

# PROPOSED STILLWATER BUILDING PURCHASE

PRESENTED BY JESSICA IVERSON, BUILDING OFFICIAL & FACILITIES MANAGER



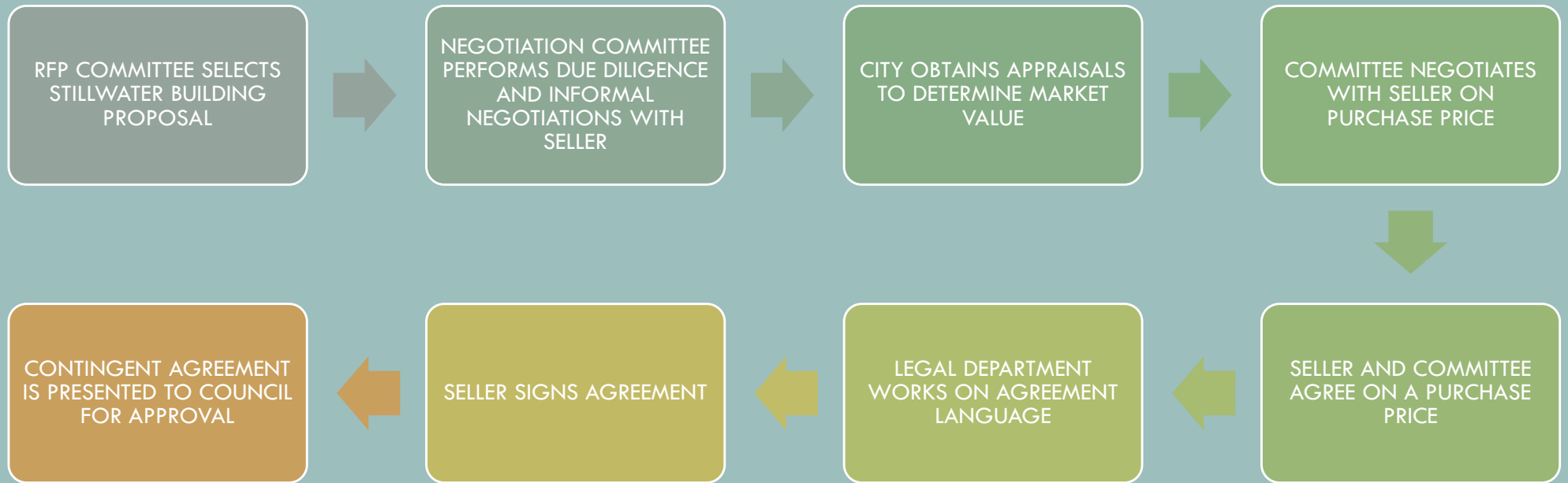
- Request for proposals for the purpose of gathering proposals for a consolidation of City Offices was conducted in 2019.
- In December 2019, the RFP committee recommended to City Council that the City enter into negotiations with WC Commercial for purchasing or leasing a portion or entirety of the previous Batten Federal Courthouse, re-named the Stillwater Building. The proposal was selected based on the suitability of the facility to meet the City's City Hall and Law & Justice center space needs.
- A negotiation committee comprised of five council members and City Staff have been conducting due diligence and in discussions with the building owner over the past 18 months.

## CITY HALL FACILITY SEARCH

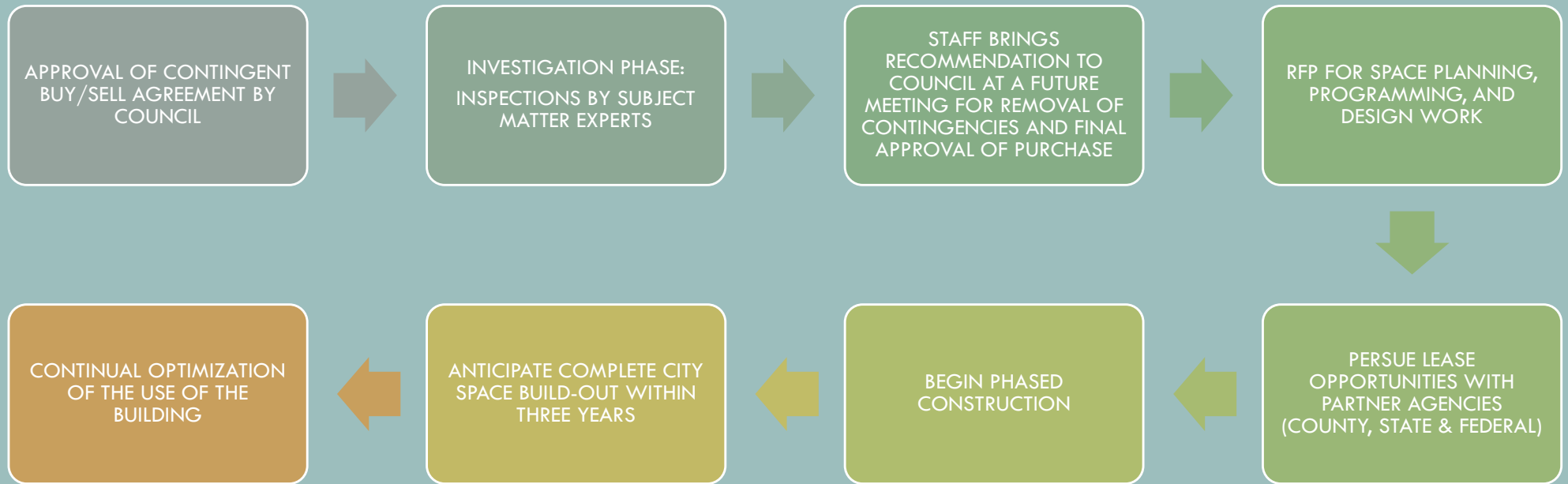


- FORMER FEDERAL COURTHOUSE COMPLETED IN 1960
- 5 FLOORS ABOVE GRADE PLUS BASEMENT
- APPROXIMATELY 200,000 TOTAL SQUARE FEET INCLUDING BASEMENT
- AGREEMENT IS FOR THE PURCHASE OF ENTIRE BUILDING AND PROPERTY, EXCLUDING THE SKY BRIDGE AND PARKING GARAGE

## STILLWATER BUILDING



# STILLWATER BUILDING PURCHASE PROCESS



# STILLWATER BUILDING PURCHASE PROCESS NEXT STEPS

- The City of Billings property purchasing resolution requires that two appraisals and a review appraisal be obtained.
- The two appraisals received determined the following values:
  - Elkhorn Appraisal: \$22 Million
  - NVC Appraisal: \$12.6 Million
- The review appraiser, Dave Thomas, determined a market value of \$13.5 Million after his analysis.
- The market value determination is based on a typical market buyer or investor and does not take into account the value of the specific advantages the property offers the City.
- The Negotiation Committee concluded that the building is of greater value to the City than the review appraisal would suggest, which is why a higher purchase price was offered to the Seller.

## STILLWATER BUILDING APPRAISALS

- **LOCATION:** The Stillwater Building is located in the Downtown Billings Core less than two blocks from the current City Hall.
- **SIZE:** The building is large enough to house all City offices existing today and allow room for future growth. The building also allows for additional space for co-location of other public entities or services.
- **INFILL:** The Stillwater Building is currently mostly vacant.
- **COST:** The cost to purchase and build out the existing building is substantially less than the cost of new facility. Current construction cost for a new building is estimated at \$350/sf
- **READY FOR REDEVELOPMENT:** Asbestos remediation has been completed and interior is ready for new construction to begin.

**STILLWATER BUILDING IS THE BEST  
OPPORTUNITY** |

PURCHASE PRICE:

- \$17 MILLION TO BE PAID WITH CASH ON HAND FROM GENERAL FUND

ADDITIONAL PURCHASE EXPENSES:

- APPRAISALS: \$20,400
- INSPECTIONS AND REPORTS: ~\$75,000 - \$100,000
- CLOSING COSTS: ~\$60,000

TOTAL COST TO ACQUIRE  
\$17,180,400

**COST TO ACQUIRE STILLWATER  
BUILDING**

TOTAL COST TO BUILD OUT  
\$11,280,000

PLANNING AND DESIGN PHASE:

- MASTER FACILITY PLAN: \$80,000
- DESIGN COSTS: \$1M TO \$1.2M

BUILD-OUT PHASE:

- PER SQUARE FOOT ESTIMATES:
  - \$100-110/SF CONSTRUCTION COSTS
  - NEEDED BUILD-OUT AREA PER 2019 CTA MASTER PLAN: ~ 90,000 SQ FT TO MEET 2024 NEEDS
  - TOTAL BUILD-OUT ESTIMATED AT: \$9M TO \$10M OVER 3 YEARS

COST TO BUILD OUT SPACE |

YELLOWSTONE COUNTY LEASE:

- LEASE FOR 17,395 SF ON THE 3<sup>RD</sup> FLOOR
- ANNUAL LEASE RATE OF ~\$365,000
- LEASE TERM ENDS MAY 2025

## OTHER FINANCIAL CONSIDERATIONS

QUESTIONS |