



MEMORANDUM

From: Steve Zeier, Zeier Consulting, LLC

To: SBURA Board of Directors

Date: March 5th, 2019

RE: Boys & Girls Club of Yellowstone County Application for TIF Funds

The Boys & Girls Club of Yellowstone County has submitted the attached TIF Assistance Application for your consideration at the March 5th, 2019 meeting of the South Billings Urban Renewal Association Board of Directors.

This project is the demolition and removal of a vacant house, the adjacent Stuart house, located at 503 Orchard Ln. The project is the result of philanthropic donation by the Stuart Family that has been fully realized after the passing of both Mr. & Mrs. Stuart. The demolition of the vacant house and improvement of the immediately adjacent area will rectify that inherent safety issues associated with a vacant structure. There has been trespassing and vandalism incidents at this site. This project is in conformance with the South Billings Master Plan as the improvement of neighborhoods and the removal of blight is a foundational recommendation of the plan and of Montana Urban Renewal Law.

The TIF application is for a request of \$58,375.00 for environmental remediation, demolition and removal of the structure, and the installation of a chain link fence. This project has multiple funding elements associated with it. A concurrent application for \$25,750.00 is being submitted to the Charles M. Bair Family Trust. These grant funds will complete a second phase

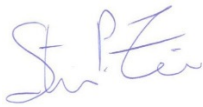
of the project that entails landscaping and hardscape improvements. The Bair Family Clubhouse and Stuart Property is owned by a tax exempt private non-profit entity. As such, it is not subject to the same property tax treatment as a privately owned building. Therefore, any TIF funds invested will have a small impact to the property tax base as the property does not pay the same level of ad valorem property tax but does include the special assessments levied by the City of Billings such as arterial fees and storm water fees, etc. In this case the property taxes assessment will likely go down by a small amount as the improvements to the land will be removed.

In summary, a recommendation of approval for this application is being forwarded for the following reasons:

- 1) The project is consistent with the adopted South Billings Master Plan for the removal of blight located in the South Billings Boulevard Urban Renewal District.
- 2) The project will provide a greater element of safety and security for the neighborhood that utilize the Bair Family Clubhouse facility.
- 3) The community benefit component due to the improvements to the property will serve the entire community by the removal of a dangerous, unsafe, unsecured, and unattractive structure.
- 4) This is a collaborative project with multiple funding elements that demonstrate the community benefit and investment in the project.

Please contact me with any questions. I look forward to discussing this at the March 5th board of directors meeting.

Sincerely,

A handwritten signature in blue ink that reads "Steve Zeier". The signature is written in a cursive, flowing style.

Steve Zeier

enc: TIF Application Packet

Bair Family Clubhouse Property Demolition & Rehabilitation

Project Description

Need for this Project

The C.M. Bair Memorial Building sits on 4.63 acres of land purchased from John & Ida Stuart in the early 1980's. A key tenant of the purchase agreement was that the Stuart's would maintain ownership of the property where their family home was until such time as they chose to move or passed away. As of March 2018 both Mr. & Mrs. Stuart have passed and the Boys & Girls Club took possession of the property, which included a home and several small out buildings on October 1, 2018.

In the original plans for the Bair Family Clubhouse facility, the Boys & Girls Club intended to build a pool and other recreation amenities on what we call the Stuart Property. However, those plans are no longer viable and we are working to re-define the long-term vision for the Clubhouse and surrounding property. Before that can begin in earnest we must first address the poor condition of the Stuart Property and the three challenges it creates.

Child & Public Safety

Since the Boys & Girls Clubs of Yellowstone County first purchased the property where the Bair Family Clubhouse now stands, the Stuart's did not invest adequate resources or effort into maintaining their portion of the property, which has resulted in a:

- home, garage and storage buildings that are too small and deteriorated to be reasonably converted to another use, and
- property that cannot be effectively secured and invites unwanted criminal activity that poses significant risks to Club members and those living in the neighborhood.

Tax Expense for Unusable Space

The Stuart Property, which comprises 10% of the overall property owned by the Boys & Girls Club property, has retained its residential status and is therefore not considered tax-exempt and cannot be since none of the buildings are used for mission-related services. Given that we cannot reasonably convert any of the structures into something that is mission related we will continue to pay several thousand dollars per year in taxes for this unsightly and unsafe property with no benefit to the kids we serve.

Limited Programming Value

Mrs. Stuart allowed the Club to use a small portion of her property for a small gardening program during the summer to expand the experience available to our members. However, while the garden was a welcome addition to the summer program, its usefulness was severely limited since we did not own the property and could not make necessary changes to:

- improve the overall appearance and safety of the area, and
- develop the space to create necessary programmatic flexibility and capacity.

Project Scope of the Project

The Bair Family Clubhouse Property Demolition and Rehabilitation Project consists of two primary facets with separate funding sources for each.

Phase One: Raze the Structures & Level the Property and Install Fencing

- We request the South Billings Tax Increment Finance District fund this phase.

Phase Two: Create a Learning Garden

- We are requesting funds from the Charles M. Bair Memorial Trust for this phase.

Phase One

Raze & Level the Lot

Given that the “Stuart Property” is not serviceable in its current condition any path forward must begin with; razing the current structures and clearing the lot. The first phase of this project will include:

- testing and abatement of any building materials containing asbestos,
- finalize the abandonment of all utility services,
- secure a demolition permit and demolish all of the structures,
- removing trees and other debris from the property, and
- haul in fill for the basement and gravel to finish the new storage lot.

Install Security Fence

The second phase of this project is straight-forward with the installation of a six foot chain link fence and several gates to secure the new gravel storage lot and separate it from the Learning Garden.

Phase Two

Create a First-Class Learning Garden

To complete the project we will make a number of site improvements to create a top notch Learning Garden at the Bair Family Clubhouse. This new outdoor space will significantly enhance the programmatic options available to our members and when completed later this spring the kids will have:

- separate garden beds for different groups & crops
- underground sprinklers & multiple hose hook-ups for irrigation flexibility
- improved accessibility for members with mobility challenges,
- secure, weather resistant storage for tools & equipment
- trees to limit line-of-site from street to the garden area, and
- new garden tools and equipment to replace worn out stuff we currently use.

Estimated Project Schedule

Schedule for Phase One

Asbestos Testing & Abatement

This portion of the project would begin immediately after funding approval, which ideally would occur in April 2019. The contractor estimates they can complete the work in 5 to 7 days.

Demolition & Clearing the Property

Once any asbestos abatement is complete our demolition contractor will be waiting with the demolition permit and estimates that they can complete the following tasks within 5 days:

- Demolish, haul and dispose of the house and other buildings,
- Retire existing water and sewer services to the property per the demolition permit,
- Remove, haul and dispose of all concrete foundations and flatwork,
- Provide, haul and place fill material for house basement, and
- Furnish and install 6-inch depth of 1 ½ inch crushed base course for gravel storage area.

Fence Installation

When the demolition and site work is complete our fencing contractor estimates they can install the chain link fence within 3 days.

Total Time

Barring any significant work delays for any of the three contractors we expect that the TIF funded elements of the larger project can be completed within 4 to 5 weeks from the time funding is approved.

Schedule for Phase Two

Installation of the Learning Garden

We are working with our landscape contractor to finalize a plan and timeline for completing this portion of the project. However, the intent is to be complete before the 2019 Summer Program begins on June 3, 2019.



City of Billings South Billings Boulevard
Urban Renewal District

T.I.F Assistance Application
For Public/Private Development Projects

Information & Application

Please return to: SBURA, Inc.
c/o Steve Zeier
Billings, MT 59101
(406) 670-6969
steve@zeierconsulting.com

TAX INCREMENT FINANCING APPLICATION PROCESS FOR POTENTIAL PUBLIC INFRASTRUCTURE ASSISTANCE VIA A DEVELOPMENT AGREEMENT AND POSSIBLE ISSUANCE OF TIFD BONDS

IMPORTANT: The material below outlines the Tax Increment Development Agreement application process and the responsibilities of the APPLICANT and the South Billings Urban Renewal Association, Inc. (SBURA). Please review this information carefully before submitting the application or finalizing your development plans.

Failure to receive approval of a completed application **BEFORE** construction begins may affect the Applicant's eligibility for Public Infrastructure Tax Increment Financing assistance from the City of Billings.

INTRODUCTION

The SBURA is responsible for advising Billings City Council for the South Billings Boulevard Tax Increment District (aka SBBURD), pursuant to Montana Urban Renewal Law Title 7 Chapter 15 part 42 Montana Code Annotated, (MCA) "Urban Renewal." Tax Increment Financing (TIF) is an important element of the program as it provides a means to complete public urban renewal activities that assist and enhance private development opportunities within the district. A TIF program operates by first establishing a base year taxable value for all properties within the urban renewal district. Property taxes continue to be paid to all taxing jurisdictions on the basis of the base year valuation. All increases in property taxes above this base valuation due to new development or reappraisals are assigned to the TIF District. They are then used for district revitalization activities.

The SBURA offers this tax increment financing assistance consideration for **public infrastructure** (See Schedule "A" attached) components of projects developed within the boundaries of the South Billings Boulevard TIFD.

TAX INCREMENT FINANCING ASSISTANCE PARAMETERS

Each project is unique. Funding availability depends upon the number of years remaining in the district, with or without TIFD Bond extensions beyond the initial 15 year lifetime of the TIFD. TIF assistance with **public infrastructure** shall be based upon criteria outlined in the Criteria for Review section. The amount of assistance is determined by the comparison of two calculations: 1) The amount of incremental revenue generated by the project and 2) The amount of the project that is considered an eligible expense under MCA 7-15-4288. **The assistance provided cannot exceed 45% of the total tax increment generated by the project over the remaining years left in the life of the TIFD. The TIFD was established in 2008.** Please note that property acquisition costs are *not* to be included in the calculations; *only* property improvements are to be considered. Property improvements are defined as all project costs excluding property acquisition. Generally, TIF assistance may be awarded to the eligible PUBLIC PORTION (Schedule "A") of projects meeting the criteria and approval processes as described herein, subject to availability of funds.

ELIGIBLE ACTIVITIES

As specified by Title 7 Chapter 15 Part 4288 Montana Code Annotated, TIF funds may be used to complete certain urban renewal activities. Pursuant to this statute, the SBURA will review applications for assistance to projects eligible under the following guidelines. Each application is evaluated on a case by case basis under these guidelines. The SBURA will place special emphasis on those projects that implement the SOUTH BILLINGS BOULEVARD URBAN RENEWAL MASTER PLAN¹, particularly mixed-use developments.

APPLICATION PROCESS AND TIMELINE

Anyone seeking TIF assistance from the SBURA must submit a written application for each TIF-assisted project. The following procedure has been developed to expedite the review of TIF funding requests.

1. Initial Contact. Contact the SBURA Representative, Steve Zeier at 406-670-6969 or via email at steve@zeierconsulting.com, to discuss the project and determine preliminary eligibility for TIF assistance.

¹ Adopted by Billings City Council, 2/27/2012 and by the Board of County Commissioners, 4/24/2012.

2. Prepare a Written Application. The Applicant must prepare a written application for each project assistance request. For all TIF requests, the Applicant must complete a “Developer’s Statement of Qualification and Financial Responsibility” which includes submittal of personal financial statements.
3. SBURA Staff Review. Upon submittal of all necessary information, SBURA staff will review the project and the need for funding. At any point in the review process the staff may request more information of the Applicant or solicit comment on the project from other public agencies. Items included in personal financial statements will not be subject to public review or presentation to or comment by other public entities.
4. SBURA Board Review. The SBURA Board will review the application and staff recommendations. The Board reserves the right to seek additional project review from other public agencies. The Board will issue preliminary approval/disapproval of the assistance request or any part thereof and will make a recommendation to the City Council.
5. City Council Review. Projects receiving approval by the SBURA Board will be forwarded to the Billings City Council through the City of Billings Planning and Community Services Department for final approval and consideration of a Development Agreement that will clearly describe the public investment required to be applied towards public infrastructure and/or development improvements within the public right of way. City Council approval is required before the City will enter a Development Agreement with the Applicant.
6. Development Agreement. The City and the Applicant must execute a mutual agreeable legally binding Development Agreement which establishes the terms and conditions of TIF assistance. Sample Development Agreements are available at the City/County Planning Division office for reference. The Development Agreement may include, but is not limited to, the following:
 - Complete architectural design specifications and site plan
 - Time frame for project development, construction and completion
 - Specifications for release of funds related to public infrastructure
 - Cash flow and pro forma statements for a minimum of five years of the development
 - Terms and conditions of the various financings
 - Commitment letters and loan documents related to the various financings
 - Ownership of completed development
 - Events of default; remedies
 - Zoning approval
 - Tenant commitments
 - Non-liability of city officials
 - Cause for termination

7. Timing. Following the above process for approval, the Applicant can expect a minimum of 60 days between submitting an application to the SBURA and potentially receiving a decision from the City Council.

COMMITMENT OF FUNDS

Upon City Council approval of a project, the approved funds will be budgeted. Budgeted funds will be encumbered for a grace period of 180 days, by which time construction must have commenced. Commencement of construction means the date on which the first building permit is issued. Projects that have not commenced construction within 180 days are at risk for losing the committed funds.

Funds will be released as specified by the Development Agreement. Depending on the nature of each individual project, funds may be released as a lump sum payment or multiple payments made over subsequent fiscal years. The Development Agreement will specify the payment terms. Funds may be released according to one of the following methods.

1. Release of funds following project completion. Funds will be released upon the project's receipt of a Certificate of Occupancy from the City of Billings' Building Division. If necessary, the City will encumber funds for additional fiscal years to accommodate construction schedules.
2. Release of funds over a multi-year repayment schedule. Prior to a project receiving a TIF assistance payment, a Certificate of Occupancy shall be provided to the project by the City of Billings Building Division. Subject to payment amounts and funding availability, multiple payments may be required. TIF assistance payments may be made according to an agreed upon payment schedule. This schedule will be contained within the Development Agreement.

Funds will be release only if the project is developed and constructed essentially as presented in the Development Agreement.

**SOUTH BILLINGS BOULEVARD TAX INCREMENT FINANCING (TIF) ASSISTANCE
APPLICATION**

Project Name: Boys & Girls Club Property Demolition & Rehabilitation Date Submitted: 2-19-19

APPLICANT INFORMATION

1. Name: Boys & Girls Clubs of Yellowstone County
2. Address: 505 Orchard Lane, Billings, MT 59101
3. Telephone Number: 406-245-4457

PROJECT INFORMATION

1. Building Address: 503 Orchard Lane, Billings, MT 59101
2. Legal Description: _____
3. Ownership: Boys & Girls Clubs of Yellowstone County
4. Address: 505 Orchard Lane, Billings, MT 59101
5. If property is not owned by the Applicant, list leasehold interests (Attach evidentiary materials.)

Lessor's Name: _____

Lessor's Address: _____

6. Existing/Proposed Businesses: Boys & Girls Club
7. Business Description: Youth Development program for at-risk children
8. Employment: 17 Existing FTE jobs & 30 - 50 part-time positions depending on time of year.
9. New Permanent FTE jobs created by project: 0 Construction FTE jobs: Unknown
10. Architectural Firm: None

Address: _____

Representative: _____

8. Description of Project: (Attach narrative explanation.) Attached
9. Rehabilitation/construction plans: (Attach schematics, site and landscaping plans.) - N/A
10. Project Schedule: (Attach time line or schedule through completion.) Attached

CRITERIA FOR REVIEW

Materials contained in TIF Assistance applications are used to assess the merits of projects in relation to the goals and objectives of the South Billings Urban Renewal Master Plan in relation to other district development and urban renewal projects. Projects will be evaluated based on the following criteria. Please provide an explanation and supporting documentation for how the project addresses each criterion.

1. Relevance to the South Billings Urban Renewal Master Plan – Documentation of the project’s consistency with the goals in the Master Plan.
2. Economic Stimulus – The amount of economic activity to be generated by the, as well as the leverage ratio of public to private investment. Applications should contain credible, measurable information substantiating Applicant’s claims of economic stimulus.
3. Tax Generation – The increase in taxable value due to new construction/rehabilitation as estimated by the County Assessor’s office.
4. Employment Generation – Total employment generated by the project assessed in terms of new permanent and part-time jobs, and construction jobs.
5. Elimination of Blight – The project’s direct and indirect impact on the physical and fiscal condition within the District.
6. Special or Unique Opportunities – The extent to which the project represents a unique opportunity, meets a special need, or addresses community goals. The provision of public space or workforce housing are examples of special and unique opportunities.
7. Impact Assessment – The extent of both positive and negative environmental impacts, appropriateness of the project design, and impact on existing businesses or residents.
8. Financial Assistance – Other forms of financing available to the Applicant i.e. lender participation and state and federal grant monies,
9. Project Feasibility – Demonstration of market demand for the project as contained primarily on the pro forma and financing commitments.

10. Developer's Ability to Perform – Applicant's capability to undertake the relative complexities of the project based on past performance on similar or comparable projects.
11. Timely Completion – The feasibility of completing the project according to the Applicant's project schedule.
12. Payment of Taxes – All property taxes, special improvement district assessments, and other assessments on the project property must be paid at the time of application.

PROJECT COSTS

Land and Site Improvements (Itemized)

1. Equity in Land and Buildings	\$ <u>Attached</u>
2.	\$ _____
3.	\$ _____
4.	\$ _____
Subtotal	\$ _____

Construction/Rehabilitation Costs (Use general construction trade divisions)

1.	\$ <u>Attached</u>
2.	\$ _____
3.	\$ _____
4.	\$ _____
5.	\$ _____
6.	\$ _____
7.	\$ _____
8.	\$ _____
Subtotal	\$ _____

Fees

1. Architectural design/Supervision	\$ <u>Attached</u>
2. Permits _____	\$ _____
3. Other fees _____	\$ _____
Subtotal	\$ _____
Total Project Development Costs	\$ _____

PROJECT FINANCING

Please complete Sources of Funds detail and summarize below.

Developer Equity

Cash Invested	\$ <u>Attached</u>
Land & Buildings	\$ _____
Other (Specify) _____	\$ _____
_____	\$ _____
Subtotal	\$ <u>Attached</u>

Lender Commitments (Attach evidence i.e. Letters of Credit or other documentation.)

Lender	Loan Amount	Interest	Term	
<u>N/A</u>	\$ _____	_____%	____yrs	\$ _____/Month
_____	\$ _____	_____%	____yrs	\$ _____/Month
Total Loan Amount				\$ _____

TIF Request for improvements within the Public Right of Way

Eligible Improvements (See Schedule "A")

\$ 58,375.00

\$ _____

\$ _____

\$ _____

Subtotal \$ _____

Sources of Funds Summary (Post totals from above.)

Developer Equity \$ _____

Lender Commitments \$ _____

TIF Request \$ 58,375.00

Other Funds (Specify) Bair Grant Funds \$ 25,750.00

Total Project Financing \$ 84,125.00

DEVELOPER STATEMENT OF QUALIFICATIONS AND FINANCIAL RESPONSIBILITY

Applicant

1. Name: _____

Address: _____

2. If the applicant is not an individual doing business under his/her own name, the applicant has the status indicated below and is organized or operating under the laws of _____.

3. The applicant is:

_____ A corporation.

_____ A nonprofit or charitable institution or corporation

_____ A partnership known as _____

_____ Other (explain): _____

Date of organization: _____

4. Names, address, title of position (if any), and nature and extent of the interest of the officers and principal members, principal shareholders, investors, or partners of the applicant. N/A

Name and Address

Nature and Extent of Interest

N/A _____

Financial Condition

1. Provide a current financial statement for each private entity involved in the project. Documentation of financial capacity may include net worth statements, balance sheets, or profit and loss statements.

2. Has the applicant or any individual or entity affiliated with the development of this project been adjudged bankrupt, either voluntary or involuntary, within the past ten years?
No Yes _____ If yes, give date, place, and under what name:

3. Has the applicant or any individual or entity affiliated with the development of this project been indicted for or convicted of any felony within the past ten years:
No Yes _____ If yes, give date, charge, place, court and action taken for each case.

CONSTRUCTION CONTRACTOR

1. Identify the construction contractor or builder who will undertake this project.

Name: FirstMark Construction

Address: _____

2. Has such contractor or builder ever failed to qualify as a responsible bidder, refused to enter into a contract after an award has been made, or failed to complete a construction or development contract within the last ten years?

No X Yes _____ If yes, explain.

CERTIFICATION

I (we), _____ (please print),
certify that the statements and estimates within this Application as well as any and all
documentation submitted as attachments to this Application or under separate cover are true
and correct to the best of my (our) knowledge and belief.

Signature _____

Signature _____

Title _____

Title _____

Address _____

Address _____

Date _____

Date _____

SCHEDULE "A"
EXAMPLES OF ELIGIBLE PUBLIC PORTION PROJECTS OF INFRASTRUCTURE
COMPLETE LIST FOUND IN MONTNA CODE ANNOTATED 7-15-4288

Purchase of Site for a Public use

Demolition and Abatement

Sidewalks, Curbs, Gutters, Drive Approaches

Public Utilities such as Water, Sewer, and Storm Drain

Street Surface Improvements

Crosswalks

Landscaping, Green Space, and Improvement of Pedestrian Areas

Historical Restorations

Off Street Parking

Pollution Reduction

Private Utilities such as Electrical, Natural Gas, Telecommunication Lines