



**Third Quarter Report –  
Urban Renewal District Activities and Planning  
Expanded N. 27<sup>th</sup> St. T.I.F. District  
3/1/2010**



The Downtown Billings Partnership, Inc., along with its “Alliance” partners, the Downtown Billings BID and the Downtown Billings Association are pleased to report that several projects of our FY2010 work plan are complete, many are under way and planning continues for FY 2010. Increment revenue is about 300% over initial growth projections. Street level occupancy is growing with several new stores and restaurants including Bottega, The Hippy Cowgirl, Silver Threads and Ciao Mambo all filling formerly vacant storefronts. Several more are planning on opening before the end of this fiscal year.

Skypoint has been cleaned, new “Downtown. Billings starts here!” branded banners and gateway signs are up and generating discussion. The BID is ready to expand to include a Safety Benefit Zone for continued funding for Cooperative Security. The DBA is engaged in timely membership activities that include training for merchants in social marketing and other cutting edge national practices. The pedestrian wayfinding kiosks are being updated on a regular basis with attractive signage and key map integration that works on the street, in visitors pockets via a new DBA foldout map and online with a new map and membership directory. The DBA, working closely with the College of Business of MSU-B will soon release the results of two market surveys that will serve as a tool for existing retail establishments as well as a recruitment tool for new business.

The Façade, Sign and Awning program approved TIFD incentive funding to 7 projects that will leverage \$33,000 public dollars with over \$338,000.00 in private investment. The TIFD authorized the appraisal of the library property parcel adjacent to the new Stockman Bank project that will allow the library to raise capital funds via the sale of that parcel, if they choose. Using TIFD funds, the DBP has ordered, or soon will order, appraisals on several parcels within the district to set the pace for potential land acquisition for green-space areas and/or additional off street parking projects.

The DBP, as of the date of this publication, is below budget in our operational activities and continues to be vibrant and diligent stewards of the public urban renewal fund and the public benefits received via private investment.

**EXHIBIT B - DBP PROJECTS BUDGET FY2010**

For the NORTH 27TH STREET TIFD

*Approved by DBP Board February 27, 2009*

Approved by Council with our Annual Agreement

As of **2/22/2010 14:15**

PROPOSED N. 27TH TIFD DISTRICT FY 2010 BUDGET		Actual/Encumb.	Paid by City
Estimated Cash Balance as of 6/30/09 - Tax Year 2008	\$134,870.00	\$134,870.00	\$134,870.00
Projected Increment - Tax Year 2009 (60% of DOR)	\$304,148	\$253,019.00	\$ 253,019.00
<b>TOTAL FUND</b>	<b>\$439,018.35</b>	<b>\$387,889.00</b>	<b>\$387,889.00</b>
<b>Expenses</b>			
DBP Management Services	(\$98,580.00)	(\$98,580.00)	(\$98,580.00)
Expansion of historic district	(\$15,000.00)	(\$15,000.00)	(\$15,000.00)
For Council Approved TIFD Projects	(\$75,000.00)	(\$71,562.00)	(\$34,734.00)
Other Service Charges	(\$9,000.00)	(\$15,000.00)	\$0.00
<b>Projected Balance</b>	<b>\$241,438.35</b>	<b>\$187,747.00</b>	<b>\$239,575.00</b>

Approved Projects	Date Approved By Council	Amount Allocated	Actual Paid or Encumbered	Reimbursement Request to City	FUND 203 Acct. Balance	Request Date
Lanscaping 1st N & N27th	11-May-09	(\$4,500.00)	(\$4,497.00)	(\$4,497.00)	\$3.00	8/14/2009
Tree Treatments	11-May-09	(\$2,500.00)	(\$2,500.00)	(\$2,500.00)	\$0.00	
Skypoint Cleaning	11-May-09	(\$6,000.00)	(\$5,530.00)	(\$5,530.00)	\$470.00	
Pedestrian Wayfinding	11-May-09	(\$7,000.00)	(\$7,000.00)	(\$672.00)	\$6,328.00	
ABT Branded Banners	13-Oct-09	(\$2,700.00)	(\$1,485.00)	(\$1,485.00)	\$1,215.00	
MT Ave. Banner Hardware	13-Oct-09	(\$5,000.00)	(\$5,000.00)	\$0.00	\$5,000.00	
Reprint Walking Tour Maps	13-Oct-09	(\$3,000.00)	(\$3,000.00)	\$0.00	\$3,000.00	
Gateway Billboard Project	13-Oct-09	(\$5,300.00)	(\$4,550.00)	(\$4,550.00)	\$750.00	
City Center Banner Project	13-Oct-09	\$0.00	\$0.00	\$0.00	\$0.00	
Property Appaisals	13-Oct-09	(\$5,000.00)	(\$5,000.00)	(\$2,000.00)	\$3,000.00	
Façade-Signs-Awnings	23-Nov-09	(\$34,000.00)	(\$33,000.00)	(\$13,500.00)	\$20,500.00	
Two-way Streets and Lights		\$0.00	\$0.00	\$0.00	\$0.00	
Bond Payment		\$0.00	\$0.00	\$0.00	\$0.00	
<b>Total Allocated</b>		<b>(\$75,000.00)</b>	<b>(\$71,562.00)</b>	<b>(\$34,734.00)</b>		
<b>Balance</b>		<b>\$0.00</b>	<b>\$3,438.00</b>	<b>\$40,266.00</b>	<b>\$40,266.00</b>	

# Business Improvement District Proposed Expansion

- Proposed district boundary
- Identified parcel within proposed district
- Parcels partially within proposed district
- Unidentified parcel within proposed district



This document is intended for informational purposes only and is not guaranteed to be accurate nor current.  
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**DBP FY 2011 Draft Budget – Executive Summary**  
**2/26/2010**

**Operations Budget – Contract with City**

The DBP continues to take a very conservative approach to the FY 2011 Budget. The overall DBP Operations budget will have less than a 3% increase over FY2010. It is important to note that we purposely cut back on operations in FY 2010, as much as 50% less than in several of the previous years. It is also important to remember that the expanded N. 27<sup>th</sup> TIFD (Fund 203) was relatively new in 2009 and we were unsure of the actual increment to be anticipated.

The new Stockman Bank building will not be on the tax rolls until tax year 2011 – budget FY2012. We can count on a modest increase in increment when that is complete. In Tax year 2012, FY 2013, we should anticipate the increase in taxable value realized by the Northern Hotel project. It should also be noted and emphasized that since the creation of our office structure that we call “The Alliance” the DBP has shared staffing, office and overhead as well as contributed to the stabilization of BID/DBA event and streetscape kit of parts management and maintenance. Street level retail and dining occupancy is one of the highest goals of the N. 27<sup>th</sup> Street Urban Renewal Plan (URP). Our annual work plan should be incorporated into the URP and considered allowable expenditures of Tax Increment Funds. Therefore it is appropriate to ask for full fiscal year operational funding for FY 2011.

**Urban Renewal Projects**

**Public Safety**



First and foremost, it is vitally important to continue to establish the structure of “The Alliance” along with its adequately funded management, staffing and activities, as a fully approved and qualified component of the Urban Renewal Plan as well as the Downtown Framework Plan. Lisa Harmon and her team demonstrate superior abilities in the day to day management of our downtown through her position as Executive Director of both the Downtown Billings Association and the Business Improvement District. Over the past six years, the BID has grown to be a model for this form of downtown maintenance and management. By joining the DBA with the BID without compromising the autonomous identity of both organizations, and by incorporating the redevelopment activities of the

Downtown Billings Partnership, we have created a dynamic urban renewal program that continues to explore new opportunities, partnerships, and solutions.

Therefore, it has been proposed that we continue to support The Alliance through our operations budget and that we additionally adopt and assist with the funding for many of their ongoing activities. The BID has forged an amazing alliance with several different City of Billings departments including the Police Department, Public Works, the Library and Parks. Their Cooperative Security program will become a mostly self funded BID program when the BID is

expanded in 2010 and assessed in tax year 2011. The BID has managed to receive over 60% petition support for the creation of the Safe Zone. This zone will expand the footprint of the BID by over 16 million square feet of our city center. That growth and stabilization of the Cooperative Security program required the signature of property owners representing over 10 million square feet of that total. By 2012 the BID plans to add a second Downtown Resource Police Officer to the team. That officer will join Shane Winden and expand the duties and coverage time to continue to work on the reality and perception of safety in our downtown neighborhood. This is vital to continued street level growth beyond Monday through Friday, 8 to 5. It should be noted and reinforced that these two duly sworn police officers are additional officers joining the annual force employed by our City and available to the City as a whole when needed to respond to an emergency.

Public safety is a key component of urban renewal and redevelopment and should be part of the annual expenditure of Fund 203 Tax Increment Funds. Since the size of the downtown BID safe zone is much larger than the footprint of the TIFD, it cannot be funded in full by increment – and it won't be. The annual cost of the program exceeds \$120,000. The BID property owners will self fund over \$100,000 of that cost. Thus, an annual contribution of about \$20,000 – starting in tax year 2011 – is appropriate and necessary. For Fiscal Year 2011, the program should be approved as an ongoing urban renewal project and a line item should be created. To facilitate and authorize expenditures such as this, the DBP board will recommend that we create a Public Safety project line item to be used to assist the BID with Cooperative Security, Public Works maintenance costs for the Quiet Zone and the Wayfinding Signage as well as parking and other public street and sidewalk projects and programs.

### **Artspace Development**

If the TIFD continues to fund the Artspace project, Billings could realize an increase in the tax base in FY 2013 that would include that project. At \$9 Million (estimate) the annual increment could be in the neighborhood of \$140K per year. However, to continue the Artspace timeline, we would need to expend between \$350K and \$700K in predevelopment expenses depending upon a potential NEA grant. The DBP asked Artspace if they would consider a development agreement that requires them to invest their own predevelopment funds with a promise to reimburse them at an 8 to 1 ratio when and IF the project is actually completed. They indicated that they would not be interested and that it was not their normal procedure to “take the early risk.” The DBP Board recommends that continued dialogue with Artspace but that we avoid any additional predevelopment funding risk at this point.

### **TIFD Street Projects**

If the taxable value of the N. 27<sup>th</sup> Street TIFD is sustained at a rate of at least 60% of projected value, the City of Billings could, with a 40% additional cushion, sell TIF bonds in the amount of about \$1.5 Million. This would establish the District beyond the 15 year time frame and allow for cost offsets of the city's and the property owner portions of the downtown streetlight district as well as begin to fund several other street level projects. If we bond the N. 27<sup>th</sup> Street



District in FY 2011, we should use the proceeds to reduce the cost of the property owner SID for streetlights by about \$1,000,000.00. According to the City Public Works Department, that amount would keep the annual streetlight costs to the current SMLD 97 to about the same as they are paying now for 50 year old “cobra” poles. Further, it is very important to note that most of the current light poles in the city center serve street kit of part purposes. By replacing them, we will need to account and plan for the hanging flower baskets, event electricity, holiday lighting and decorations and banner placements. The timing of the new district is perfect. In 2009 the DBP received Council approval for a new city center banner program in 2010. By waiting to purchase and place those banners until after we install new lights, we will be able to stretch the TIFD funds much farther than with the old streetlights.

At this time, the DBP Board recommends that the “bonding” be for an inclusive project that not only purchases and installs new mid-block streetlights but also implements or begins to implement the Montana Ave Traffic Calming plan, the expansion of the historic district, the potential modifications to the streets to accommodate two-way from one-way conversion, and the cost of converting “some” streets to “parking lots.” Even more importantly, we should begin to move forward with the Framework Plan’s recommendation to create new urban “green space” or “community activity space.”



North Broadway continues to struggle with building stock that cannot properly accommodate modern retail/restaurant establishments. The renovation of the Babcock Theatre Building will surely help with that and SkyPoint has certainly improved the community gathering area but more is needed.



We should begin to plan, discuss and implement for “alleyscaping”, pocket parks, pedestrian bridges, access points and other street furniture programs and opportunities. Now that we have a well funded and highly qualified BID to manage and maintain the infrastructure and a well established and qualified DBA to program the areas, FY 2010 would be the perfect time to begin the process of making our street level common areas more appealing, inviting and welcoming.

Several areas in the Urban Renewal Area are still blighted and, at best under-performing. The Urban Renewal Plan requires that we address that with public TIFD funding for parks, alley improvements, pedestrian connections, lighting and parking. We should begin to assemble land, forge partnerships with the hospital corridor and start the planning for at least one new parking structure as well as increasing on-street parking where appropriate. In 2010, the DBP plans to further support working towards



privatization of several public parking components such as the sale of Park IV and possible changes to on street meter parking and enforcement. Finally, we should continue to support and fund the Council approved Façade, Sign and Awning incentive plan.

### **Revolving Loan Fund**

The RLF has always been a part of our tool kit in downtown Billings since the DBP began implementation of the Downtown Framework Plan. The expansion of the fund through the inter-creditor agreement between the City and most of the downtown banks has enhanced our ability to fill funding gaps in projects that substantially increase taxable value of downtown. The TIFD that created the fund has sunset, and legislative changes to the Urban Renewal Law allowed Billings to retain the assets that comprise this loan fund and continue the program into the future. We renewed the agreement between the City and the banks five years ago and that document will need to be refreshed again in 2010. At the annual meeting of the banks in 2009, a unanimous vote of the participants authorized the DBP to work with the city to renew the line of credit agreement. In addition the participating banks opened the door to Stockman Bank to join the agreement and Stockman has given indication that they would like to participate.

Before October of 2010, we need to draft and approve the inter-creditor agreement that will take the City of Billings, the Downtown Billings Partnership, First Interstate Bank, Wells Fargo Bank, Montana, US Bank, Western Security Bank, Yellowstone Bank and Stockman Bank into the next five years of project funding.

### **Urban University, conference facility and transformation campus**

I feel that we should work towards development agreements to facilitate at least two additional major projects that have been explored in the past yet are still valid for today. We should continue to assist MSU-Billings in the development of an Urban University status with a growing and vibrant urban campus. Their current facilities in downtown have literally kept our conference corridor alive as well as sustained many retail establishments through tough times that included the continued deterioration of the Babcock Theatre Building and the closure of the Northern Hotel and Parking Garage. Student housing should be developed in the district along with a transportation linkage through the medical corridor to the campus and continuing on to the airport. We should also begin to negotiate for the construction of a conference center and convention facility that will link the newly remodeled Crowne Plaza to the renovated Northern Hotel. With the full implementation of the downtown railroad quiet zone and the expansion of the convention and conference traffic partly due to the establishment of a Tourism B.I.D., downtown Billings should begin firm plans to build before similar projects can take hold in Missoula or other cities that would compete with our ability to capture this revenue source.



We should begin working towards the concept of a Transformation Campus to address homelessness in Billings. We have a potential project that could see the construction of a much larger and modern Holiday Stationstore at N. 6<sup>th</sup> and N. 27<sup>th</sup>. This would be up to a \$2 Million construction project that would give downtown a modern facility at a busy vehicular corner. This project would require the relocation of the HUB facility and could begin the process of creating a workable and modern facility to treat and cure the problems caused by a homeless population and at-risk workforce.

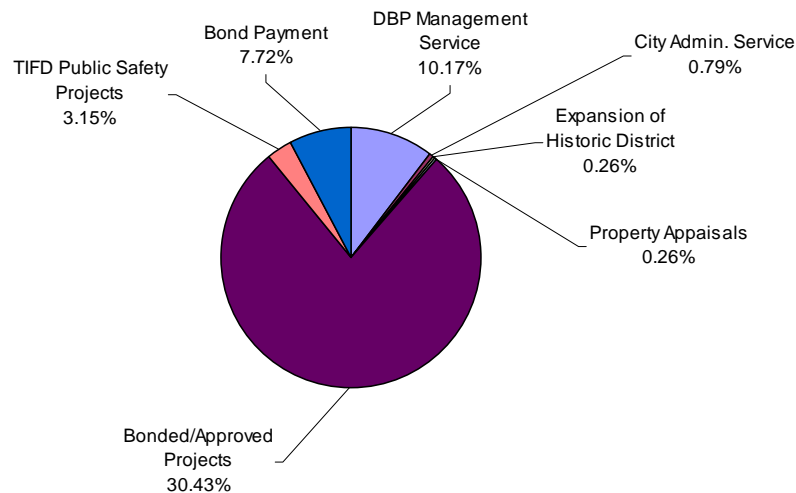
Finally, our work plan should be presented to the Billings City Council at their March 1<sup>st</sup> work session and should include the details of our plan as well as those of the BID for expansion. We should follow up with a Town Meeting presentation on March 8<sup>th</sup> that would present those two basic plans and include discussion of the development of an Urban University by MSU-Billings. FY 2010 can be a year of starts as well as a year of completions. Downtown. Billings starts here!

## FUND 203

### Draft Budget (Exhibit “B”) - and Work Plan (An Addendum to Exhibit “A” FY 2010) FY 2011 (July 1, 2010 – June 30, 2011)

The Downtown Billings Partnership, anticipates that tax year 2009 DOR values assigned to the Expanded North 27<sup>th</sup> Street Urban Renewal District will be at least 60% of the DOR certified values for tax year 2008 (see Exhibit B). Further, to be ultra conservative on our projections, Exhibit B does not reflect any second half tax payments for FY 2010 (tax year 2009). The DBP projects a carryover balance including up to encumbered (\$50,722) funds in Fund 203 of at least \$210,700 and new increment revenue of \$304,148. Further, the DBP proposes that the City of Billings should sell approximately \$1,570,505 in Tax Increment Financing Bonds to add about \$1.5 Million to the FY 2011 Fund 203 budget.

Exhibit “B” FY 2011 shall include FUND 203 projections and allocations to the following projects or project areas:



**Fund 203 Projected Revenue** **For FY 2011**

Potential Carryover from FY2010	\$ 210,704
Tax Year 2010 Increment	\$ 304,148
<i>FROM SALE OF BONDS</i>	<u>\$1,500,000</u>
<b>TOTAL</b>	<b>\$2,014,852</b>

**Fund 203 Approved Project/Program** **Encumbered from FY2010**

Downtown Tree Treatments	\$ 2,500.00
Pedestrian Kiosk Wayfinding	\$ 6,457.27
ABT Branded Street Banners	\$ 1,215.00
Montana Ave. Historic Tour Banner Program	\$ 5,000.00
Montana Ave. Historic Walking Tour Guides (printed)	\$ 3,000.00
Gateway Billboard Project	\$ 4,350.00
City Center Street Banner Project	\$27,200.00
Façade, Sign and Awning Program	<u>\$ 1,000.00 to \$33,000</u>
<b>TOTAL</b>	<b>\$50,722.27 to \$83,722.27</b>

**Project/Program** **FY 2011 New Allocation**

DBP Management Services (Operations Budget)	\$193,925.00
City Administrative Services – cost allocations	\$ 15,000.00
Professional Services for Bond Sales	\$ 80,000.00
Expansion of Historic District	\$ 5,000.00
Property Appraisals 2010	\$ 5,000.00
Streetlights and Other Approved Projects	\$1,400,000.00
TIFD Contributions to Public Safety	\$ 60,000.00
ANNUAL BOND PAYMENT	<u>\$147,123.00</u>
<b>TOTAL</b>	<b>\$1,697,123.00</b>

Total Annual Increment (less than 60% of Current DOR	\$245,205.00	
40%	(\$98,082.00)	
	\$147,123.00	<b>Bond years</b>
Bond Rate	8%	<b>25</b>
<b>Total Bond Amount</b>	<b>\$1,570,505</b>	

## Upcoming Council Action Requests:

- 1) **Approval of DBP Agreement, Work Plan and FY 2011 Budget (Operations and Projects)**
- 2) **Expansion of the Downtown Business Improvement District**

Pursuant to MCA 2005, the Downtown Business Improvement District No. 0001 was created on August 22, 2005 and expanded on Oct. 22, 2007 by Resolution 07-18624 then expanded again on June 22, 2009 by Resolution 09-18843. BID No. 0001 will require renewal (new petition process representing greater than 60% of total square footage of Clean & Safe Zone as well as Safe Zone) before August 22, 2015.

### **BID Expansion (Safety Zone) Timeline:**

Petitions representing greater than 60% of the total square footage of the expansion area, hereinafter BID Safe Zone to be submitted to the City by March 15, 2010

Resolution of Intent approval request on April 12, 2010

Expansion Resolution approval action on May 10, 2010

**Assessment rate of SAFETY ZONE (All of expansion area) shall be pursuant to MCA 2009 – 17-12-1133 (f)**

**Based on total sq. ft. of all parcels owned by a single person or legal entity**

<b>PSF Assessment Rate</b>				<b>Classification #</b>	
\$0.00450	if total parcel sq. ft. is more than	33,333	and less than	1,600,000	1
\$0.00396	if total parcel sq. ft. is more than	1,600,000	and less than	1,900,000	2
\$0.00336	if total parcel sq. ft. is more than	1,900,000	and less than	2,300,000	3
\$0.00249	if total parcel sq. ft. is more than	2,300,000	and less than	3,100,000	4
\$150.00 Flat Rate	if total parcel sq. ft. is LESS than	33,333	<b>divided equally to each parcel</b>		5
\$150.00 Flat Rate	Condominium to be considered at 1 parcel - divided by owner share				6

<b>Per Parcel Flat Rate</b>	
\$150.00	1.00
\$75.00	2.00
\$50.00	3.00
\$37.50	4.00
\$30.00	5.00
\$25.00	6.00