Exposition Gateway Area straddles City and the County boundaries at the east end of the East Billings Urban Renewal District (EBURD). It is an area that could hold a very diverse and dynamic combination of uses, activities, spaces, and streets. It has the potential to energize and anchor the east end of the EBURD and strengthen the highly valued Metra Park complex. Both the City and the County have a stake in the future of the area. The Exposition Gateway Concept Plan was adopted by the City and County in May 2013. The plan outlined a potential future for the area through strategic public investments, creative marketing, and the use of a variety of development tools, as a lively, evolving, and a unique community and regional destination.

Significant public infrastructure improvements are being constructed in this area this year, including water, sewer, storm water, on-street parking, paving and streetscape improvements. In order to protect the public and private investments planned for this area, a zoning overlay district that will apply both inside the city limits and on county lands has been drafted through a collaborative effort of Planning staff and the staff and board members of the Billings Industrial Revitalization District. The Yellowstone County Board of Planning initiated the amendment on June 23, 2015. A future zoning district distinct and unique for the Exposition Gateway Area is also planned, but until this new zoning district is formulated and adopted, this overlay district shall apply to all the property within the Exposition Gateway Area (See attached Draft Overlay Zoning District and Area Map). The district overlay will not change the underlying zoning but will provide for enhanced site development requirements and restrict some industrial uses. The Overlay is intended to begin to move the Exposition Gateway Area in the direction of the adopted Exposition Gateway Concept Plan and make this area of the community a focus of hospitality and entertainment.

### **The schedule for adoption of the Zoning District Overlay is proposed as follows:**

June 9, 2015 – Staff asks Planning Board to initiate zone change

June 23 – Planning Board acts on zone change initiative

July 1 – Zone change application submitted to Planning Division

August 4 – Combined meeting of City and County Zoning Commission

(If needed, City Zoning Commission meeting is on August 4 and County Zoning Commission meeting is on August 10)

August 24 – City Council acts on 1st reading (2nd reading, September 10)

August 25 – County Commissioners act on resolution

## **RECOMMENDATION**

Planning Staff recommends the City Zoning Commission recommend approval of Zone Change 939.



# Exposition Gateway Overlay Zoning District – City and County

Proposed as Section 27-1470

## **Purpose**

The Exposition Gateway Area straddles the City and the County boundaries. It is an area that could hold a very diverse and dynamic combination of uses, activities, spaces, and streets. It has the potential to energize and anchor the east end of the EBURD and strengthen the highly valued Metra Park complex. Both the City and the County have a stake in the future of the area. Through strategic public investments, creative marketing and the use of a variety of development tools, this area could be a lively, evolving, and a unique community and regional destination. Significant public infrastructure improvements are planned for this area in the near term including water, sewer, storm water, on-street parking, paving and streetscapes. In order to protect the public and private investments planned for this area, a zoning overlay district that will apply both inside the city limits and on county lands has been developed. A future zoning district distinct and unique for the Exposition Gateway Area is planned. Until this new zoning district is formulated and adopted, this overlay district shall apply to all the following property within the Exposition Gateway.

## **Description of Overlay District:**

Beginning at the intersection of the centerline of North 10<sup>th</sup> Street and 6<sup>th</sup> Avenue North proceeding eastward along the centerline of 6<sup>th</sup> Avenue North to its intersection with the centerline of Exposition Drive (aka Main Street, aka Highway 87 North) then southwesterly along the centerline of Exposition Drive to its intersection with the centerline of Highway 87 East then easterly along the centerline of Highway 87 East a distance of 387 feet; then southerly to the northeast corner of Tract C of C/S 628, then south along the eastern boundary of Tract C of C/S 628 and continuing along to the centerline of the Railroad Right of Way; then southwesterly along the centerline of the Railroad Right of Way for a distance of 1,245 feet; then northwesterly a distance of 530 feet to the intersection of the centerlines of 1<sup>st</sup> Avenue North and North 10<sup>th</sup> Street; then northwesterly along the centerline of North 10<sup>th</sup> Street to the point of beginning.

## **Special Requirements in the Overlay District:**

Unless otherwise defined in this district, words and terms shall be defined by Section 27-201 of the Unified Zoning Regulations. Terms and words not defined in either this section or Section 27-201, the dictionary may define such terms.

- 1) The uses allowed within the existing Controlled Industrial (CI) zoning district shall continue to be allowed as designated in Section 27-306 except as noted below.
- 2) The following listed uses in Section 27-306 shall be prohibited:
  - SIC Division A - All uses listed under SIC Division 07 (Agricultural Animal Services) & SIC Division 092 (Fish Hatcheries)

SIC Division B – Mining and oil and gas field services/ gravel mining  
SIC Division C – Construction Trades - All uses  
SIC Division D – Manufacturing - All uses except microbreweries and micro distilleries and uses in SIC Division 39 shall be allowed  
SIC Division E – Transportation, Communications, Electric, Gas, and Sanitary Sewer – All uses except SIC Division 472 Arrangement of Passenger Transportation  
SIC Division F – Wholesale Trade - All uses

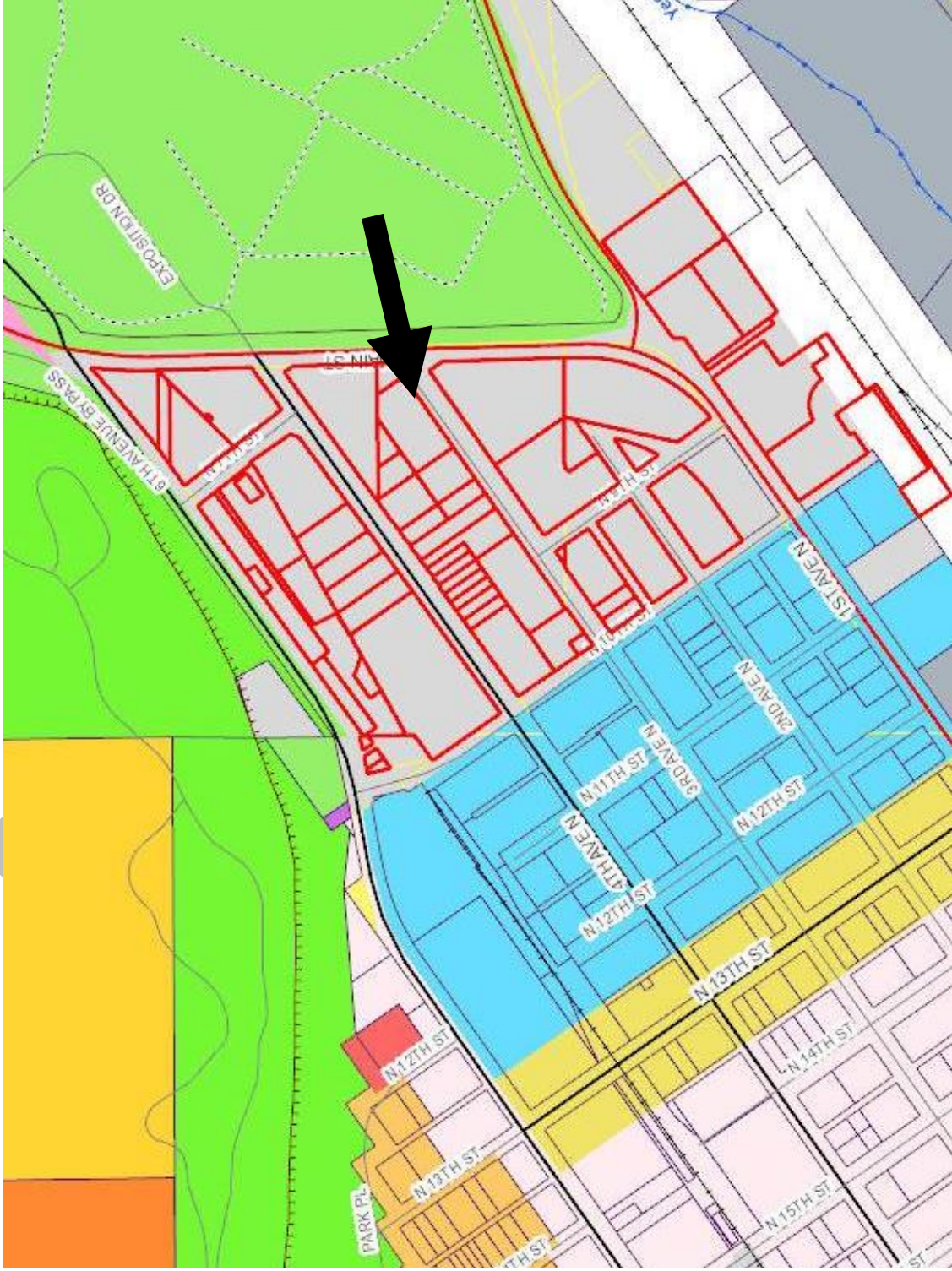
3) The following additional uses shall be allowed that are otherwise prohibited in the CI zoning district:

- a) Multi-family Dwellings (3 or more attached dwelling units) with a minimum of 2 bedrooms per dwelling unit.
- b) No minimum lot area applies to the development of Multi-family Dwellings within the overlay district.

4) All new developments and re-developments must meet the following minimum site development requirements. A re-development includes the change of use of an existing structure or the addition of 50% or more of the existing gross floor area of a structure.

- a) Surface parking lots, temporary or permanent, not associated with a primary use on or adjacent to the same parcel are prohibited.
- b) There will be no minimum required off-street parking spaces for any new development or re-development of property within the overlay district. If a new parking lot is developed at the discretion of the property owner, it shall meet or exceed the design standards as stated in Section 27-1215 (Construction Specifications - County Parking Requirements) or BMCC Section 6-1203(q) (Construction - Site Developments - City Parking Requirements).
- c) All new structures that have front facades facing Exposition Drive shall be a minimum of 1 (one) story in height but 2 (two) and 3 (three) stories are encouraged.
- d) All new structures on property with street frontage on Exposition Drive shall have a maximum 30 foot setback from the street property line.
- e) All new structures that have street frontage on any other street shall be a minimum of 1 (one) story in height but 2 (two) and 3 (three) stories are encouraged.
- f) All new structures on property with no street frontage on Exposition Drive shall have a minimum 5 foot setback and a maximum 20 foot setback from any street property line.
- g) The required arterial setbacks as stated in Section 27-602 of the Unified Zoning Regulations shall not apply to any land within this overlay district.

**Exposition Gateway Overlay District Area**





# BILLINGS EXPOSITION GATEWAY CONCEPT PLAN

# ACKNOWLEDGMENTS

This concept plan has been created in cooperation with the property owners in the East Billings Urban Renewal District (EBURD) and the Exposition Gateway Area, members of the Billings Industrial Revitalization District Inc (BIRD) and Big Sky Economic Development Authority's (BSEDA) community development team. Major contributors include the following organizations and individuals, as well as members from the community who participated in three public meetings associated with its progress.

## Funding Support

Montana Department of Commerce  
City of Billings: TIF District - EBURD  
Big Sky Economic Development Authority  
Pacific Steel & Recycling  
Yellowstone County Board of County Commissioners  
Montana-Dakota Utilities  
The Boyer Company

## Exposition Gateway Steering Committee

Matthew McDonnell, Board Member, BIRD, Inc., Committee Chair  
Marty Connell, BIRD, Inc., President  
Steve Zeier, BIRD, Inc., TIF Coordinator  
Scott Chesarek, Board Member, BIRD, Inc.  
Cliff Hanson, Billings White Truck, Owner  
Bill Dutcher, MetraPark General Manager  
Patty Nordlund, Big Sky Economic Development Authority, Community Development Manager  
Lora Mattox, City/County Planning, Transportation Planner  
Debi Meling, City of Billings Public Works, Engineering Division, City Engineer  
Chris Hertz, City of Billings Public Works, Engineering Division, Staff Engineer II

## Big Sky Economic Development Authority

Board of Directors  
Steve Arveschoug, Executive Director  
Patty Nordlund, Community Development Manager  
Sara Hudson, Community Development, Project Manager  
Dianne Lehm, Community Development  
Allison Corbyn, Community Development

## Consulting Team

Mark Hinshaw, FAIA, FAICP - LMN Architects  
Brianna Holan, AICP - LMN Architects  
Randy Hafer, AIA, LEED AP BD+C- - High Plains Architects  
Nash Emrich, AIA, LEED AP BD+C- High Plains Architects  
Carissa Klarich - High Plains Architects  
Jolene Rieck, PLA - Peaks to Plains Design, PC  
Chuck Wissenbach - Peaks to Plains Design, PC  
Abe Farkas - ECONorthwest  
William Grimes, AICP - Studio Cascade  
Rick Leuthold, PE, CDP, LEED AP - Sanderson Stewart

## Special Thanks

John Ostlund, Yellowstone County Commissioner  
Jim Reno, Yellowstone County Commissioner  
Bill Kennedy, Yellowstone County Commissioner  
Mayor Tom Hanel and the Billings City Council  
Candi Beaudry, City/County Planning Director  
Stan Jonutis, Montana Department of Transportation  
Kendra Breiland, Fehr & Peers / Hospitality Corridor Study  
First Interstate Bank Operations Center - Meeting Space  
Big Sky Collision Center - Meeting Space  
Billings Industrial Revitalization District - Meals and Refreshments

## Additional Plan Participants:

Barry Usher	Don Stanaway	Marv Besel
Bea and Terry Rice	Ed Bertrand	Matt McDonnell
Becky Bird	Ernán Cortés	Mike Kautzman
Bob and Barb Deichl	Gale and Amy Berry	Mike Walker
Bob and Sue Young	Gary Donovan	Sheila Hanson
Carol Donovan	Gordon Tryan	Sherm Supola
Charles Yegen	Jim Markel	Stan Jonutis
Chuck Platt	Joan Micheletti	Sue DeVries
Darlene Tussing	Ken Kunkel	Taylor Brown
Dave and Sandy Doll	Kim McRae	Thomas Romine
Dick Stratford	Laura Holmlund	Tim Reichert
Dick Zier	Marshall Knick	Sandra Hawke

# TABLE OF CONTENTS

<b>ACKNOWLEDGMENTS</b>	<b>II</b>
<b>SECTION 1</b>	
<b>INTRODUCTION</b>	<b>1</b>
<b>Issues and Constraints</b>	<b>4</b>
<b>Section 2</b>	
<b>FRAMEWORK: PLAN ELEMENTS</b>	<b>6</b>
<b>Stormwater Management</b>	<b>6</b>
<b>Street Improvements</b>	<b>9</b>
<b>Public Spaces and Landmarks</b>	<b>16</b>
<b>Land Development Concept</b>	<b>18</b>
<b>SECTION 3</b>	
<b>IMPLEMENTATION</b>	<b>23</b>
<b>Implementation Program</b>	<b>27</b>
<b>REFERENCES</b>	<b>28</b>
<b>APPENDIX A- FINANCIAL ANALYSIS MEMORANDUM</b>	<b>A-I</b>
<b>APPENDIX B- PROFORMA DEVELOPMENT TYPES</b>	<b>B-I</b>

# LIST OF FIGURES

FIGURE 1-1	PROXIMITY TO REGIONAL ENTERTAINMENT AND EVENT CENTER	2
FIGURE 1-2	UNIQUELY SITUATED BETWEEN THE RIMS NATURAL AREAS AND THE YELLOWSTONE RIVER	2
FIGURE 1-3	OPPORTUNITIES AND ATTRIBUTES	3
FIGURE 1-4	LACK OF CONNECTION TO METRAPARK WITH MULTI-MODAL ACCESS OR COMPLEMENTARY DEVELOPMENT	4
FIGURE 1-5	EXISTING NARROW AND INCOMPLETE SIDEWALKS	4
FIGURE 1-6	ISSUES AND CONSTRAINTS	5
FIGURE 2-1	STORMWATER SYSTEM CONCEPT DIAGRAM	6
FIGURE 2-2	EXAMPLES OF EXISTING STORMWATER DRAINAGE FACILITIES	7
FIGURE 2-3	LANDSCAPED SWALE FOR SURFACE RUNOFF	7
FIGURE 2-4	MID-STREET RAIN GARDEN	7
FIGURE 2-5	EBURD SEWER AND WATER PIPING	8
FIGURE 2-6	EXPOSITION GATEWAY AREA AFTER AN EXTREME STORM EVENT- BILLINGS GAZETTE JUNE 20, 2010 (L MAYER)	8
FIGURE 2-7	STREETSCAPE CHARACTER CONCEPT DIAGRAM	9
FIGURE 2-8	MAJOR ARTERIAL: ACCOMMODATE PARKING	10
FIGURE 2-9	MAJOR ARTERIAL: MULTI-MODAL ACCESS	10
FIGURE 2-10	SECTION FROM EBURD CODE FOR 1ST, 4TH AND 6TH AVENUES	10
FIGURE 2-11	URBAN BOULEVARD: LANDSCAPED MEDIAN	10
FIGURE 2-12	URBAN BOULEVARD: PEDESTRIAN ENVIRONMENT	10
FIGURE 2-13	POSSIBLE URBAN BOULEVARD STREET SECTION FOR EXPOSITION DRIVE/MAIN STREET	11
FIGURE 2-14	PEDESTRIAN PASSAGE ON VACATED STREET	11
FIGURE 2-15	PEDESTRIAN SPINE THROUGH SHOPPING AREA	11
FIGURE 2-16	PEDESTRIAN ORIENTED LINKING STREET	11
FIGURE 2-17	SECTION FROM EBURD CODE FOR 10TH STREET NORTH	12
FIGURE 2-18	ARTFUL ROUNDABOUT	12
FIGURE 2-19	MAJOR INTERSECTION ROUNDABOUT	12
FIGURE 2-20	EXAMPLE OF PEDESTRIAN OVER CROSSING	13
FIGURE 2-21	EXAMPLE OF A HAWK (HIGH-INTENSITY ACTIVATED CROSSWALK). PHOTO FROM ACHDIDAHO.ORG	13
FIGURE 2-22	EXAMPLES OF A PEDESTRIAN OVERCROSSING TO A BUILDING	14
FIGURE 2-23	SPECIAL STREETSCAPE AMENITIES	15
FIGURE 2-24	SIGNATURE STREET SECTION FOR 3RD AVENUE	15
FIGURE 2-25	POSSIBLE FREEWAY CONNECTION	15
FIGURE 2-26	PUBLIC SPACE CONCEPT DIAGRAM	16
FIGURE 2-27	SPECIAL SIGNAGE WITHIN A ROUNDABOUT	17
FIGURE 2-28	EXAMPLES OF LANDSCAPED PARKWAYS	17
FIGURE 2-29	LAND USE CONCEPT DIAGRAM	18
FIGURE 2-30	EXAMPLES OF HOTEL DEVELOPMENT	19
FIGURE 2-31	CINEMA AND RESTAURANT COMPLEX	19
FIGURE 2-32	SMALL-SCALE RESTAURANTS	19
FIGURE 2-33	EXAMPLES OF DESTINATION RETAIL	20
FIGURE 2-34	EXAMPLES OF ADAPTIVE REUSE FOR RETAIL, COMMERCIAL AND MANUFACTURING USES	20
FIGURE 2-35	EXAMPLES OF PARKING STRUCTURES	21
FIGURE 2-36	ILLUSTRATIVE DEVELOPMENT PLAN	22
FIGURE 3-1	FIRST EXPOSITION GATEWAY AREA PROPERTY OWNER WORKSHOP	23
FIGURE 3-2	EXAMPLES OF STORM DRAINAGE IMPROVEMENTS	24
FIGURE 3-3	HOUSING STUDY FOR EAST BILLINGS TIF DISTRICT FROM EBURD MASTER PLAN	24
FIGURE 3-4	EXAMPLE OF URBAN BOULEVARD IMPROVEMENT	24
FIGURE 3-5	EXAMPLE OF UNIQUE GATEWAY WATER FEATURE	25
FIGURE 3-6	EXAMPLE OF ROUNDABOUT CONNECTION TO THE INTERSTATE	25
FIGURE 3-7	EXAMPLE OF EXHIBITION CENTER WITH BRIDGING ELEMENT	26

## SECTION 1 INTRODUCTION

Beginning in July 2012, Big Sky Economic Development Authority (BSEDA) collaborated with property owners and civic leaders in Billings to develop a concept plan for the Exposition Gateway. This planning effort aligns with the recommendation set forth in the East Billings Urban Renewal District Master Plan (July 2009) to develop a “mini master plan” for the Exposition Gateway. The Exposition Gateway planning area addresses properties both within and adjacent to the eastern-most edge of the East Billings Urban Renewal District. These properties straddle City and County boundaries. There are 8 properties, (8 owners) located within the City of Billings and 42 properties, (26 owners) located outside of the City within Yellowstone County.

The member Exposition Gateway Steering Committee, property owners and a team of consulting architects, engineers, economists and planners studied the area’s issues and opportunities. The consultant team completed a market assessment (see Appendix A) and conducted a number of in-depth interviews with property owners and representatives of public agencies (see Appendix C). The Exposition Gateway Steering Committee participated in and guided the planning process. Property owner workshops were held on October 16, 2012 and December 5, 2012. The consultant team presented the draft concept plan at a public meeting held on February 20, 2013.

This concept plan is the result of an extensive and inclusive effort. It presents a number of recommendations and implementation actions that can be used to guide future development toward the long-term vision of a stronger, more dynamic and diverse economy within the Exposition Gateway.

### OVERALL OBJECTIVES

#### Enhance Opportunities

Development that creates a distinctive gateway.

#### Individual Initiative

Improve properties and enhance businesses.

#### Fair Treatment

All property owners should be able to participate in development.

### PLANNING PRINCIPLES

1. Manage storm water.
2. Provide lodging, dining and visitor attractions.
3. Connect to MetraPark.
4. Create high visibility.
5. Expression of businesses.
6. Phased redevelopment.
7. Create infrastructure over time.

## EXISTING CONTEXT

Early on in the planning process, the consultant team and Exposition Gateway Steering Committee identified the study area's opportunities and attributes (Figures 1-1, 1-2, 1-3) and issues and constraints (p.4, Figures 1-4, 1-5, 1-6) to address through this planning effort.

### Opportunities and Attributes

- The study area is situated within a prominent location in the region, in close proximity to surrounding natural recreation areas, MetraPark event center, and downtown Billings.
- The confluence of transportation corridors offers visibility and access to the greater metropolitan area.
- The shift in the street grid presents a potential opportunity for landmark structures and landscapes.
- Many current property owners are willing, interested and organized to be involved with the changing area.
- Some of the larger property ownerships may help enable near-term development.
- There is evidence of recent private investment in blocks to the west.
- Additional modification of Bench Boulevard, Exposition Drive, and 6th intersection could help address existing traffic patterns to complement the recently completed Bench Boulevard improvement project by Yellowstone County.
- Expansion of the Downtown transit service (circulator) and eventual reuse of rail corridor could help improve access to and from the area.
- Current related projects addressing the Hospitality Corridor, MetraPark, Heritage Trail system, Museum of the Yellowstone, conference center, etc can establish symbiotic relationships in the area by identifying common goals and partnership opportunities.
- Prior planning efforts such as the Downtown Framework Plan and EBURD Master Plan define the goals of the area in its larger context.
- There are multiple potential grant opportunities for innovative infill projects.
- There is a potential for public private partnerships for redevelopment.
- The area may have access to redevelopment tools such as: CDBG, EB-5, New Markets Tax credits, and non-profit bonds. Additionally, parcels within the city may have access to TIFD funds.



FIGURE 1-1 PROXIMITY TO REGIONAL ENTERTAINMENT AND EVENT CENTER



FIGURE 1-2 UNIQUELY SITUATED BETWEEN THE RIMS NATURAL AREAS AND THE YELLOWSTONE RIVER

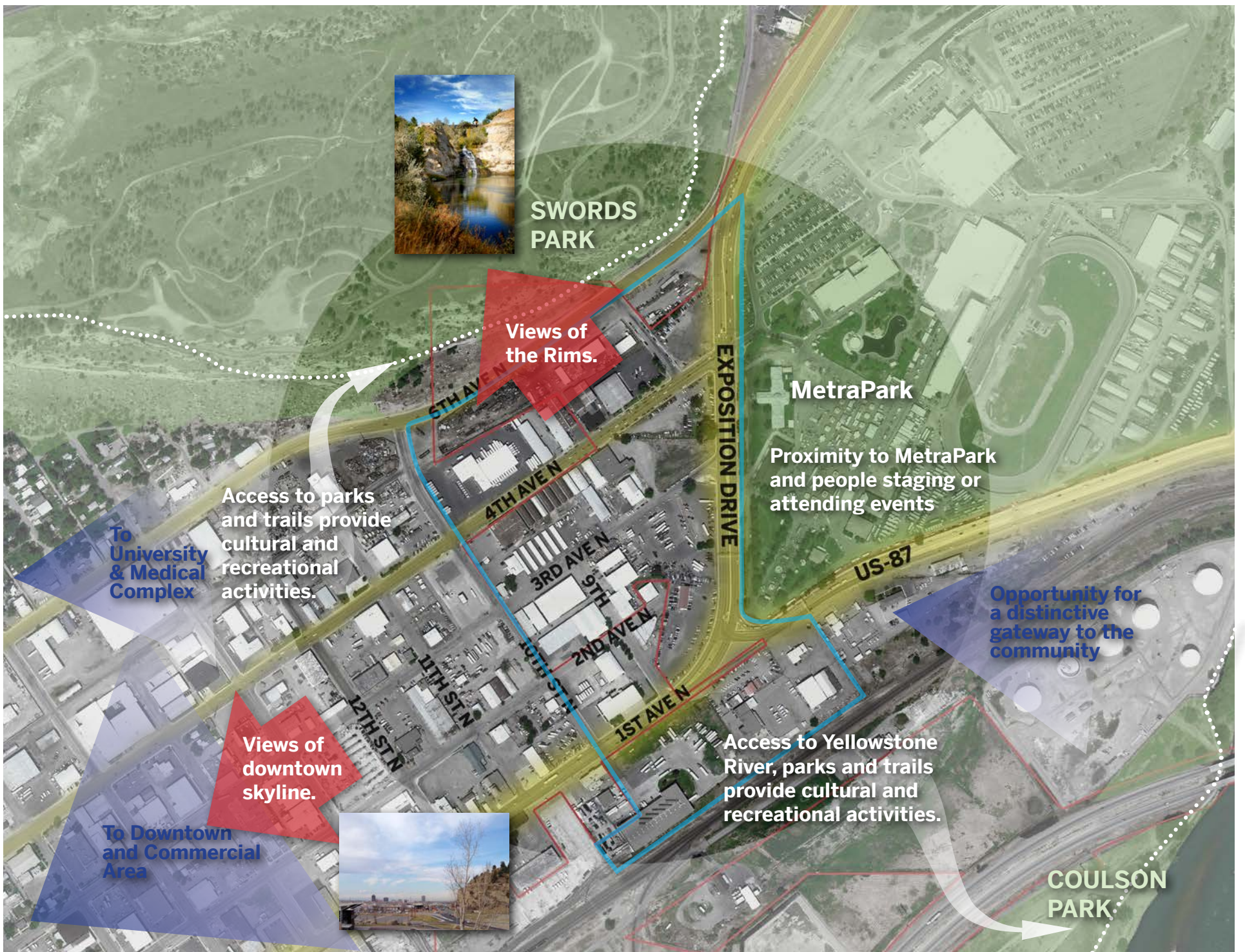


FIGURE 1-3 OPPORTUNITIES AND ATTRIBUTES



FIGURE 1-4 LACK OF CONNECTION TO METRAPARK WITH MULTI-MODAL ACCESS OR COMPLEMENTARY DEVELOPMENT



FIGURE 1-5 EXISTING NARROW AND INCOMPLETE SIDEWALKS

## Issues and Constraints

- The study area lacks a strong physical, multi-modal connection to MetraPark.
- Existing streetscapes consisting of narrow sidewalks, traffic volume and vehicle speeds make walking seem unpleasant, if not unsafe.
- Major intersections of Exposition Drive with 6th Avenue North and 1st Avenue North have very high traffic volumes and lack appropriate multi-modal accommodation.
- The Gateway lacks a sense of place. The area is dominated by storage lots and industrial uses.
- There are existing stormwater issues in the area that lead to periodic flooding.
- There are several groups of smaller parcels with different owners that can make a coordinated redevelopment effort more challenging.
- The lack of services within the area discourages some desired uses.
- Uncertainty about potential to achieve needed rents for various uses and building types discourages redevelopment.
- Concerns of property owners regarding rising taxes if development occurs.
- There are some identified zoning issues, such as non-conforming situations, that discourage redevelopment activities.
- County parcels do not have the ability to use TIF or urban renewal techniques (unless annexed into the City).
- There have been challenges to ensuring cooperation from utility servicing agencies, including the lack of on-going maintenance for street and stormwater facilities.
- As this area is governed by multiple jurisdictions, there is an existing challenge to maintain coordination between agencies.

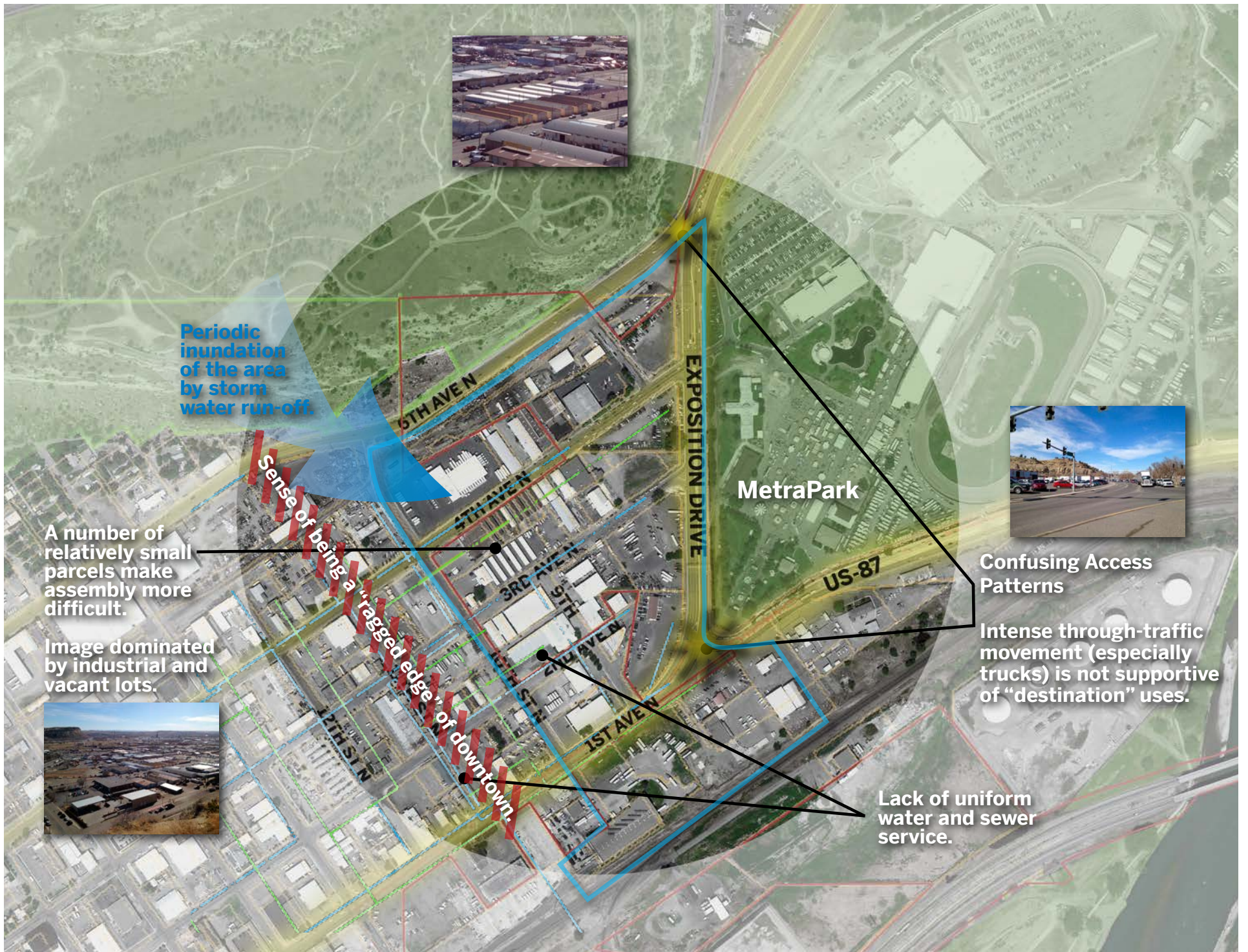


FIGURE 1-6 ISSUES AND CONSTRAINTS

## SECTION 2 FRAMEWORK: PLAN ELEMENTS

### Stormwater Management

According to the City of Billings stormwater maps, stormwater inlets and piping exist throughout the Exposition Gateway Area. Much of this infrastructure was installed decades ago and is no longer adequate. The City is using cameras to investigate the conditions of the stormwater pipes. During site visits, the consultant team verified the location of the drain inlets at all intersections in the study area. The inlets were found to be silted in or the rim elevations were not in alignment with a flow line, both horizontally and vertically. The result is that during large storm events, the water is slow to drain, backs up onto the streets, and sometimes appears to reverse flow into the storm drain system and on to private property. Flooding damages buildings, equipment and materials and decreases property values significantly. This is further exacerbated by differing regulations across the Gateway's multiple jurisdictions. The parcels in the study area that fall within the City jurisdiction are regulated by the City and their MS4 permit standards. Investigations by the consultant team determined that there are currently no requirements in place to address stormwater for the parcels in the study area located outside of the City boundary. It does appear that the City is taking action to address stormwater management issues further to the west, (*"Ambitious drainage project aims to stop east-end Billings flooding"* Billings Gazette Feb 13, 2013)

Before any major redevelopment of the Exposition Gateway Area can occur, this essential infrastructure issue needs to be addressed. This will likely require a combination of maintenance, repair and replacement. In the absence of formal regulations for the majority of the study area,

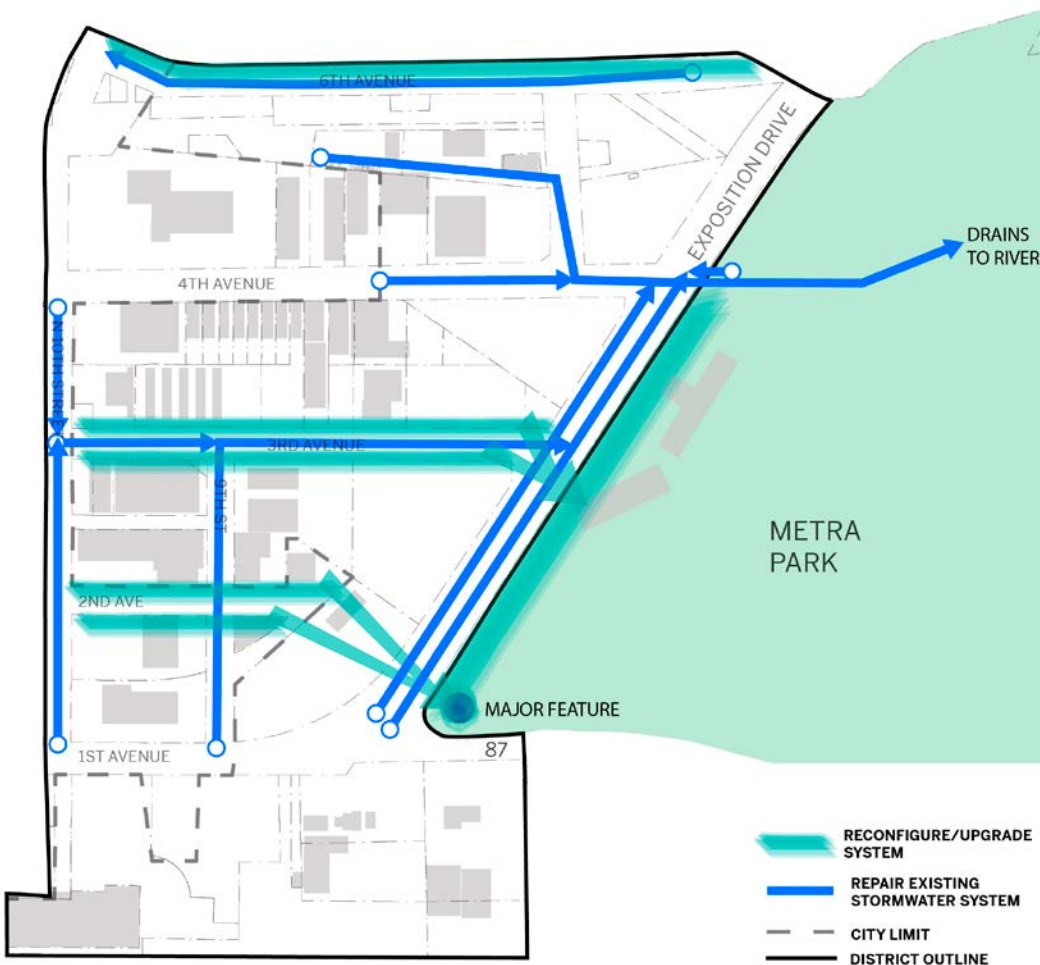


FIGURE 2-1 STORMWATER SYSTEM CONCEPT DIAGRAM



FIGURE 2-2 EXAMPLES OF EXISTING STORMWATER DRAINAGE FACILITIES

the consultant team looks to existing standards within the City Public Works Department, County Public Works Department, Montana State Department of Transportation, and State Department of Environmental Quality for guidance on what makes sense to address the deficiencies.

The City of Billings stormwater regulations state that Comprehensive Drainage Plan (CDP) sites must implement low impact development practices that infiltrate, evapotranspire, or capture for reuse the first half-inch of rainfall from their site's runoff from a 24hr-storm event. (pg 1-2 of City of Billings Stormwater Management Manual). The County does not have any additional stormwater permits or requirements. The result is that current stormwater pipes are sized to capture street drainage only, but are being inundated with runoff from private lots and street runoff from outside of the project study area.

These stormwater deficiencies: reinforce suboptimal land and transportation uses; detract from an otherwise robust and well-traveled corridor; and prevent the accrual of advantages that proximity to the MetraPark presents.



FIGURE 2-3 LANDSCAPED SWALE FOR SURFACE RUNOFF



FIGURE 2-4 MID-STREET RAIN GARDEN

Developing an interlocal agreement among City, County and State partners to maintain, retrofit and upgrade the stormwater system may be an effective tool to overcome these deficiencies.

Montana state law requires property owners to collect, slowly release and filter stormwater created by their own development. Treatments can occur through surface treatment basins, rain gardens, underground storage facilities, green roof technologies, or some combination. Ideally any surface method should create an amenity that can enhance the area's appeal. There are numerous proven methods by which stormwater may be handled in a visually attractive manner. They need not be fenced off ponds. By the same token, streets and sidewalks can also incorporate these methods in a manner that enhances the public realm. We have included photographic illustrations that demonstrate examples used both in Billings and elsewhere. A combination of these solutions will resolve the current deficiencies and add immeasurably to the collective value of the area.

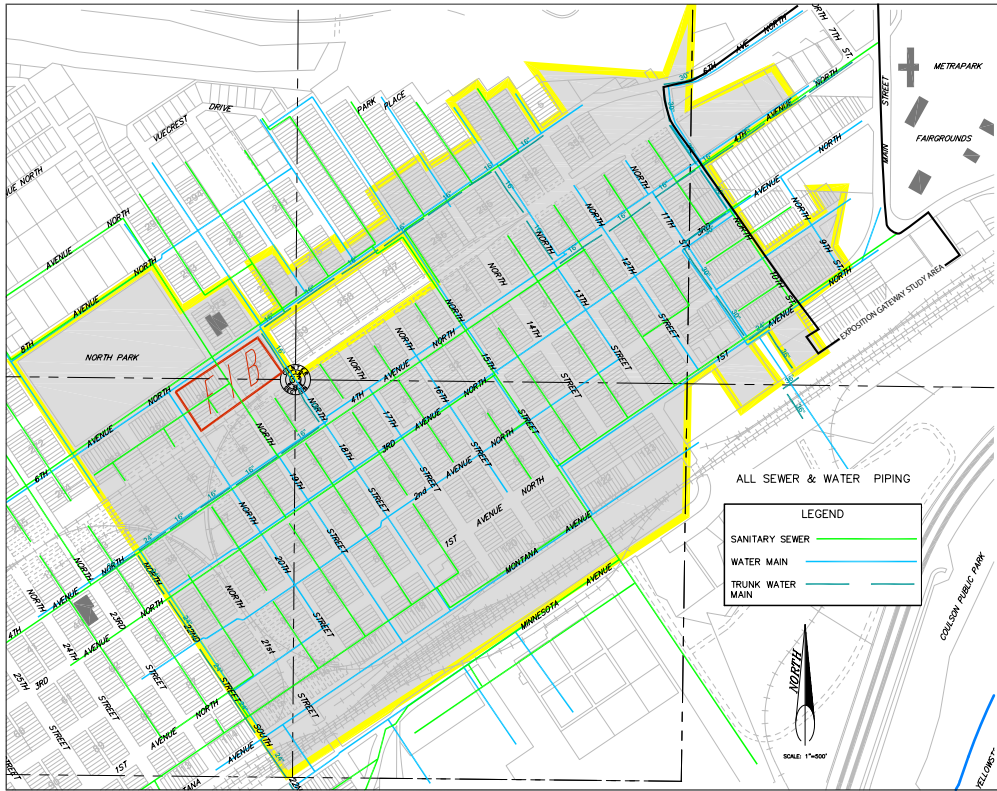


FIGURE 2-5 EBURD SEWER AND WATER PIPING



FIGURE 2-6 EXPOSITION GATEWAY AREA AFTER AN EXTREME STORM EVENT- BILLINGS GAZETTE JUNE 20, 2010 (L MAYER)

## Water and Sanitary Sewer Utilities

As discussed in the EBURD Master Plan and indicated on Figure 2-5 of this plan, almost all of the study area is serviced by water and sanitary sewer to some degree. Unfortunately, many of these facilities are decades old, run across jurisdictional boundaries and are severely undersized for the type of development activities that are being planned for the area. Many of the properties within the project boundary were developed prior to being in the City of Billings municipal boundaries and did not receive ample design consideration for other potential construction in the area. In fact there are several significant parcels that still remain under County jurisdiction. Water and sanitary sewer services have typically been provided to these parcels under loose agreements between the City and the County in regards to operation and maintenance.

With this type of history, water main lines are typically found to be undersized because they were only designed to provide domestic services to small warehouse type facilities. A systematic program of replacing the old system with new larger diameter mains should be reviewed. It should be pointed out that there are some larger water supply mains that cross the EBURD Master Plan district, but extension and looping of local mains of sufficient size to provide both domestic and fire flow requirements will be required.

As with the water, sanitary sewer collection mains extend into the area to varying degrees. Some of these lines are again quite old but appear to be functional at this time. If new surface improvements are being completed, the entirety of the subsurface installations, including sanitary sewer should be reviewed and replaced as needed. As noted on the exhibit, the entire study area is not covered by sanitary sewer collection lines. Some of the older parcels that still remain in the City and County may be on septic tanks and drainfields at this time. Each proposed project will need to be evaluated on its own or as part of a collective upgrade and replacement program.

The operation, maintenance, upgrade or extension of either of these utilities will of course be greatly eased by bringing the county parcels into the jurisdictional boundaries of the City of Billings. By doing this, it will allow for increased access to available funding sources and mechanisms to complete needed improvements as new projects become realities and also provide for a uniform operation and maintenance program conducted under the auspices of a single entity.



FIGURE 2-7 STREETScape CHARACTER CONCEPT DIAGRAM

## Street Improvements

All cities throughout history have developed with different types of streets. Some serve principally as conveyances for vehicles. They are busy, noisy, fast-moving and at times congested. Other streets serve purposes such as allowing people to have access to a variety of goods and services while on foot. These often contain street cafes, shops that spill out with their merchandise, brightly lighted showcase windows, street trees, special lighting and a host of other attributes that make for a pleasant experience. These streets do not exclude vehicles, but include measures to tame the traffic – slow it down and make it one of many uses of the street, all sharing the space. In contrast, other streets that are quiet, serene and green can serve as havens for privacy, movement by foot, and places where people live. Too often cities have made the mistake of having streets that are one-size-fits-all, in which no use is well-accommodated and everything is difficult, whether by vehicle or on foot.

The Exposition Gateway Area would benefit from a more nuanced and artful approach to its streets. Just as the EBURD plan described different functions of streets, this area would be more attractive for development if it were to contain streets that have different performance characteristics. Even so, no street should be relegated to being the ugly sacrificial lamb; all streets can be both handsome and functional.

The streets passing through and surrounding the area can be assigned different purposes and enhanced in different ways.



FIGURE 2-8 MAJOR ARTERIAL: ACCOMMODATE PARKING



FIGURE 2-9 MAJOR ARTERIAL: MULTI-MODAL ACCESS

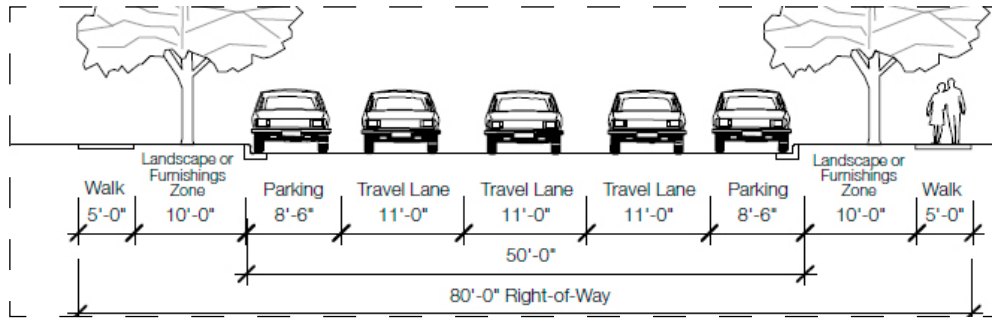


FIGURE 2-10 SECTION FROM EBURD CODE FOR 1ST, 4TH AND 6TH AVENUES



FIGURE 2-11 URBAN BOULEVARD: LANDSCAPED MEDIAN



FIGURE 2-12 URBAN BOULEVARD: PEDESTRIAN ENVIRONMENT

### 1st, 4th and 6th Avenues: Continue as Major Arterials

This plan recommends some streets within the area to continue serving their current functions for through traffic, 1st, 4th and 6th Avenues North fall into that category. They are identified in the EBURD Plan as “Boulevards” and the proposed cross section would be appropriate continuing into the Exposition Gateway Area. While they might be enhanced with streetscape improvements, their essential purpose and operational characteristics would remain unchanged. They serve very important purposes in connecting traffic between the Heights and downtown and would continue to provide for the movement of trucks that serve businesses in downtown and the EBURD.

### Key Intersections

Sanderson Stewart’s 6th Avenue North Bench Traffic Report (2012) provided an analysis of the intersections at 6th Avenue North and Exposition Drive and at First Avenue North and Exposition Drive. A number of different configurations were examined, including grade separations, different geometries, and roundabouts. The analysis concluded that none of these modifications were warranted in the short term at 6th and Exposition, particularly given that planning is proceeding for two large transportation projects in the area that would relieve traffic at this intersection. However, the report did suggest that a roundabout could work in the future at 1st Avenue North and Exposition Drive. This element is recommended in this concept plan.

### Exposition Drive: Transform into an Urban Boulevard

The segment of Exposition Drive between 1st and 6th Avenues North has the potential of becoming a unique boulevard with qualities associated with a parkway. Already, the east side is heavily planted with mature trees and lawn area that lines the edge of MetraPark. Currently, this green corridor is cut off from public use because of a tall fence topped with barbed wire. This fence could be moved 20-30 feet to the east, and will still provide security and admissions control during ticketed events. The resulting wide corridor can then allow for a meandering, multi-purpose trail. The trail would allow people walking and using bicycles to connect from the Exposition Gateway Area to the Yellowstone River or the Rims with only one major street crossing.

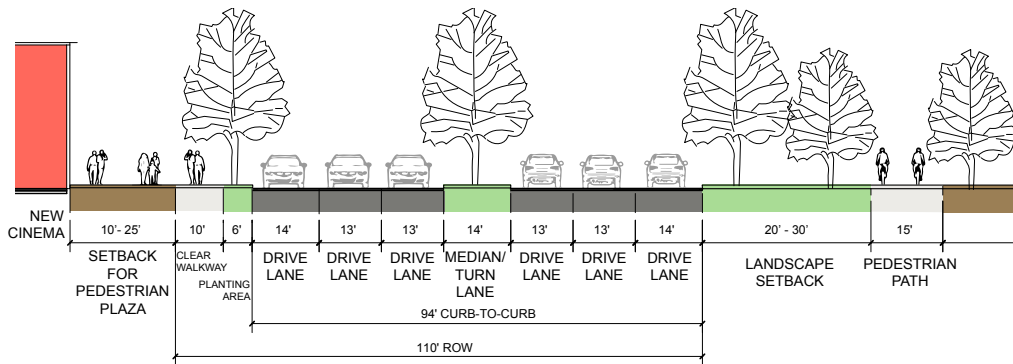


FIGURE 2-13 POSSIBLE URBAN BOULEVARD STREET SECTION FOR EXPOSITION DRIVE/MAIN STREET

Additionally, the median in the middle of Exposition Drive could be rebuilt to incorporate substantial planting so that a complete boulevard treatment can be created. Given the speeds involved in that corridor, there is sufficient room to install trees within the median, as well as understory. The design of the boulevard could reflect a “Gateway” treatment, with special signage, artwork, and lighting.

As development occurs on the west side, the edge along Exposition Drive should include trees, planting and other features to extend and complement the boulevard. Since it is unlikely that the frontage along the State route will allow curb cuts, this edge can be relatively continuous planting. Site and building design guidelines should be adopted, as a new part of the EBURD code, to ensure a consistent combination of elements.



FIGURE 2-14 PEDESTRIAN PASSAGE ON VACATED STREET



FIGURE 2-15 PEDESTRIAN SPINE THROUGH SHOPPING AREA

### North 9th Street and 2nd Avenue North, East of North 10th Street North: Candidates for Potential Street Vacation

These short street segments do not currently connect with the larger grid network and are appropriately cut off from Exposition Drive. Vacating them to adjacent property owners could allow for more flexibility in consolidation of parcels and potential redevelopment.

However, this may need to be a longer term action as there are still functioning businesses that need access by trucks for deliveries and cars by customers. Until and unless those businesses choose to relocate, public right-of-way will be needed. It might be possible to partially vacate sides or segments of these streets. Finally, there is the issue that these rights-of-way include utilities. These would need to be reconfigured and the cost of that might need to be figured into the cost of vacation. Typically, in a vacation process, adjacent property owners purchase the vacated land at fair market value from the government entity that owns it.



FIGURE 2-16 PEDESTRIAN ORIENTED LINKING STREET

Vacated right of way could still allow for some amenities to increase the positive image of the district, such as landscaped storm water ponds, connecting pathways, and vehicular access to parking. There are many examples of linear, park-like settings in former streets where limited access is allowed.

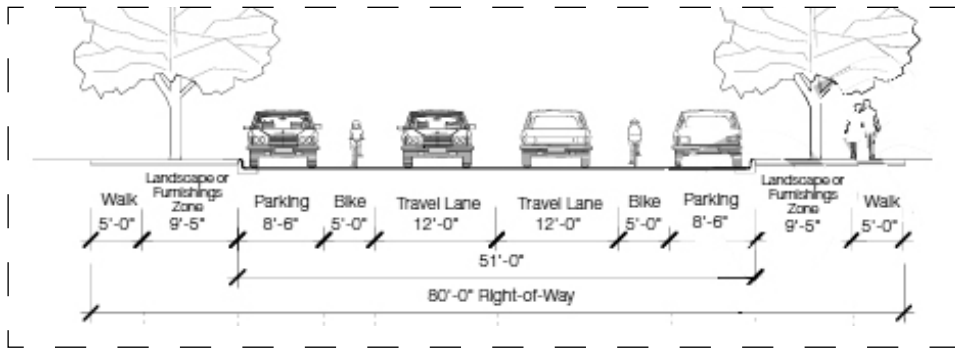


FIGURE 2-17 SECTION FROM EBURD CODE FOR 10TH STREET NORTH

### North 10th Street

The EBURD plan suggested that 2nd Avenue North be the main spine through that area, connecting the various subdistricts within it together and to the downtown core. This makes sense except where it reaches the Exposition Gateway Area, and 2nd Avenue North reaches a dead end. Prior concepts for the area have shown 2nd turning northward and intersecting with 4th Avenue North. However, that would divide properties and consume land otherwise already aggregated and ideal for larger scale development.

The consultant team recommends using North 10th Street as a connecting street between 2nd Avenue North and the Gateway Area. It already connects all cross streets. 10th could be designed to include on-street parking and bike lanes and offer goods and services that could be available to both the EBURD to the west and the Gateway to the east. Its intersection with 3rd Avenue North which leads to new destinations and eventually MetraPark, would be marked with public spaces surrounded by cafes and seating, creating a gateway to the Exposition Gateway Area.



FIGURE 2-18 ARTFUL ROUNDABOUT



FIGURE 2-19 MAJOR INTERSECTION ROUNDABOUT

### 1st Avenue North and Exposition Drive: Grand Roundabout

Identified as a future project in the Sanderson Stewart analysis of transportation improvements, this could assume a much more important role than merely sorting out traffic movements. By using space at the south end of MetraPark which is rarely used for programmed events, the size of the roundabout could be much larger and grander in design than typically seen in more restricted locations. There are many examples throughout Europe of roundabouts with multiple lanes and large diameters that can accommodate semi-trailer trucks. Slip ramps can help in ensuring smooth right-turn movements.

Such a roundabout could also serve as a landmark, marking the presence of MetraPark, adding a dramatic gateway feature into downtown Billings and signifying the redevelopment of the Exposition Gateway Area. The design of the roundabout could include a number of bold features. These could include trees, seasonal planting, unusual lighting such as LEDs that change in color by season or by temperature, a unique sign, large scale artwork reflecting the culture of the community, or even a unique fountain that might make use of local stone. All of these elements have been seen in other major urban roundabouts.

The design of this roundabout could be the subject of a competition – one that invites collaboration of designers, artists, and the community. It could be a lively new entrance to downtown Billings and the EBURD.



FIGURE 2-20 EXAMPLE OF PEDESTRIAN OVER CROSSING

## Pedestrian Overcrossing

One of the major problems of the Exposition Gateway Area is that it is severed from any good pedestrian connection with MetraPark by the multi-lane highway. This creates a visual and functional chasm – somewhat like a river. But in this case, the effect is not just geographic; it is economic, because the activities of MetraPark cannot be easily captured in the Exposition Gateway Area. Anecdotal evidence indicates that many people – event organizers, performers and the public – would like to stay nearby and enjoy other attractions, but few choices are available in close proximity, virtually none within walking distance. People engaged in events often prefer to have accommodations close at hand.

Sometimes this connection between events venues, off-site services, and amenities can be made through improving intersections on-grade so that pedestrian movement is enhanced. Given the presence of the heavily traveled State route, this option has a few challenges in introducing potential conflict with traffic flow. One possible solution would be to introduce an on-grade HAWK signal (High-intensity Activated crosswalk) at 3rd or 4th Avenue North. This would allow cyclists and pedestrians to cross only when the signal was activated. It could potentially be the most economical solution, but would need some further investigation to understand how the timing of the pedestrian and bicycle crossing would be coordinated with the traffic flow along Exposition Drive and the intersections at Exposition Drive and 6th Avenue North and Exposition Drive and 1st Avenue North. Also, the timing may need to be adjusted during major events at MetraPark.



FIGURE 2-21 EXAMPLE OF A HAWK (HIGH-INTENSITY ACTIVATED CROSSWALK). PHOTO FROM ACHDIDAHO.ORG

Another option is a pedestrian underpass. This has been done in locations with some success, although some people do not feel comfortable walking through a tunnel, especially if it is long, which this would need to be. Underpasses can be made to feel safer using lighting, higher ceilings, and design elements that make for a natural sequence of movement. A public crossing must provide for disabled movement under the ADA statutes. Often, this means long approaches with ramps. The presence of a large underground gas pipeline that is part of a regional system may prevent this option from being economical, but it has not been studied.

An overpass option has the least impactful to current vehicular traffic patterns and safest for bike and pedestrian users. Of course, any overpass must allow for necessary clearance for vehicles traveling below it. This clearance is easy to determine because elsewhere along this corridor, there are already signal arms and sign bridges that have limited clearance. Such clearance is likely in the range of 18 to 22 feet – typically found in most pedestrian overcrossings.

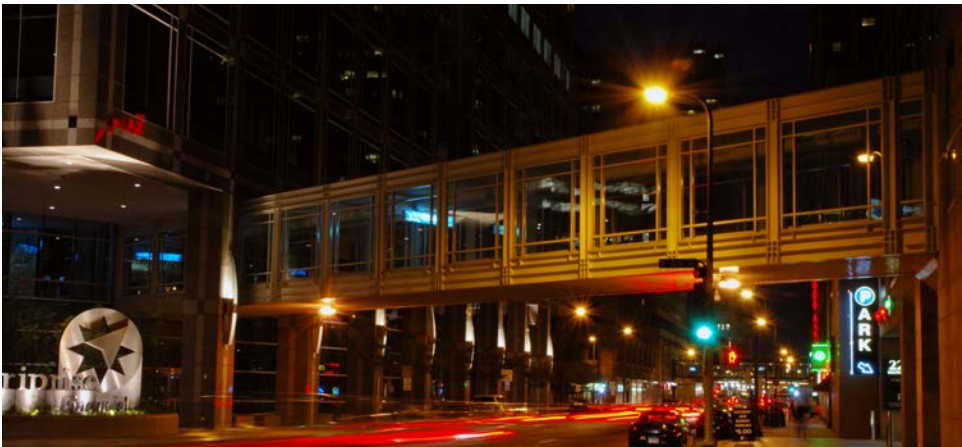


FIGURE 2-22 EXAMPLES OF A PEDESTRIAN OVERCROSSING TO A BUILDING

In hundreds of communities, pedestrian overpasses have been installed where there are 6-7 lanes of high volume traffic, including trucks, as is the case here. However, the success of these overpasses varies widely, despite initial capital costs that can range from \$2 million to \$10 million, depending on the design. The lower end of the range buys only a simple steel truss with corkscrew-type or switchback-type ramps at each end. The upper end buys a custom design that might serve as a bold symbol of a district or development area. (See Figures 2-2.)

There are several related issues associated with the design of pedestrian overcrossings. The least costly type of bridge has ramps at each end. These not only look out of place in an urban context, but they discourage use by people on foot as they require walking long distances to even approach the actual crossing point. Stairs can be installed, but ramps still need to be provided to meet ADA standards. This results in redundant expenses.

Some overcrossings have elevators at each end instead of ramps. Typically, elevators have high initial costs along with ongoing maintenance and repair costs. Free-standing, unmonitored elevators are often exposed to harsh weather, vandalism and other misuses. Moreover, pedestrians intuitively tend to take the shortest route possible and may find going up, across, and down inconvenient.

Pedestrian overcrossings are most successful and cost effective when they can be incorporated into adjacent buildings where vertical circulation is already necessary. That way, maintenance and observation is built-in and the movement seems more natural. Costs can be shared and the structure becomes part of the imagery of the flanking buildings. Sometimes these structures can be dramatic extensions of the development on each side. Elsewhere in this document, the consultants have suggested uses that could bracket both sides of Exposition Drive. The team has also suggested a zone between 3rd Avenue and 4th Avenue North where an overcrossing could make sense. A wholly new pedestrian only entry to MetraPark could be provided at the east end of the crossing. Regardless of any suggestions here, a pedestrian overcrossing would need to be further analyzed with regard to location, structural form, security, cost, and on-going maintenance.



FIGURE 2-23 SPECIAL STREETSCAPE AMENITIES

### Signature Street: 3rd Avenue North

3rd Avenue North should be completely re-purposed as a special kind of street that serves as the central spine for the Exposition Gateway Area. It would be narrowed to one lane each direction, with bicycle lanes and parallel parking on each side. As is currently the case today, the intersection with Exposition Drive should be right turn in/right turn out. The sidewalks should be expanded in width and fitted with trees and rain gardens. Walking surfaces should be treated with distinctive, textured paving. Additionally, special pedestrian-scale lighting should be installed.

3rd Avenue North would serve as a quiet, landscaped promenade, linking the EBURD with MetraPark. Depending on the nature of redevelopment, the eastern end could have branches that connect between buildings and lead to other destinations to the north and south. 3rd might also incorporate unusual lighting such as catenary lighting overhead, to give it a “festival street” ambiance. (See images 2-23 that depict this idea.)

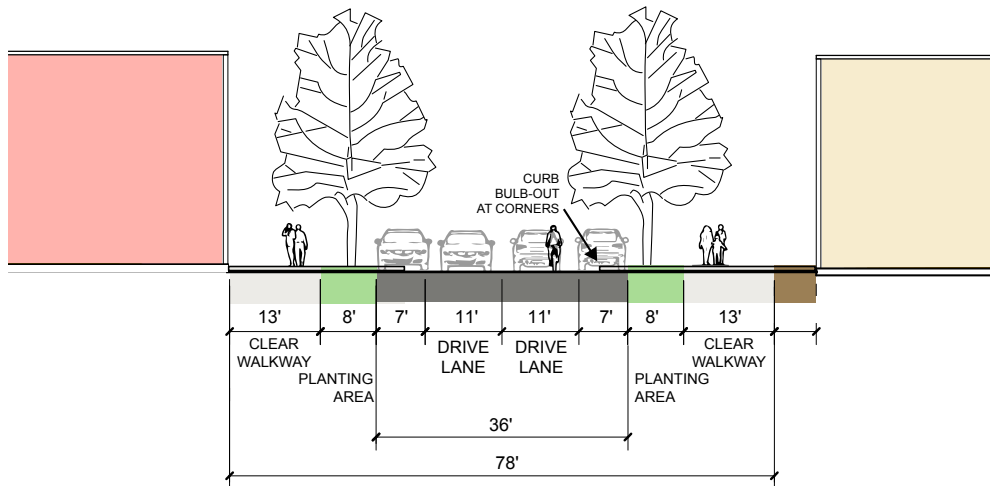


FIGURE 2-24 SIGNATURE STREET SECTION FOR 3RD AVENUE

### Future Connection: Exposition/Main to I-90

A connection between the intersection of Exposition Drive and First Avenue North with Interstate 90 has been considered in the past, since the distance between those two points is no more than 1500 feet. This connection would require constructing a grade-separated crossing so as to not disrupt mainline rail movement and it would also require purchasing right-of-way through private property. It would not require purchasing buildings and portions of the connection might allow for cross circulation between the property segments if some of the roadway were to be elevated.

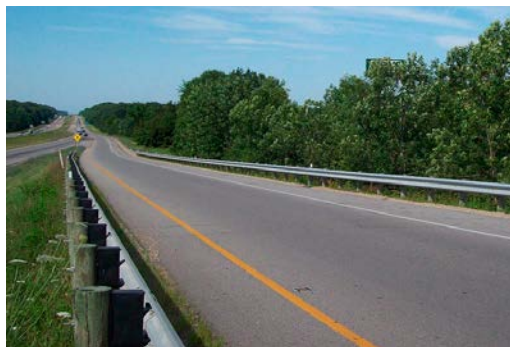


FIGURE 2-25 POSSIBLE FREEWAY CONNECTION

An interchange with the interstate could be a partial one, allowing for west-bound I-90 access to and from the Exposition Gateway Area. Therefore, the Coulson Park area to the south along the river would not be affected. The major benefit of this interchange would be to allow through traffic, particularly trucks, not destined for downtown to avoid streets in the EBURD and downtown. Some of the traffic originating in the Heights could also access I-90 more directly. Although the volumes would remain the same on Exposition Drive (until a Bypass is built), the through traffic would decrease in the EBURD, allowing it to achieve its objectives for mixed use, residential development and walkability. This then could potentially allow portions of 4th and 6th Avenues North to be retrofitted with diagonal on-street parking, which would help support local businesses.

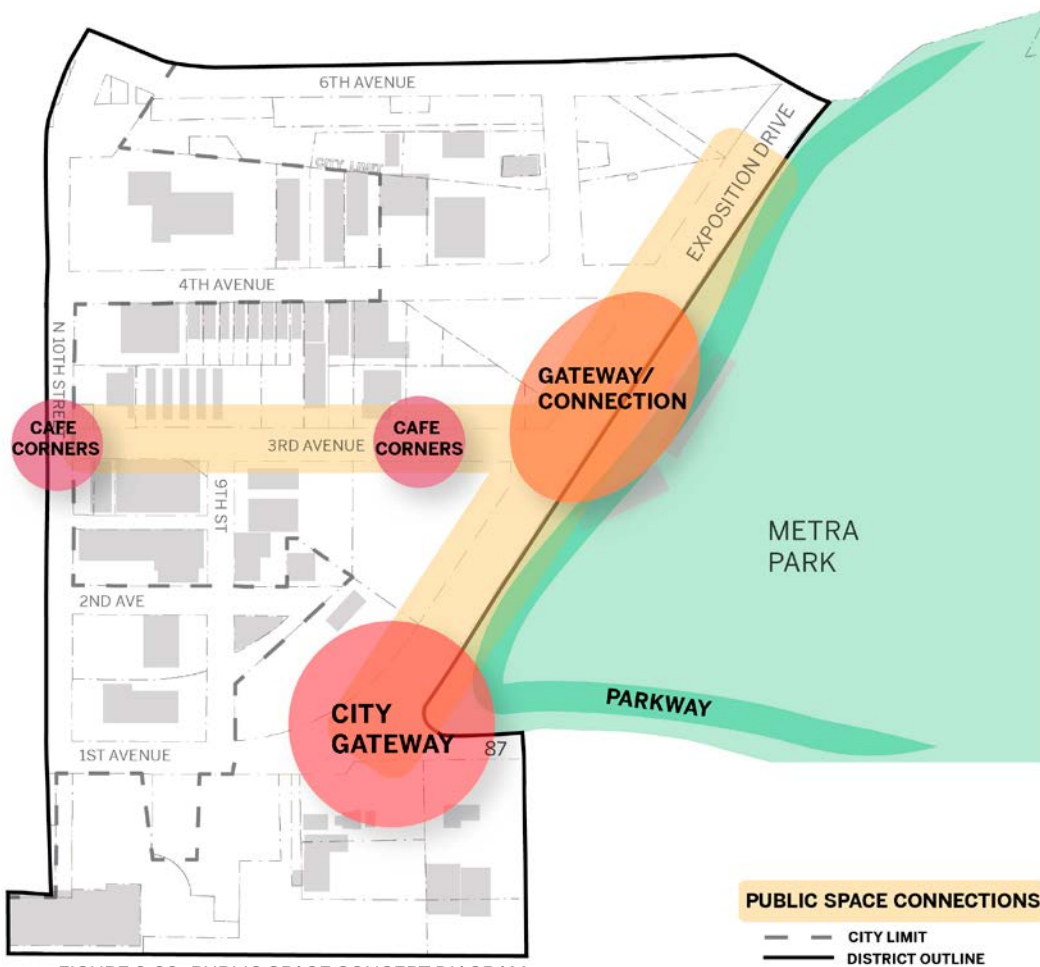


FIGURE 2-26 PUBLIC SPACE CONCEPT DIAGRAM

## Public Spaces and Landmarks

### 3rd Avenue Corridor

A re-design of the 3rd Avenue North corridor could be the focus of many dynamic elements to create a “heart” for the Exposition Gateway Area. As previously described, the street itself can serve as a linear signature feature, with distinctive lighting and landscape design elements. There could be various forms of artwork that could reflect the history, geography and cultures found in the area. Adjacent development could include plazas, forecourts, gardens and sitting areas that help make this a desirable destination for local residents and visitors alike. It can also create a dramatic landmark element, which in this case is suggested to be a pedestrian overcrossing. In a sense, the 3rd Avenue corridor would be a linear focal point. It could be closed for festivals and celebrations. It could link the CBD and MetraPark with a continuous public space that enhances commercial and cultural activity.

### First and Exposition Drive Gateway

This location has been indicated above as a place for a future roundabout. It will likely take some time to develop funding for this project. In the meantime it would still be possible to add a dramatic new element that can signal a new identity for the area.

The current sign for MetraPark is showing its age. This could be replaced with a much grander statement about the Park that involves using natural rock walls (echoing the nearby Rims), falling water, storm water retention and infiltration, lighting and artwork, along with signage that announces the place. Many public facilities with the regional significance of MetraPark have gateway markers that befit them. The entire south end of MetraPark could be redesigned to better use the mature stand of trees and gateway feature. This area could also incorporate the multi-use trail leading to the river, as described previously.



FIGURE 2-27 SPECIAL SIGNAGE WITHIN A ROUNDABOUT

A roundabout in this location will require an analysis of operational characteristics, footprint, lane configuration, diameter, and cost-effectiveness. But even before that work is done, a slip lane could be added next to the MetraPark property to make that turn smoother for longer vehicles. This lane could be retained in a future roundabout configuration. The combination of improvements that address freight mobility, circulation, non-motorized vehicles and low-impact development can make an ideal project for attracting grants.

### Exposition Drive Parkway Corridor

This corridor has been described as an Urban Boulevard previously. But it is worth repeating that both the east and west sides of the street can reinforce this effect over time. The fence line on the MetraPark side can be moved back to provide a greenbelt containing the existing trees, a new sinuous multi-use trail, lighting and additional landscaping. The fence itself could be a new design, perhaps combining a low masonry wall topped by decorative metalwork. Inserts could display bold cut-out patterns of the wide range of activities within the park, from sports to animal shows to live music. The wall/fence could celebrate the edge of the park and frame the boulevard with elements of local flavor.



FIGURE 2-28 EXAMPLES OF LANDSCAPED PARKWAYS



The western edge of MetraPark contains two structures. One is an older exhibit barn that clearly has historic value. Preserving and restoring it could give it a new life and role as a piece of Billings' heritage. The other is a much more nondescript structure now used for storage. This building could be replaced with a new use that creates a pedestrian entrance to the park, adds a sense of drama, helps frame the boulevard and connects to a pedestrian overcrossing.

The west side of Exposition Drive should contain development that echoes MetraPark's role in agriculture, arts, sports and entertainment. Building facades could be dramatically lighted and have generous amounts of glass. Lobbies and vertical circulation elements could display people, movement and activity inside. At one or more points, vertical tower forms could mark entrances or end points. If a hotel locates there, it might incorporate a rooftop restaurant or observation deck.

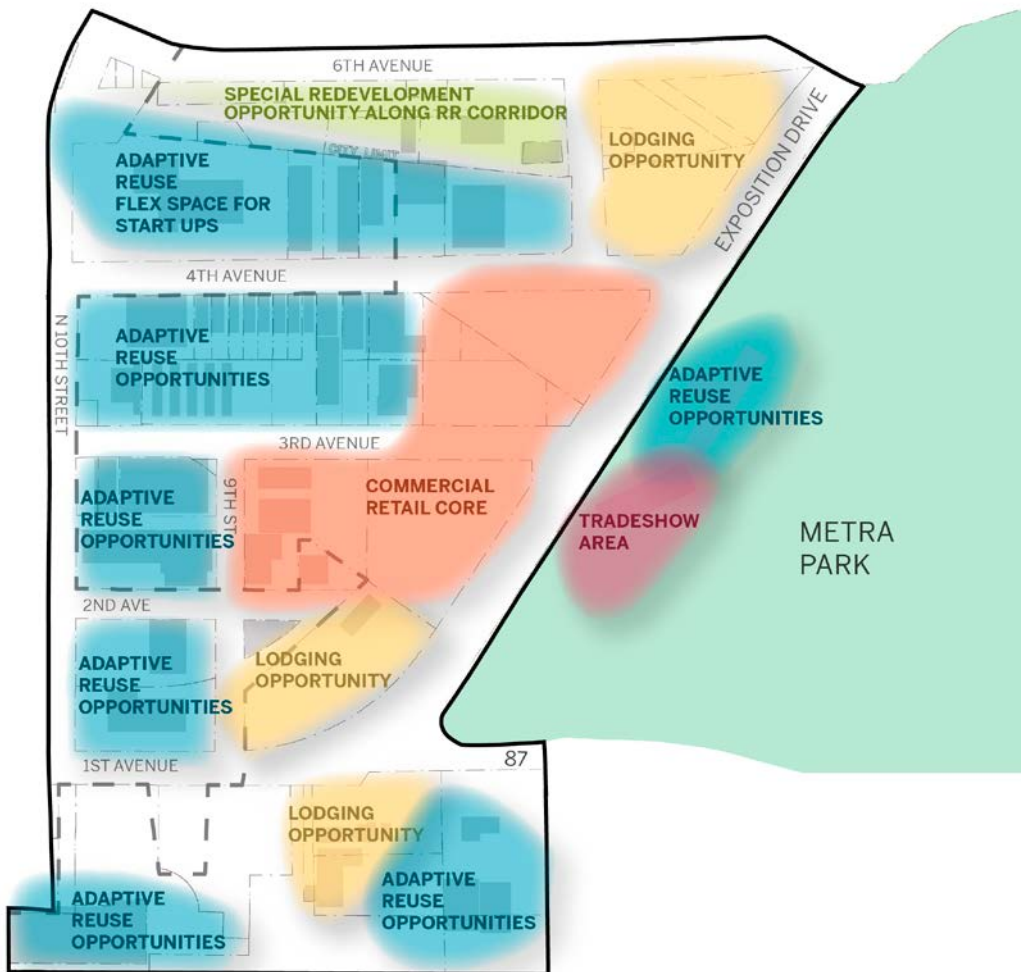


FIGURE 2-29 LAND USE CONCEPT DIAGRAM

## Land Development Concept

The recommendations described above have been translated into a development concept. The recommendations have been combined with a range of uses that have been identified as desired and likely to make sense economically for the area. These include the following:

- Hotels
- Cinema Complex
- Restaurants
- Destination Retail Stores
- Start-up Businesses, some of which could involve fabrication
- Shared and Structured Parking

The introduction of new businesses does not assume the wholesale displacement of existing businesses. Rather the area could evolve into a rich mixture of the light industrial uses that are present today with infill of new uses. It is already evident that some current businesses, especially ones that involve heavy use of larger trucks, are seeking better locations with more space and easier access and maneuvering. Over time, as with other similar areas around the country, it is expected that the predominant types of businesses will change as owners reconsider business models, choose different locations, or sell properties to other parties. This could occur over decades. In the meantime, very interesting things could be done to older existing structures to adapt them to new uses. The combination of new and old, industrial and commercial would make for an interesting and dynamic identity for the area.

Over a longer time frame, it might eventually be the case that some people will choose to live there, within infill residential buildings. This phenomenon has been seen in other cities including Bozeman, Spokane, Seattle, Portland, Salt Lake City, Denver and Oakland. The initial wave of residents often is made up of artists, fabricators, and crafts people who have a higher tolerance for an “edgy” neighborhood.



FIGURE 2-30 EXAMPLES OF HOTEL DEVELOPMENT

## Hotels

This illustrative plan indicates several places for hotels. None of these are necessarily meant to be fixed or unchangeable. Indeed, there may well be a number of good sites. However, hotels do generally require exposure to highways or arterial streets. They gain great benefit from being close to venues like MetraPark. And they often require sufficient land for large parking lots, at least until land values rise enough to make a garage feasible. This, of course, can change over time, with a parking lot eventually converted to a structure, which then allows more development, whether a new wing of the hotel or another use. The plan anticipates hotels in locations where it seemed logical in the marketplace to see the first ones built. There could be more over time.



FIGURE 2-31 CINEMA AND RESTAURANT COMPLEX

## Cinema Complex

The easterly portion of the city is not currently served by any movie theaters. Yet, the area's household income and population size could support a small complex of movie theaters. There are a number of models for this around the country. Some depart from the conventional multiplex in that the seating capacities of the individual auditoriums are smaller and food is available. There are some theaters that include other forms of entertainment, such as live music on certain nights. Often, contemporary theaters offer multiple choices, even serving beer and wine with a lounge-like atmosphere. This is also a use that might start out with a large surface parking lot that would be converted to a garage over time.

This type of building is often designed to recapture the formerly popular, dramatic impact of seeing movies on the big screen. Theaters are stacked in multiple floors, there is a large, high-ceilinged lobby surrounded by glass, and a marquee that is big, bold and brightly lit. The "theatricality" of movie theaters has come back, as many people have tired of seeing great films on small screens. And seeing movies is as much about the social experience as about film-watching.



FIGURE 2-32 SMALL-SCALE RESTAURANTS

## Restaurants

A wide range of restaurants could be located in this area, from national brands to local, home-grown enterprises. Some could be found with hotels or with the cinema complex, while others could be freestanding. It is also possible that some could be located within older industrial structures that have been retrofitted. One cautionary note is that larger restaurants have high demand for parking. This consumes large areas of land which might otherwise be available for buildings. Some national brands insist upon a model that has them situated in the middle of a parking lot. This is a very



FIGURE 2-33 EXAMPLES OF DESTINATION RETAIL



FIGURE 2-34 EXAMPLES OF ADAPTIVE REUSE FOR RETAIL, COMMERCIAL AND MANUFACTURING USES

suburban pattern that usually does not work well in an urban setting. One good solution is to locate them on properties where parking can be shared with other uses. The ideal situation is to have customers park once, then walk to multiple destinations. Most land use regulations today reflect the efficiency gained by shared parking facilities. At some point it might be feasible to consider a shared-use parking structure for the area. These are now being built in other cities, sometime using TIF and/or SID funds or a “fee-in-lieu-of” method that removes parking obligations from individual developments.

### Destination Retailing

There are a number of larger parcels situated throughout this area that could lend themselves to special retailing. An example might be a small outlet mall carrying national brands. Another could be a sporting goods company. There are some that even like adapting an older building to their use. There are also models in which a public market like atmosphere is created in older industrial buildings where small vendors and start-up retailers can get a foothold in the market. Many people enjoy and value the opportunity to have access to small local merchants such as artist, artisans, jewelry makers, hat makers, and so on. Older buildings can easily lend themselves to a loft-like ambiance filled with smaller businesses that do not require much space. In contrast to seasonal street fairs, this gives these enterprises exposure to customers, even during periods of inclement weather. There is enough room in the Exposition Gateway Area to accommodate a variety of retail types in both new and re-used facilities.

### Start-up Businesses

The number of older industrial buildings in the area could attract smaller, newer businesses that need raw, less expensive space for creating new products. These businesses initially need open, flexible space that can be adapted to widely varying combinations of fabrication, research, marketing, distribution and management. They often use one location and then expand into adjacent space or new space. These kinds of businesses have been fueling significant job growth within cities for the past ten years, even with the recession. Billings already has seen a number of these types of businesses get started and flourish, even within the EBURD. The Exposition Gateway Area has an inventory of buildings that could serve this purpose. In a sense, it’s the New Economy, re-purposing structures used by the previous industrial economy. There is even a current



FIGURE 2-35 EXAMPLES OF PARKING STRUCTURES

phenomenon in some cities of a larger, older structure being redesigned to hold a number of smaller businesses that can share meeting spaces, lounge areas, and business services. Often, these can go into very minimal, raw space, as that is part of their creative, entrepreneurial image.

### Shared and Structure Parking

As part of the EBURD zoning updates, a new parking overlay was adopted that establishes lower parking ratio and allows properties within the City to utilize onstreet as part of their overall parking count. Adopting this parking overlay will help to promote more dense, walkable development within the Exposition Gateway Area. However, over time, as development begins to infill into the area, the existing ample onstreet parking may begin to feel scarce. In order to accommodate the variety of proposed uses into a more successful urban pattern in the Exposition Gateway Area, it may be advantageous for the City and the County to explore the additional effective ways to accommodate parking. Placing the parking burden on each individual development is expensive and usually produces an environment that falls short of community and customer expectations. By finding appropriate ways and sites for shared surface parking initially, and when economically viable, structured parking, will help create a more lively, welcoming and robust mixed-use environment and one that will provide a greater public return on investment from jobs to taxes.

### Effect on Property Values

It is expected that all of these actions by public and private entities will, over time, result in an increase in property values. This is considered desirable since it will help fund improvements to infrastructure, streets and public spaces. The suggested improvements may not benefit all property owners to the same degree. Ideally, a mechanism should be employed to grant tax relief to small properties that are not ideal for redevelopment. Each property owner will need to evaluate the costs and benefit of participation in this redevelopment initiative to determine what makes sense for them: redevelopment, sales, or status quo.



FIGURE 2-36 ILLUSTRATIVE DEVELOPMENT PLAN

The Exposition Gateway Area straddles the City and the County boundaries. It is an area that could hold a very diverse and dynamic combination of uses, activities, spaces, and streets. It has the potential to energize and anchor the east end of the EBURD and strengthen the highly valued MetraPark complex. Both the City and the County have a stake in the future of the area. Through strategic public investments, creative marketing and the use of a variety of development tools, this area could be a lively, evolving, and a unique community and regional destination.



FIGURE 3-1 FIRST EXPOSITION GATEWAY AREA PROPERTY OWNER WORKSHOP



## SECTION 3 IMPLEMENTATION

Implementing the recommendations in this plan will require cooperation among a number of individuals, organizations and government agencies. No one party will be able to achieve all the goals for the Exposition Gateway Area alone; collaboration and coordination will be necessary.

The action items listed in this section indicate that the property owners, working within the structure of the BIRD organization, will take the lead but other agencies and organizations will be involved in the effort at various points in time.

### Level of Landowner Support

A balloting process was conducted by the BIRD of all of the landowners in the study area. Landowners were contacted at least 5 times and many attended two public meetings. The results of balloting were: 21 landowners in favor of the plan; 3 landowners oppose the plan; 10 landowners did not respond. Of the Nonresponse landowners two are the BNSF railroad and Rail Link. They have been in on the planning process and it is anticipated that the agencies will review the final plan and voice their support. Several of the other nonresponsive landowners just say they want to wait. This is a tremendous positive response to such a massive project.

The following steps are roughly in order with respect to what needs to occur first to what requires a longer planning horizon. However, the first ten (A-J) are essential.

Appendix A includes a more detailed description of a number of specific implementation tools.



FIGURE 3-2 EXAMPLES OF STORM DRAINAGE IMPROVEMENTS

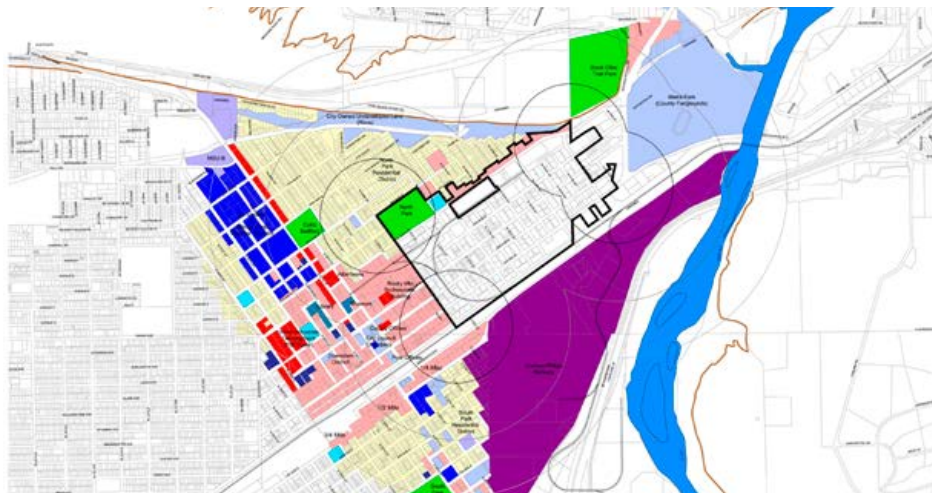


FIGURE 3-3 HOUSING STUDY FOR EAST BILLINGS TIF DISTRICT FROM EBURD MASTER PLAN



FIGURE 3-4 EXAMPLE OF URBAN BOULEVARD IMPROVEMENT

### A. County Commissioners Adoption of the Plan

The plan should be presented to individual commissioners and discussed, then brought to a vote for formal adoption.

### B. City Council Adoption of the Plan

The plan should be presented to individual city councilors and discussed, then brought to a vote for formal adoption.

### C. City of Billings Commence Engineering of Infrastructure to Upgrade & Repair Utilities & Streets

The Public Works Department of the City of Billings should begin engineering, planning for the infrastructure (utilities, streets, sidewalks, curb and gutter) to be built in the Gateway area. Costs and time lines for the construction and long term maintenance should be developed in coordination with the BIRD, Yellowstone County, and the Montana Department of Transportation.

### D. BIRD is the organization that represents the Area.

Encourage property owners to join the BIRD, which would drive the implementation program, working with various governmental agencies and jurisdictions.

### E. BSEDA and BIRD develop a Marketing Prospectus for the Area.

The BIRD & BSEDA should assemble an illustrated prospectus for the purpose of marketing the area. This should include information on properties, ownerships, land values, incentives and other market information of interest to developers and businesses.

### F. Urban Renewal District and TIFD Inclusion.

Once all parcels of the Expo Gateway Study Area are assimilated into the City, they will then be included into the East Billings Urban Renewal District (EBURD) and in to the TIFD District.

### G. Develop a EBURD Code designation for this Area

Develop an EBURD zoning designation within the EBURD Code for this area to suit the specific area needs, including hospitality uses. Then adopt the EBURD Zoning Code and Parking Overlay for this area.

### H. Reconstruct Exposition Drive into an Urban Boulevard

The BIRD working with the City, the County and MDT drive the reconstruction of the segment of Exposition Drive between 1st Avenue and 6th Avenue into an urban boulevard. This would include: 1) new lighting, a planted median,



FIGURE 3-5 EXAMPLE OF UNIQUE GATEWAY WATER FEATURE



FIGURE 3-6 EXAMPLE OF ROUNDABOUT CONNECTION TO THE INTERSTATE

and trees along the edges; 2) a multi-modal trail along the east edge; 3) relocating the MetraPark fence 30 feet to the east to allow for the trail to meander and; 4) swales to collect and filter run-off, artwork, and wayfinding signage. This would require several steps: a preliminary “pre-design study” to determine the general physical elements and the costs, finding funding sources, applying for the funds, designing the corridor, and providing plans and specifications. This is, as with most similar projects, a multi-year effort.

### **I. Develop a New Gateway Feature at MetraPark**

The BIRD working with the County, MetraPark Board, BSEDA and Chamber of Commerce create a new entry gateway feature, northeast of the intersection of 1st Avenue and Exposition Drive. This should include a new sign, landscaping, major water feature and artwork that reflect the region. This project should also include moving the southern fence line to the north to allow for a continuous bike path from the river to this intersection.

### **J. Pedestrian Crossing to MetraPark**

The BIRD working with the City, the County and MDT construct a pedestrian undercrossing or overcrossing of Exposition Drive. This would require several steps: a preliminary “pre-design study” to determine the location, type and length, costs, finding funding sources, applying for the funds, designing the crossing, and providing plans and specifications.

### **K. Connection to I-90**

The BIRD and MDT working with the various governmental entities conduct a feasibility study of a new connection to I-90 that allows through traffic, especially truck traffic, to relieve traffic that is forced thru downtown Billings. This would also enhance transportation commerce as it shortens the time to the interstate from points north. The interchange should be an “on ramp only” to avoid impacting the riverfront park and reduce the costs of construction.















FIGURE 3-7 EXAMPLE OF EXHIBITION CENTER WITH BRIDGING ELEMENT

### M. Exhibition Center

The BIRD working with the County and MetraPark Board commission a study of a possible exhibition center along the west edge of MetraPark that can tie into a pedestrian crossing and create a additional entrance to the grounds. This could be combined with a project to restore the old, historic building. The exhibition center would emphasize high quality, large, flat-floor, column-free space that could be tied to nearby hotels as a destination and offer another revenue stream for MetraPark. The study would examine market demand, size, function, capital costs and operating costs, and income. The exhibition center should a distinctive, civic building that extends the character of the Rimrock Auto Arena.

## IMPLEMENTATION PROGRAM -TIME FRAME

PROPERTY OWNERS			SHORT-TERM 0-3 YEARS	LONG-TERM 3-5 YEARS
	COORDINATING AGENCIES	ROLE		
<b>A</b> County Commissioners Adoption the Plan	County/BIRD	APPROVAL		
<b>B</b> City Council Adoption of the Plan	City/BIRD	APPROVAL		
<b>C</b> City of Billings Commence Engineering of Infrastructure to Upgrade & Repair Utilities & Streets	City/County/BSEDA/MDT	APPROVAL/ COORDINATION		
<b>D</b> BIRD is the organization that represents the Area	BIRD/Property Owners	COORDINATION		
<b>E</b> BSEDA and BIRD develop a Marketing Prospectus for the Area	City/ BSEDA/BIRD	COORDINATION		
<b>F</b> Urban Renewal District and TIFD Inclusion	City	SUPPORT		
<b>G</b> Develop a EBURD Code designation for this Area	City	APPROVAL		
<b>H</b> Reconstruct Exposition Drive into an Urban Boulevard	City/MDT	APPROVAL		
<b>I</b> Develop a New Gateway Feature at MetraPark	County/ MetraPark board	COORDINATION		
<b>J</b> Pedestrian Crossing to MetraPark	City/County/ MDT	COORDINATION		
<b>K</b> Connection to I-90	City/County/ MDT	APPROVAL		
<b>J</b> Exhibition Center	County/ MetraPark board	APPROVAL		

 POLICY

 CAPITAL  
IMPROVEMENTS

 MARKETING  
AND PROMOTION

# REFERENCES

## **2008 Yellowstone County/City of Billings Growth Policy**

<http://ci.billings.mt.us/DocumentView.aspx?DID=4281>

## **Infill Development Policy**

Adopted by City Council on December 12, 2011

<http://www.ci.billings.mt.us/DocumentCenter/Home/View/20851>

## **Billings Area Bikeway & Trail Master Plan**

Adopted by the Policy Coordinating Committee on August 9, 2011

<http://ci.billings.mt.us/DocumentCenter/Home/View/6750>

This Plan includes:

- Existing Bikeway and Trail Network map (Page 45)
- Proposed Bikeway and Trail Network map (Page 57)

## **EBURD Parking Overlay District**

Adopted by City Council on April 12, 2010

<http://www.ci.billings.mt.us/DocumentCenter/View/21341>

## **EBURD Code**

Adopted by City Council on September 10, 2012

[http://agenda.ci.billings.mt.us/docs/2012/CC/20120910\\_89/1979\\_EBURD%20Code%20Adopted.pdf](http://agenda.ci.billings.mt.us/docs/2012/CC/20120910_89/1979_EBURD%20Code%20Adopted.pdf)

## **Billings Urban Area Transportation Improvement Program (TIP)**

Amendment III, January 2012

<http://www.ci.billings.mt.us/DocumentCenter/View/20979>

## **City of Billings Downtown Framework**

1997

<http://mt-billings.civicplus.com/DocumentCenter/Home/View/1509>

## **East Billings Urban Renewal District Master Plan**

July 2009

<http://ci.billings.mt.us/DocumentView.aspx?DID=4825>

## **Billings Chamber/Convention & Visitors Bureau Comprehensive Tourism Research and Strategic Plan,**

February 2010

- <http://www.visitbillings.com/staging/files/4e93313031203.pdf>

## **Billings Executive Conference Center Study,**

March 2011

## **6th Avenue N/Bench Corridor Study Presentation**

(Sanderson Stewart Traffic Study), December 2012

<http://www.ci.billings.mt.us/DocumentCenter/View/21575>

# APPENDIX A- FINANCIAL ANALYSIS MEMORANDUM

Attached

INTENTIONALLY BLANK

DATE: April 8, 2013

ECO Project #:20960

TO: Sara Hudson, Big Sky Economic Development and LMN Architects

FROM: Anne Fifield and Abe Farkas

SUBJECT: FINANCIAL ANALYSIS TEXT FOR BILLINGS REPORT

---

This memorandum provides text that describes the financial feasibility analysis for the five different building type concepts. We have written the text with the expectation that LMN Architects will be able to insert this text as appropriate into the final report. This memorandum has two sections:

- **Financial Feasibility and Financing** describes the pro forma analyses and the proposed financing plans. The text includes introductory text and five parts—one for each conceptual building type.
- **Development Schedule and Bonding Capacity** describes the order and schedule to implement the conceptual types. It also discusses some issue the estimated amount of bonding capacity generated by increment revenue from the conceptual development.

## Financial Feasibility and Financing

ECONorthwest developed preliminary pro forma models for five different proposed development types in the study area: adaptive reuse, hotel, outlet retail, cinema, and a parking structure. The pro forma models compare estimated construction and development costs with potential rents to determine the financial feasibility of each development type. ECONorthwest also identified a package of potential financing tools for each development type. This section describes the assumptions and conclusions used in the pro forma models for each of the five development types. Please refer to the pro forma spreadsheets in Appendix B for the full set of data.

### Adaptive reuse

The Expo Gateway area includes a variety of older industrial buildings. The team did not identify a particular building to adaptively reuse, but instead developed a pro forma for a generic 4,000 square foot (SF) building. We assumed the space would be evenly split between retail space and a restaurant.

### Development Costs and Operating Revenues

To estimate construction costs, ECONorthwest interviewed commercial contractors in the Billings area. The pro forma model assumed that construction will cost \$80 per SF for the retail space and \$100 for the restaurant space and that both uses will include \$15 per SF for tenant improvements. Total hard costs will equal \$417,000. Total development costs include the cost of land (\$7 per SF), the existing building (\$25 per SF), developer fees (5%), soft costs (10%) and a 5% contingency. Total development costs will be \$642,000.

To calculate the net operating income (NOI) and the expected market value, ECONorthwest assumed both rents and operating costs increase 3% per year. We assumed that operating expenses, including lease commissions, equal 15% of gross revenue. Operating expenses are low because the rent is triple net. The pro forma assumed the capitalization rate is 8.0%. It used the following rents and vacancy rates.

- The annual **retail** rents are \$14 per SF (\$1.17 per month) triple net. We assume that vacancy will be 0%, as the structure will be built to suit.
- The annual **restaurant** rents are \$15 per SF (\$1.25 per month) triple net. We assumed that vacancy will be 0%, as the structure will be built to suit.

The pro forma estimated that the adaptive reuse structure would have a positive net operating (NOI) in its first year of operation.

### Development Financing and Resources

ECONorthwest identified a packet of financing tools for the adaptive reuse prototype. To finance the development, we identified the sources described in Table 1.

**Table 1. Adaptive Reuse Concept Development Financing and Resources**

Source	Amount	% of Total Costs	Explanation
Bank Loan	\$370,000	58%	A loan from a private bank, at 6% over 20 years.
Loan from TIF funds	\$150,000	23%	This assumes that the current urban renewal area would be extended to cover the Expo area or that a new urban renewal area would have been created. In either case the amount of TIF is relatively small. The loan will be at 1% for 15 years.
Private equity	\$122,500	19%	The pro forma calculates the payment the private equity investors would receive in Year 10. Their payment (secured through a refinancing or sale) is the value of the building minus the remaining debt. The internal rate of return for the equity is 17%.

The reconstruction of an existing building would increase its value and associated property tax revenue. ECONorthwest estimated that the value of the structure would increase by about \$500,000—the value brought generated by the building’s rehabilitation and tenants. We estimated that the increased value would generate about \$8,000 per year in tax increment for an urban renewal district.<sup>1</sup> The tax revenue actually generated by such a development will vary based on costs, quality of the construction, and assessed values.

---

<sup>1</sup> Based on the assumption that every \$1,000,000 in new taxable value generates about \$16,000 in annual tax increment revenue. Actual amounts vary based on mill levies affecting individual properties. This is a preliminary and rough estimate. Actual revenue will depend on the application of current Urban Renewal laws and rules in Montana. We recommend a more precise estimate of tax increment revenue be calculated as part of a tax increment district plan whether the City or the County administers it.

## Hotel

The conceptual development plan includes a hotel. In the pro forma, we modeled a 180-room hotel with 500 gross SF per room. The gross SF figure includes the lobby, halls, conference space, and a restaurant. The net SF for the room will be between 225 and 350 SF. We assumed the gross SF for the entire structure will be 90,000 and it will be a wood-frame structure with three or four floors. The hotel will include a 2,500 SF restaurant.

## Development Costs and Operating Revenues

The development costs include land, hotel construction costs, hotel furniture, fixtures and equipment (FF&E), and restaurant tenant improvement costs. To estimate construction costs, ECONorthwest interviewed a company that had recently constructed a hotel and was familiar with typical hotel costs. The pro forma incorporated the following assumptions:

- Estimated land cost \$7 per SF. The total site is 2.0 acres, yielding total land costs of \$610,000.
- The hotel's hard costs for construction is estimated at \$152 per SF and FF&E is projected at \$15,000 per room, yielding total costs of \$16.4 million.
- The restaurant's construction costs were accounted for in the hotel's construction costs. The tenant improvements are assumed to be \$40 per SF, for a total of \$100,000.
- The total development costs include developer fees (5%), soft costs (20%) and a 5% contingency.

We estimate that total hard costs will be \$16.5 million and total development costs will be \$21.3 million.

To calculate the net operating income (NOI) we applied occupancy and room rates estimated to be appropriate for the Billings market, based on data from Smith Travel. We assumed the average room rate is \$118 and it will increase 3% per year. We assume occupancy is 64% in Year 1 and increases incrementally to 72% by Year 5, the year we assumed it will stabilize. We assumed that the cost of operating the hotel equals 67% of gross revenues, based on a pro forma provided to ECONorthwest from a hotel operator. The pro forma assumed the restaurant use in the hotel pays \$15 per SF (triple net), generating \$37,500 in rent. The model estimated that the hotel structure will have a positive net operating (NOI) in its first year of operation.

The pro forma assumed the capitalization rate is 8.0%.

## Development Financing and Resources

ECONorthwest identified a packet of financing tools for the hotel prototype, including private equity, a private bank loan, and financing from the federal EB-5 program. For more information about the EB-5 program, please refer to Appendix A.

The EB-5 financing is a 5-year low-cost equity injection that we assumed would be refinanced with a private bank loan. The amount of available financing from EB-5 depends on the number

of jobs the development will generate. The EB-5 program requires that at least 10 jobs be created for every \$500,000 invested. To be conservative, our formula is based on creating 12 jobs for every \$500,000 of EB-5 funding. For projects located within a targeted employment area (TEA) EB-5 allows the calculation to include indirect jobs associated with hard construction costs as well as longer term operating jobs, direct and indirect. We realize that Billings as a whole has a relatively low unemployment rate. TEAs can be created by identifying a qualifying census tract within a reasonable distance from the project and then asking the Governor's office to certify that the larger area (which includes the higher unemployment census tract) qualifies as a TEA. ECONorthwest's analysis assumes that it is feasible to establish a TEA in this area.

To estimate the available financing from EB-5 investors, ECONorthwest estimated the number of jobs the hotel would generate using an input-output analysis with the IMPLAN model.<sup>2</sup>

- For the construction phase, the input-output analysis estimated that commercial construction generates 8 indirect jobs for every \$1 million in construction costs. Based on our estimated hard costs of \$16.5 million, the construction of the hotel will generate 132 jobs.
- For the operations phase, ECONorthwest used input-output analysis to estimate that the hotel will create 91 jobs.

Combined, the construction and operations phases will generate 223 jobs, making it possible that the EB-5 program could bring \$9.3 million to the project. ECONorthwest opted to use less than what is allowed because 1) EB-5 investors would be more likely to select this project if other partners provided a greater share of the overall financing and 2) the return for the private equity is favorable.

Table 2 summarizes the sources that could be used to finance the hotel development.

---

<sup>2</sup> IMPLAN is an input-out model used to track dollars, starting with the initial project being studied, as they ripple through an economy from one employment sector to the next. The model estimates the number of jobs, income, and economic output that can be traced to the initial project. The model estimates direct impacts, which are those directly generated by the project. It also calculates indirect impacts, which are the jobs and income earned by workers in industries supplying the project.

**Table 2. Hotel Concept Development Financing and Resources**

Source	Amount	% of Total Costs	Explanation
EB-5	\$5.0 million	23%	An EB-5 low-cost equity amount is based on a calculation that indirect hard cost construction jobs for the project will generate 132 jobs and the operating the hotel will generate 288 jobs. The pro forma then conservatively assigns 12 jobs to every \$500,000 from EB5 investors. The loan will be at 3% for 5 years. It is paid off in Year 5 with a second bank loan.
Bank Loan	\$14.2 million	67%	A loan from a private bank, at 6% over 20 years.
Private equity	\$2.1 million	10%	The pro forma calculates the payment the private equity investors would receive in Year 10. Their payment (secured through a refinancing or sale) is the value of the building minus the remaining debt. The internal rate of return for the equity is 32%.
2nd Bank Loan	\$5.8 million	na	A loan from a private bank to pay off the EB-5 loan. It starts in Year 6. The pro forma assumes the loan is at 6.5% over 30 years.

Assuming the new hotel would be in the City, it would increase the City’s tax base and associated property tax revenue. ECONorthwest estimated that the value of the site would increase by about \$20.7 million—the value of the new construction. We estimated that the increased value would generate about \$330,000 per year in tax increment for an urban renewal district.<sup>3</sup> The tax revenue actually generated by such a development will vary based on costs, quality of the construction, and assessed values.

## Outlet Retail

The conceptual development plan includes 200,000 gross SF of retail space, with the expectation that the retail space would accommodate an outlet mall.

## Development Costs and Operating Revenues

To estimate construction costs, ECONorthwest interviewed commercial contractors in the Billings area. The development costs include land, construction, and a tenant improvement allowance. The pro forma incorporated the following assumptions:

- The land is estimated to cost \$7 per SF. The total site is 4.1 acres, yielding total land costs of \$1.25 million.
- The hard costs for construction was estimated to be \$100 per gross SF and the tenant improvement allowance will be \$40 per leasable SF, yielding total hard costs of \$26.8 million.

---

<sup>3</sup> Based on the assumption that every \$1,000,000 in new taxable value generates about \$16,000 in annual tax increment revenue. Actual amounts vary based on mill levies affecting individual properties. This is a preliminary and rough estimate. Actual revenue will depend on the application of current Urban Renewal laws and rules in Montana. We recommend a more precise estimate of tax increment revenue be calculated as part of a tax increment district plan whether the City or the County administers it.

- The total development costs include developer fees (5%), soft costs (15%) and a 5% contingency.

We estimated that total hard costs will be \$26.8 million and total development costs will be \$36.5 million.

To calculate the NOI and the expected market value, ECONorthwest assumed that both rents and operating costs increase 3% per year. We assumed that operating expenses, including lease commissions, equal 15% of gross revenue. Operating expenses are low because the rent is triple net. The pro forma assumed the capitalization rate is 8.0%. It assumed that annual rents will be \$17 per SF (triple net) and the vacancy rate will be 20% in Year 1, 10% in Year 2, and 5% in Year 3 and into the future.

The pro forma estimated that the outlet retail structure would have a positive NOI in its first year of operation.

### Development Financing and Resources

ECONorthwest identified a packet of financing tools for the outlet retail concept. The EB-5 financing is a 5-year low-cost equity injection that we assumed would be refinanced with a private bank loan. The amount of available financing from EB-5 depends on the number of jobs the development will generate. For reasons stated above we assume that at least 12 jobs be created for every \$500,000 invested. We again assume that this development would be in a TEA, which allows the EB-5 calculation to include indirect jobs associated with hard construction costs.

To estimate the available financing from EB-5 investors, ECONorthwest estimated the number of indirect jobs the construction would generate using an input-output analysis with the IMPLAN model. The input-output analysis estimated that commercial construction generates 8 indirect jobs for every \$1 million in construction costs. Based on our estimated hard costs of \$26.8 million, the construction of the outlet retail space will generate 214 jobs, making it possible that the EB-5 program could bring \$8.9 million to the project. ECONorthwest opted to use the full amount available because 1) even with the substantial private investment the private equity return was still on the cusp of acceptability in the market and 2) the EB-5 funds as a portion of the total project is relatively low, under 25%.

Table 3 summarizes the sources that could be used to finance the outlet retail development.

**Table 3. Outlet Retail Concept Development Financing and Resources**

Source	Amount	% of Total Costs	Explanation
EB-5	\$8.9 million	24%	An EB-5 low-cost equity injection amount is based on a calculation that indirect hard cost construction jobs for the project would generate 214 jobs. The pro forma then conservatively assigns 12 jobs to every \$500,000 from EB5 investors. The loan will be at 3% for 5 years. It is paid off in Year 5 with a second bank loan.
Bank Loan	\$20.0 million	55%	A loan from a private bank, at 6% over 30 years.
Private equity	\$7.6 million	21%	The pro forma calculates the payment the private equity investors would receive in Year 10. Their payment (secured through a refinancing or sale) is the value of the building minus the remaining debt. The internal rate of return for the equity is 16%.
2nd Bank Loan	\$10.4 million	na	A loan from a private bank to pay off the EB-5 loan. It starts in Year 6. The pro forma assumes the loan is at 6.0% over 25 years.

Assuming the new outlet retail development is in the City, it would increase the City’s tax base and associated property tax revenue. ECONorthwest estimated that the value of the site would increase by about \$35.2 million—the value of the new construction. We estimated that the increased value would generate about \$560,000 per year in tax increment for an urban renewal district.<sup>4</sup> The tax revenue actually generated by such a development will vary based on costs, quality of the construction, and assessed values.

## Cinema

The conceptual development plan includes a movie theater. The movie theater concept here includes non-traditional seating with food service. A number of cities have embraced these facilities which can offer arts films as well as first-run movies—which many do after they have been out for a few days to keep their costs down. The Living Room Theater (in Portland, Oregon and Boca Raton, Florida) is a recent example ([http://pdx.livingroomtheaters.com/theater\\_tour.html](http://pdx.livingroomtheaters.com/theater_tour.html)).

ECONorthwest researched the operating costs and revenue of movie theaters. The research indicated that traditional theaters have a wide range of operations expenditures, depending on the types of movies they show and their ability to sell and mark up concessions. Movie theaters make the majority of their profits from concessions, not ticket sales.

A theater’s rent expense is sometimes a set percent of gross ticket sales and sometimes based on a dollar per SF rate. While rents can be based on gross revenues or a combination of a base rent and gross revenues, ECONorthwest relied on a \$14.50 per SF rate in the pro forma model

---

<sup>4</sup> Based on the assumption that every \$1,000,000 in new taxable value generates about \$16,000 in annual tax increment revenue. Actual amounts vary based on mill levies affecting individual properties. This is a preliminary and rough estimate. Actual revenue will depend on the application of current Urban Renewal laws and rules in Montana. We recommend a more precise estimate of tax increment revenue be calculated as part of a tax increment district plan whether the City or the County administers it.

because it was an efficient way to test this product at an early stage. That is a reasonable rate for retail space in Billings, and at the low end for new space.

### Development Costs and Operating Revenues

To estimate construction costs, ECONorthwest interviewed commercial contractors in the Billings area. The development costs include land, construction, and tenant improvement allowance. The pro forma incorporated the following assumptions:

- The land will cost \$7 per SF. The total site is 2.5 acres, yielding total land costs of \$760,000.
- The hard costs for construction will be \$127 per gross SF and the tenant improvements will cost \$40 per leasable SF, yielding total costs of \$6.7 million.
- The total development costs include developer fees (5%), soft costs (15%) and a 5% contingency.

We estimated that total hard costs will be \$6.7 million and total development costs will be \$9.2 million.

To calculate the NOI and the expected market value, both rents and operating costs are assumed to increase 3% per year. We assumed that operating expenses equal 15% of gross revenue. The pro forma assumes the capitalization rate is 8.0%. It assumed that annual rents will be \$14.50 per SF (triple net) and the vacancy rate will be 0%.

The pro forma estimated that the cinema concept would have a positive NOI in its first year of operation.

### Development Financing and Resources

ECONorthwest identified a packet of financing tools for the cinema concept. In this case, we propose using New Market Tax Credits (NMTC), which the City has already used in the EBURD area. NMTC program enables very low interest rate financing to be injected into a project as a loan or equity for a required seven years. The project must be in a NMTC-qualified census tract. For a more detailed description of the NMTC program, please refer to Appendix A.

Table 4 summarizes the sources that could be used to finance the cinema concept.

**Table 4. Cinema Concept Development Financing and Resources**

Source	Amount	% of Total Costs	Explanation
NMTC	\$2.1 million	23%	Federal tax credit program available for a portion of the development. The project pays 1.0% on the value of the credits for the first seven years.
Bank Loan	\$6.0 million	65%	A loan from a private bank, at 6% over 30 years.
Private equity	\$1.1 million	12%	The pro forma calculates the payment the private equity investors would receive in Year 10. Their payment (secured through a refinancing or sale) is the value of the building minus the remaining debt. The internal rate of return for the equity is 19%.

A new cinema development would increase the City’s tax base and associated property tax revenue. ECONorthwest estimated that the value of the site would increase by about \$8.4 million—the value of the new construction. We estimated that the increased value would generate about \$130,000 per year in tax increment for an urban renewal district.<sup>5</sup> The tax revenue actually generated by such a development will vary based on costs, quality of the construction, and assessed values.

## Parking Structure

The conceptual development plan includes 230-space public parking garage. ECONorthwest estimated that it will be 86,250 gross SF, and at four stories will require 0.54 acres. The parking structure would replace some of the area’s surface parking.

## Development Costs and Operating Revenues

To estimate construction costs, ECONorthwest interviewed a commercial contractor in the Billings area. The development costs include land and construction. The pro forma incorporated the following assumptions:

- The land will cost \$7 per SF. The total site is 0.54 acres, yielding total land costs of \$163,000.
- The hard costs for construction will be \$56 per gross SF, yielding total costs of \$4.8 million.
- The total development costs include developer fees (5%), soft costs (10%) and a 5% contingency.

We estimated that total hard costs will be \$4.8 million and total development costs will be \$5.9 million.

---

<sup>5</sup> Based on the assumption that every \$1,000,000 in new taxable value generates about \$16,000 in annual tax increment revenue. Actual amounts vary based on mill levies affecting individual properties. This is a preliminary and rough estimate. Actual revenue will depend on the application of current Urban Renewal laws and rules in Montana. We recommend a more precise estimate of tax increment revenue be calculated as part of a tax increment district plan.

ECONorthwest assumed that the parking structure will not charge fees—it will offer unpaid parking. Therefore, the NOI is \$0 throughout the period modeled in the pro forma. It is possible, as other cities have experienced, that over time the garage may become a pay-to-park facility. This evolution would more likely take place when/if paid on street parking became a reality.

### Development Financing and Resources

Because ECONorthwest assumed that parking structure will operate with zero revenues, it must be entirely funded by the public sector unless an agreement is struck with developers of the retail center and hotel to help with ongoing costs, as the garage primarily benefits them. If developers opted to participate in the financing it could be done through establishment of a special improvement district (SID) that could be a complement to TIF. To be conservative in this case, we assume the parking structure would be financed with bonds supported by TIF revenue generated from the other four development concepts.

We estimate that the four developments will yield a little over \$6 million in bonding capacity, enough to cover our estimated cost of a 230-space parking structure. If more TIF is generated then the garage size can be increased.

ECONorthwest estimated the bonding capacity created by each development concept and calculated the total bonding capacity available to finance the parking structure. We provide the figures in the section titled Development Schedule and Bonding Capacity.

### Summary of Financial Feasibility

The pro forma analyses for the five proposed uses show that all uses but the parking structure have net positive revenue beginning in the first year of operations. Actual profitability of any of these uses will vary with current construction cost, achievable rents, and financing terms.

The first four uses—adaptive reuse, hotel, outlet retail, and a cinema are all financed primarily with funds from the private sector. They all include a mix of private equity and a conventional loan financed by a bank. The financial feasibility analyses shown in the pro formas also show a mix of quasi-public funding, including EB-5 or New Market Tax Credits. The conceptual development plans show how those four uses could be used to generate enough tax increment revenue to fully fund the construction of a parking garage. Because the parking garage would be publicly owned and serving multiple blocks, and because these kinds of garages have been funded with TIF in many communities, ECONorthwest believes that using TIF for this facility is viable.

Table 5 shows the portion of each financing tool we applied to this preliminary financing plan for the conceptual development. The total private investment in the area, based on the assumptions shown in this conceptual development plan, will actually depend on the size of any actual development, the quality of the development, current market conditions in the local market for each use, and other factors that affect private investors' appetite for investing in these uses at this location.

**Table 5. Portion of Financing Tool Applied to Each Use in the Conceptual Development Plan**

	Bank Loan	Private Equity	TIF Loan	EB-5	NMTC
Adaptive Re-use	58%	19%	23%	0%	0%
Hotel	67%	10%	0%	23%	0%
Outlet Retail	55%	21%	0%	24%	0%
Movie Theater	65%	12%	0%	0%	23%
Parking Structure	0%	0%	100%	0%	0%

## Estimated Employment

ECONorthwest conducted an input-output analysis using the IMPLAN model to estimate the number of jobs in Yellowstone County associated with implementing the conceptual development plan.<sup>6</sup> The actual number of jobs that will be generated by developing the area will vary, depending on the value of the construction, the types of businesses that locate in the area, and the size of those businesses. This estimate is preliminary by necessity, based on the conceptual plan.

For this project, ECONorthwest estimated the number of jobs for two distinct phases: construction and operations. Construction impacts are temporary in nature and occur as construction spending unfolds. Operating impacts will continue annually as long as the use in the structure continues to operate. Jobs include both full- and part-time employment.

We estimated two different types of jobs. The **direct jobs** comprise those held by contractors and workers building the structure (direct construction impacts), and the number of employees working at the structure (direct operating impacts). The **secondary jobs** include those associated with the ripple effects of the direct jobs.<sup>7</sup> The secondary jobs include two general types of impacts.

- **Supply-chain impacts.** In order to operate, the structure will purchase a range of goods and services including raw materials, spare parts and equipment, repair services, electricity, water and sewer, etc. This spending generates the first round of secondary impacts. Suppliers and vendors to the structure will also have to purchase additional goods and services. This spending leads to additional rounds of indirect impacts.
- **Consumption-driven impacts.** The direct and supply-chain increases in employment and income enhance the overall purchasing power in the economy, thereby inducing further consumption- and investment- driven stimulus. Workers at the proposed development,

---

<sup>6</sup> IMPLAN is an input-out model used to track dollars, starting with the initial project being studied, as they ripple through an economy from one employment sector to the next. The model estimates the number of jobs, income, and economic output that can be traced to the initial project. The model estimates direct impacts, which are those directly generated by the project. It also calculates indirect impacts, which are the jobs and income earned by workers in industries supplying the project.

<sup>7</sup> Secondary jobs include those defined as ‘indirect’ and ‘induced’. Indirect are the supply-chain impacts, and induced are the consumption-driven impacts. We combine them into ‘secondary’ impacts in the text for simplicity.

for example, will use their income to purchase groceries. Workers at businesses who supply the structure will do the same.

For this analysis, ECONorthwest did not measure potential counterfactual scenarios that consider how scarce resources would be allocated if the conceptual development plan is not implemented, or how the development could potentially divert spending away from other Yellowstone County businesses.

Table 6 shows the estimated number of jobs the input-output model generated with the construction and operation of the conceptual development plan.

**Table 6. Estimated Number of Jobs Generated by Implementing the Conceptual Development Plan**

Period/Development Type	Direct	Secondary
<b>Construction</b>	<b>441.4</b>	<b>519.3</b>
<b>Operations</b>		
Retail	1.6	0.5
Restaurant	3.8	1.1
Hotel	61.6	29.6
Outlet Retail	160.5	43
Cinema	32.1	16.2

## Development Schedule and Bonding Capacity

This section describes a possible development schedule for the five development concepts. This schedule should be interpreted as a guide. We have identified a possible order that the City could work to develop the different concepts. The actual year of implementation should vary, based on market conditions and developer interest.

We recommend the City work to implement the adaptive reuse concept first. The City should address a range of items before attempting to bring about the other conceptual developments. We recommend the City work with existing property owners to resolve these issues. These items include:

- Zoning.
- Consider if these properties should be brought into the City. If they are part of the City, they will have access to important development assistance tools.
- Consider whether the area should become a new urban renewal district or appended onto an existing urban renewal district if partner entities elect to bring their land into the City. It is possible the existing district may not have sufficient time remaining to bring about this concept plan or it may already have existing obligations it is trying to meet.

- Should the City wish to use EB5 resources it will need to secure a TEA designation for the area from the state that would then register this with the United States Customs and Immigration Service (USCIS).
- Identify the significant infrastructure improvements (such as stormwater) that should be made and how they will be funded.

We crafted the development program so that the first four uses will generate increment revenue that can be used to finance the parking structure. We used conservative assumptions regarding the debt coverage ratio and the interest rate to provide an approximation of the bonding capacity the four conceptual developments could generate. Actual increment revenue and bonding capacity will vary.

To estimate the bonding capacity generated by the first four uses, we identified the incremental increase in taxable value from all the contributing taxing jurisdictions generated by each use, the associated tax increment revenue, and the bonding capacity generated by that increased tax revenue.

- To estimate the incremental increase in the taxable value, we assumed the taxable value equals the cost of replacement (the construction cost) minus existing value (land and existing structure).
- To estimate the tax increment value, we assumed that every \$1,000,000 in new taxable value generates about \$16,000 in annual tax increment revenue. This is, by necessity, a rough estimate. Actual amounts vary based on mill levies affecting individual properties, whether properties are in the City, or the County, should the latter create an urban renewal area (if it gains the legal ability to do so). Given the preliminary nature of this conceptual plan, future planning will need to calculate more precise increment estimates.
- To estimate bonding capacity, we assumed that the agency could bond \$6 for every \$1 in tax increment revenue. This is, by necessity, a rough estimate. Actual bonding capacity will depend on the use, tax revenue, timing, and other factors dictated by the bond market. Factors that affect the bond market fluctuate, and the terms of any bond vary with national and global financial markets.

Table 7 shows the estimated incremental increase in value and the potential tax increment revenue. It is important to note that actual values and tax revenue will vary based on the individual locations of the development, the size of the development, the method used by the Assessor to estimate taxable value, timing of development, and application of urban renewal tools in Montana. These figures are preliminary estimates, based on hypothetical financial pro forma models.

**Table 7. Estimated Potential Value and Tax Increment Revenue**

Development	Potential New Value	Potential TIF Revenue
Adaptive Re-use	\$502,500	\$8,000
Hotel	\$20,720,800	\$332,000
Outlet Retail	\$35,242,000	\$564,000
Movie Theater	\$8,400,100	\$134,000
<b>TOTAL</b>	<b>\$64,865,400</b>	<b>\$1,038,000</b>

Source: ECONorthwest.

Table 8 shows the potential proposed year of completion for the five conceptual development types, the estimated bonding capacity for the first four types, and the cumulative bonding capacity that could be used to finance the parking structure. The table shows that we estimate the four conceptual types could generate just over \$6 million in bonding capacity if they are all located in the City.

**Table 8. Conceptual Development Program**

Development	Year Completed	Bonding Capacity (\$millions)	Cumulative Bonding Capacity (\$millions)
Adaptive Re-use	2015	\$0.05	\$0.05
Hotel	2016	\$1.99	\$2.04
Outlet Retail	2017	\$3.38	\$5.42
Movie Theater	2019	\$0.81	\$6.23
Parking Structure	2019		
		\$6.23	\$13.74

Source: ECONorthwest.

# APPENDIX B- PROFORMA DEVELOPMENT TYPES

Adaptive Re-Use

= input

## Development Inputs and Costs

<b>Gross SF</b>	4,000	
Gross SF-Retail	<span style="background-color: #90EE90;">2,000</span>	
Gross SF-Restaurant	<span style="background-color: #90EE90;">2,000</span>	
Efficiency Ratio	<span style="background-color: #90EE90;">95%</span>	
Leasable SF-Retail	1,900	
Leasable SF-Restaurant	1,900	
FAR	<span style="background-color: #90EE90;">0.70</span>	
Estimated Acres	0.13	
Land Cost per SF	<span style="background-color: #90EE90;">\$7</span>	
Total Land Cost	\$40,000	
Building cost/sf	<span style="background-color: #90EE90;">\$25</span>	
Total Building Cost	\$100,000	
Total Property Cost	\$140,000	
Construction Cost/ GSF-Retail	<span style="background-color: #90EE90;">\$80</span>	<<ECO estimate
Construction Cost/ GSF-Restaurant	\$100	
Tenant Improvement/LSF-Retail	\$15	
Tenant Improvement/LSF-Restaurant	\$15	
Developer fee (% of construction)	5%	
Soft costs (% of construction)	10%	
Contingency (% of soft & hard costs)	5%	
Total Hard Costs	\$417,000	
Developer fee	\$20,850	
Soft Costs	\$41,700	
Contingency	\$22,935	
Total Construction Costs	\$502,485	
<b>Total Development Costs</b>	<b>\$642,485</b>	

## Operating Costs and Revenues

		Notes
Annual Rent-Retail	<span style="background-color: #90EE90;">\$14</span>	<<NNN
Annual Rent-Restaurant	<span style="background-color: #90EE90;">\$15</span>	<<NNN
Annual rent increase	3%	
Vacancy, Yr 1	0%	<<built to suit
Vacancy, Yr 2	0%	<<built to suit
Vacancy, Yr 3 and stabilization	0%	<<built to suit
Leasing Commission	5%	
Management/operations (% of revenue)	10%	
Capitalization Rate	8%	

## Capital Resources Summary

		% of Total Dev't Costs
Bank Loan	<span style="background-color: #90EE90;">\$370,000</span>	58%
TIF Loan	<span style="background-color: #90EE90;">\$150,000</span>	23%
Private Equity	\$122,485	19%
<b>Total</b>	<b>\$642,485</b>	<b>100%</b>

## Assumptions about Capital Resources

Bank Loan		
interest rate	<span style="background-color: #90EE90;">6.00%</span>	
Term	<span style="background-color: #90EE90;">20</span>	
Principle	\$370,000	
Annual Pmt	\$32,258	
TIF Loan		
interest rate	<span style="background-color: #90EE90;">1.00%</span>	
Term	<span style="background-color: #90EE90;">15</span>	
Principle	\$150,000	
Annual Pmt	\$10,819	

## Financial Measures

	Year 1	Year 3	Year 10
Net Operating Income (NOI)	\$45,733	\$48,518	\$59,671
Value at 0.08 cap rate	\$571,663	\$606,477	\$745,890
DCR (=NOI / Total Debt Service)	1.1	1.1	1.4
LTV ((Bank loan) / Value)	0.6	0.6	0.3
IRR in 10 years, 0.08 cap rate			17%

## TIF Revenue Estimate

Estimated Annual Increment	\$8,039.76	<<based on construction cost
Estimated Bonding Capacity	\$48,239	

Hotel = input

**Development Inputs and Costs**

Gross SF	90,000	<<includes lobby, halls, conference, restaurant.
Gross SF per Room	500	<<Rooms range from 225-350 net SF
Number of Rooms	180	
Hard Costs per SF	\$152.00	<<From Jerry Jones
Furniture, Fixtures & Equipment (F,F & E)	\$30.00	<<includes lobby, halls, conference
Hard Costs per Room	\$76,000	
FF&E per Room	\$15,000	<<from other hotel project data
<b>Restaurant</b>		
SF	2,500	
TI per SF	\$40	
<b>Land</b>		
Acres	2.0	
FAR	1.03	
Land Cost per SF	\$7.00	
Total land cost	\$609,840	
Developer fee (% of construction)	5%	
Soft costs (% of construction)	20%	
Contingency (% of soft & hard costs)	5%	
Total Hard Costs	\$13,680,000	
Total FF&E	\$2,700,000	
Restaurant TIs (2,500 SF)	\$100,000	
Developer fee	\$684,000	
Soft Costs	\$2,736,000	
Contingency	\$820,800	
Total Construction Costs	\$16,480,000	
<b>Total Development Costs</b>	<b>\$21,330,640</b>	

**Operating Costs and Revenues**

Average Room Rate Sold	\$118	
Room Nights Available	65,700	
Occupancy, Yr 1	64%	
Occupancy, Yr 2	66%	
Occupancy, Yr 3	68%	
Occupancy, Yr 4	70%	
Occupancy, Yr 5 and stabilization	72%	
Annual room/rent rate increase	3%	
Hotel Operations (% of revenue)	67%	
Restaurant Rent (NNN) per foot	\$15	
Restaurant Rent	\$37,500	
Capitalization Rate	8.0%	<<from Dick Zeir

**Capital Resources (see below for terms)**

**% of Total Dev't Costs**

EB5	\$5,000,000	23%	\$ in Year 0
Conventional Bank Loan	\$14,197,576	67%	\$ in Year 0
Private Equity	\$2,133,064	10%	\$ in Year 0
2nd Bank Loan	\$5,796,370	na	<<payback EB5
<b>Total</b>	<b>\$21,330,640</b>	<b>100%</b>	

**Financial Measures**

	Year 1	Year 3	Year 10
Net Operating Income (NOI)	\$1,549,741	\$1,746,107	\$2,272,922
Value at 0.08 cap rate	\$19,371,761	\$21,826,334	\$28,411,523
DCR (=NOI / Total Debt Service)	1.3	1.4	1.3
LTV ((Bank loan) / Value)	0.7	0.6	0.5
IRR in 10 years, 0.08 cap rate			32%

**TIF Revenue Estimate**

Estimated Annual Increment	\$331,533	<<based on construction costs
Estimated Bonding Capacity	\$1,989,197	

\$20,720,800

**Assumptions about Financing Tools**

<b>EB5</b>		
8 Jobs/\$1million cost	131.8	<<jobs created from total hard costs
1.6 jobs per room	288	<<jobs created from total operations
Total jobs	419.8	
\$500k/12 jobs created	35.0	
Potential Loan	\$17,493,333	
interest rate	3.0%	
Term	5	
Actual Loan	\$5,000,000	
Payment	\$5,796,370	<<Paid with 2nd bank loan
<b>Conventional Bank Loan</b>		
interest rate	6.0%	
Term	20	
Loan Amount	\$14,197,576	
Annual Pmt	\$1,237,809	
<b>2nd Bank Loan</b>		
interest rate	6.5%	
Term	20	
Loan Amount	\$5,796,370	
Annual Pmt	\$526,058	

**Outlet Retail**

[Green Box] = input

**Development Inputs and Costs**

		Notes
Gross SF	200,000	~3,750/store, this is ~50 stores
Efficiency Ratio	85%	
Leasable SF	170,000	
FAR	1.12	2 stories
Estimated Acres	4.10	<<Trucking site.
Construction Cost per GSF	\$100	<<from Jerry Jones Construction in Billings
Tenant Improvement per LSF	\$40	<<from Jerry Jones Construction in Billings
Land Cost per SF	\$7	
Developer fee (% of construction)	5%	
Soft costs (% of construction)	15%	
Contingency (% of soft & hard costs)	10%	
Site acquisition	\$1,250,172	
Total Hard Costs	\$26,800,000	
Developer fee	\$1,340,000	
Soft Costs	\$4,020,000	
Contingency	\$3,082,000	
Total Construction Costs	\$35,242,000	
<b>Total Development Costs</b>	<b>\$36,492,172</b>	

**Financial Measures**

	Year 1	Year 3	Year 10
Net Operating Income (NOI)	\$1,832,260	\$2,394,547	\$188,540
Value at 0.08 cap rate	\$22,903,250	\$29,931,835	\$36,812,381
DCR (=NOI / Total Debt Service)	1.3	1.6	1.3
LTV ([Bank loan] / Value)	0.6	0.4	0.30
IRR in 10 years, 0.08 cap rate			16%

**TIF Revenue Estimate**

Estimated Annual Increment	\$563,872	<<based on construction costs
Estimated Bonding Capacity	\$3,383,232	

**Operating Costs and Revenues**

		Notes
Retail Rent-Annual (NNN)	\$17	<< High end for Billings
Annual rent increase	3%	
Vacancy, Yr 1	20%	
Vacancy, Yr 2	10%	
Vacancy, Yr 3 and stabilization	5%	
Leasing Commission	5%	
Management/operations (% of reve	10%	
Capitalization Rate	8%	

**Capital Resources Summary**

		% of Total Dev't Costs	
Private Equity	\$7,558,839	21%	\$ in Year 0
Bank Loan	\$20,000,000	55%	\$ in Year 0
EB-5	\$8,933,333	24%	\$ in Year 0
2nd Bank Loan	\$10,356,182		<<payback EB5
<b>Total</b>	<b>\$36,492,172</b>	<b>100%</b>	

**Assumptions about Capital Resources**

<b>Bank Loan</b>			
interest rate	6.00%		
Term	30		
Principle	\$20,000,000		
Annual Pmt	\$1,452,978		
<b>EB 5</b>			
8 Jobs/\$1million cost	214.4	<<jobs created from total hard costs.	
\$500k/12 jobs created	17.9		
Potential Loan	\$8,933,333		
interest rate	3.0%		
Term	5		
Payment at Year 5	\$10,356,182	<<Paid with 2nd bank loan	
<b>2nd Bank Loan</b>			
		<<pays off EB 5	
Principle	\$10,356,182		
interest rate	6.0%		
Term	25		
Annual Pmt	\$810,130		

Movie Theater = input

**Development Inputs and Costs**

		Notes
Gross SF	40,000	8 to 10 screens, based on ULI examples
Efficiency Ratio	100%	
Leasable SF	40,000	
FAR	0.37	
Estimated Acres	2.50	<<1-story
Construction Cost per GSF	\$127	<<from Jerry Jones Construction in Billings
Tenant Improvement per LSF	\$40	<<for food prep areas
Land Cost per SF	\$7	
Developer fee (% of construction)	5%	
Soft costs (% of construction)	15%	
Contingency (% of soft & hard costs)	5%	
Site acquisition	\$762,300	
Total Hard Costs	\$6,680,000	
Developer fee	\$334,000	
Soft Costs	\$1,002,000	
Contingency	\$384,100	
Total Construction Costs	\$8,400,100	
<b>Total Development Costs</b>	<b>\$9,162,400</b>	

**Operating Costs and Revenues**

		Notes
Rent-Annual	\$14.50	<<estimate based on local rents
Annual rent increase	3%	
Vacancy, Yr 1	0%	
Vacancy, Yr 2	0%	
Vacancy, Yr 3 and stabilization	0%	
Leasing Commission	0%	
Management/operations ( % of reve	15%	
Capitalization Rate	8%	

**Capital Resources Summary**

		% of Total Dev't Costs
Private Equity	\$1,100,860	12%
Bank Loan	\$6,000,000	65%
NMTC	\$2,061,540	23%
<b>Total</b>	<b>\$9,162,400</b>	<b>100%</b>

**Assumptions about Capital Resources**

<b>Bank Loan</b>		
interest rate	6.00%	
Term	30	
Principle	\$6,000,000	
Annual Pmt	\$435,893	
<b>NMTC</b>		
Eligible Basis	\$9,162,400	<<Total development costs
Percent	22.5%	
Interest rate	1.00%	
Term	7	
Credit	\$2,061,540	
Interest Payment	\$20,615	

**Financial Measures**

	Year 1	Year 3	Year 10
Net Operating Income (NOI)	\$481,400	\$510,717	\$628,118
Value at 0.08 cap rate	\$6,017,500	\$6,383,966	\$7,851,473
DCR (=NOI / Total Debt Service)	1.1	1.1	1.4
LTV ([Bank loan] / Value)	0.7	0.6	0.4
IRR in 10 years, 0.08 cap rate			19%

**TIF Revenue Estimate**

Estimated Annual Increment	\$134,402	<<based on construction cost
Estimated Bonding Capacity	\$806,410	

**Parking Structure**

[Green Box] = input

**Development Inputs and Costs**

	Notes
Gross SF	86,250
Number of spaces	230
SF per space	375
Building footprint	21,563 4 stories
FAR	3.70
Estimated Acres	0.54
Construction Cost per GSF	\$56 <<from Jerry Jones Construction in Billings
Land Cost per SF	\$7
Developer fee (% of construction)	5%
Soft costs (% of construction)	10% add land size, 3 floors
Contingency (% of soft & hard costs)	5%
Site acquisition	\$163,176
Total Hard Costs	\$4,830,000
Developer fee	\$241,500
Soft Costs	\$483,000
Contingency	\$265,650
Total Construction Costs	\$5,820,150
<b>Total Development Costs</b>	<b>\$5,983,326</b>

**Financial Measures**

	Year 1	Year 3	Year 10
Net Operating Income (NOI)	\$0	\$0	\$0
Value at 0.08 cap rate	\$0	\$0	\$0
DCR (=NOI / Total Debt Service)	NA	NA	NA
LTV ([Bank loan] / Value)	NA	NA	NA
IRR in 10 years, 0.08 cap rate			NA

**Operating Costs and Revenues**

	Notes
Hourly Rate	\$0
Hours per Day	18
Daily Space Hrs	4,140
Daily Revenue	\$0
Annual Revenue	\$0
Vacancy Rate	40%
Operations	10%
Rate Increase	3%
Cap Rate	8%
Capitalization Rate	8%

**Capital Resources Summary**

		% of Total Dev't Costs	
TIF	\$5,983,326	100%	<<based on bonding capacity in 2018
<b>Total</b>	<b>\$5,983,326</b>	<b>100%</b>	

**Development Schedule**

<b>Year</b>	<b>Development</b>	<b>TIF Bonding Capacity</b>	<b>Cumulative TIF Bonding</b>
2013			\$0
2014	Adaptive Re-Use	\$48,239	\$48,239
2015	Hotel	\$1,989,197	\$2,037,435
2016	Outlet Retail	\$3,383,232	\$5,420,667
2017			\$5,420,667
2018	Movie Theater	\$806,410	\$6,227,077
2019			
2020			

<b>Year</b>	<b>Development</b>	<b>TIF Bonding Capacity</b>	<b>Cumulative TIF Bonding Capacity</b>
2013			\$0
2014	Adaptive Re-Use	\$0.05	\$0.05
2015	Hotel	\$1.99	\$2.04
2016	Outlet Retail	\$3.38	\$5.42
2017		\$0.00	\$5.42
2018	Movie Theater	\$0.81	\$6.23
2019			
2020			