



P.O. Box 1178
Billings, MT 59103
P 406.657.8433
F 406.657.8390

BOC Property Financing Plan

DATE: August 26, 2020 (REVISED December 10, 2020)

BY: Andy Zoeller, Finance Director
Jessica Iverson, Facilities Manager

RE: Financing Plan for Property Located at 6014 S. Billings Blvd,
Billings, MT 59101

Council approved the Buy/Sell agreement for acquiring the subject property at the August 10, 2020 meeting for a sale price of \$2.1M.

After the appraisal process, we have negotiated a sale price of \$1.13M. We have estimated a total cost of \$1.2M based on the additional expenses of appraisals, investigations, closing costs, and building removal.

Regarding the proposed financing of the property, the General Fund will initially make the land purchase. Over the next 12-18 months, Facilities will complete a master plan for the site to determine future needs and development for the site. The master plan serves two purposes. First, it will provide some clarity about the future needs for this property and help define what each department may need. Second, we will use the master plan to allocate the purchase cost to the benefiting departments.

The repayment to the General Fund will start in FY 2025 after the current debt service at the BOC is paid off in FY 2024. This will keep departmental annual budgets from increasing as a result of the purchase. The table on the next page reflects how the repayment will work based on current usage, however, the master plan will dictate the actual proportions paid by each department or division. Future development on the site will be based upon need and will be financed through other methods.

Proposed Payback Schedule

		2021	2025	2026	2027	TOTAL
General Fund		(1,200,000)	228,000	228,000	228,000	(336,000)
Police	23%					
Parks	5%					
Streets	27%		(108,000)	(108,000)	(108,000)	(324,000)
Solid Waste	39%		(156,000)	(156,000)	(156,000)	(468,000)
Fleet	5%		(20,000)	(20,000)	(20,000)	(60,000)
Facilities	1%		<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(12,000)</u>
Total	100%	-1,200,000	0	0	0	-1,200,000