

DOWNTOWN BILLINGS PARTNERSHIP, INC.
DOWNTOWN TAX INCREMENT FINANCING (TIF) APPLICATION
(Please see separate document for instructions.)

Project name: Yellowstone County Historic Jail Restoration, Phase I

Date submitted: 2 March 2015

APPLICANT INFORMATION

1. Name: Yellowstone Art Museum
2. Address: 401 North 27th Street, Billings, MT 59101
3. Telephone: 406-256-6804

PROJECT INFORMATION

1. Building address: 401 North 27th Street, Billings, MT 59101
2. Legal description: The project concerns the historic portion of the following parcel:

BILLINGS ORIGINAL TOWNSITE, S33, T01 N, R26 E, BLOCK 267, Lot 21A,
AMND LT 21-24

Geo code: 03-1033-33-3-21-14-0000; tax ID: A01963A
3. Ownership: Yellowstone Art Museum

Address: 401 North 27th Street, Billings, MT 59101
4. If property is not owned by the Applicant, list leasehold interests ... N/A
5. Existing/proposed business: Existing and proposed are identical: operate as an art museum.

Business description: The Yellowstone Art Museum is a 501(c)(3) non-for-profit corporation that exists for public benefit. Our services are not duplicated by any similar institution within a 150-mile radius of Billings. Our mission is: "The Yellowstone Art Museum exhibits, interprets, collects, and preserves art, with an emphasis on Montana and surrounding regions, for the enrichment, education, inspiration, and enjoyment of all." We execute this mission year-round.

1. Employment: Existing FTE jobs: 18

New permanent FTE jobs created by project: 0 Construction FTE jobs: Est. 2-3 for the duration of the project.
2. Architectural firm: N/A

3. Description of the project:

The project encompasses removing lead-based paint on the roof overhang, fascia, soffit, and downspouts of the historic jail house portion of the Yellowstone Art Museum's site, located at the corner of 4th Avenue North and North 27th Street. This project is Phase I of a three-phase plan to address deferred maintenance on the historic jail house that is part of the museum's main building. Phase II will be masonry work and repointing, and Phase III will encompass an assortment of repairs to the roof. None of these projects jeopardizes the structural integrity of the building at present, but long-term continued deferment does mean that the building's current stability and watertight envelope will eventually be compromised. Further, all of these phases address the appearance of the building, an ongoing concern for our staff and board, aware as we are of the prominent location of this building on one of the state's busiest city intersections (an average of 20,200 vehicles pass the YAM every day).

Our specific understanding of the building's needs has come to us from our own observation and from two architectural assessments done in 2007 and 1996. Both surveys were conducted by architect and architectural historian Jim McDonald of A&E Architects. Further insights have come from contractors who have quoted on repairs at various times since 2005 when efforts began to address the issues. The decline in the building's condition, while not precipitous, has been steady since those assessments. The YAM has applied for funding to address these issues on the rare occasions when historic preservation funding has been offered by federal, state, or private entities, but has to date been unsuccessful in securing grants for this modest-appearing building, regardless of its singular historic status in Yellowstone County.

This history is known to many longstanding residents of Billings. In 1883, Billings became the seat of power for the newly formed Yellowstone County. Yellowstone County was one of the fastest growing areas in Montana, and big business had begun to arrive in earnest in 1882, thanks to the new Northern Pacific Railroad. The raucous frontier town badly needed law and order, so the new county government quickly approved in 1884 the construction of a jail—its first official action. Built of concrete, red brick, and sandstone, the tiny two-story jailhouse opened with two cellblocks on each floor—an estimated total of 1,500 square feet. But, Billings quickly outgrew its original jail. In 1913, Yellowstone County approved \$50,000 for the construction of a new jail on the site of the original structure. After tearing down the original jail almost entirely, the site was prepared for a new, 11,000-square-foot, two-story jail. An articulated exterior using cream-colored brick and sandstone faced a concrete and steel interior, and projected a simplified fortification design echoed in the vertical steel bars on every window. It incorporated one wall (east side) from the original red brick building. The well-constructed building remained in use for nearly a half-century, until abandoned in 1961 when the county opened a new, updated jail facility at another location in Billings. A grassroots citizens' effort resulted in the building being designated for the then Yellowstone Art Center, founded in 1964. The expansion that tripled the size of the museum and incorporated the old jail house was completed in 1998 (extensive interior renovation was done at that time, but none of the exterior building envelope issues was addressed during the reconstruction).

The historic jail house, as it now stands, is comprised of one wall of the 1884 structure (red brick east wall) with the remainder being the second structure, completed in 1914. Because of sweeping renovations undertaken in the 1960s and 1990s on the interior, the building does not qualify for inclusion on the federal Historic Register, even though its exterior character closely resembles the 1914 structure.

After completion of the project, the YAM proposes to design and install permanent outdoor pedestrian signage drawing attention to the history and transformation of the historic jail house, in order to enhance the tourism value of the site. The costs for this interpretive element, estimated at \$2,500-\$5,000, are **not** included in this application.

Safetech, Inc. has provided the quote to us for lead paint removal and appropriate disposal. All environmental and safety regulations will be observed in the proper removal of the lead paint. Safetech's quote does not include the downspouts, and the YAM proposes simply to remove and replace the existing downspouts. At the completion of the lead paint removal portion of the project, YAM will contract with a local painter to repaint the fascia and soffit with a high quality exterior latex. The product has been offered to the YAM as an in-kind donation from Sherwin-Williams. A labor quote to repaint has been provided by Carl Larson of Bilmont Construction. Very little landscaping currently interferes with the work areas, save for low bushes along the front (west) side in planters.

The project is of a scope well within the ability of the Yellowstone Art Museum to execute. We have managed projects of this and much larger scale, including in recent years the \$2.7 million project to retrofit an 11,000-square-foot warehouse on North 26th Street into a publicly accessible, state-of-the-art, collections storage vault (the Visible Vault). The vault project was endorsed by the state of Montana in the form of a TIIP grant and by private foundation grants from the Charles M. Bair Family Trust, the Kresge Foundation, the M. J. Murdock Charitable Trust, First Interstate Bank, the BNSF Foundation, and dozens of additional private donors. With funding secured, we have every confidence of being able to complete the applicant project efficiently, on time, and on budget.

The ongoing benefit of completing this project will be the enhanced preservation of one of the very few remaining of Yellowstone County's earliest structures, one that is located in a highly visible spot and that is and can be used to showcase and interpret the nature and benefits of historic preservation because it is already a museum and tourist destination. When the visual evidence of deterioration are addressed, the YAM proposes to install interpretive signage about the history of the building, for the benefit of pedestrian traffic. (The costs of this signage are *not* included in this application.) Completion of all three phases of our push to address the building's deferred maintenance will also pave the way for landscaping enhancements on the 4th Avenue side of the building, which will increase the visual appeal of a steadily widening downtown area aimed at attracting pedestrian traffic.

The YAM is located at the junction of three areas identified as "Catalytic Projects" in the 2012 Downtown Billings Visioning document: **4th and 6th Avenues, 27th Street, and Cultural Campus**. Below, we address specific TIF concerns that begin with the question "Will your project ..."

- redevelop underutilized lots/buildings/properties and either directly benefit the public or indirectly benefit the public via increased or sustainable taxable value?
No.
- address a targeted area stated in the Urban Renewal Plan – 4th and Broadway, Civic Plaza, Northern Hotel, Babcock Building, Billings Hardware (Westwood) Building, Lincoln Hotel? Contain a street level, customer/pedestrian friendly component?
No to the first part, Yes to the second part.
- enhance business retention?
No.

- enhance the pedestrian experience?
Yes.
- enhance business clustering?
No.
- provide or enhance parking?
No.
- enhance linkages to other areas of the downtown/city?
Yes.
- enhance public safety perception and/or reality?
Yes.
- enhance the Conference Center potential?
No.
- calm and manage traffic?
No.
- relocate public utilities?
No.
- add residential?
No.
- add lodging?
No.
- add entertainment?
No.
- enhance the cultural attraction to downtown?
Yes.
- increase the workforce?
No.

4. Rehabilitation / construction plans:

If awarded a TIF grant, the YAM will immediately contact Safetech, Inc. to schedule the lead paint removal project to occur during the summer or fall 2015 season. Their quote includes erection of scaffolding, containment, and removal of lead paint from exterior upper fascia and soffit around the south, east, and west sides of the building. The north side, which is contained within the YAM's protected courtyard has not suffered the disfiguring weathering that has occurred on the three exposed sides. Safetech will dispose appropriately of the lead paint.

When the paint removal schedule is known, YAM will schedule the painter (Carl Larson, Bilmont Construction) and will contact Sherwin-Williams to activate their 2013 offer to donate product for repainting. The YAM has updated Sherwin-Williams periodically on our quest for funding, and they remain open to assisting when all aspects of the project can be funded and completed.

5. Project schedule:

(CALENDAR YEAR)	QUARTERS 2015			
	1st	2nd	3rd	4th
<u>PROJECT START-UP</u>				
A. Decision expected on county funding		X		
B. Seek additional funding, as available	X	X		
<u>PROJECT CONSTRUCTION</u>				
A. Create project schedule with contractors		X		
B. Confirm product donation and take delivery			X	
C. Lead paint removal occurs (desired: July or August)			X	
D. Repainting occurs (desired: August or September)			X	
E. Final Inspection (desired: September)			X	
<u>PROJECT CLOSE-OUT</u>				
A. Submit project completion report			X	

PROJECT COSTS

Land and site improvements (itemized)

1. N/A

Subtotal

Construction / rehabilitation costs (use general construction trade divisions)

Entire project is DIVISION 9 – FINISHES.

1.	Lead paint removal (quoted 8/2014) Safetech, Inc.	\$89,450.00
2.	Remove and replace downspouts	\$ 1,000.00
3.	Repainting (product, estimated)	\$ 2,000.00
4.	Repainting (labor, quoted 8/2014) Carl Larson, Bilmont Construction	\$ 1,895.00
5.	Repainting (scaffolding, lifts, quoted 8/2014)	\$ 750.00
6.	YAM staff time, project management	\$ 2,000.00
	Subtotal	\$97,095.00

Fees

1.	Architectural design / supervision	N/A
2.	Permits	N/A
3.	Other fees	N/A

Subtotal

TOTAL PROJECT DEVELOPMENT COSTS **\$97,095.00**

PROJECT FINANCING

Please complete Sources of Funds detail and summarize below.

Developer equity

Cash invested	Contribution from YAM's building reserve fund \$25,000.00 Contribution from YAM's operating budget for staff support and downspout replacement \$ 3,000.00
Land & buildings	N/A
Other (specify)	Promised product donation from Sherwin-Williams \$ 2,000.00 Request to Yellowstone County for supplementary assistance (pending) \$ 7,500.00
Subtotal	\$36,500

Lender commitments (attach evidence, i.e., letters of credit or other documentation) **N/A**

TIF request **\$59,595.00**

Eligible improvements (see narrative) (see Attachment A and A1 of instructions)
Subtotal

Sources of funds summary (Post totals from above.)

Developer equity	Contribution from YAM's building reserve fund \$25,000.00 Contribution from YAM's operating budget for staff support and downspout replacement \$ 3,000.00
Lender commitments	N/A
TIF request	\$59,595.00
Other funds (specify)	Promised product donation from Sherwin-Williams \$ 2,000.00 Request to Yellowstone County for supplementary assistance (pending) \$ 7,500.00
Total project financing	\$97,095.00

NB: The YAM will continue to seek funding from other sources for this project, as it has for a number of years, and any success in this effort will reduce our request for TIF support. For example, we understand that a proposal is before the state legislature currently that will permit the Montana Preservation Alliance or a related organization offer a new and/or one-time grant program for historic preservation projects. All other sources to whom we are applying or whom we are researching are private donors and private foundations.

We are familiar with grants that require a 1:1 match. It would have been our preference to indicate in our application that we were able to offer a match of this magnitude, but our building reserve fund is small, and sources for replenishment of it are very scarce. A larger match than the one we indicate in this application would place us in a dangerous position if faced with an HVAC or other building emergency.

DEVELOPER STATEMENT OF QUALIFICATIONS AND FINANCIAL RESPONSIBILITY

Applicant

1. Name and address:

Yellowstone Art Museum, 401 North 27th Street, Billings, MT 59101

2. If the applicant is not an individual doing business under his/her own name, the applicant has the status indicated below and is organized or operating under the laws of **Montana**.

3. A corporation

A nonprofit or charitable institution or corporation: **yes, a 501(c)(3)**

A partnership known as _____

Other (explain) _____

Date of organization: **1964**

4. Names, address, title of position (if any), and nature and extent of the interest of the officers and principal members, principal shareholders, investors, or partners of the applicant.

The following are the current officers of the Board of Trustees of the YAM, and the current Executive Director. None has a direct or personal financial interest in the applicant project.

Kris Carpenter Board president	Sanctuary Spa	4642 Arapaho Lookout Billings, MT 59106 kris.carpenter@me.com	655-1701 (O) 860-1701 (C) 256-0697 (H)
Paul Cox Vice-president	Sign Products, Inc.	1425 Monad Road P. O. Box 20955 Billings, MT 59104 paulcox@signproductsinc.com	252-6348 (O)
Joy Culver Treasurer	Eide Bailly LLP	401 N. 31 st St., Ste. 1120 Billings, MT 59101 jculver@eidebailly.com	896-2400 (O) 245-9388 (H)
Robyn Peterson Executive Director	YAM	401 North 27th Street Billings, MT 59101 director@artmuseum.org	256-6804, x226 (O) 698-9277 (C)
Linda Shelhamer Past president	Entrepreneur & fiber artist	446 Tabriz Drive Billings, Montana 59105 shara@bresnan.net	259-9160 (H)
Kevin Stenberg President-elect	Perkins Restaurants	2201 Fairway Drive Billings, MT 59102 kevinstenberg@msn.com	254-6108 (O) 698-7008 (C)

Financial condition

1. Provide a current financial statement for each private entity involved with the project. Documentation of financial capacity may include net worth statements, balance sheets, or profit and loss statements.

Attached.

2. Has the applicant or any individual or entity affiliated with the development of this project been adjudged bankrupt, either voluntary or involuntary, with the past ten years?

No.

Photos of the condition of the painted surfaces:

