

INTERNAL MEMORANDUM

Date: December 28, 2021
To: SBURA Board
From: Jim Tevlin
Consultant
Subject: Status of Current & Prior Applications for Tax Increment Assistance.

In December 2021, the City Council approved three applications for tax increment assistance.

<u>Applicant</u>	<u>Amount</u>
Jackson Court Apartments	\$547,305
KSKC LLC	\$362,525
Ole Rentals LLC	\$182,191

Construction for the Jackson Court and KSKC LLC projects will begin in early 2022. The KSKC LLC (i.e., Tim Compton/Mobile Stor) project requires additionally clarification. Note the following:

- In 2021 we expanded the southeast boundary of the South Billings Boulevard Urban Renewal District to include parcels of land along the South Frontage Road. These parcels consist primarily of lots owned by Torgerson LLC and KSKC LLC.
- At present, there are no water mains along the South Frontage Rd from Washington Ave to approximately 500ft west of Sugar Ave. Note that SBURA removed the cost of installing water mains from KSKC's application and redesignated it as a capital project like that of improving a gravel road.
- In December, SBURA and Public Works modified their FY23-27 Capital Improvement Plans to include \$474,177 and \$371,245, respectively, of FY23 funding for the installation of water mains along the above-mentioned portion of the South Frontage Rd. These funds are not available until July 1, 2022, however.
- In December both Torgerson LLC (via NAI Properties) and KSKC LLC informed me that a developer, TPA Group LLC, was going to purchase portions of Torgerson's and KSKC's properties for purposes of building a \$35 million distribution center. TPA Group, however, could not close on the purchases until the water mains were installed which prompted TPA Group's request for construction to take place as early in 2022 as possible. Since the CIP funding would not be available until July 1st, I called for an "everyone in the room meeting" with Public Works, SBURA, KSKC LLC, TPA Group and Torgerson to discuss how we could proceed.

The following is a portion of an email I sent to the above parties that recaps the agreed-upon plan:

1. TPA Group/Performance Engineering will take the lead in designing and building a water main on South Frontage Rd from Washington Ave to about 500ft west of Sugar Ave. The intent of this is to help ensure that construction begins in early 2022. A portion of the design work has already been completed.
2. Public Works will draft Compensation Agreements with Torgerson and Compton for their portions of the project. In turn, Torgerson and Compton will draft agreements with TPA LLC. For the sake of simplicity, the Compensation Agreements with Torgerson and Compton will include funding from both Public Works and the South Billings Boulevard Tax Increment District ("the District").
3. The City of Billings has estimated \$845,422 for this project for Year FY23 in its FY23-27 Capital Improvement Plan (CIP). The District and Public Works will fund \$474,177 and \$371,245 of this project, respectively. The FY23 CIP amounts will be "rolled" into the City of Billings FY23 budget as part of the City's annual budgeting process that will take place in the Spring of 2022. These funds will become available concurrent with the beginning of the City's 2023 fiscal year (July 1, 2022). If funding becomes urgent prior to July 1, the District and Public Works will make their best efforts to identify available funds to meet this need.

While all the above is essentially "invisible" to BSEDA, the City Council will need to approve the Compensation Agreements.