

NOTICE: THE DEVELOPMENT COMMITTEE WILL NOT REVIEW APPLICATIONS FOR GRANTS UNTIL THE DBP BOARD AUTHORIZES FY 18 NEW FUNDING – MOST LIKELY AFTER JANUARY, 2018



**APPLICATION FOR ASSISTANCE FROM THE EXPANDED
N.27TH ST. TIFD**

BUSINESS CONTACT INFORMATION

Title:

Company name:

Phone: Fax: E-mail:

Property Address (project location):

City: **Billings** State: **Montana** ZIP Code: **59101**

What is your tax status?

Sole proprietorship: Partnership: Corporation: Other:

SSN: EIN:

BUSINESS AND CREDIT INFORMATION

Primary Mailing address: *Same as Property Address...*

City: State: ZIP Code:

How long at current address?

Bank name: No debt capital used at this time.

Bank address:

City: State:

Type of account(s):

REFERENCES

Full Name:	Company Name:
Phone:	Address:
Full Name:	Company Name:
Phone:	Address:
Full Name:	Company Name:
Phone:	Address:

BRIEFLY DESCRIBE YOUR PROJECT

(Large empty box for project description)

I AM SEEKING: A Loan: A Grant: I am the Building's Owner: I am a tenant seeking Tenant Improvement Assistance:

APPLICANT SIGNATURE(S) On File

X _____ Title: Date:

For the Billings City Council Friday Packet 9/29/2017.

Pending Council Action Item: **Stillwater Building Project**

Urban Renewal Project Proposal to the Billings City Council

Location: The Stillwater Building – formerly The Battin Federal Courthouse

Owner: WC Commercial, LLC

PROPOSAL:

WC Commercial, LLC. (WC Commercial) the current owner of what was the original Battin Federal Courthouse, now Stillwater Building, is requesting TIFD assistance in the amount of \$1.5 Million. This TIFD assistance request shall be used to refurbish the interior and exterior of the Stillwater building in preparation of tenants. These infrastructure upgrades/improvements would include building fire proofing, mechanical and electrical system upgrades, energy efficiency upgrades, building security, aesthetic improvements, including external deferred maintenance. These upgrades will benefit WC Commercial allowing them to better attract additional private sector owners, and tenants, which will raise the taxable value of the building in the future.

WC Commercial purchased the Stillwater Building in 2016, paid all unpaid and delinquent taxes, and completed a six-month asbestos abatement process successfully removing 100% of asbestos in the building. It should be noted; the Stillwater site is mentioned specifically as a redevelopment target project from the amended 2008 Urban Renewal Plan.

“The status of the Battin Federal Courthouse is still unclear. The facility is contaminated with asbestos and is destined to become vacant with the completion of a new federal courthouse and office building. This vacancy will present a redevelopment opportunity, in the near future.” *(The 2008 Urban Renewal Plan adopted via Ordinance No. 08-5483*

This project also addresses the original Downtown Billings Framework Plan, by preserving and enhancing the governmental presence Downtown within the area defined as The Civic District, as well as encouraging efforts towards renovation and occupancy by private enterprise.

If approved, this urban renewal grant will be subject to available Fund 203 cash and will be spread evenly over 2 Fiscal Years. The TIFD funds will be applied to qualified expenditures such as replacing the asbestos with code approved materials, façade improvement, and code compliance issues related to electrical, building stabilization, parking, and public access. To further enhance safety in the Civic District, WC Commercial, LLC will install state of the art security equipment, including exterior placement.

FINANCIALS

The Downtown Alliance and the City of Billings Finance Department manage and utilize Fund 203, the Expanded N 27th St. Tax Increment Financing District. We work together to budget into the future, as new TIFD dollars flow into Fund 203. Our current projections take us through Fiscal Year 2022 without selling any new TIFD Bonds. The Stillwater Building project reimbursement will need to take place over 3 Fiscal Years, starting at the end of FY19, assuming the project is completed as required.

Stillwater Building					
Estimate of Taxes					
	WC Commercial LLC	Geo	03-1033-33-3-02-01-0000		
	316 N 26th Street	Tax Code	A002510		
	Building		<u>Lease at 18.00 sf</u>		
	B2	5,559			
	B1	40,407			
	01	25,836		465,048	
	02	34,159		614,862	
	03	34,159		614,862	
	04	34,159		614,862	
	05	<u>34,159</u>		<u>614,862</u>	
	leased area	162,472		2,924,496	
	Value Completely Rented at \$18 sf				
NOI	2,924,496	Cap Rate	9.10%	Market Value	\$ 32,137,319
	Value rented with our rent rating 7 (about 16.74 sf)				
NOI	2,719,327	Cap Rate	9.10%	Market Value	\$ 29,882,714
	Our Estimated Market Value of				\$ 29,900,000
	Taxable Value			1.89%	\$ 565,110
	Times Current Mill Levy			685.69	
	General Taxes would be-----				\$ 387,490.28
	Taxes Estimated per square foot				\$ 2.38

Downtown Billings Partnership Board, Inc. Recommendation to Council:

On Friday, September 22, 2017, during the regularly scheduled monthly Board Meeting, voted to recommend that the City Council approve the Stillwater Building Project as an Urban Renewal project. The DBP Board approved a reimbursement to the developer for qualified expenditures up to \$1.5 Million with the following conditions:

1. Fund 203 will encumber no more than \$500,000.00 per fiscal year, beginning January 1, 2019 (FY19), and again on January 1, 2020 (FY20), and finally on January 1, 2021 (FY21) This is defined as the reimbursement period.
2. Actual reimbursement cannot begin before January 1, 2019. And the building is certified, by the City Planning Department, to be occupied.
3. During the three years of reimbursement the Stillwater Building must have and maintain no less than 50% occupancy. Further, at least 50% of the building must be owned by taxable private sector entity or entities. No more than 50% of the building may be owned by the public sector or non-taxable entities.
4. If at any time during the reimbursement period, tax revenue is held back due to an evaluation appeal, the reimbursement payments will be "on hold" and will resume, in full, when the appeal is resolved and tax payments are released. The reimbursement amount is based on actual dollars invested by the developer and will not be reduced due to any adjustment of taxable value.

DBP Board Minutes of Friday, September 22, 2017 @ 7:30 a.m.
(GW Building)(1st Floor)

Greg Krueger	Lisa Harmon	Ray Porrello
Jock West	Kim Olsen	Andy Patten
Denis Pitman	Sam Merrick	Randy Hafer
Darren Rich	Steve Arveschoug	Norman Miller
Bruce McCandless	Phil Nelson	Joe Holden- guest
		Quinten Eggart- guest
		Patrick Klugman- guest
Jeremy Morgret		

1. Call to order, Introductions, Courtesies, Public Comment: Mr. Patten called the meeting to order at 7:30 a.m. A quorum was present.

2. Regular Business:

- a) **Minutes- July 28th 2017:** Minutes approved by consensus.
- b) **Development Director update:** Mr. Krueger updated the board on large project development.
 - a. **Transition Planning:** Mr. Krueger announced his job description and the process of phasing in a new Development Director, as well as the development of an organizational structure. Ms. Harmon thanked the board chairs for stewarding the process of transition planning. Discussion ensued.
 - b. **Financials:** Mr. Krueger explained the financial including revenue from rent of the Yesteryears building and the effects of large developments in the near future.

3. Action: Approval of Bruce McCandless as the voting representative from the City: Mr. Pitman moved to approve. Ms. Olsen seconded. Vote: approved.

4. Old Business:

- a) **TIFD Project Updates:** Mr. Krueger updated the Board on projects and status. He announced the near completion of the Crane Building and St. Vincent de Paul. He also discussed the progress of a housing study in conjunction with the EBIRD. He also made mention of the Cormier property, the French bakery, Veronika's Pastries, and the KOA technical assistance completion. He also briefly discussed the ABT grant.

b) Committee Reports:

- a. **Public Art:** N/A
- b. **Pocket Parks:** N/A
- c. **Community Innovations:** N/A
- d. **Retail Consultant:** N/A

5. New Business:

- a) **Sign Grant Transfer Discussion:** Mr. Krueger explained the potential transfer of a previous unused grant for the same expenditures to a new business owner. Discussion ensued around issues with the location.
- b) **Stillwater Building Project Discussion:** Mr. Krueger updated the board on the current request for the Stillwater Building along with a number of contingencies suggested from the Development Committee as well as detailing the investment already made from the owner. Mr. Holden explained the purchase of property for the development of a parking garage. Mr. Eggart further explained the project and passed around images of the potential project. Discussion ensued around the claw-back clause suggested by the Development Committee.

6. Action:

- a) **Sign Grant:** Mr. Nelson moved to approve the transfer of the grant to the Sassy Biscuit Co. Mr. Miller seconded. Vote: approved.
- b) **Stillwater Building Assistance:** Mr. Hafer moved to approve the Stillwater grant with only conditions 1, 2, and 3 (excluding condition 4), and to include a provision to suspend distribution of funds in the case of a protest of taxes. Mr. West seconded. Mr. Nelson and Mr. Morgret abstained. Mr. Miller was opposed. Vote: approved.

7. Partner Reports:

Cultural partners: N/A

DBA: N/A

School Board: N/A

Property Owners: N/A

County Report: N/A

City Report: N/A

Big Sky EDA: N/A

Parking Division: N/A

Meeting adjourned at 9:00 a.m.

Downtown Billings Partnership Urban Renewal Project Report

Fund 203 as of		FY18		FY19		FY20		FY21		FY22					
9/28/2017		Dec. 2017	Jun. 2018	Dec. 2018	Jun. 2019	Dec. 2019	Jun. 2020	Dec. 2020	Jun. 2021	Dec. 2021	Jun. 2022	TOTAL TIF	TOTAL PRIVATE	TOTAL PROJECT	
INCOME															
Unencumbered Cash Balance**	ESTIMATED	\$1,729,488	\$102,096	\$1,154,503	\$571,341	\$612,321	\$51,727	\$432,436	\$423,662	\$78,518	\$312,898				
First Half Tax Collections**	ESTIMATED	\$1,421,392		\$1,484,034		\$1,807,958		\$1,553,194		\$1,899,798					
2nd Half Tax Collections**	ESTIMATED		\$1,421,392		\$1,484,034		\$1,807,958		\$1,553,194		\$1,899,798				
TOTAL PROJECTS AVAILABLE CASH**	ESTIMATED	\$3,150,880	\$1,523,487	\$2,638,537	\$2,055,374	\$2,120,279	\$1,559,685	\$1,985,628	\$1,976,745	\$1,678,305	\$1,912,687				
EXPENSES															
Fiscal Year 2015 and 2016															
PROJECT STATUS		FY18	FY18	FY19	FY19	FY20	FY20	FY21	FY21	FY22	FY22				
2905 Building Restoration Project	Complete and Reimbursed											\$49,500	\$293,500.00	\$343,000	
Artwalk Signs - Street Closure Barricades	Complete and Reimbursed											\$5,824	\$4,176.00	\$10,000	
Goodridge Project Technical Assistance	Complete and Reimbursed											\$5,000	\$5,000.00	\$10,000	
Clark Marten Housing Project	Complete and Reimbursed											\$22,000	\$978,000.00	\$1,000,000	
KB Chemical Loading Dock & Sidewalk	Complete and Reimbursed											\$15,209	\$16,603.37	\$31,813	
Various Commercial Approvals	Complete and Reimbursed											\$11,000	\$0.00	\$11,000	
Pocket Park Concept Drawings	Complete and Reimbursed											\$8,100	\$0.00	\$8,100	
Stapleton Building Vent Upgrades	Complete and Reimbursed											\$41,000	\$0.00	\$41,000	
Price Motors Building Repair and Renovation	Complete and Reimbursed											\$45,000	\$1,408,400.00	\$1,453,400	
Bookstore Co-op Technical Assistance	Complete and Reimbursed											\$8,000	\$0.00	\$8,000	
MOAV Coffee ADA Compliance Assistance	Complete and Reimbursed											\$23,000	\$94,332.97	\$117,333	
Annex Building Coffee House Change of Use	Complete and Reimbursed											\$33,527	\$159,912.00	\$193,439	
Purchase of Yesterdays Building	Complete and Reimbursed											\$830,000	\$0.00	\$830,000	
Building Purchase Encumbered	Project Incomplete											\$20,000	\$0.00	\$20,000	
Vintage Apothecary Code Build-out	Complete and Reimbursed											\$10,378	\$24,728.21	\$35,106	
Aspenwall Relocation (new)	Complete and Reimbursed											\$6,000	\$3,639	\$9,639	
Montana Avenue Lighting Plans	Complete and Reimbursed											\$20,000	\$10,000.00	\$30,000	
Doc Harper Patio	Complete and Reimbursed											\$12,825	\$20,705.14	\$33,530	
Arthouse Cinema Technical Assistance	Complete and Reimbursed											\$10,500	\$10,500.00	\$21,000	
1111 Entertainment - Pub Station Change of Use	Complete and Reimbursed											\$35,000	\$265,500	\$300,500	
Hart Albin Parking Garage FY17-FY18	Project Incomplete - sent to City	(\$376,632)										\$500,000	\$500,000.00	\$1,000,000	
MontDevCo Technical Assistance	Project Incomplete	(\$49,000)										\$49,000	\$49,000.00	\$98,000	
Mural Project	Project Incomplete	(\$13,500)										\$15,000	\$15,000.00	\$30,000	
Battle of the Plans 2016	Project Incomplete	(\$37,400)										\$49,900	\$10,000.00	\$59,900	
City Loft Apartments	Project Incomplete	(\$30,000)										\$30,000	\$170,030.00	\$200,030	
Montana Rescue Mission Technical Assistance	Project Incomplete	(\$10,000)										\$10,000	\$10,000.00	\$20,000	
Friar Building Signage Project	Project Incomplete	(\$2,000)										\$10,000	\$10,000.00	\$20,000	
Annex Building - Kismet	Project Incomplete	(\$143,754)										\$143,754	\$1,295,646.00	\$1,439,400	
Current Annual Fund Obligation		FY18	FY18	FY19	FY19	FY20	FY20	FY21	FY21	FY22	FY22				
Empire Bond Payment**	Paid directly by City	(\$550,872)		(\$934,201)		(\$949,201)		(\$946,183)		(\$942,773)		\$12,000,000	\$3,000,000	\$15,000,000	
Northern Hotel Project**	Paid directly by City											\$2,180,827	\$22,819,173	\$25,000,000	
Stockman Bank Project**	Paid directly by City											\$630,000	\$13,370,000	\$14,000,000	
DBP Management Fees	Paid directly by City	(\$135,651)	(\$135,651)	(\$139,721)	(\$139,721)	(\$143,912)	(\$143,912)	(\$148,230)	(\$148,230)	(\$152,677)	(\$152,677)	\$1,572,079	\$4,027,921.00	\$5,600,000	
Cost Allocations**	Paid directly by City	(\$69,975)		(\$72,074)		(\$74,236)		(\$76,464)		(\$78,757)					
City Contracted Professional Services (Bonding)	Paid directly by City	(\$100,000)		(\$100,000)		(\$100,000)		(\$100,000)		(\$100,000)					
Parking Bond Payment Transfer	Paid directly by City - Incess from PW	(\$6,200)		(\$6,200)		(\$6,200)		(\$6,200)		(\$6,200)					
Other Transfers	Paid directly by City	(\$233,329)		(\$35,000)		(\$35,000)		(\$35,000)		(\$35,000)		\$190,000	\$470,000	\$660,000	
Downtown Alliance BID Safety Support	Paid directly by City	(\$35,000)		(\$35,000)		(\$35,000)		(\$35,000)		(\$35,000)					
Current Project Funding		FY18	FY18	FY19	FY19	FY20	FY20	FY21	FY21	FY22	FY22				
Crane Building Change of Use & Stabilization	Project Incomplete	(\$350,000)										\$350,000	\$1,067,500	\$1,417,500	
Good Earth Landscape Project	Complete Reimbursement Sent to City	(\$33,271)										\$33,271	\$44,740	\$78,011	
Housing Study with EBURD	Project Modified 1/9/17	(\$25,000)										\$25,000	\$0	\$25,000	
Wendy Building Restoration/Devel	Project Incomplete		(\$233,333)		(\$233,333)		(\$233,333)					\$699,999	\$3,955,531	\$4,655,530	
Cornier Properties	Complete and Reimbursed	(\$49,000)													
Le Fournil Bakery (new)	Project Incomplete	(\$25,000)										\$25,000	\$134,600	\$159,600	
KQA Tech Assist	Project Incomplete	(\$15,000)										\$15,000	\$15,000.00	\$30,000	
Veronika's Pastry	Project Incomplete	(\$11,000)										\$11,000	\$25,850	\$36,850	
Pocket Park Development	Project Incomplete							(\$200,000)				\$200,000	\$0	\$200,000	
Battle of the Plans Annually	Project Incomplete	(\$50,000)		(\$50,000)		(\$50,000)		(\$50,000)		(\$50,000)		\$250,000	\$0	\$250,000	
Strategic Plan	Project Incomplete	(\$80,000)										\$80,000	\$3,000	\$83,000	
CLDI-Labor Temple Project	Project Incomplete				(\$200,000)							\$200,000	\$3,050,000	\$3,250,000	
Arthouse Cinema Phase II with building purchase	Project Incomplete				(\$350,000)							\$350,000	\$1,750,000	\$2,100,000	
Bissinger Building Renovation	Project Incomplete	(\$150,000)										\$150,000	\$517,000	\$667,000	
ABT Project Assistance	Project Incomplete				(\$500,000)							\$3,500,000	\$7,500,000	\$11,000,000	
Clint Lafner Tech Assist	Complete and Reimbursed	(\$5,000)													
Joy of Living (new)	Complete and Reimbursed	(\$6,910)											\$6,910	\$3,050	\$9,960
Masonic Temple Building Change of use	Complete and Reimbursed	(\$16,471)											\$16,471	\$51,529	\$68,000
Sassy Biscuit Sign (Former B-Town Award)	Approved 9/29/17	(\$13,300)											\$13,300	\$327,617	\$340,917
Projects Awaiting City Council Action		FY18	FY18	FY19	FY19	FY20	FY20	FY21	FY21	FY22	FY22				
Schaer - Carlin Bld	Needs Council Approval	(\$35,500)										\$35,500	\$184,500	\$220,000	
Griffin - Sawyer Bld	Needs Council Approval			(\$210,000)		(\$210,000)						\$420,000	\$2,080,000	\$2,500,000	
Stillwater Building	Needs Council Approval			(\$500,000)		(\$500,000)			(\$500,000)			\$1,500,000	\$28,500,000	\$30,000,000	
One Big Sky Project	Needs Council Approval											\$0	\$0	\$0	
Net Urban Renewal Funds Available		\$102,095	\$1,154,503	\$671,341	\$612,321	\$51,727	\$432,436	\$423,662	\$78,518	\$312,898	\$760,011	\$26,473,874	\$98,251,683	\$124,862,558	

54 Total Urban Renewal Projects
 28 Currently Managed by Alliance
 \$26,473,874 TIF Invested
 \$98,251,683 Non TIF & Private
 \$124,862,558 Total Investment
 Estimate of ANNUAL New Tax Dollars \$1,616,533.10

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