



## **DBP Board Agenda - April 24, 2020**

### **Remote meeting via Zoom**

#### **Regular Business Meeting**

- 1) Call to Order – Introductions, Courtesies, and Public Comments (3 min. limit)
- 2) Regular Agenda:
  - a. Minutes – March 27, 2020 meeting minutes, vote to approve minutes
  - b. DBP staff update
  - d. Financials & TIF Forecast
    - i. Included in the packet
- 3) Old Business
  - a. Stillwater update
- 4) New Business
- 5) Action Items
  - a. BSEDA credit line
  - b. Amendment of bylaws
- 6) Partner reports (if time permits)
  - a. City of Billings
  - b. Yellowstone County
  - c. SD#2
  - d. Big Sky Economic Development
  - e. Downtown Billings Association
  - f. Business Improvement District
  - g. Billings Cultural Partners
  - h. Parking Advisory Board
  - i. Downtown Billings Property Owners Association
- 7) Adjourn by 9:00 a.m.

**Next scheduled meeting – May 22, 2020**

DBP Board Meeting

March 27, 2020

Remote via Zoom

ATTENDED:							
Andy Patten	Norm Miller	Marguerite Jodry	Janna Hafer	Jock West	Dave Fishbaugh	Zach Dunn	Chris Kukulski
Sean Lynch	Chris Montague	Steve Wahrlich	Joni Harman	Kim Olsen	Ignacio Barrón Viela	Wyeth Friday	Penny Ronning
Katy Easton	Mehmet Casey	James Chandler	Emily Meick	<b>GUESTS:</b>	Russ Fagg	Zack Terakedis	Jim Tevlin
ABSENT:							
Ethan Kanning	Sam Merrick	Denis Pitman	Steve Tostenrud				

1. **Call to Order and Introductions** – Mr. Patten called the meeting to order at 7:30 am.
2. **Regular Agenda**
  - a. **Minutes – February 28, 2020** – Mr. Lynch motioned to approve. Seconded by Mr. Montague and approved by all.
  - b. **Presentation – Russ Fagg** – Mr. Fagg provided information about the proposed TIF district. He hopes to petition to have council either expand the current district or create a new one.
    - i. Mr. Patten asked if the neighborhood is really blighted.
      1. Mr. Fagg thinks there is, but it’s subjective. The southern portion has some down and out buildings and there are many parking lots to allow for infill with apartments.
    - ii. Mr. Wahrlich asked if creating or expanding would provoke the downtown TIF.
      1. Mr. Fagg spoke of a possible project to bond with the old school building. He is open to being included in the downtown TIF district, but there are pros and cons.
        - a. Mr. Montague asked for a list of pros and cons
    - iii. Mr. Kukulski said there’s quite a bit of work that still needs to be completed. Everything must be done by July 1 to expand the district. Creating a new TIF can occur at any time.
      1. Mr. Casey spoke with a representative from Butte. She’s willing and available to assist but it would cost around \$35,000, which would cover the entire process and include all paperwork and public comment portions. The timeline would likely be at least six months, assuming no obstacles. She would also help establish the statement of blight.
        - a. Mr. Kukulski said the infrastructure component might be difficult. Structured parking may be a tipping point. There’s some subjectivity, which can cut both ways. Enthusiasm will likely influence Council in their decision, as well as cost.
          - i. Mr. Fagg said it’s ultimately the City’s responsibility, but it would certainly help and would definitely help downtown. He spoke with the Chamber several days ago. Hopefully the City will be the primary helper, but \$35,000 can be found.
      - iv. Ms. Easton expressed concern about the amount of resources to be used without clear information. She wants to see more groundwork in place before making a qualified decision, including base values, any projects on the horizon, and increments. The downtown district is bonded through 2038 and the ultimate time frame for expanding the district would be the 15-year mark. It’s taken 15 years for the downtown district to where it is today.
        1. Mr. Fagg spoke of the public meeting held on January 23, which had a reasonably good turnout. He’s trying to keep all property owners in the loop.
          - a. Mr. Lynch was on the Chamber call. He expressed similar concerns regarding groundwork. He’s in support of new districts but a lot of legwork is necessary.
            - i. Mr. Fagg said only four property owners have signed, but many others are in support. He expects to receive more support at public hearings.
        - v. Mr. Arveschoug acknowledges that there are many details to work out. He encouraged the board, at a minimum, to support it conceptually even with the required homework. He asked if that endorsement would be beneficial.
          1. Mr. Fagg said yes. Initial support with conditions is a great start.
            - a. Ms. Easton will draft a letter of support from the DBA’s perspective with the expectation of more groundwork. This will be brought to a board meeting to vote with from direction from staff.

- vi. Ms. Hafer said she would abstain because this hasn't been discussed with the superintendent. As a downtown property owner, she believes downtown is the heart of the city and it's important to keep it strong.
  - 1. Mr. Kukulski sees issues with school funding. He leans toward expanding the district so that everyone can see eventual growth for the school district, the city, and the county. He expressed concern about economic loss with the creation of a new district.
    - a. Mr. Arveschoug agreed that a decision needs to be sensitive about the current situation. TIF doesn't change funding that enters into schools.
- vii. Mr. Montague asked if the district would be included in the existing district or its own.
  - 1. Ms. Easton said there are challenges to both. She supports investment in the community, but more information is necessary.
- viii. Mr. Lynch doesn't see the deadline of July 1 as realistic.
  - 1. Mr. Kukulski expressed concern about what the City has been dealing with the past ten days. Currently, the process won't allow for that deadline to be met, which would impact the ultimate decision.
    - a. Mr. Fagg said he did submit things in January and he feels as though nothing has been done. It's an obligation of the city to move this forward.
      - i. Mr. Kukulski said, as an applicant, yes. The City should respond to it, because the application was turned in.
- c. **DBP Staff Update** – Mr. Casey provided a brief update. He received approval from council and staff can now move forward to start work on development agreement language. Due to current events, some of his travel plans have changed and he is no longer going to Helena for recruitment. He spoke of work with Heinz Creative on some marketing tools, but further work may be on hold. Staff divvied up a list of members, businesses, and property owners around downtown to check in on how people are doing and to help determine what kind of relief can be provided. Feedback is coming in and it's taking a lot of focus to help address those needs and creatively offer relief.
  - i. Ms. Easton has had conversations with the City and other economic development orgs about partnering. Current packages are falling into low interest loans, something that might not be an option for many small businesses. There aren't any small-term micro-grants to help. She spoke of \$40,000 set aside for business development, recruitment, and retention, and suggested that a small amount be set aside for assistance (retention). She spoke of a community relief fund set up by BSEDA and the Chamber to create micro-grants to assist Ms. Easton would also like to see if TIF funds can be used in this way, because there is room to say it can through the Urban Renewal Plan. However, the state TIF working group disagrees.
    - 1. Mr. Arveschoug said BSEDA has established a business stabilization program, because some feel as though another loan wouldn't work. More clarity will come later this week. BSEDA is encouraging and requiring businesses to apply for SBA disaster relief funds in addition to their program. He spoke of creating an economic recovery team through the Unified Command structure to help coordinate and streamline the process.
      - a. Ms. Easton is happy to sit at that table. This is a new process for her as a leader, and she looks to the board for support and direction.
- d. **Financials** – Mr. Casey provided a profit and loss in the board packet. He said there hasn't been many changes, but asked the board to think about the business recruitment and retention portion as a way to assist downtown businesses during this unprecedented time. Also provided was a TIF forecast with the three projects added.

### 3. Old Business

- a. **Stillwater Update** – Ms. Easton watched Monday's City Council meeting and was on the agenda for the letter to withdraw from the agreement with Mr. Holden. That item was removed and Ms. Easton has spoken with Brent Brooks and Mr. Kukulski. Council received a letter from Mr. Holden before the meeting started that required more review. The board has directed staff to move forward in pulling that agreement, and it has been done. She's working with Mr. Brooks to be sure that the City feels comfortable. She will be in front of Council on April 13 with more information to provide clarity to the

process. Ms. Easton submitted all development information at the start of the process and is willing to discuss further if necessary. She may call a meeting with the lawyer.

#### 4. New Business

- a. **BSEDA Credit Line** – Ms. Easton spoke of the line item in the Fund 203 budget for FY20. She wants to go to council to make a payment on the line of credit in good faith. Without the first payment, the board is looking at a balloon payment in 2021. It's an interesting time right now to think about what can be done with the Yesteryears building, but she hopes to spark the conversation again. She asked the board to put it out for discussion next month.
  - i. Mr. Arveschoug would abstain if the board were to decide.
    1. Ms. Easton will bring this to the board for discussion next month. It's necessary to continue conversations with plenty of time before the next fiscal year.

#### 5. Action Items

##### a. TIF Policy Packet

- i. Mr. Kuluski said the last several applications that made it through council did so by the skin of their teeth and he thanked DBP staff for the cleanup of that process.
  1. Ms. Easton said she's been working closely with Andy Zoeller on the budget and will keep the board updated.
- ii. Ms. Easton said DBP staff have been working diligently through this process and she's proud of the accomplished work. It's a working document that can be revised when necessary to provide clarity in the process for the board and council. She wants to accept applications in April. Mr. Patten broke down the packet into each application for discussion, which can be found below.
  1. **Sign Incentive Application** – Ms. Hafer said the purpose section doesn't mention anything about signage and she thinks the application form should be its own page. She highlighted confusion about the term "Partnership" and concerns about clarity. She asked where this information can be found.
    - a. Ms. Easton said the policy packet will be made available in the office and online for applicants, as well as within each binder for board members and council. It'll be mentioned in the language.
  2. **Façade Incentive Application** – Ms. Hafer said the purpose doesn't include anything about facades. The 5-1 match appears high and she suggested having a smaller match. Ms. Hafer wanted more clarity regarding the process of submitting the application.
    - a. Ms. Easton will make sure it's clear throughout the document. She asked for board comment or decision on the 5-1 match. Council has a preference of 5-1, but the adopted policy says that smaller is also acceptable. The board has the ability to change that requirement, but she wants the board to recognize that the decisions would go before Council. If the 5-1 match were to remain in the document, could it possibly deter a smaller project?
      - i. Mr. Montague suggested approaching on a case by case basis.
      - ii. Ms. Jodry said a 3-1 match is more preferable, because 5-1 doesn't seem feasible.
      - iii. Mr. Patten asked if this required enough detailed to satisfy, like on Mr. Wahrlich's application.
        1. Ms. Easton said yes, Council asked for a detailed budget list of private investment and TIF-allowable expenses, which is provided by applicants.
          - a. Mr. Wahrlich thinks it's a formatting issue. It wasn't broken down to show amounts through the 5-1 match.
      - iv. Mr. Friday provided clarity on the Council's perspective on 5-1 matches. They have authority for any project even if it doesn't meet the 5-1 match. They can make exceptions under \$100,000.
  3. **CPTED** – Ms. Hafer could not find an application form for this document nor could she find any information regarding the process for applicants.

- a. Ms. Jodry directed Ms. Hafer to the CPTED application that was emailed to the board and the “Application Process” section specifically.
  - b. Ms. Easton said she mentioned in the email that CPTED has been different from the beginning, as applications are reviewed internally by staff. It can easily be revised for clarity.
  - c. Mr. Lynch said a full packet of information is provided prior to application filing.
4. **Large Project Application** – Ms. Hafer spoke of maximum fund limits. She couldn’t find that number or a list of eligible improvements. She asked about the three years portion.
- a. Ms. Easton said she asked for board review of that component and it appears to be split 50/50. Does the board incentivize someone purchasing a property or building? If someone purchased a building 20 years ago, can it be included?
    - i. Mr. Casey said the practice is done in many districts. Would the board choose to place a time cap? How far back? In other districts, the building purchase is included in private investment toward match.
      - 1. Mr. Friday said it’s pretty clear right now that it’s not used for acquisition itself, but it can be a tricky thing. Does it help with incentivizing projects? He’s unsure about other districts around the state, but it’s a common topic of conversation.
      - 2. Mr. Tevlin said it’s a struggle in the south district as well.
      - 3. Mr. Lynch has reviewed state statutes and land acquisition for a new project is allowable with TIF by state law.
        - a. Mr. Casey said the statute is specifically vague.
          - i. Mr. Friday agrees with Mr. Lynch and Mr. Casey, it appears to anticipate land acquisition in urban districts. So far in Billings, apart from the Yesteryears building, it’s been public only.
  - 4. Ms. Easton said the board can take it out as part of private investment match or leave acquisition in as part of the match. She thinks the timeline either needs to be all in or all out.
    - a. Mr. Patten said the three years provides a cutoff, because timespan can easily skew values. Three years is current enough that it’s part of some plan.
    - b. Ms. Hafer said it seems like a gray area and she appreciates the feedback.
5. Mr. Lynch motioned to approve the TIF Policy Packet with changes, including a 3-1 match for façade grants and land acquisition to be included in the calculation of a 5-1 match if the property was acquired within three years of the date of TIF application filing for large projects. Ms. Jodry seconded. Motion passed
- a. Ms. Easton wants to leave the conversation open should clarification be necessary for any item. It’s a working document, but she hopes to provide a concise process for council.

**6. Partner Reports (time permitting)**

- a. City of Billings
- b. Yellowstone County
- c. SD #2
- d. BSEDA
- e. DBA
- f. BID
- g. BCP
- h. Parking Advisory Board
- i. Downtown Billings Property Owners Association

**7. Adjourned by 9:08 am. Next DBP Board meeting scheduled for April 24, 2020 at 7:30 am.**

# Downtown Billings Partnership

## PROFIT AND LOSS

July 1, 2019 - April 20, 2020

	TOTAL
Income	
4400 Service Fee from City	209,580.75
4410 Property Management	69,700.00
<b>Total Income</b>	<b>\$279,280.75</b>
GROSS PROFIT	<b>\$279,280.75</b>
Expenses	
6000 Advertising & Marketing	
6001 Internet Advertising	1,516.66
<b>Total 6000 Advertising &amp; Marketing</b>	<b>1,516.66</b>
6015 Business Development	1,700.00
6070 Insurance	
6072 Property	7,008.44
<b>Total 6070 Insurance</b>	<b>7,008.44</b>
6110 Meetings	167.68
6140 Office Costs	
6142 Office Supplies	153.62
<b>Total 6140 Office Costs</b>	<b>153.62</b>
6200 Payroll Expenses	
6202 Cell Phone Stipend	242.40
6204 P/R Services	635.90
6205 P/R Taxes	11,228.78
6206 Retirement	0.00
6207 Wages	130,977.63
<b>Total 6200 Payroll Expenses</b>	<b>143,084.71</b>
6320 Professional Services	
6321 Accounting & Bookkeeping	7,327.65
6322 Legal Fees	1,390.50
<b>Total 6320 Professional Services</b>	<b>8,718.15</b>
6330 Property Taxes	8,139.08
6350 Repairs & Maintenance	1,078.26
6400 Special Project Expenses	
6407 Property Management	25,358.16
<b>Total 6400 Special Project Expenses</b>	<b>25,358.16</b>
6530 Travel (not meals)	961.46
6550 Utilities	16,784.13
<b>Total Expenses</b>	<b>\$214,670.35</b>
NET OPERATING INCOME	<b>\$64,610.40</b>
NET INCOME	<b>\$64,610.40</b>

	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>FY20 Beginning Cash Balance</b>	<b>1,912,598</b>	<b>2,613,829</b>	<b>1,550,603</b>	<b>1,676,998</b>	<b>1,793,545</b>	<b>2,146,741</b>	<b>3,234,416</b>
<b>FY19 Expenditures</b>							
Debt Service	949,201	946,183	942,773	942,433	945,290	950,000	950,000
DBP Operating Agreement	279,441	287,824	296,459	305,353	314,513	323,949	333,667
Cost Allocation	40,694	41,915	43,172	44,467	45,801	47,175	48,591
Downtown Cooperative Safety	41,200	41,200	41,200	41,200	41,200	41,200	41,200
Transfer to Parking	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>Total FY19 EXP</b>	<b>1,410,536</b>	<b>1,417,122</b>	<b>1,423,604</b>	<b>1,433,453</b>	<b>1,446,805</b>	<b>1,462,324</b>	<b>1,473,458</b>
<b>Prior Year Development Incentives Approved</b>							
Wendy's Building / 124 Group LLC	233,333	233,333					
Battle of the Plans 2017	24,900						
Arthouse Cinema Phase II		350,000					
ABT		750,000	750,000	750,000	1,000,000	250,000	
Griffin Sawyer Building	210,000						
One Big Sky - Yesteryears <i>Building Payments</i>	200,000	200,000	-				
Stillwater Building		500,000	500,000	500,000			
Wise Wonders		100,000					
Lou Taubert		196,771					
Clock Tower Inn		116,000					
CPTED Program	20,000						
<b>Total Approved Incentives</b>	<b>688,233</b>	<b>2,446,104</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>1,000,000</b>	<b>250,000</b>	<b>-</b>
<b>Estimated Revenue</b>	<b>2,800,000</b>						
<b>Estimated Available Cash For Projects</b>	<b>2,613,829</b>	<b>1,550,603</b>	<b>1,676,998</b>	<b>1,793,545</b>	<b>2,146,741</b>	<b>3,234,416</b>	<b>4,560,958</b>
<b>Revenue Growth Estimate</b>	<b>0.0%</b>						