

Pending City Council Action Item from the Board of Directors of the Downtown Billings Partnership, Inc.

RE: CLDI project at the old Labor Temple Building

Project Overview:

Late in 2015, CLDI came before the Development Committee seeking TIFD assistance with a project on 1st Ave. South. After some time and discussion, CLDI indicated that it was interested in a mixed use project using the old Labor Temple Building located on 1st Ave. South. The DBP engaged a commercial appraiser to determine the value of the property. The appraisal is part of our technical assistance library and cost \$3750.00.

In September of 2016, CLDI came before the Development Committee with a request for up to \$300,000 in TIFD reimbursements on qualified expenditures that are part of a \$2,173,017.89 project that would keep 100% of the Labor Temple Building on the tax rolls due to the mixed use. The project was approved for up to \$200,000 in TIFD reimbursements and was put into line to be reviewed by City Council.

In March of 2017, CLDI came before the Development Committee to request an increase in TIFD support due to an increased cost for the total project that would bring the total expenditure to \$3,250,000. The Development Committee, in March, reviewed the request and noted that, due to some changes in use from the original project approved in 2016, there was a concern that not 100% of the building would arrive on the tax rolls as taxable. CLDI is a non-profit organization. The recommendation from the Development Committee to the full Board, in March, was to reject the increase in the request but to sustain the original TIFD support amount of \$200,000. The Board, by consensus, agreed with the Development Committee and asked the Development Director to take the \$200,000 funding request to City Council.

Expanded N. 27th St. City Fund 203

Fund 203, Expanded N. 27th Street Tax Increment District has more than the requested \$200,000 in unencumbered funds. The project will most likely not be complete before the end of FY2017 and TIFD reimbursement will be subject to completion of the project according to the terms of a Development Agreement that will be created by the DBP attorney. A certificate of occupancy will also be required before the DBP will approve a reimbursement payment by the City.

DBP Board Recommendation:

The DBP, Inc. Board of Directors voted (October 28, 2016) unanimously to support this funding request. On March 24, 2017, the Board accepted the recommendation of the Development Committee and rejected an increased request and sustained the original action taken in October in supporting an up to \$200,000 TIFD assistance for qualified expenditures. The Board requests that City Council approve the "up to" allocation of \$200,000 in Tax Increment Funds and direct DBP to enter into a Development Agreement.