

Agenda Item 3C

Development Committee

March 9, 2016

TITLE: Annex Building – Kismet Development
COMMITTEE: Development Committee
PRESENTED BY: Development Director

Assistance Request: The Annex Building was home, most recently, to MSUB. The Building was sold to an out of town developer. That developer was awarded up to \$40,000 in 1 to 1 matching funds to complete a technical assistance project to establish the feasibility, format and cost to build out several retail spaces and several housing units. That developer sold the building to a new owner, Jeff Neishabouri who currently operates a retail establishment known as Kismet Fine Rugs currently located on the corner of 3rd Ave. n. and N. Broadway. The new owner wants to do a significant buildout of retail and 1 housing unit. The total investment including the purchase of the property would be **\$1,150,030.00** and Mr. Neishabouri is requesting \$499,530 in TIFD assistance. Because the project hits 2 of the major components of the urban renewal plan, housing and street level retail, it could qualify for that amount of investment. Because the request exceeds \$50,000.00, it would require City Council approval and staff is not confident that assistance at that full amount would pass Council Approval.

FINANCIAL IMPACT: Fund 203, FY16/17 has the capacity to fund this project.

OPTIONS: Staff would suggest an award of an up to amount based upon actual total expenditures. Thus, if we agreed to a 1 to 1 match up to \$100.00 the total amount of paid receipts to be submitted for reimbursement would be at least \$100.00 to receive the maximum award of \$50.00. If it were less, the award would be less. If it is more, the max would still be \$50.00. This project could NOT be funded 100% by TIFD.

Ratio	PUBLIC	PRIVATE
5	\$ 115,003	\$ 1,035,027
4.5	\$ 127,781	\$ 1,022,249
4	\$ 143,754	\$ 1,006,276
3.5	\$ 164,290	\$ 985,740
3	\$ 191,672	\$ 958,358
2.5	\$ 230,006	\$ 920,024
2	\$ 287,508	\$ 862,523
1.5	\$ 383,343	\$ 766,687
1	\$ 575,015	\$ 575,015

T.I.F. Funding Application

Kismet Fine Rugs: Renovation of Commercial/Residential Property in
Downtown Billings
112 North 28th Street

Date: March 4, 2016

The commercial/residential property located at 112 North 28th Street has a brick exterior and two stories with a basement. Approximate square footage is 17,800. Currently all interior space is vacant and in disrepair. To gain any use of this commercial and/or residential space, the building interior must be renovated and the exterior must be stabilized. The building has been vacant in a state of abandonment for many years in the heart of downtown Billings.

We are applying for TIF Funding to assist in a building renovation within its current square footage.

The renovation will encompass demolition and construction to divide the space into multiple commercial spaces in the first phase:

- I. Demolition
 - a. Demo of storefront/framing and metal lath/plaster band to expose brick
 - b. Remove paint from brick on East exterior wall (approx 750 sq. ft.)
 - c. Demo remaining ceramic tile and mortar at entry.
 - d. Demo ceiling and framing in front retail space (approx. 4000 sq. ft.)
 - e. Demo non-load bearing wall in North/East corner
 - f. Demo carpet and base
 - g. Cut in new door from North space into existing room.
 - h. Demo existing beam at south half of entry
- II. Structural Steel
 - a. Furnish and instal a box mean at sout hald of entry to provide a continuous header for storefront across the entire front of the building
- III. Framing
 - a. Infill recessed floor at entry
 - b. Box frame around columds to hide pipes
 - c. Frame center demising/sound wall to deck to divide the space into two commercial areas.
 - d. Frame stairs to second floor (includes structural work in basement)
 - e. Repair and cap pony wall next to basement stairs
 - f. Infil frame between storefront header beam and existing fouble beam. Shealth with exterior sheathing and install banding.
- IV. Insulation
 - a. Insulate center demising wall with R-11 sounds batts
- V. Doors and Hardware

- a. Install door and hardware between North space and existing room
 - b. Install door and hardware to understair closet
- VI. Storefront
 - a. Install new aluminum storefront along the front of the building
 - b. Install two doors and one door with hardware
- VII. Windows
 - a. Remove and replace East facing windows with new Pella windows
- VIII. Drywall
 - a. Patch ceiling below upstairs apartment to restore fire rating
 - b. Patch walls as necessary and hang and tape all new walls to smooth finish
 - c. Drywall enclosed within stairway to be only firetaped at this time
- IX. AC Ceilings
 - a. Hang a 2x4 grid and till
- X. Flooring
 - a. Install wood flooring throughout the space
 - b. Install baseboards
- XI. Paint
 - a. Paint walls with primer and two coats on interior latex paint
 - b. Paint ceiling tile
 - c. Paint MDF base and wall cap
- XII. Fire Sprinkler Protections
 - a. Recise spinkler head layout as necessary for new wall layout
- XIII. Plumbing
 - a. Rough in sewer and water to the upstairs apartments. Stub above floor and cap. Stub into basement and cap.
- XIV. HVAC
 - a. Cap off supply duct and registers that are no longer needed
- XV. Electrical
 - a. Remove existing electrical service and install a new meter base and MDP for the building
 - b. Re-feed existing panels and new paentls from new MDP
 - c. Install new lighting and power in the two front tenant spaces

In the news story "Downtown Growth" presented by Billings' local KULR8, city officials are cited as stating that "empty buildings ... are bad for the environment and growth of a downtown." Greg Krueger of the Downtown Billings Association noted that, "A good vibrant downtown city center is what helps pay for the service for other parts of the city in the middle of nowhere because, downtown, per square foot, pays more in taxes than anywhere else in the city."

This project will revitalize a vacant building, providing multiple retail locations in addition to upscale residential spaces. Renovation of this depressed building will certainly add vibrancy to the heart of Billing's downtown area, doing its part to stimulate economy in that area which in turn, will help provide economic benefits to

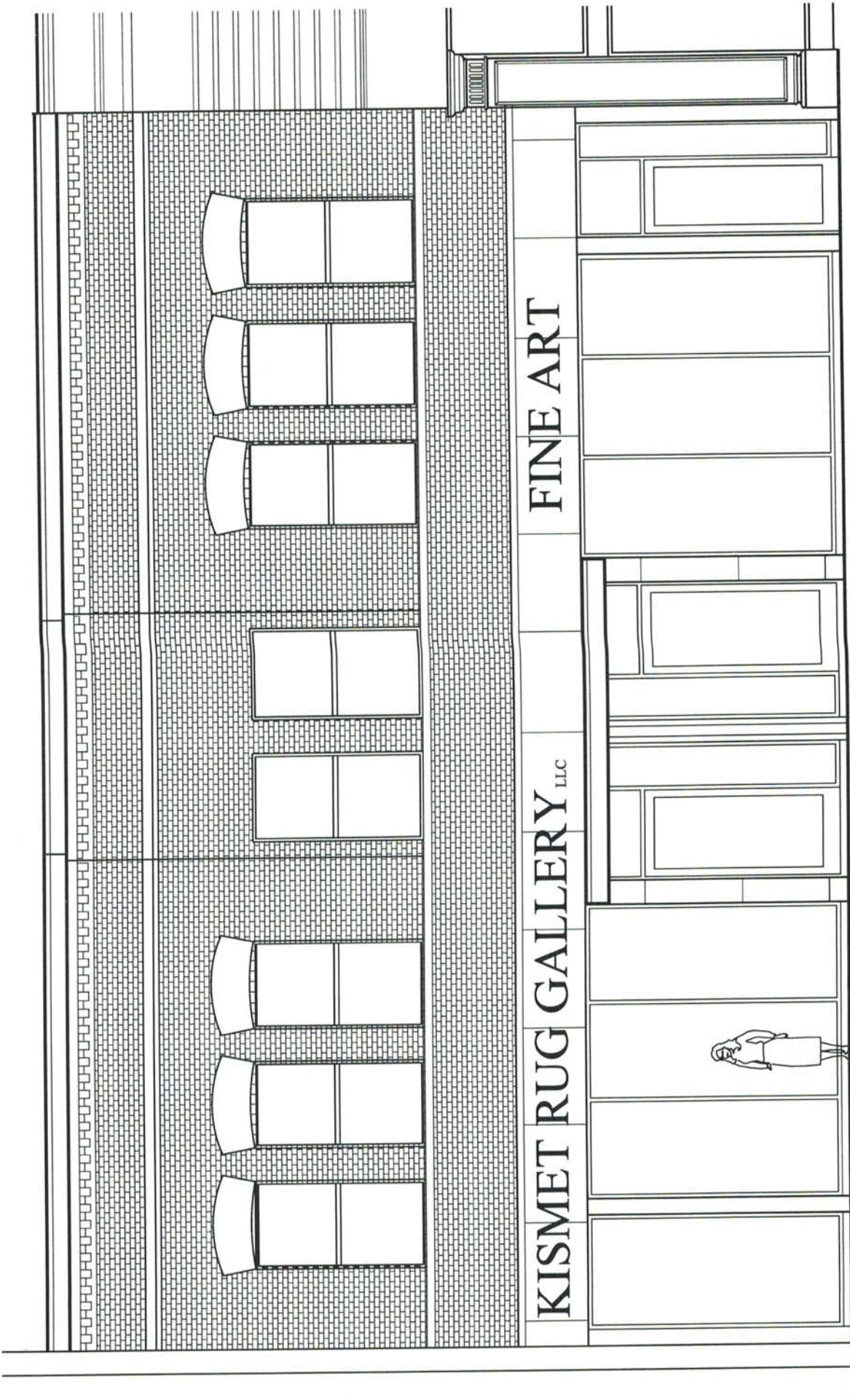
the entire city. The project increases both commercial and residential uses for the space, adding a dual opportunity for growth in the downtown area. The project is scheduled for completion by the end of April, 2016. The total project cost, including the purchase of the building is approximately \$1,150,030.00. We are requesting \$499,530 to help fill the gap in remaining funding needed to enhance downtown Billings as we assist in quickening the local economy by renovating a depressed property in the heart of the area.

Contact: Jeff Neishabouri
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Kismet Fine Rugs - Sources and Uses of Funds

Sources	Debt \$	650,500.00
	Requested TIFD Assistance up to \$	499,530.00
	Total Sources	\$ 1,150,030.00
Uses		
	Expenses already Incurred	
	Purchase of Property	(625,000.00)
	Professional Services of Architect	(12,500.00)
	Expenses currently being completed	
	Professional Services Architect	(12,500.00)
	Permits	(1,689.00)
	Builder's Risk Insurance	(380.00)
	General Conditions	(22,552.00)
	Demolition	(7,642.00)
	Structural Steel	(3,600.00)
	Framing	(17,884.00)
	Finish Carpentry	(1,386.00)
	Thermal Protection	(2,130.00)
	Banding	(5,000.00)
	Doors and Hardware	(423.00)
	Entrances and Storefront	(25,170.00)
	Windows	(9,467.00)
	Plaster and Gypsum Board	(12,813.00)
	Ceilings	(8,350.00)
	Floor Covering	(14,000.00)
	Paint & Coating	(5,800.00)
	Paint Removal	(12,500.00)

Fire Protection Piping	\$	(1,594.00)
Plumbing	\$	(5,400.00)
HVAC	\$	(250.00)
Electrical	\$	(32,000.00)
Lighting Allowance	\$	(10,000.00)
Contingency 10%	\$	(20,000.00)
Second Phase Residential Construction	\$	(280,000.00)
Total Expenses	\$	1,150,030.00



FINE ART

KISMET RUG GALLERY LLC

