

2009

Annual Report of the N. 27th Street Tax Increment District (Fund 203) and Update on Fund 202 Projects

CITY EXPANDS NORTH 27TH ST. URBAN RENEWAL DISTRICT

Late in 2008, the Downtown Billings Partnership, Inc. brought plans to expand the small new city center urban renewal district to City Council for approval. The new TIFD was approved for expansion and a revised urban renewal plan was adopted. This new district encompasses the top portion of the old district and uses much of the elements of the Downtown Framework plan as part of the work plan. The similarity stops there.

This new TIFD has a much higher base taxable value than the original 1976 TIFD did. That means that in order to generate new redevelopment funds, the downtown must not only remain stable in value, it has to grow significantly. The DBP was counting on an initial jump in taxable value due to the development of a privately owned federal courthouse. That project fell off the tax rolls when the General Services Administration decided to retain ownership of the new facility. Therefore the City and the DBP basically had to go back to the drawing board regarding a new parking structure in our Central Business District (CBD).

The new TIFD's work plan contains potential projects at 4th and Broadway, the Historic District and for the Northern Hotel area. The main focus, at first, will be street level enhancements that could lead to new retail and restaurant placement. The district will continue the work of the old TIFD by working to convert vacant upper floor spaces into loft living units. Plans also include a collaboration with Artspace, Inc., a Minnesota based development company, to build a live-work project for local artists.

The Billings City Council approved a management agreement with the Downtown Billings Partnership, Inc. for fiscal year 2010 to assist the City with the implementation of the Expanded North 27th Street TIFD urban renewal plan. This agreement allocated \$98,580.00 from the new TIFD fund for DBP operations. The DBP has been able to cut operating costs significantly through an "alliance" with the Downtown Billings Association and the Downtown Billings Business Improvement District. This new Downtown Alliance shares office space, office expenses and staff on a three-way split. Thus the DBP will operate in FY2010 with less than half of the usual annual tax increment fund assessment, leaving more increment dollars for redevelopment.

Since this TIFD is new, the projected tax increment growth for FY2010 is modest when compared to the final years of the very successful 1976 TIFD. The DBP has projected that the TIFD will have about \$75,000 in increment funds to expend on projects. To date, in addition to the DBP Operations payment, the Billings City Council has approved:

- Up to \$12,000 for the expansion of the downtown Historic District
- Up to \$4,500 for landscaping improvements at 1st Ave. n. and N. 27th St.

- Up to \$2,500 for downtown tree maintenance
- Up to \$6,000 for cleaning of SkyPoint at 2nd and N. Broadway

In addition, the DBP Board has approved and will be sending to Council a two year project budget that includes assistance with the “Downtown. Billings Starts Here!” marketing campaign, new banners for the Alberta Bair Theater and other locations in the North Broadway area, replacement banners and hardware upgrades for the Montana Avenue Historic Banner program. The district is also working on the placement of at least one new pedestrian wayfinding kiosk as well as improvements to the street frontage on 1st Avenue North at N. 26th Street. Finally, the DBP continues to develop plans that could include additional 10-hour parking on N. Broadway as well as the conversion of several downtown streets to “public parking” areas.

Updates on the status of these projects can be found on the Downtown website at www.downtownbillings.com.

OLD TIFD PROJECTS STILL ON TRACK

Current		
Outstanding Encumbrances	June 30, 2008	
Short Elliot Hendrickson	-	
Railroad Controls Limited	3,902	
Epcon Sign Company	11,307	
GSA Land Assemblage	353,800	
Railroad Quiet Zone	983,980	
Downtown Light District	900,000	
ArtSpace Market Study	20,000	
Large Project Gap Funding	1,700,000	
Cooperative Security Program	252,000	
Administration of Development Agreement	<u>165,000</u>	
Total Encumbrances		4,389,989
Available Cash		<u>4,222,711</u>
Ending Cash		(167,278)
Proposed		
Outstanding Encumbrances	June 30, 2008	
Short Elliot Hendrickson	-	
Railroad Controls Limited	3,902	
Epcon Sign Company	11,307	
GSA Land Assemblage	353,800	
Railroad Quiet Zone	1,483,980	
Downtown Light District	100,000	
ArtSpace Market Study	20,000	
Babcock Theatre Project	1,900,000	
Cooperative Security Program	184,722	
Administration of Development Agreement	165,000	
Total Encumbrances		4,222,711
Available Cash		<u>4,222,711</u>
Ending Cash		-

Downtown Billings continues to work with their public and private partners to complete a slate of legacy projects that closed the books on a district that was created in the 1970's. In June of this year, the Downtown Billings Partnership, The City of Billings, Yellowstone County, Big Sky EDA and the White Family, LLC completed the assemblage of 63,000 square feet of land between 3rd Avenue North and 2nd Avenue North on N. 26th Street was sold to the United States of America for a brand new federal courthouse. This project is expected to begin construction soon. The DBA has asked that the funds received by the City for this transaction be placed into the Parking fund and be used to assist with the construction of at least one new parking structure.

The Babcock, LLC continues to work with a feverish pace to complete improvements to the Babcock Theatre building on 2nd Avenue North and North Broadway. To date, about \$1.3 Million has been expended on both the retail portions of the building as well as the theater. According to the LLC, the retail spaces are almost ready for new tenants, the apartments are almost completely renovated and occupied and the theater has already seen many public events.

The railroad quiet zone began installation of the new equipment that will enable the City of Billings to implement a “no train whistle” zone encompassing the three downtown crossings. Quadrant gates as well as pedestrian mazes and gates have been installed to increase the safety and closure of the crossings to a degree that the Federal Railroad Administration (FRA) will allow the trains to pass through our downtown without the often intrusive blare of ear shattering horns. The City of Billings Public Works Department has worked closely with the DBP as well as the railroads and the Montana Department of Transportation to facilitate this project that is expected to increase the potential of development on both sides of the railroad tracks. A celebration at the Western Heritage Center is planned to dedicate the new Quiet Zone as soon as the first horn-free train passes through downtown.

The Downtown Property Owners, Inc. as well as the City of Billings Public Works Department continue to collaborate over new streetlights in downtown. Several scenarios have been discussed that would include City ownership of the intersection lighting, as is the case in areas of Billings outside of downtown.

FUND 202	Resolution 08-18680	Resolution 08-18680	RESOLUTION 08-18744
Estimated Fund 202 Balance	\$ 4,687,000.00	\$ 4,687,000.00	\$ 4,419,722.00
Encumbrances			
GSA	\$ (800,000.00)	\$ (800,000.00)	\$ (800,000.00)
Railroad Quiet Zone	\$ (1,000,000.00)	\$ (1,000,000.00)	\$ (1,500,000.00)
Artspace Market Survey	\$ (35,000.00)	\$ (35,000.00)	\$ (35,000.00)
Babcock Theatre LLC	\$ (1,700,000.00)	\$ (1,700,000.00)	\$ (1,900,000.00)
Cooperative Security	\$ (252,000.00)	\$ (252,000.00)	\$ (184,722.00)
Downtown Streetlights	\$ (900,000.00)	\$ (900,000.00)	\$ -
One Way Street Conversion	\$ -	\$ -	\$ -
BALANCE	\$ -	\$ -	\$ -
			Current DBP/CITY Devel. Agreement