

Other Items



FROM THE DESK OF . . .

Bruce McCandless

Interim City Administrator

PO Box 1178

Billings, MT 59103

(406) 657-8222 Fax (406) 657-8390

Cell (406) 690-3062

Email: mccandlessb@ci.billings.mt.us

January 4, 2018

TO: Mayor and Councilmembers
SUBJECT: One Big Sky Center (OBSC) draft term sheet

Attached is the draft term sheet for the OBSC project. It was prepared by Hammes/Landmark with assistance from the BSED, Chamber, the TBID and the Downtown Billings Partnership.

As you may recall, when Bob Dunn spoke with you on December 4, he said that in order to move to the next project planning phase, his company would prepare a document that describes the responsibilities of each development partner, a schedule for accomplishing necessary tasks and identify shared costs for the next steps in the project planning. The draft term sheet identifies those elements, including estimated costs for the developer and local agencies.

The local partners will meet soon to discuss each member's responsibilities and funding commitments. I will schedule this topic for a Council work session discussion on January 16 or February 5. Please call or email if you have questions about the document or schedule.

ONE BIG SKY CENTER

KEY PUBLIC-PRIVATE PARTNERSHIP TERMS

PROJECT DESCRIPTION:

Landmark , LLC, a Wisconsin Limited Liability Company (“Developer”) has completed a Concept Development Plan (Phase 1) for certain property controlled by Developer and other broad planning areas located in Billings, The City of Billings, a municipality in the State of Montana, the Downtown Billings Partnership, Inc., a 501C(4) Montana Corporation (“DBP”), Big Sky Economic Development (“BSED”), the Billings Chamber of Commerce (“Chamber”), the Billings Tourism and Business Improvement District (“BTBID”) and invested local private sector companies, collectively “Strategy Partners” and Developer will continue to work cooperatively to establish a definitive Development Plan (Phase 2) for the design, construction, financing and operation of a downtown redevelopment / economic development plan for the Billings Region, anchored by private investment in two catalytic development districts (as further described below), and inclusive of a state-of-the-art civic convention and events center and other public infrastructure improvements. The Development Plan will be grounded in concepts identified in the Concept Development Plan, with the overarching vision of strengthening the economic climate of the Billings Region and further positioning the region and State as a destination.

DEVELOPMENT DISTRICTS:

The redevelopment and economic development concepts / strategy will leverage health care and tourism as catalysts to position the Billings Region as a competitive community with a positive business climate for the next generation of residents, workers, corporations and public institutions. Public and private development and investment will be concentrated in two distinct sub-districts to maximize positive fiscal and economic impacts and spur complementary, ancillary development:

Health & Wellness District – The “health & wellness Sub - district” – envisioned as the medical campus of the future – where the strength and growth of Billings regional health care providers can anchor a health- and wellness-focused mixed-use village connecting facilities at the Billings Clinic and St. Vincent to the core of downtown. This Health & Wellness Sub-district concept is focused on bridging the planning, design and operations of state-of-the-art health care facilities with their surrounding environs, with a focus on integrating these facilities into the fabric of the community and creating a vibrant urban atmosphere that supports workforce recruitment for Billings Clinic and St. Vincent Healthcare in the future. The proximity to Montana State University Billings adds an additional opportunity to draw the student population into the Downtown corridor and further engage students pursuing careers in health-related fields. Additionally, there may be public/private development opportunities related to the

needs of MSUB that will be explored with the MSUB Foundation, MSUB leadership, and the adjoining property owners.

Lifestyle District – The vision for the Lifestyle Sub-district includes a dynamic civic destination with a newly constructed entertainment and convention center as the focal point of a larger mixed-use, multi-anchor development around cultural and community amenities in the heart of Billings urban core. The Lifestyle Sub-district will entail an exciting, master planned design and distinctive architecture that integrates both public and private uses into a thriving urban environment that brings activation to strengthen Billings as a community that attracts people to live-work-play on a consistent 365 day-a-year basis.

(Together, the “Districts.”)

DEVELOPER RESPONSIBILITY:

Developer will:

- Undertake efforts to prepare a comprehensive Development Plan for the Districts, based upon the **One** Big Sky Center Concept Development Plan, to address historic challenges faced by the City related to “place” that make urban redevelopment, workforce recruitment and driving visitation difficult, including uncoordinated development, underutilized or underdeveloped civic amenities, an inefficient transportation network, and lack of a strategy that is aligned with a broader economic development strategy, responding to the stated needs and priorities of our growing, vibrant community.
- Prepare conceptual plans and a finance plan for an immediate phase of development – on land owned and / or controlled by the Developer, to be the first anchoring project in **ONE** Big Sky Center to include a mixed-use program consisting of possible program elements to include: commercial office, residential, retail, hotel and other uses
- This **One** Big Sky Center Development Plan will be comprised of the work product listed on Exhibit A, which work product shall be owned by Developer and provided to the Strategy Partners for their use in advancing **ONE** Big Sky Center.

The Development Plan will be delivered to the Strategy Partners on or before March 1, 2019; however, Developer may, at its discretion, extend the Planning Period for up to two additional 3-month periods. The estimated budget for the work plan described above, which will be the responsibility of the Developer, is \$1.1 million to \$1.3 million. [See attached Exhibit B.]

STRATEGY PARTNERS’ RESPONSIBILITY:

Strategy Partners will:

- Fund planning for the programming, market research, design and cost (City/DBP, BSED, Private Investors)
- By August 1, 2018, work with the Developer to complete primary market research in support of the program planned for **ONE** Big Sky Center (DBP, BSED, Chamber)
- By August 1, 2018, work with the Developer to prepare a capital improvement plan and budget for civic infrastructure costs and investment phased over 5 years to support the District development. (City/DBP)
- By August 1, 2018, work with the Developer to prepare a plan and timeline for achieving project entitlement as outlined in the Development Plan.(City/DBP)
- Cooperate with Developer on acquisition of sites that may be desired or necessary to implement the Development Plan. (City/DBP, BSED)
- Negotiate exclusively with the Developer for the development, construction and operation of the civic convention and events center and the planning and development of an adjacent hotel for the entire term of the Planning Period, including any extensions. (City/DBP, Chamber, BTBID)
- By August 1, 2018, work with the Developer to contract for and fund a current convention center market and feasibility study for the City to inform the Development Plan. (Chamber)
- By August 1, 2018, work with the Developer to prepare a fiscal & economic impact analysis for **ONE** Big Sky Center. (BSED)
- Coordinate and facilitate support from the Governor's Office of Economic Development, the Montana Department of Commerce and other State incentives/programs (BSED)

Developer will work in partnership with City Planning staff to incorporate the elements of required Civic Infrastructure into the "Civic Infrastructure Plan," included in Developer's responsibilities above. The estimated budget for out-of-pocket planning expenses that the Strategy Partners will fund is \$675,000.

TIMING / PLANNING PERIOD:

Phase 1 – Complete

Phase 2 – August 1, 2018

Phase 3 – March 1, 2019.

[See also Work Plan attached as Exhibit B.]

DEFINITIVE AGREEMENT:

To effectuate the intent of the Parties in respect of the business terms outlined above, the City of Billings, Downtown Billings Partnership, Big Sky Economic Development, Billings Chamber, Billings Tourism and Business Improvement District and Developer will enter into a definitive P3 Cooperation Agreement no later than February 15, 2018.

EXHIBIT A

I. Master Plan

Master Plan Design Documents

- Concept Master Plan for the Site and **ONE** Big Sky Center
- Preliminary Master Plan Design Guidelines
- Outline of City Infrastructure

Civil Engineering

- Concept Civic Infrastructure Plan
- Concept Grading Plan
- Assess Earthwork Quantities
- Concept Sewer Improvement Plans
- Assess Water Quality Plans

Site Civil Engineering

- Concept Mass Grading Plan

Site Access, Circulation and Parking Plan

- Preliminary Transportation and Parking Analysis
- Preliminary Site Access / Circulation Plan
- Preliminary Parking Plan and Transit Modeling

Preliminary Design Documents

- Detailed Mixed-Use Program
- Conceptual Design
 - Project Program Development
 - Determine Site Massing and Density Limitations
 - Assessment of Zoning and Entitlement Restrictions
 - Other Site Parameters
 - Prepare Site Massing Models
 - Thematic Design
- Schematic Design / Pricing Package
- Preliminary Design Documents for Cost Model
 - Architectural Design
 - Interior Design
 - Civil Engineering
 - Exiting / Circulation Plans
 - Structural Engineering
 - MEP Engineering
 - Audio / Visual Design
 - Food Service Design

Preliminary Graphics Package

II. Finance Plan

Financing Structure

- Financing Overview

- Revenue and Expense Recognition
 - Outline Public Finance and City Infrastructure
 - Finance Plan
 - Sources and Uses of Funds
 - Financial Model
 - Pricing / Sponsorship Analysis and Market Research
 - Market Research of Revenue Assumptions
 - Market Assessment of Expense Assumptions
 - Term Sheet(s)
 - Equity Sources
 - Capital Structures (Debt)
 - Public Finance
 - Financing Schedule
- Detailed Master Project Budget
- Prepare Detailed Master Project Budget – Preliminary

III. Legal / Definitive Deal Structure

Public Finance Term Sheets
 Complete Project Development Agreements

IV. Market Research

Market Research (Primary and Secondary)

- Economic Impact Analysis
- Fiscal Impact Analysis
- Target Market Surveys
- Market Assessment of Primary Program Elements
- Market Assessment of Sponsorship Programs
- Market Evaluation and Measurement of Location

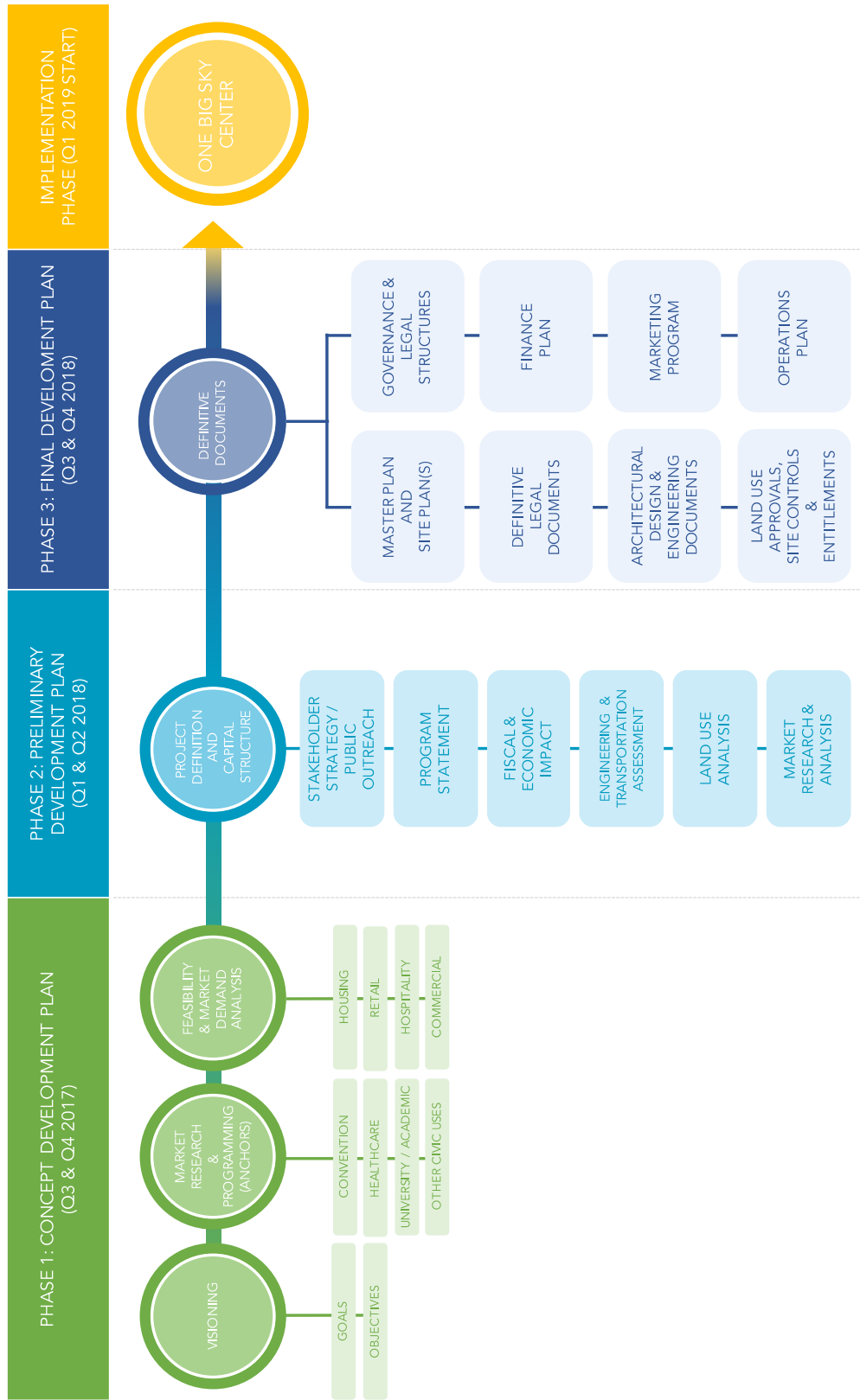
V. Development Management / Administration --

Develop Scope of Services
 Primary Professional Services Agreements (e.g. DSA, CSA, etc.)
 Engage and Manage the Project Team
 Project Communications and Coordination Procedures
 Document Control and Distribution
 Accounting and Cost Control
 Complete Site Logistics Plan
 Outline of Insurance Program
 Public and Regulatory Approvals

- Outline EIR Status / Addendum
- Outline Zoning Approvals

- Outline Other Public Approvals
- Undertake to Obtain Public Approvals
- Master Project Schedule
- Consolidated Schedule / Phasing
Site / Infrastructure Development
Master Plan Development

EXHIBIT B





FROM THE DESK OF . . .

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Interim City Administrator

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Billings, MT 59103

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January 4, 2018

TO: Mayor and Councilmembers
SUBJECT: Board of Crime Control Grant

Late last week, Alternatives Inc. CEO Dave Armstrong contacted me about his company's interest in applying for a MT Board of Crime Control (MBOCC) grant. The grant would help Alternatives establish a sober living program for treatment court clients and people recently released from jail or prison. The housing grant is available only to local governments and Tribes, who would then contract with others to provide the housing services. The grant application deadline is January 10. Alternatives was working with Yellowstone County to sponsor the grant, but the County might have reservations about applying for it, so he asked whether the City would apply and contract with Alternatives for the services. The City would be a pass-through entity. I told Mr. Armstrong that I could sign the grant application on behalf of the City but if the grant was awarded, the City Council would have to accept the grant before the funds could be budgeted and spent.

On January 2, Mr. Armstrong informed me that the County Commission declined to apply for the grant. On January 4, Nick Little from the Volunteers of America (VOA) contacted me and told me that his agency wants to apply for the same grant. Their plan is to serve a broader homeless population, but it could include housing for substance abusers. He had also been working with Yellowstone County to apply for the grant and was told on January 2 that the County would not apply. He asked if the City would apply for the grant and contract with the VOA to provide the housing services.

I then called the MBOCC and learned that the City cannot submit more than one (1) grant application for programs that will serve the same clientele. This means that the City would have to choose between the two agencies and apply for the grant that would automatically flow to that agency; a choice that I am unwilling to make. Unfortunately, because the requests were made so close to the grant application deadline, I don't believe that the agencies can provide enough, detailed information to allow the Council to make an informed choice.

Late today, Municipal Court Judge Sheila Kolar called to talk about the grant. She told me that she believes that the community needs sober living services and she may be willing to sign the grant application that Alternatives Inc. is preparing. She also

understands that if the MBOCC awards the grant to Billings, the Council has the final decision whether to accept it.

I'm giving this long explanation in the event that Alternatives or VOA representatives contact you over the weekend or if they appear at your January 8 meeting to lobby the City to apply for the MBOCC grant.

Please call me if you have questions.