

DBP Board Meeting  
 November 20, 2020 – 7:30 am  
 Remote via Zoom

<b>ATTENDED:</b>	Andy Patten	Steve Tostenrud	Norman Miller	Denis Pitman
Sam Merrick	Dave Fishbaugh	Marguerite Jodry	Wyeth Friday	Ethan Kanning
Sean Lynch	Penny Ronning	Steve Arveschoug	Chris Montague	Jenny Ross
Joni Harman	Katy Easton	Mehmet Casey	James Chandler	Janna Hafer
<b>GUESTS:</b>	Pam Purinton	Randy Swenson & Kody Johnson	Jeremiah Young	The Burger Dive Team
Zack Terakedis				
<b>ABSENT:</b>	Steve Wahrlich	Kim Olsen	Ignacio Barron Viela	Jock West

1. **Call to Order** – Mr. Patten brought the meeting to order at 7:29 am.

2. **Regular Agenda**

a. **Minutes** – October 23, 2020 –Patten motioned to approve the minutes and Mr. Montague approved, Mr. Fishbaugh seconded the motion and approved by all.

2. **Presentations**

1. Mr. Brad Halsten and Mrs. Halsten from The Burger Dive, they have been in business for 10 years and are working on purchasing and looking to expand greatly and bring revitalization to Minnesota Ave. They are working on purchasing the 3 vacant properties, expanding indoor seating by twice the amount, adding outdoor seating, a rental retail opportunity and eight apartments for housing. They feel like they could make this area a destination place and feel like The Burger Dive is a destination restaurant and have received funding by a bank.

1. Mr. Casey opened the conversation to questions. Mr. Arveschoug commended the Halsten’s and especially their area. Mr. Arveschoug brought up the concern about opening during a pandemic. The Halstens were recently forced to go to take out only and their business has stayed profitable during this time; they were able to keep all employees and have expanded into a dinner service and that has created 50% more jobs. Oct 2019 they were at \$72k in gross sales in Oct 2020 they have increased by 50% in gross sales due to the addition of dinner service. On average, 30% of sales are from the dinner service and there has been social media and word of mouth advertising done, with no additional advertising. New restaurant capacity will be about two and half times what their current restaurant is and they are confident that their numbers will continue to remain high. If approved, they would not relocate for at least nine months to a year and believe that Covid could likely work in their favor for this. They are also looking at adding a beer and wine license as well which they anticipate to add 20-25% to their gross sales.

2. Mr. Casey introduced Jeremiah Young from Kibler and Kirch, who owns the Stapleton building and Kibler & Kirch. They have been in the process of relocating their furniture and home store that will complement their design business. Their desire is to keep the historical character and put good businesses in the building. They are working to finish occupying the 2nd floor and the ground level storefront that have been vacant for quite some time. They closed their store in Red Lodge and are wanting to bring their retail store to Downtown Billings. They are hoping to become a Staple like they were in Red Lodge. They are going to do a relatively small store front, recreate the original staircase from 1904, and continue to recreate and restore the building to what it once was. They desire to bring a sense of history back to downtown, and while on the surface it doesn't seem like they need assistance, there has been huge empty space within the building and they believe this is a novel way to finish the rest of their building. They project to be spending around 1 million dollars on this project and hope to bring affluent people downtown to shop, eat in local restaurants and spend dollars downtown. Based on research and polling their clients, they were overwhelmed with the response and encouragement for Billings.

1. Mr. Patten opened the conversation. Mr. Montague thanked Mr. Young for being downtown.

**b. DBP Staff Update:**

- 1.

**c. Financials**

- 1.

**3. Old Business –**

- a.

**4. New Business –**

- a.

**5. Action Items –**

a. Large Project Incentive Grant -Burger Dive Committee Recommendations - Ms. Hafer recused herself for The Burger Dive presentation. Mr. Casey - provided a presentation on the Burger Dive - The acquisition for the building is currently ongoing and they are waiting on the appraisal (\$239,579) and the projected total cost of construction is about \$2,879,918 for not yet started construction and seek TIF approval for \$466,373. Inclusive of interior rehabilitation and exterior restoration of the brick and facade to try to bring back as much original character to the building, in addition to work upstairs for the apartments and in the back for the patio. The building's Total estimated cost for the project is \$3.1 Million. Mr. Casey also opened this up to the group for questions.

1. My. Lynch stated that he greatly supports this project and believes that Downtown has been searching for a business to revitalize MN Ave, he believes that there is all blight over there and couldn't think of a better business for this and is the first to motion for approval on this project.

2. Mr. Montague seconded the motion. All were in favor and Mr. Patten moved into motion, all agreed and the motion carried.

b. Kibler and Kirch - Large Project Incentive Grant- Total project costs are anticipated to be \$861,838, qualified expenses are \$478,681 and TIF ask is for \$143,927, however, committee recommends \$79,940 out of the qualified expenses (\$478,681). The committee sees value in this project but the reason for the reduction, more success has been seen historically in terms of approval, when the exterior of the site is visibly blighted and while there are pockets that are vacant, the perceived notion is that the Stapleton building is thriving, they decided for the 5:1 reimbursement ratio off of qualified expenses instead of total project costs.

1. Mr. Patten asked to clarify the ground floor purpose. Mr. Young clarified that the storefront is a little more than 700 sq ft and will present as a retail store front and it will be apparent that it is a store, but the bulk of the space will be on the second floor with the staircase and elevator on the first floor. Ms. Hafer recommended approval for this, and believes this will add to the aesthetics downtown, she believes in Mr. Young's ability to attract consumers in and would like to have it there, this is the first motion to approve. This was seconded by Ms. Jodry. Mr. Lynch likes this as a way to help get people to explore different ways to use downtown buildings and encourages people to tour the building to help open up ideas to the public to provide the opportunity to think outside of the box. Ms. Haman is excited to see retail come downtown, she believes in this downtown project and asked about the timeline on this. Mr. Young already has his plans approved by the city and contracted with an architect and hopes to have this complete by June - July of 2021. Mr. Patten moved for a motion to approve, all approved and motion carried.

c. The Stone Building - Large Project Incentive Grant- This was presented back in August but due to discrepancies in numbers and dates it was misrepresented; thus, needed to be revisited. Acquisition was on March 14, 2018 for \$680,000. This is within the three year expectation for private investment. Phase I expenditure came about to be \$1,010, 21 and Phase II expenditures are expected to be around \$2.3 Million which have not yet started, the project is estimated to cost \$3,986,617, the developer is asking for \$700,000 which is about \$34,235 over the 5:1 ratio at almost 18% instead of 16% and will only be reimbursed for the remaining expenses in Phase II. The committee still recommends this for approval because of the added value of this project to the district despite the site's challenges. This property is a bit difficult as the land where the property sits is owned by the railroad and the building owner leases the land from them, in addition to the pandemic, banks don't often like to see these variables that present many risks.

1. Mr. Patten asked about what was accomplished during Phase I? Kody shared a general outline of the Phase I expenses, he stated that the majority of the expenses were done with Masonry, corners were falling off, windows, they have had a fair amount of demo, the basement had concrete slab issues, they had to pull about 70% of the concrete slab, had to stabilize the soil, re-pour the concrete, rebuild 2 staircases, moved the elevator entrance to the N entrance, and additional extensive structural repairs. On the NW corner, an additional entrance on the ground floor, and fire suppression is about 90% complete, added a 2 inch water service, demoed and rebuilt the dock and canopy structure in the back.

2. Mr. Montague asked about what's changed since the last meeting. Mr. Casey clarified that the year of acquisition was in question and reviewed the history of issues of the application process.
3. Mr. Arveschoug asked about the deadline set in the project, Mr. Casey clarified that the deadline is June 30, 2021. Randy, the developer clarified current issues of funding needed and shared that they intended to sell additional buildings to gap the finances that will not be required by the bank. Mr. Arveschoug asked for clarification and justification about going past the 5:1 ratio for this particular project and wants to know if it's because of the challenge because the property is owned by the railroad. Mr. Casey confirmed that this is the reason for the property land being owned by the railroad as well as the pandemic and to try to consider occasional exceptions for projects like this that provide heavily blighted buildings that have these types of challenges. Mr. Kanning mentioned that this is one of the first buildings you see when you come downtown and the size of the building (33,000 sq ft.) is of significance. Ms. Easton shared that it is important to consider the public safety and this is a high call volume for complaints about this building and area. Ms. Easton mentioned that an occupied and lit building is a safer building. Randy mentioned that safety downtown is key, the parking lot south of the tracks is part of it and they are putting up LED lights and fencing it up, security is of utmost importance for them. Ms. Hafer commented that she supports this project, but thinks we open up a can of worms if we do not stick to the 5:1 ratio. Mr. Patten asked for comments. Norman asked if anyone has asked the railroad if anyone is going to approve this development. Mr. Casey shared that the only opposition that the railroad has is putting in residential units. He also shared that the increments added to the district from the new ownership and future improvements of the building are going to add benefits, which is another valid reason to entertain the potential of making an exception to the 5:1.
4. Mr. Arveschoug stated to make a motion to accept the recommendation that the development committee put together without disrespecting Ms. Hafer's concerns because he shares the same concern about going past the 5:1 ratio. He believes that in this particular case that we need to have an open mind with all of the previously mentioned factors and the importance of this corner that he thinks it needs to get moving and get developed. He suggested one caveat to his motion which is not to push the deadline to try to meet financing and wants to see if this project can be a go. Ms. Harman seconded the motion. Mr. Patten moved the motion for approval with the committee's recommendation and with the exception to the hard deadline of June 30th, 2021. Commissioner Pitman stated that he'd like to make an amendment to the recommendation and he believes that sticking to the ratio on the policies is very important. He understands the reasons why deviation in this instance is desired but separating it out as an amendment to the motion is what he'd like to see. Ms. Hafer seconded the amended motion. The amendment to the motion is to keep the 5:1 reimbursement

ratio. My Lunch agreed with the amendment. Mr. Arveschoug requested clarification on the 5:1 was adopted by the board in agreement with the city and the context is not urban renewal legislation. Ms. Easton confirmed that he was correct and Mr. Casey confirmed that this is the preferred threshold but allows for room for deviance. Mr. Patten moved a motion to amend the motion to limit the TIF funding to the 5:1 ratio. Most were in favor, there were three nays. Mr. Patten believed the motion to carry. Mr. Patten then put into vote to move to the motion to carry with the amendment of the 5:1 ratio with the hard financial deadline of June 30th, 2021. All were in favor and the motion carried.

## 6. Partner Reports –

### a. City of Billings

1. Mr. Friday - is reminding a public safety survey has gone out and wants to make sure it gets sent out far and wide with a deadline of Dec 2nd to be pushed across the whole city. The city council will be revisiting their capital improvement plan with a more in depth conversation on Dec 7th. Ms. Ronning reminded everyone that clients for Project Re:code with any objection or support with very specific recommendations to call in during this meeting.

### b. Yellowstone County

1. Commissioner Pitman - asked for questions from the group - working on establishing the connection between Metra Park and downtown and the improvements at MetraPark

### c. SD#2

1. Ms. Hafer - School is still in session, they are doing all they can to keep them open because they believe it benefits the students. They still have a small portion who is remote by choice or necessity, a decision has not yet been made on indoor sporting events for winter sports, and the State football championships are tonight, Mr. Kanning asked about an expectation on when the decision is going to be made on indoor winter supports but Ms. Hafer clarified the process and is unknown until otherwise heard.

### d. Big Sky Economic Development (BSED)

1. Mr. Arveschoug , shared about the healthcare appreciation day and 9,000 \$10 gift cards and a gift with a link from the Billings Symphony to watch their holiday program online went to 9,000 healthcare workers in Billings. They gave City Council an update on downtown a good overview on One Big Sky and catalyst projects and identifying common elements and objects over various plans and layers and believe it to have been well received and their design work continues on The Montana Building downtown redevelopment, Mr. Arveschoug asked for about 10 minutes in the December or future meeting to present this to the board, the Economic response and recovery team continue to meet every thursday. Dec 10th at 3:15 is hosting a progress report to the community, asking us to save the date and participate in the meeting from various community members.

- e. Downtown Billings Association
  - 1. Ms. Easton - Gift Card program - launched due to healthcare appreciation day. We sent out 1,500 cards in \$15,000 dollars on these cards which spurred additional interest of an additional 2,500 cards purchased totaling \$50,000 dollars coming downtown. Ms. Easton shared statistics and the excitement for dollars headed to downtown. She also encouraged people to shop local and that if people need help with a gift guide this year, to contact the DBA because we believe that you can find most things locally.
- f. Business Improvement District -
  - 1. Mr. Lynch shared that the team is ready early due to early snow - CPTED certification program going on at the Pubstation in December. Ms. Easton shared that holiday decorations are going up this weekend.
- g. Billings Cultural Partners – Not present
- h. Parking Advisory Board – Mr. Fishbaugh - working on an application process for pedlets - a sub committee is going to work with Mehmet and are going to touch base with Great Falls as they have been doing this for awhile, the application will eventually be turned over to public works and they will be meeting again in January. Mr. Casey, was incontact with a reporter with a bunch of news pieces and Joan from Great Falls BID.
- i. Downtown Billings Property Owners Association – Ms. Hafer provided an update and elected new officers and they will be having another meeting in December and are looking for more members. Property owners decided on a vote not to support the 27th street options or endeavors.

Mr. Casey asked if there was interest for a meeting in December, Mr. Lynch asked about pending TIF application, Mr. Casey confirmed no at the moment, but could come up for CPTED and signage. Mr. Lynch said we move to not have a meeting unless something comes up to where we need to call the meeting to order.

Meeting Adjourned at 8:58 AM