

# SAWYER BUILDING RENOVATION

Downtown Urban Renewal Assistance  
Application for TIFD Funding  
May 2, 2017

Griffin Development, LLC  
1010 Central Ave Suite 1, Billings, MT 59102



# DOWNTOWN URBAN RENEWAL ASSISTANCE

APPLICATION FORM FOR GRANTS AND REVOLVING LOAN FUND LOANS

BUSINESS CONTACT INFORMATION			
Contact Name	Chandler Griffin	Date business commenced:	1996
Title	Principal	Number of Employees:	5
Company name	Griffin Development	<input type="checkbox"/> Sole proprietorship	
Phone/#	406.690.2085	<input checked="" type="checkbox"/> Partnership	
E-mail	chandler@griffindvlp.net	<input type="checkbox"/> Corporation	
Company mailing address	2223 Montana Ave	<input type="checkbox"/> Other	
City, State ZIP Code	Billings MT, 59101	EIN or Soc. S # 71-0955537	

**CHECK THE MAP ON THE LINKS PAGE (4) 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 mailing address, please fill in the street address, below:*

Street Address: 2223 Montana Ave, 59101

Check all that apply:  I am interested in a **low rate loan**  I am interested in a **reimbursement grant (URG)**

What is the total cost of the project, including property acquisition, if applicable?  <sup>1</sup>

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

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)?  <sup>3</sup>

**Briefly describe your proposed project:**

Griffin Development has purchased the historic Sawyer Building, a contributing property within the Billings Townsite Historic District. The property has been vacant and blighted for several years. Griffin plans to renovate the building into a viable, marketable property. Improvements will include an entire re-roof with new insulation and membrane roofing system, total window replacement, accessible elevator upgrade, and added egress to all floors. The building will be divided into several suites to encourage new businesses to downtown.  
 - See attached narrative for additional detail.

## **NARRATIVE**

Griffin Development is excited to be coming Downtown to the Montana Avenue Historic District and to continue the implementation of the Downtown Billings Framework Plan.

### **Background and History**

Griffin Development has purchased the corner of Montana Avenue and North 23<sup>rd</sup> street. The 24,075 square foot property includes the historic 2 story Sawyer Building. The property is located directly northeast of the Depot, in a blighted area on the north and eastern edge of the Montana Avenue Historic District. The Sawyer Building is listed as a contributing property within the Billings Townsite Historic District. For purposes of the Downtown Billings Framework Plan, the property is in the seam between the East Transition Zone and the Historic District, but technically in the East Transition Zone. Sawyer Stores Inc. opened in 1928. The facility served as the main office of a grocery chain that opened stores in Wyoming and Montana. The brick commercial building featured a creamery and warehouse on the first floor and a bakery and coffee roasting on the second floor. A bean mill, seed cleaner, ice plant, and a huge basement produce-and-cold-storage warehouse made this a highly diversified operation. A railroad spur served loading docks along the present-day alley while truck access was by loading dock along 23<sup>rd</sup> street. Sawyer stores operated out of this location until 1963. It has since housed the Spaghetti Depot, Stella's Place, and most recently the Antique Mall. Heavy post and beam construction, wood flooring, and two walk-in vaults are evidence of the long, useful life of this Billings landmark.



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### **About Griffin Development**

Griffin Development, LLC is a Montana Domestic Limited-Liability Company established on August 14, 2003. Max and Jeanine Griffin hold the majority ownership at 70%. They have owned and operated several successful businesses in Billings. Currently, they are affiliated, operate, and manage 23 separate entities. Other owners include Chandler and Lindsey Griffin and David and Alison Mitchell. Both Chandler and David are commercial real estate brokers in the State of Montana and are Certified Commercial Investment Member Designees (CCIM.)

The properties currently include:

- 14 Commercial buildings include offices, retail, storage, auto repair, and multi-tenant spaces totaling 270,100 square feet.
- Three commercial lots zoned for retail, offices, and restaurants, total 132,422 square feet.
- 36 residential lots are located in the Glynn Abbey Subdivision and Sun Valley Lots.
- One Big Timber Ranch totals 243 acres.

The goal of Griffin Development is to bring entrepreneurial, forward thinking businesses to Downtown. We want to invest to help the area grow by providing a sustainable property at a modest return.

### **Project Description**

The site is located in a sub-area of the Framework Plan East Transition Zone called the East Zone Connection. Developing this connection is the highest priority of the East Transition Zone. The Connection is “to develop so that it connects the Central District to the Depot area, and identify the ideas discussed to date so they can become a starting point for a future effort that concentrates on this zone”. The development of the Sawyer Building will be a continuation of that connection and a key contributor for more development. The connection will be established in three very visible ways, site development, building improvements, and new business activity.



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## Site Development

Site development will include streetscape and the initial phase of a walkable alley.

The streetscape on 23<sup>rd</sup> street will be an extension of the Historic District. Sidewalks will incorporate patterned concrete and street trees. Lighting will include light poles and fixtures to compliment the historic style. Furniture will have period a style. Landscaping will include trees, boulders and indigenous grasses, to further develop the native landscape theme encouraged by the Framework Plan.

Sections of the existing sidewalk along 23<sup>rd</sup> will be removed to provide below-grade egress to the basement level as well as provide natural daylighting. Window wells will be added to the basement level along Montana Avenue to provide natural daylighting.

The historic entrances on Montana Avenue and 23<sup>rd</sup> street will also be maintained and restored. A glass entry vestibule will replace the existing overhead rolling door at the 23<sup>rd</sup> street entrance for security and to buffer the weather.

We support the development of a walkable alley from north 22<sup>nd</sup> into the downtown core. As a first step, the existing alley loading dock and ramp area will be transformed into an outdoor deck overlooking the alley. The existing dilapidated wood and steel canopy will be replaced with a new steel framed structure to create a two-level deck area. The deck will be accessible to the main floor food and beverage retailers as well as via a stair from the upper level. This deck, landscaping and paving will serve as initial step to implementing the walkable alley program.



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### **Building Improvements**

Building improvements will include rehabilitation of the interior and exterior of the historic structure.

The existing roof is in disrepair and insulation is inadequate. Water damage from the leaking roof contributed to the lack of marketability and cost effective redevelopment of the building. In order to mitigate further damage caused by leaks and freezing, the entire building will be re-roofed with new insulation and membrane roofing system.

The historic 23<sup>rd</sup> street, Montana Avenue, and new alley entrances will be linked internally with hallways that separate various suites throughout the building. The hallways will converge at the centrally located historic freight elevator. The elevator will be upgraded to provide accessibility to all floor levels.

Exterior windows will be replaced with new energy efficient windows similar in appearance to the existing steel windows. Exterior balconies are proposed to be added to second floor suites on the south and west sides.

The heavy timber and brick interiors and open ceiling structure will be preserved as much as possible. The majority of the interior will remain open, maintaining an open office concept. Interior walls will be constructed to form the various tenant suites.

### **Business Activity**

TIFD incentives will help us rehabilitate the rundown Sawyer Building to attract first class tenants at affordable lease rates.

Confirmed tenants are Griffin Development and Diamond Construction. Other likely tenants in lease discussions include a brokerage company, an engineering firm, a graphic design company, and two cafes. All of these tenants would be new to downtown and several are new companies we are courting to Billings.

Light wells and exterior entrances to the basement space are intended to make the below sidewalk level space more attractive. Our objective is to provide a low cost, attractive business incubator space. We would like to attract young, innovative startups to our Downtown location from which they can develop, grow, and ultimately relocate elsewhere Downtown as thriving businesses. TIFD incentives will be instrumental in creating this space and keeping it affordable for fledgling businesses.

Not only will the Sawyer Building businesses bring life to a long-vacant building, the inherent nature of the businesses encourages further improvement and development of the area. Each year they will bring many visitors to Downtown, visitors from the Billings area, the region, and throughout the country. The added human activity will greatly increase the vitality of this part of the Downtown while improving personal safety in the Historic District. Griffin Development will create increased demand for Downtown housing through greater awareness of our employees, tenants, and clients. Our intent is that we, along with our tenants and neighbors, become a catalyst for future improvements to the eastern end of the Historic District, the East Transition Zone, and the Downtown.

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## QUALIFIED USES

### **Specific CBD TIFD Qualifiers being met by the Sawyer Building Renovation project per the Development Agreement Exhibit \_ Urban Renewal Assistance Programs for Blight Elimination:**

*Section Three: Qualified Expenditures: MCA 7-15-4282 through 7-15-4294. Ordinance 08-5483*

- a. *Remediation or Diminishing blight affecting buildings and structures that negatively impact the residents of the City due to:*
  - i. *Substantial deterioration especially roofs in serious need of repair or replacement*
    - **The building will be entirely re-roofed including new roof insulation**
    - **All exterior windows will be replaced**
  - ii. *Obsolete uses that require a change of use*
    - **The original warehouse function has become less practical with direct railroad shipping becoming obsolete. New business functions are more feasible and attractive for the area.**
  - iii. *Defective and not in compliance with current Building and Fire Codes*
    1. *Electrical service upgrades*
      - **The building will have all new electrical service.**
    2. *Plumbing upgrades*
      - **Existing restrooms will be upgraded to meet current fixture count requirements.**
      - **Fire Sprinklers will be added to the building.**
    3. *Other*
      - **The existing freight elevator will be replaced with a handicapped-compliant passenger elevator.**
      - **Secondary egress stairs will be provided at the alley side to meet exiting requirements and encourage use of the walkable alley.**
  - iv. *Unsanitary and/or unsafe*
    - **The existing freight elevator will be upgraded for pedestrian use to provide accessibility to all floors.**
  - v. *Vacant and unused*
    - **Prior to acquisition by Griffin Development, the Sawyer Building was blighted. Due to many building envelope failures, structural concerns and code compliance issues, the building was not occupiable. The renovation will result in the entire building being occupied and being a proud contributor of tax increment..**
- b. **N/A**
- c. *Enhancement of infrastructure, public or private, that improve the pedestrian experience*
  - i. *Streetlights, sidewalks, curbs and gutters*
    - **Sidewalks will be reconstructed where area wells and window wells are added to the basement.**
    - **Lighting will be added at the new alley patio, increasing pedestrian safety and security connecting the public-shared parking of the CTA lot to nearby businesses.**
  - ii. **N/A**
  - iii. *Building and Business Signage*
    - **Business Signage will be applied directly to the building.**
  - iv. *Façade stabilization and/or improvement*
    - **Exterior windows will be replaced to provided much better efficiency and mitigate leaks.**
    - **An entry vestibule will be added to the 23<sup>rd</sup> street entrance to replace the existing overhead rolling door.**

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v. *Outdoor patios*

- **New outdoor patios will be located on the north alley side.**

vi. *Landscaping*

- **New landscaping will be provided at the alley to continue the existing landscaping along 23<sup>rd</sup> street.**

vii. **N/A**

d. *Mixed use re-development containing*

i. ii. iii. **N/A**

iv. *Street level retail and dining*

- **Potential tenants include two café options.**

e. *Improvements that lead to stabilized and/or increased taxable valuation*

- **Most all of the building improvements will increase its taxable valuation. Occupying a long-vacant building will strengthen the economic base and vitality of Downtown.**

f. *Relocation of utility wires, inefficient land use, and/or problems of access and circulation*

- **There will be some relocation of utility power lines on the north alley side.**

g. *Increased use of public transit*

- **Employees and tenants will be encourage to take advantage of public transit with this location being in such a close proximity to the MET Downtown Transfer Center.**

h. *Increased Crime Prevention and Public Safety*

- **Building use will deter trespassing, vandalism, and vagrancy.**

- **Exterior lighting will help improve visibility for safety and deter criminal activity.**

i. *Increased energy efficiencies*

i. *Exterior windows, doors*

- **Exterior windows and doors will be replaced with much more energy efficient units and seals.**

ii. *HVAC upgrades*

- **The HVAC system will be upgraded to a more efficient system.**

iii. *Other*

- **A new roof system will provide a more complete sealed envelope with a much higher and efficient insulation R-value.**

j. **N/A**



Google Street View

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**SOURCES AND USES BUDGET**

**SOURCES**

FINANCING

- To date cash invested \$367,720
  - Long term debit \$525,883
  - TIF appropriations \$725,000
  - Addition capital needed \$881,397 from Griffin Development
- Total Project \$2,500,000

**USES**

SAWYER BUILDING RENOVATION BUDGET

	<u>BUDGET AMOUNT</u>	<u>QUALIFIED TIF AMOUNT</u>
1 NEW ENTRY: .....	\$227,410	
Entire amount qualifies under <b>3.c.iv. Façade stabilization and/or improvement and 3. i. Increased energy efficiencies</b> .....		\$227,410
2 MEMBRANE ROOFING .....	\$57,150	
Entire amount qualifies under <b>3. i. Substantial deterioration especially roofs in serious need of repair or replacement</b> .....		\$57,150
3 ELEVATOR .....	\$115,295	
Entire Amount qualifies under <b>3.a.iii. Defective and not in compliance with current Building and Fire Codes and 3.a.iv. Unsanitary and/or unsafe</b> .....		\$115,295
4 FIRE SPRINKLER .....	\$53,750	
Entire Amount qualifies under <b>3.a.iii.2. Plumbing upgrades</b> .....		\$53,750
5 ALUMINUM STOREFRONT AND WINDOWS .....	\$144,700	
Entire amount qualifies under <b>3.c.iv. Façade stabilization and/or improvement and 3. i. Increased energy efficiencies</b> .....		\$144,700
6 FIRE EXIT AND DECK .....	\$119,620	
Entire amount qualifies under <b>3.a.iii. Defective and not in compliance with current Building and Fire Codes and 3.c. v. Outdoor patios</b> .....		\$119,620
7 ELECTRICAL PANELS .....	\$35,250	
Entire amount qualifies under <b>3.a.iii.1. Electrical service upgrades</b> .....		\$35,250
8 ENGINEERS .....	\$105,000	
Does not qualify		
9 LIGHTING .....	\$246,980	
Does not qualify		

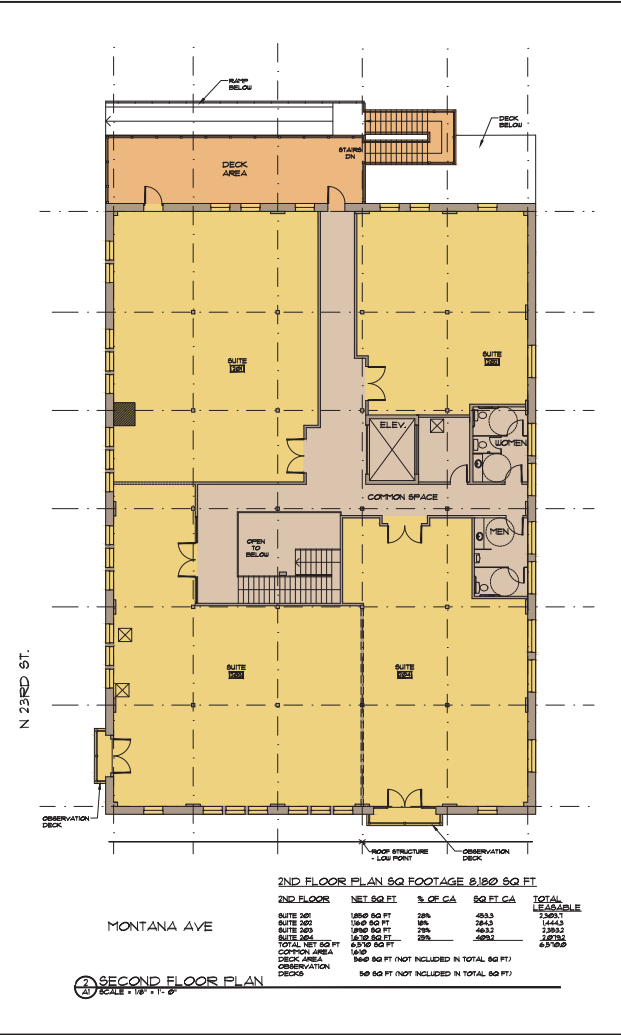
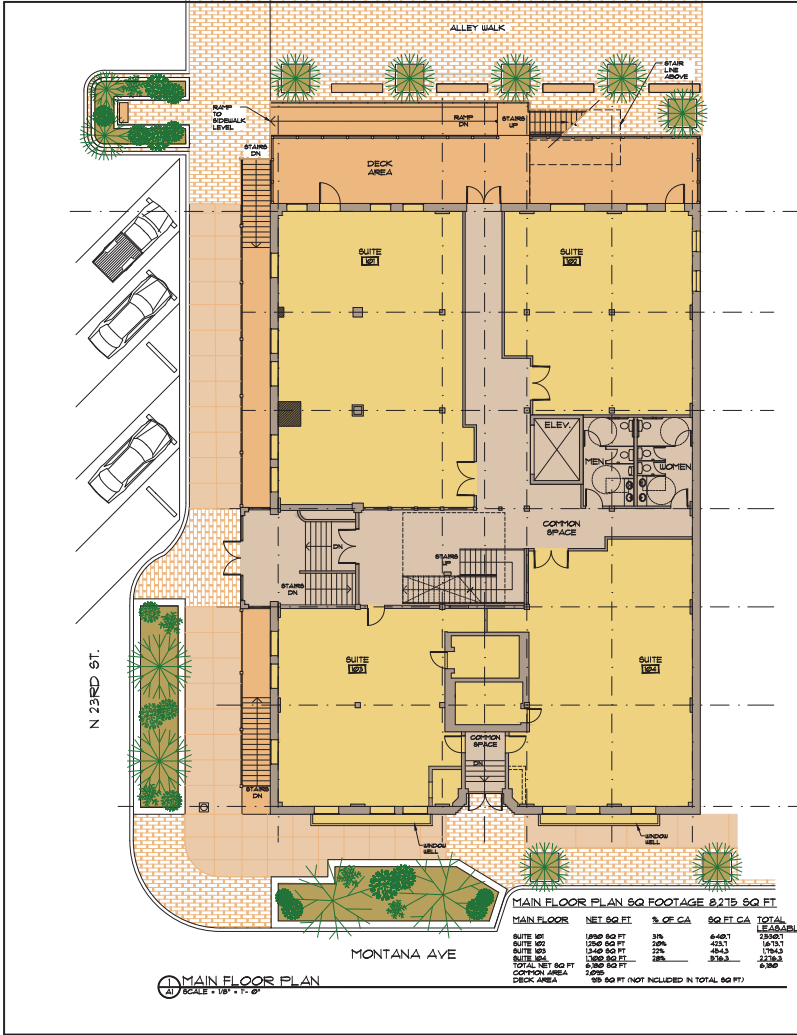
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10 MECHANICAL .....	\$123,330	
Entire amount qualifies under <b>3.i. ii. HVAC upgrades</b> .....		\$123,330
11 STRUCTURAL STEEL .....	\$106,330	
Entire amount qualifies under <b>3.a.iii. Defective and not in compliance with current Building and Fire Codes and 3.c. v. Outdoor patios</b> .....		\$106,330
12 MASONRY .....	\$540	
Does not qualify		
13 CASEWORK .....	\$12,000	
Does not qualify		
14 INSULATION .....	\$12,880	
Entire amount qualifies under <b>3.a. i. Substantial deterioration especially roofs in serious need of repair or replacement</b> .....		\$12,880
15 INTERIOR DOORS .....	\$18,270	
Does not qualify		
16 METAL FRAMING .....	\$85,490	
Does not qualify		
17 FINISHES .....	\$63,610	
Does not qualify		
18 SPECIALTIES .....	\$11,030	
Does not qualify		
CONSTRUCTION SUBTOTAL.....	\$1,538,635	
QUALIFYING SUBTOTAL: .....		<u>\$995,715</u>
19 CONTINGENCY (1.26% OF CONSTRUCTION) .....	\$19,420	
Qualifies as 1.26% of qualifying subtotal.....		\$12,567
20 P&OH (6.0% OF CONSTRUCTION) .....	\$92,000	
Qualifies as 6.0% of qualifying subtotal .....		\$59,537
<b>TOTAL CONSTRUCTION BUDGET: .....</b>	<b>\$1,650,055</b>	
<b>TIF QUALIFYING TOTAL: .....</b>		<b>\$1,067,819</b>









MICHAEL J. BURKE - SHERRIL F. BURKE - JACK CLARK - SEFFREY WINKLER - MEMBER OF THE AMERICAN INSTITUTE OF ARCHITECTS  
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**SHEET A1**  
 3

# Tax Calculations for Investment

	2018	Current TV
		\$ 628,838.00
<b>Tax Year</b>	<b>2018</b>	
<b>Construction Investment</b>	<b>\$ 2,500,000.00</b>	<b>40%</b>
New Value based on Investment/Comps	\$1,628,838	\$ 2,693,274
Amount Applied to Mills	\$31,355	\$51,846
Total Mills Assessed	670	670
Mill multiplier	0.67	0.67
<b>Tax (Real Property)</b>	<b>\$21,008</b>	<b>\$34,737</b>

PP/Machinery Investment	\$0	\$0
Amount Applied to Mills	\$0	\$0
Mill multiplier	670.00	670.00
Mill multiplier	0.67	0.67
<b>Tax (PP and Machinery)</b>	<b>\$0</b>	<b>\$0</b>

<b>Total Tax</b>	<b>\$21,008</b>	<b>\$34,737</b>
<b>Current Taxes</b>	<b>(\$8,111)</b>	<b>(\$8,111)</b>
<b>Increment Increase</b>	<b>\$12,897</b>	<b>\$26,626</b>

**Construction**      **Comps**

## Sawyer Building

159%      328%  
Increase      Increase

total investment      \$ 2,500,000.00

Grant      \$ 725,000.00

Ratio **2.4** to **1**

2% Estimated rate of growth

### Construction Cost

\$12,897	annual increment return
\$725,000	current value of grant
38.05	years repaid in full

### Comps

\$26,626	annual increment return
\$725,000	current value of grant
27.23	years repaid in full