

City Council Regular

Date: 12/09/2024
Title: Park 1 Condominium Declaration and Association ByLaws
Presented by: John Caterino, Facilities Manager
Department: City Hall Administration
Presentation: No
Legal Review: Yes
Project Number: N/A

RECOMMENDATION

Staff recommends that Council approve the Condominium Declaration of Unit Ownership and Associated Bylaws for the six (6) demised commercial retail Suites on the ground level of the Subject Property commonly known as Park 1.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

In 2022 Council approved a resolution for the sale and disposition of various City Properties. Of the four Subject Properties identified, three are currently under contract (current City Hall/Park 3, and two surface lots on N 27th St.) and the fourth is actively being listed by NAI Business Properties (Park 1 retail spaces). Since that time, our broker has been listing the retail spaces for lease, per Council's direction, to increase the income and metrics of the investment.

The Subject Property known as Park 1 is addressed as 2912 3rd Ave N. and consists of approximately 16,044 square feet of commercial retail space located on the ground level and the remainder of the approximately 149,976 square feet being a parking garage. A motion to approve Condominium Declaration will separate the property into three separate units:

- (1) Parking Garage and related support spaces - To be retained by City
- (2) East Ground Level Condo - Approximately 8,757 contiguous square feet and contains four (4) suites
- (3) West Ground Level Condo - Approximately 7,287 contiguous square feet and contains two (2) suites

Creating two ground level commercial condos increases the flexibility and opportunity for sale.

The Condominium Declaration establishes the existence of the Association as it relates to the Parties in Section 2 and further defines the Condominium Association Bylaws which will govern the percentage interest in the Condo, use, maintenance, and responsibilities of Unit Owners. The City will retain a significant continuing presence in the Association since it retains the parking garage which constitutes the majority of the building's square footage.

The Condominium Declaration was drafted by Moulton Bellingham and reviewed by City Attorney's office and the listing broker.

The potential sale of Park 1 retail space has been presented to City Council previously. See attached staff memo from 9/25/2023 for more information.

STAKEHOLDERS

Stakeholders include

City:

- City Council
- Administration
- City Attorney

External Parties:

- Bryce Burke with Moulton Bellingham
- Matt Roberston with NAI Business Properties
- Existing tenants at Park 1 (Volunteers of America, Billings Police Department Crime Prevention Center, Little Llama Learners, DaKava House, Self Help Law Center, Budget Instant Print)

ALTERNATIVES

City Council may:

- Approve the Condominium Declaration and Owners Association Bylaws; or,
- Disapproved the Condominium Declaration and Owners Association Bylaws, and provide further direction to staff regarding the property disposal.

FISCAL EFFECTS

The immediate financial impacts include the cost of Moulton Bellingham to draft and review the Declaration of Unit Ownership.

Assuming City Council approves a sale of the Subject Property at a later date, there will be broker fee paid to Matt Robertson of NAI Business Properties who is acting as supervising broker. Brokerage fees are 5% of gross sale amount. The net income realized from the sale will be used to offset construction costs at New City Hall.

Attachments

- Park 1 Condo Declaration
 - Park 1 Condo Bylaws
 - Park 1 Condo Floorplan
 - Park 1 PSA Memo 9/25/2023
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