

City Council Action Required for TIFD Assistance

Development Committee Meeting Date: April 12, 2017

Location: Downtown Billings Alliance 2815 2nd Ave. N.

Action: Move to DBP Board and recommend approval

DBP Board Meeting Date: April 28, 2017

Location: GW Building – Public Notice @ <http://downtownbillings.com/downtown-development/>

Action: Approved for up to \$150K reimbursement – Forward to City Council

RE: Bissinger Building – 2525 Minnesota Ave.

PROPOSAL:

One of the most amazing development transformations has taken place on Minnesota Ave. with major renovation taking place east of S. 27th. The last remaining structure within the TIFD on the North side of Minnesota, east of S. 27th would be the “Mintana Mills” building. The developer wants to reclaim the structure with mixed use retail. They plan to take advantage of the historical district in the area without adding new residential and rename the building to the Bissinger Building. The land is currently leased from MRL/BNSF.

FINANCIALS

Based on the application, a 200K grant would represent a 2.3 to 1 ratio of leveraged assistance. The Development Committee recommended assistance reimbursement up to \$150,000 or a ratio of 3.4 to 1, whichever is the lesser amount. Tax calculations show a potential increase in value for the building and would result in about \$2941 per year in new property taxes. This would represent a 588% increase over the status quo. If approved by City Council, the DBP requests the awarded amount be encumbered until June 30, 2019 or until project is completed as presented, whichever comes first.



DOWNTOWN URBAN RENEWAL ASSISTANCE

APPLICATION FORM FOR GRANTS AND REVOLVING LOAN FUND LOANS

BUSINESS CONTACT INFORMATION

Contact Name	Phillip + Lisa Pngund	Date business commenced:	NEW
Title		Number of Employees:	Four
Company name	Bissinger LLC	Choose One of the below	
Phone/#	208-869-6767 / 406-672-0394		
Email	ppngund@gmail; lpngund@gmail		
Company mailing address	3503 Timberline Dr.	FIN in process	
City, State ZIP Code	Billings, MT 59102	EIN or Soc. S #	[REDACTED]

CHECK THE MAP ON THE BACK OF THIS FORM BEFORE CONTINUING

- Check all that apply: I am a property owner inside the District I own and operate a business within the District
 I plan to purchase property in District I plan to move a business into the District

If your proposed project has a different physical address than the one above, please fill in the street address, below:

Street Address: 2525 Minnesota Ave, 59101

- Check all that apply: I am interested in a low rate loan (RLF) I am interested in a reimbursement grant (URD)

What is the total cost of the project, including property acquisition, if applicable? 1

How much are you wanting to borrow from the Loan Fund (RLF)? 2

A Minimum of 20% Equity Investment is required and all loans are capped at 20% or less of the total cost (box 1) up to \$250,000

How much do you need to make the project "pencil out" (URD Grant Program)? 3

Briefly describe your proposed project: 2.3 to 1

Purchasing the Bissinger Bldg at 2525 Minnesota Ave; old warehouse will be restore to historic appearance and completely renovated. Will house retail Real Deal home decor store in 2700 sq and established spa/salon in 1850 sq. Also have beauty/gue/jewelry store interated. This project completes renovation of the two block housing Fieldhouse Restaurant, Annex Bakery + Coffee shop, Sweet Loft apt and law offices. (See attached for thorough discussion of proposed project.)

If possible, please attach a list of all planned expenditures noting item and amount – for complete project

Return to: Downtown Alliance, 2815 2nd Ave. N., 59101 – email: grask@downtownbillings.com fax to: 406-294-5061

Clear Form

PROJECTED BISSINGER BUILDING VALUE

Purchase Price	\$120,000	\$120,000	\$120,000	\$120,000		
Renovation Costs	\$547,000	\$547,000	\$547,000	\$547,000		
Leasehold Improvements	\$15,000	\$15,000	\$15,000	\$15,000		
Financing Costs	\$10,000	\$10,000	\$10,000	\$10,000		
Total Out of Pocket	\$692,000	\$692,000	\$692,000	\$692,000		
Rentable Space in Sq Ft	4550	4550	4550	4550		
Rent per Sq Ft	\$12	\$13	\$14	\$15		
Gross Rents	\$54,600	\$59,150	\$63,700	\$68,250		
Vacancy at 5%	\$ 2,730	\$ 2,958	\$ 3,185	\$ 3,413		
Property Taxes	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000		
Insurance	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400		
Management Fee at 5%	\$ 2,730	\$ 2,958	\$ 3,185	\$ 3,413		
Maintenance @ 5%	\$ 2,730	\$ 2,958	\$ 3,185	\$ 3,413		
Projected Expenses	\$ 15,590	\$ 16,273	\$ 16,955	\$ 17,638		
Net Operating Income	\$ 39,010	\$ 42,878	\$ 46,745	\$ 50,613		
	Cap Rate				Average	
Valuation Estimate	9.00%	\$ 433,444	\$ 476,417	\$ 519,389	\$ 562,361	\$497,903
	10.00%	\$ 390,100	\$ 428,775	\$ 467,450	\$ 506,125	\$448,113
						\$473,008
Comparison to Costs	Cap Rate					
	9.00%	\$ (258,556)	\$ (215,583)	\$ (172,611)	\$ (129,639)	
	10.00%	\$ (301,900)	\$ (263,225)	\$ (224,550)	\$ (185,875)	

2525 Minnesota Remodel
February, 2017

II. REMODEL CONSTRUCTION - ESTIMATE OF PROBABLE COSTS

	Unit:	Unit Cost:	Qty:	Item Total:	Subtotal
Base Bid Building Construction Breakdown					
1.0 General Requirements (included in 15% overhead costs below)					
2.0 Existing Conditions - Demolition					39,000.00
Remove partitions, lay in, etc	allow			4,500.00	
Remove cmu garage / dock	allow			22,000.00	
Remove brick wall	allow				
Remove window infill, etc	allow			500.00	
Salvage original windows	allow			500.00	
Remove misc foam, etc	allow			500.00	
Misc demo	allow			1,000.00	
Hazardous materials					
soda blasting ceiling / foam	sf	2.00	5,000	10,000.00	
3.0 Concrete					31,780.00
Curb & gutter	lf	30.00	110	3,300.00	
City sidewalk	sf	8.00	1,100	8,800.00	
Street asphalt / gravel	sf	7.00	1,800	12,600.00	
Site sidewalk	sf	8.00	360	2,880.00	
Ramp	sf	9.00			
stairs	allow				
cementitious topping		15.00			
Interior slab into wood	sf	12.00	350	4,200.00	
4.0 Masonry					27,300.00
Full reconstruction of wall	sf	20.00	220	4,400.00	
Partial reconstruction of wall	sf	15.00	220	3,300.00	
Brick salvage	allow			2,000.00	
Repointing	sf	6.00	2,200	13,200.00	
Cleaner, consolidator	sf	2.00	2,200	4,400.00	
5.0 Metals					17,750.00
Sheet steel railings	sheet	300.00	10	3,000.00	
Steel grate decks / stairs	sf	25.00	510	12,750.00	
Railings	allow			2,000.00	
6.0 Woods & Plastics					35,760.00
Rough Carpentry					
New partitions	lf	72.00	80	5,760.00	
structural reinforcement	sf	5.00	5000	25,000.00	
Finish Carpentry					
Trim, etc	lf	allow		5,000.00	
7.0 Thermal & Moisture Protection					50,560.00
Roof	sf	7	5080	35560	
Skylights	allow			15000	
8.0 Doors & Windows					56,000.00
New 3x8 wood door in hm frame (incl hardware)	per	1,000.00	4	4,000.00	
Aluminum storefront	sf	35.00	1,200	42,000.00	
Repair / reglaze / paint existing windows	per	2,000.00	5	10,000.00	

	Unit:	Unit Cost:	Qty:	Item Total:	Subtotal
9.0 Finishes					
					55,000.00
10.0 Misc					
Restrooms	per	15,000.00	2	30,000.00	
Landscaping & Misc Site	allow			25,000.00	
					40,000.00
15.0 Mechanical					
Mechanical Systems	allow			40,000.00	
					40,000.00
16.0 Electrical					
Electrical Base Cost	allow			40,000.00	
					40,000.00
					SUBTOTAL: \$393,150.00
					Contingency \$39,315.00
					Total: \$432,465.00
					+15% GENERAL CONTRACTOR OVERHEAD & PROFIT (10% OH & 5%P): \$64,869.75
					BASE BID BUILDING CONSTRUCTION TOTAL: \$497,334.75
					Building Gross Area (SF): 5,000
					Base Bid Building Cost per Square Foot: \$99.47
Architectural & Engineering	allow 8% of construction total		432,465.00	\$34,597.20	
Historic Tax Credit Paperwork & Photography				allow	\$15,000.00
					Project Construction Development Total: \$546,931.95

