

# Urban Renewal Districts

## **Urban Renewal Districts – Tax Increment Funds**

**Current Year Department Budgeted Expense Total:** \$8,014,932

**Change from Prior year:** Reduced by \$25,893,175

### **Overall Budget Justification:**

The Tax Increment Funds are used to account for the Tax Increment Districts in Billings. The three districts are the South Billings Boulevard Urban Renewal District, North 27<sup>th</sup> Street Urban Renewal District and East Billings Urban Renewal District. Revenues include property taxes paid by the district property owners and earnings on cash and investments. Expenditures are used for development incentives within the associated district and costs allocated are for the administration of the district.

Administration of the districts are handled by their respective advisory boards. Each board is governed by a Memorandum of Understanding with the City and functions as a non-profit advisory board to the City Council. The City Council is the ultimate decision maker for expenditures of urban renewal district funds. Administrative fees are used by the boards for implementation and planning of district projects. The budget also includes cost allocation within each fund to cover the expenses for city time and resources from the Planning, Finance, and Administration Departments.

The Tax Increment Districts will continue to provide developmental incentives for business and city infrastructure improvement based on City Council approval.

**Budgeted Revenues:**

ALL TAX INCREMENT OPERATING FUNDS					
URBAN RENEWAL DEVELOPMENT BY CLASSIFICATION					
	ACTUAL	ACTUAL	APPROVED	ESTIMATE	PROPOSED
	FY 18	FY 19	FY 20	FY 20	FY 21
Contributions/Donations	\$ -	\$ 12,000	\$ -	\$ -	\$ -
Intergovernmental	614,693	614,693	636,145	614,693	657,775
Investment Earnings	69,441	200,365	91,000	117,808	97,300
Other Financing	-	3,560,367	25,000,000	-	-
Taxes	<u>6,520,781</u>	<u>6,197,141</u>	<u>5,944,697</u>	<u>6,593,699</u>	<u>6,990,700</u>
<b>TOTAL REVENUE</b>	<b><u>\$ 7,204,915</u></b>	<b><u>\$ 10,584,566</u></b>	<b><u>\$ 31,671,842</u></b>	<b><u>\$ 7,326,200</u></b>	<b><u>\$ 7,745,775</u></b>

ALL TAX INCREMENT OPERATING FUNDS					
URBAN RENEWAL DEVELOPMENT BY FUND					
	ACTUAL	ACTUAL	APPROVED	ESTIMATE	PROPOSED
	FY 18	FY 19	FY 20	FY 20	FY 21
South TIF	\$ 3,444,848	\$ 3,578,659	\$ 28,442,619	\$ 3,860,552	\$ 3,909,167
East TIF	963,690	4,490,154	870,776	894,502	921,400
N. 27th TIF	<u>2,796,376</u>	<u>2,515,753</u>	<u>2,358,447</u>	<u>2,571,146</u>	<u>2,915,208</u>
<b>TOTAL REVENUE</b>	<b><u>\$ 7,204,914</u></b>	<b><u>\$ 10,584,566</u></b>	<b><u>\$ 31,671,842</u></b>	<b><u>\$ 7,326,200</u></b>	<b><u>\$ 7,745,775</u></b>

**Budgeted Expenditures:**

**ALL TAX INCREMENT OPERATING FUNDS  
URBAN RENEWAL DEVELOPMENT BY CLASSIFICATION**

	ACTUAL FY 18	ACTUAL FY 19	APPROVED FY 20	ESTIMATE FY 20	PROPOSED FY 21
Bond Issuance Costs	\$ -	\$ 100,009	\$ -		\$ -
Capital Outlay	1,879,151	6,092,476	28,510,000	3,272,876	2,284,978
Interest and Fiscal Charges	1,100,954	1,124,423	1,146,554	1,168,042	1,166,195
Operation and Maintenance	2,517,131	2,278,837	3,296,553	1,709,761	3,261,759
Principal	705,000	730,000	855,000	881,154	905,000
Transfers Out	<u>323,329</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>397,000</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 6,525,565</u></b>	<b><u>\$ 10,425,746</u></b>	<b><u>\$ 33,908,107</u></b>	<b><u>\$ 7,131,833</u></b>	<b><u>\$ 8,014,932</u></b>

**ALL TAX INCREMENT OPERATING FUNDS  
URBAN RENEWAL DEVELOPMENT BY FUND**

	ACTUAL FY 18	ACTUAL FY 19	APPROVED FY 20	ESTIMATE FY 20	PROPOSED FY 21
South TIF	\$ 2,438,612	\$ 4,324,657	\$ 29,564,814	\$ 4,154,051	\$ 3,903,620
East TIF	1,046,977	3,989,535	887,071	968,175	792,720
N. 27th TIF	<u>3,039,975</u>	<u>2,111,553</u>	<u>3,456,222</u>	<u>2,080,196</u>	<u>3,318,592</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 6,525,564</u></b>	<b><u>\$ 10,425,745</u></b>	<b><u>\$ 33,908,107</u></b>	<b><u>\$ 7,202,422</u></b>	<b><u>\$ 8,014,932</u></b>

## **South Billings Urban Renewal District**

**Current Year Budgeted Expense Total:** \$3,903,620

**Change from Prior year:** -\$25,661,194

### **Additional Comments:**

The South Billings Urban Renewal District (SBURD) will reduce their proposed administrative costs by \$4,700 for reduced travel expenses and other internal changes. The administrative fee will be \$134,000 in fiscal year 2021, down from \$138,700 in the prior fiscal year.



Expenses in fiscal year 2021 for cost allocation are \$9,577 specifically to cover Planning Department employee time and \$45,981 for additional city time and resources. Cost allocation expense has increased by \$10,129 from the prior year due to more time commitment by the city.

Capital projects this year will include improvements to King Avenue East, Hallowell Lane improvements, and beginning the specific planning and design strategy for the Aquatics and Recreation Facility. The decrease in expenses in Fiscal Year 2021 are related to the construction of the Aquatics and Recreation Center being moved out to a future year based on preliminary financial, planning and design efforts to be completed in FY21. Additional details for these projects can be found in the Capital Improvement Plan (CIP).

The Police Evidence Center will be finishing out construction in August of 2021 and the South Tax Increment Fund will provide \$250,000 for Debt Service payments from its construction.

## **East Billings Urban Renewal District**

**Current Year Budgeted Expense Total:** \$794,396

**Change from Prior year:** -\$94,351

### **Additional Comments:**

The East Billings Urban Renewal District (EBURD) will maintain the same amount for their proposed administrative costs in fiscal year 2021. The administrative fee will still be \$139,946 in fiscal year 2021.



Expenses in fiscal year 2021 for cost allocation are \$6,917 specifically to cover Planning Department employee time and \$31,840 for additional city time and resources. Cost allocation expense has increased by \$8,237 from the prior year due to more time commitment by the city. Capital projects are not planned in fiscal year 2021 for the East Billings Urban Renewal District.

## **North 27<sup>th</sup> Street Urban Renewal District**

**Current Year Budgeted Expense Total:** \$3,318,592

**Change from Prior year:** -\$137,630

### **Additional Comments:**

Downtown Urban Renewal District reimburses the Police Department for two foot patrol officers in the downtown area. The City receives \$41,200 per year from the Downtown Billings Partnership, Inc. for this program.



The Downtown Billings Partnership, Inc. will not be changing their proposed administrative costs from the prior year. The administrative fee will still be \$279,441 in fiscal year 2021.

Expenses in fiscal year 2021 for cost allocation are \$5,719 specifically to cover Planning Department employee time and \$42,848 for additional city time and resources. Cost allocation expense has increased by \$10,128 from the prior year due to more time commitment by the city. No capital projects are currently planned in fiscal year 2021 for the Downtown Urban Renewal District.

The decrease in the budget is due to the expected amount of developmental incentives given to finished projects within the Downtown District. The projects expected to be funded in FY21 will be for the renovation of the Stillwater Building (\$500,000), the refurbishment of the Alberta Bair Theater (\$750,000), the completion of the Arthouse Phase II (\$350,000), and additional funds of (\$250,000) for use of Tax Increment Fund Projects approved by the City Council in FY21.