

City Council “Special” Work Session

5:00 PM
Council Chambers
September 25, 2017

ATTENDANCE:

Mayor/Council: Mayor Hanel, Cromley, Yakawich, Brewster, Cimmino, McFadden, Friedel, Sullivan, Swanson, Clark, Brown.

CM excused: N/A

ADJOURN TIME: 6:35 PM

Agenda

TOPIC #1	One Big Sky Center
PRESENTER	Bob Dunn and Rob Robinson, Landmark/Hammes
NOTES/OUTCOME	

- Presentation given by Bob Dunn with updates on the project. Determine the vision the City has. Mr. Dunn and his team are attending meetings with various factions of the economic community in Billings every trip. Defining a set of goals – macro market analysis from data sets to formulate opinions, not conclusions to determine where the market is heading. Preliminary Program Evaluation to determine residential vs. office, retail needs. Vision is to become bigger, not lesser – a transformative, anchoring project to drive an urban revitalization. Have not done the more micro-level market analysis. Not very deep into the project, still digging into urban design and planning projects. Building massing now and plans for higher density. Meeting with project stakeholders and developing meeting schedules for the months ahead.
- Plan to bring a tangible concept development plan to Council in mid-November.
- Concerned about rental levels – may not have enough demand for rental housing to build more rentals. If cannot be financed, will not be built.
- Sullivan: Provide economic examples from other projects. Looking for tangible dollar figures to work with.
- Dunn: Will provide good examples from projects directly involved in.
- Mayor Hanel: Surprised not further along.
- Dunn: Inherited a lot of information and there is a learning curve. Can cause a more disruptive situation when moving too quickly or out of sequence. Refining the thinking and economics now. Don't want to start putting too much information out too early as those may be in a constant state of change until there is a firm

plan. Lose credibility. Building an economic framework. Cautious to move too quickly.

- Mayor Hanel: Council previously advised there were insurance companies, medical facilities, etc. that had committed to space in the project by previous developer.
- Dunn: There were letters of intent negotiated and signed prior to Landmark/Hammes coming onboard – that's a positive. Need more time to build on the project.
- Cromley: Class A space in Billings is \$20/sq. ft., however, were told \$30/sq. ft. How do you make it in the market with that difference and bridge the gap?
- Dunn: build with economic valuations for the tenants by making it with desirable amenities which will reduce their rent. Employment market is changing rapidly. Employers of tomorrow that do not have an environment that will attract young talent, will struggle to hire and maintain that talents.
- Brown: Are you scrapping the initial plans?
- Dunn: No, re-evaluating for other opportunities. Example: Lambeau Stadium Development went from 10 football games/year to a venue that hosts 700-800 events/year. Looking for the transformative anchoring and then the periphery around it. Looking at broader economic zone. Things that impact large projects are building in the wrong location; building the wrong program that doesn't fit well with community. Through convention center studies this has been identified as being Billings most needed amenity and is an important opportunity to create a viable anchoring element. Would help build a better mouse trap so to speak. The industry has a herding mentality – replicating what others have done. Billings has opportunities to partner in the health care sector, wellness, youth and amateur sports to create a more vibrant public facilities than other competing geographic areas can offer. Have identified 150,000 sq. ft. office space; 300 units of housing; 90,000 sq. ft. retail space; 85,000 sq. ft. convention center, 200 room hotel; 1,100 parking stalls. That will be broken down more as the project gets further along. Building an economic model to test those ideas.
- Brown: Do you look at how this facility will impact existing buildings, etc.
- Dunn: Mindset should be this project is developed with a broader economic plan in mind. Other property owners will improve their properties and other developers will build other properties in the area and a renewal will happen. There is more to gain than lose. Will provide examples of transformative projects.
- Sullivan: Other convention spaces in town, have received some concerns from existing convention centers. Creating a bigger pie or cutting into the same sized pie.
- Dunn: Strong opinion that a certain size of convention center should be in Billings to make Billings competitive, regionally. If a smaller venue is built, it is

limiting and would take away from existing convention centers for a fight to the bottom. Do not want to compete with local competitive set, a larger convention center will bring business and visitation from other states to Montana, lifting the economy from outside with new spending. Compared with Bismarck, Fargo and Rapid City for 90,000+ sq. ft. venues for competition. Create economic thrust.

- Yakawich: Can garnish a lot of information from Hammes studies whether this goes or not. Yakawich's vision is for urban revitalization for the downtown area. Too many vacant areas in the downtown area. Can interested businesses be identified during update meeting in November that would come to Billings because of the OBSC.
- Dunn: That's too soon. Market will not mature that quickly. Carefully advance this project.
- Mayor: Respects the successes of Hammes. Have you been following economics of the State? State's budget is not looking good. That will affect Billings.
- Dunn: Yes. Every state has fires to contend with and used to working with them. Beginning to build on what type of investment would be best for government. Montana's legislation is unique, but not entirely different from other states. The employment dynamic is very real. In the past, communities would ask what are you going to do to create jobs? Now there is greater demand for employees than there is supply. Doing nothing will have dire consequences.
- Friedel: Is November enough time to give a market analysis.
- Dunn: Will be okay with that.
- Mayor: Comments from public is about money from TIF District.
- Dunn: It is premature for that now to talk about public funding.
- **Public Comment:**
- Terry Odegaard: Complimented Bob Dunn on due diligence. Stated he is comfortable allowing more time, if Landmark needs it. Stated Metra operations need to be reviewed and considered. It is capable of doing more than it does. Concerned about traffic and parking in the downtown area. Spoke of Helena – Boeing's investment of \$10 million there and creating jobs. Billings needs jobs and better paying jobs. Billings downtown was vibrant in the 1960s. Wants it to be brought back to greatness.
- Mayor: You are speaking of jobs in particular everywhere.
- Mr. Odegaard: Would build a cultural center rather than a convention center to draw traffic downtown 7 days a week. Other cities he has lived in have cultural centers that draw traffic every day.
- Brown: Chicken / egg theory. Quandry have to have the supply for employers, have to have jobs for employees. Which comes first? City should be a part of the changes needed. Supportive of the vetting.

- Mr. Odegaard: Build downtown in a strong fashion – cultural centers continue building. East Billings Urban Area needs to be improved – discussions need to move forward.
- Connie Wardell: Complimented Bob Dunn. Stated he needs to know the community's vision for downtown. Look at the entire City as to what is happening. Small group downtown trying to keep everybody else out and push OBSC. There are a lot of changes coming – new Mayor, new City Administrator, etc. Develop a process to invite others in the community to share their visions. Warned not to use all TIF monies for one project. As other buildings go vacant, they will need to be revitalized, too. Downtown sports complex to hold major events that Billings citizens can enjoy, rather than a convention center wherein few citizens would utilize.
- Mayor: What is your vision?
- Ms. Wardell: More loft apartments. More open to other cultures. Billings is a friendly city and we want to keep that. Restaurants aren't full downtown. Doesn't like the traffic downtown. Billings has distinct, separate communities -- South Side, Heights, Lockwood, Shiloh Crossing, West End. All need to be considered in the vision.
- Chandler Griffin, a commercial broker: Gave perspective of demand. Need facilities in Billings. Planet Fitness, Burlington Coat Factory, At-Home, Marshalls, Trader Joes, REI, all looking for space. Trader Joes has overlooked Billings because of the sprawl and division of the community. There is a demand for the space, so determining how to construct it is key.
- Mayor: It was great when Lucky's market came to town.
- Brown: Types of businesses mentioned are geared for large single floor spaces – not really available downtown. How could we support?
- Mr. Griffin: 90,000 sq. ft. is needed per businesses mentioned. The proposed retail area would likely be broken up into smaller areas for smaller businesses. Location is important.
- Brown: Do those businesses want to be in a downtown area? It seems to be more fitting on the West End or Heights.
- Mr. Griffin: The downtown area really has about 40,000 people, the living area needs to be increased which would spur more activity in the downtown area. Certainly Shiloh Crossing is viable, but has some hurdles to clear as well. It is a destination location and you have to drive to get there and not built around neighborhoods. Logistics can be worked out. Downtown has very viable arguments that make it more competitive for some businesses than other locations in Billings.
- Yakawich: Are there other businesses interested in coming to Billings other than retail?
- Mr. Griffin: Yes, the technology field, health care and financial world has opportunities.
- Yakawich: Don't come because of space requirements?

- Mr. Griffin: Yes and no, Billings has quality of life. Billings is similar to other larger cities, Denver, Portland.
- Swanson: Made suggestions for Mr. Griffin to get involved with.
- Mr. Griffin: Mountainwest gives forecasting opportunities that helps him to bring things to Billings.
- Lee Humphrey, Edwards Jones: Stated modern new office space it is difficult to attract modern new employers and employees. New businesses are not going to consider revitalizing rundown buildings – it costs too much for the start up. The developers' plan will show what businesses have an interest in moving to Billings. When looking to TIF money, the project will create new tax monies when the project is completed. He predicted a 3% increase in TIF monies. He stated that bonding the project gives one a fixed payment. He encouraged Council to assess how much current TIF monies to put toward the project. Consider the impact of a 20-year bond, the impact of the revenue over the time period of the bond and what the bond payment is. Will look more favorable over a longer time period than it does on day one. He would love to have a conference center and he had reviewed the conference center study.
- Mayor: Familiar with setting up a bond? Will support public support bonding?
- Mr. Humphrey: The public would support bonding from the TIF district because it would not be based on the property taxes. As long as they understand the process. Education is needed. Would be happy to help.
- Brown: Appreciated Mr. Humphrey's efforts and research on the project.

TOPIC #2	Council Discussion
PRESENTER	
NOTES/OUTCOME	

- Cimmino: How many meetings has there been since July 10th with community members and stakeholders?
- Tina: At least one that she attended.
- Bob Dunn: 4 trips for 2 days or more at a time.
- Cimmino: Social media is an amazing tool to reach people – how to get tangible information? What do the stakeholders know that the public and Council don't know?
- Bob Dunn: Stakeholders don't know anything more than Council. Don't use social media.
- **Public Comment:**

TOPIC #3	Public Comment on Items not on the Agenda
PRESENTER	
NOTES/OUTCOME	

- None.