



ONE BIG SKY DISTRICT

TRANSFORMING THE ECONOMIC FUTURE OF MONTANA

DECEMBER 18, 2018





- Introduction
- Why Billings? Why Now?
- Convention Center Study
- Market Overview
- The Vision & Plan
- Finance Plan
- Legislative Proposal
- The Path Forward
- Questions



TODAY IS THE BEGINNING OF A **PARTNERSHIP** ...

TO BUILD AN **ICONIC PLACE FOR THE NEXT GENERATION**

CENTERED ON **THE MONTANA LIFESTYLE**

THAT **DRIVES ROBUST GROWTH** IN MONTANA'S STATEWIDE ECONOMY

FUELED BY **PRIVATE INVESTMENT**

TO BECOME A **NATIONAL LEADER** IN ECONOMIC DEVELOPMENT

An aerial night photograph of a city, likely Bozeman, Montana, featuring a baseball stadium in the lower-left foreground and a multi-lane highway running through the center. The city lights are visible in the background against a dark sky.

INTRODUCTION

ONE BIG SKY DISTRICT

PURPOSE OF THE DEVELOPMENT PLAN

INTRODUCTION

This Development Plan was prepared as **a partnership** among Landmark Development Services Company, the City of Billings, Big Sky Economic Development Corporation, Billings Chamber of Commerce, Downtown Billings Alliance, and Billings Tourism Business Improvement District **to formulate a deliberate economic development strategy** to overcome the challenges and capitalize on the opportunities of the City, the Region and the State for the next generation of workers, residents, students, and visitors.

The Plan lays out a **comprehensive vision and plan of action** to evolve the the City of Billings into a more vibrant destination centered on the Montana lifestyle that drives robust growth in the local and statewide economies. This unique plan is **fueled by private investment** and builds iconic new public assets and civic institutions that will secure the State's position as a national leader in creative economic development and future workforce development.

GOALS & OBJECTIVES

INTRODUCTION

The One Big Sky District goals are centered around 4 core themes, including:



TOMORROW'S WORKFORCE GOALS

- Help the State of Montana attract the next generation workforce and move beyond its ranking at the bottom of U.S. states for Millennial population (46th according to the U.S. Census Bureau).
- Become a model city nationally to attract and retain a skilled workforce ... from professional to industrial and the trades.



LIFESTYLE GOALS

- Design a city around the “mega” development trends that will be important for the coming decades, acknowledging re-urbanization and more healthy built and natural environments.
- Develop a series of memorable urban experiences and programmatic offerings that appeal to all of Billings’ residents and visitors.
- Embrace the authentic Montana and Billings experience.



CIVIC & COMMUNITY GOALS

- Support a range of housing options and more mixed-use development in the downtown core.
- Establish Billings as one of the Mountain Region’s dominant destination cities for visitation driven by anchoring institutions (e.g., health care and education) and an emerging tourism economy to draw meetings, conferences, conventions and a range of dynamic local, regional and national events.



FISCAL & ECONOMIC GOALS

- Grow tax base for the City, the County and the State.
- Strengthen the City’s position in the region to become the most attractive market for new private business and investment.
- Create new jobs to drive not only the local, but also the regional and statewide economies.
- Realize a return on public investment at a significant ratio.

PROJECT TEAM

STRATEGY PARTNERS



PROJECT TEAM

CONSULTANT TEAM





WHY BILLINGS? WHY NOW?

“When evaluating a region’s economy, **the first question to ask is, ‘Do people want to live there?’**
If people want to live there, then something is working.
If people do not want to live there, then something may be wrong.”

BRYCE WARD, BUREAU OF BUSINESS & ECONOMIC RESEARCH AT THE UNIVERSITY OF MONTANA

“Without a strong core, the whole region suffers as economic opportunities pass it by for more vibrant urban centers of activity”

BILLINGS & MONTANA ARE AT A CROSSROADS...

WHY BILLINGS? WHY NOW?

Montana Today

Montana's future is dependent upon a balanced urban and rural strategy ...

Montana's economy is characterized by limited growth in economic output and tax base ...

Montana lacks sufficient tools to drive economic development ...

Montana does not attract institutional capital investment due to market imbalances ...

Montana faces challenging dynamics in attracting tomorrows workforce to replace 45,000 jobs ...

Montana Tomorrow ... ONE Big Sky

ONE Big Sky is a vision for a great American city

ONE Big Sky is a driver of fiscal & economic growth for Montana growing tax base by \$2 billion+

ONE Big Sky supports major economic development while limiting risk to the State and City

ONE Big Sky targets \$2 billion of private capital investment centered on catalytic civic anchors

ONE Big Sky solves the jobs dilemma

ECONOMIC STRENGTHS & REALITIES

WHY BILLINGS? WHY NOW?

Billings faces many of the same economic realities and challenges similar to other mid-sized cities nationwide. ONE Big Sky provides the structural framework to drive Billings to become one of America's most dynamic cities for the next generation.

ECONOMIC STRENGTHS | THE OPPORTUNITIES

- ✓ Regional Destination Economy
- ✓ Proven Tourism Base
- ✓ A Relatively Untainted Urban Landscape & Character
- ✓ Committed Economic Development Community
- ✓ The Montana "Lifestyle"
- ✓ Billings Urban Infrastructure can Support Major Economic Development

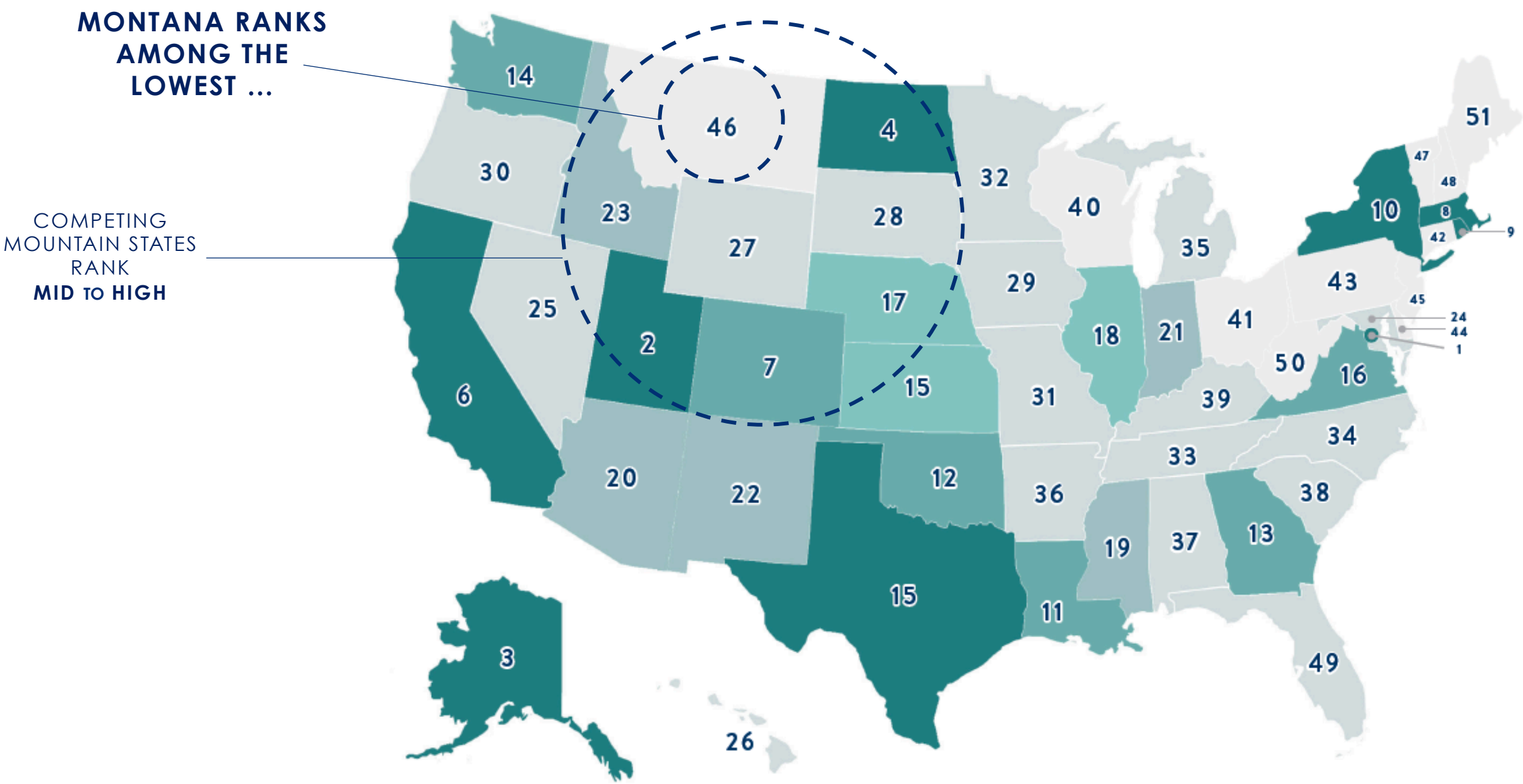
ECONOMIC REALITIES | THE CHALLENGES

- ✓ Shrinking Employment Base / Aging Workforce
- ✓ Market Imbalance Creates Barriers to New Real Estate Development
- ✓ Economic Climate Discourages Corporate Retention / Attraction
- ✓ Disparate Strategies / Lack of Statewide Engine for Growth in the Economy
- ✓ Not Attractive to the Institutional Capital Markets that Support Private Investment

WORKFORCE CHALLENGES

WHY BILLINGS? WHY NOW?

U.S. RANKINGS OF HIGHEST **MILLENNIAL** POPULATION

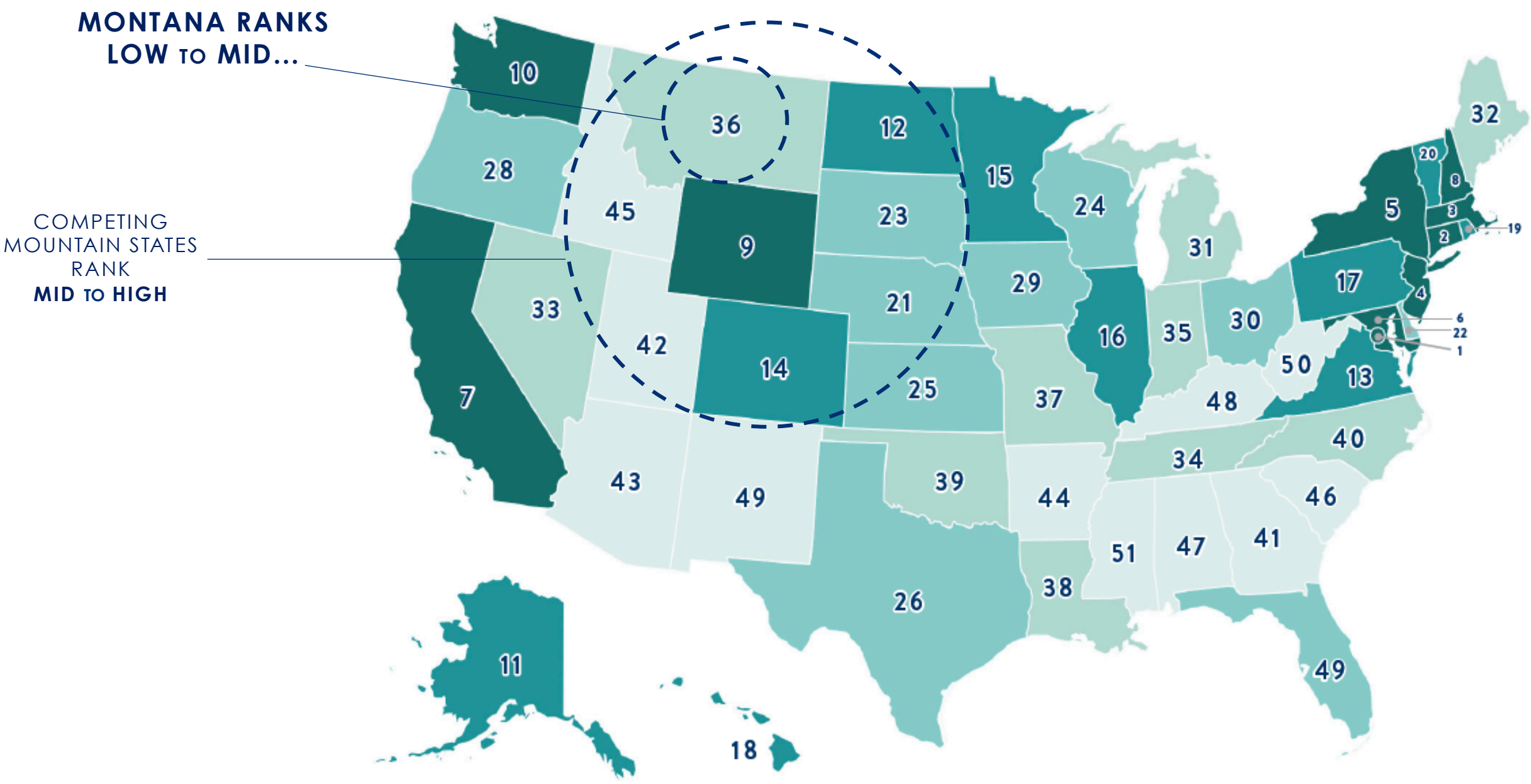


SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS

PER CAPITA INCOME

WHY BILLINGS? WHY NOW?

U.S. RANKINGS OF PER CAPITA INCOME



SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS



CONVENTION CENTER STUDY

MONTANA STATION

“[T]he convention market is huge, and many veteran convention attendees have voiced their **desire to try out new cities that they haven’t visited over and over again.** This call for new locales has opened a **wealth of opportunities for smaller cities to grab a greater piece of the pie.**”

DAN FENTON, EXECUTIVE VICE PRESIDENT | JLL HOTELS & HOSPITALITY GROUP

"The 'box with docks' model will not support the venue model of tomorrow. The model will be flipped to look like a part of the city instead of standing apart from its host city."

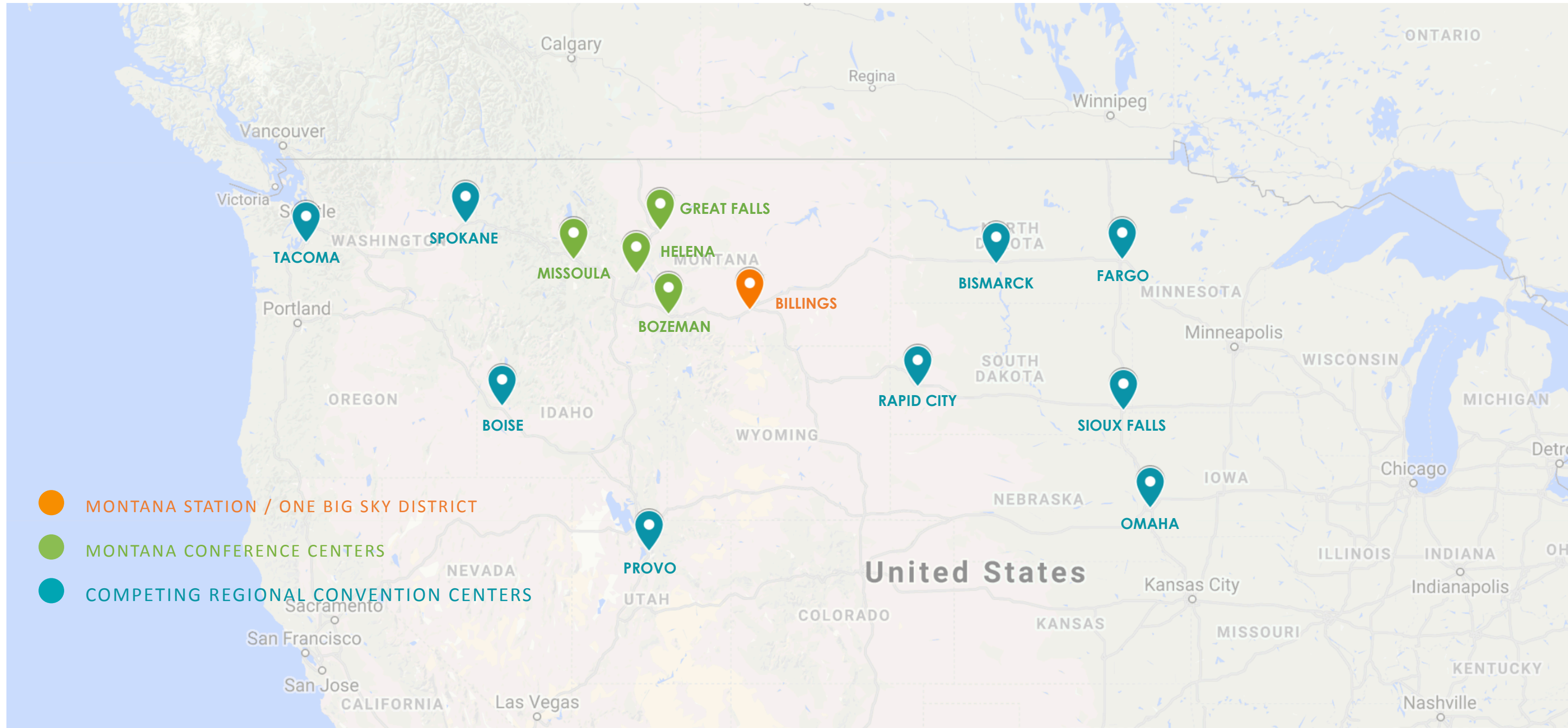
- WOODS BAGGOT ARCHITECTURE

A VISION FOR MONTANA

CONVENTION CENTER STUDY

- America's most unique convention, event and multi-purpose civic venue
- A destination that is activated 365-days per year for residents and visitors
- Further drives tourism economy above the 12.2 M visitors per year
- Amenities and character that can become the foundation of an authentic "Montana Experience"
- An opportunity to define an urban landscape
- Creating a community anchor that can drive major economic development

CONVENTION CENTER STUDY



MONTANA VENUES... THE MARKET “GAP”

CONVENTION CENTER STUDY

Montana doesn’t currently have a venue that can compete at the scale / level of experience that is envisioned for “Montana Station”:

VENUE	ONE BIG SKY DISTRICT	MISSOULA CONFERENCE CENTER	UNIVERSITY OF MONTANA UNIVERSITY CENTER	BUTTE CIVIC CENTER	GREAT FALLS CIVIC CENTER	MONTANA STATE UNIVERSITY STRAND UNION BUILDING	BOZEMAN CONFERENCE CENTER	HELENA CIVIC CENTER
LOCATION	Billings, MT	Missoula, MT	Missoula, MT	Butte, MT	Great Falls, MT	Bozeman, MT	Bozeman, MT	Helena, MT
YEAR OPENED	Proposed	Proposed	1969	1952	1939	1940	Proposed	1920
DISTANCE FROM BILLINGS	N/A	343 Miles	344 Miles	225 Miles	219 Miles	142 Miles	144 Miles	239 Miles
PRIMARY USE								
CONVENTION / EXHIBITION	●		●	●	●			
MEETINGS / CONFERENCE	●	●	●	●	●	●	●	●
EXPOSITIONS	●							
SPORTING EVENTS	●			●				
CONCERTS	●			●		●		●
PERFORMING ARTS	●				●			●
TRADE SHOWS	●		●	●				●
SPECIAL EVENTS	●	●	●	●	●		●	●
PROGRAM								
EXHIBIT HALL	90,000	**	9,424	20,000	15,300	**	**	**
BALLROOM	SEE ABOVE	17,735	10,437	9,500	4,160	14,500	20,000	14,465
MEETING / CONFERENCE	30,000	2,820	8,788	**	4,478	4,848	**	**
PRE-FUNCTION SPACE	SEE ABOVE	13,150	1,800	**	**	**	**	675
PLAZA	50,000	**	**	**	**	**	**	**
THEATER / ARENA	N/A	**	2,835 Seats	7,500 Seats	1,750 Seats	190 Seats	**	1,925 Seats
TOTAL USABLE SPACE	170,000	33,705	30,449	29,500	23,938	19,348	20,000	15,140

REGIONAL VENUES... THE MARKET OPPORTUNITY

CONVENTION CENTER STUDY

One Big Sky District and Montana Station positions the City of Billings and State of Montana to compete regionally, punching above our weight class:

VENUE	ONE BIG SKY DISTRICT	CHI HEALTH CENTER	SPOKANE CONVENTION CENTER	GREATER TACOMA CONVENTION CENTER	BISMARCK EVENT CENTER	FARGO DOME	RUSHMORE PLAZA CIVIC CENTER	UTAH VALLEY CONVENTION CENTER	BOISE CENTRE
LOCATION	Billings, MT	Omaha, NE	Spokane, WA	Tacoma, WA	Bismarck, ND	Fargo, ND	Rapid City, SD	Provo, UT	Boise, ID
YEAR OPENED	Proposed	2003	2007 (renovated)	2004	1969	1992	1977	2012	1990
DISTANCE FROM BILLINGS	N/A	838 Miles	541 Miles	831 Miles	415 Miles	611 Miles	318 Miles	591 Miles	612 Miles
PRIMARY USE									
CONVENTION / EXHIBIT	●	●	●	●		●	●	●	●
MEETINGS / CONFERENCE	●	●	●	●	●	●	●	●	●
EXPOSITIONS	●		●		●			●	
SPORTING EVENTS	●	●		●	●	●	●		
CONCERTS	●	●	●	●	●	●	●	●	
PERFORMING ARTS	●	●	●		●			●	
TRADE SHOWS	●		●	●	●	●		●	●
SPECIAL EVENTS	●			●				●	
PROGRAM									
EXHIBIT HALL	90,000	194,300	120,000	99,500	100,000	115,000	65,212	19,620	**
BALLROOM	SEE ABOVE	41,876	50,530	13,650	**	**	15,158	16,894	42,161
MEETING / CONFERENCE	30,000	22,050	24,983	18,550	15,911	14,902	13,388	10,331	21,612
PRE-FUNCTION SPACE	SEE ABOVE	29,200	53,926	26,800	34,000	**	12,378	31,480	17,651
PLAZA	50,000	9,000	24,603	**	**	**	**	5,553	
THEATER / ARENA	N/A	18,300 Seats	3,153 Seats	**	10,100 Seats	25,000 Seats	7,000 Seats	**	**
TOTAL USABLE SPACE	170,000	296,426	274,042	158,500	149,911	129,902	106,136	83,878	81,424

REGIONAL VENUES... THE MARKET OPPORTUNITY

CONVENTION CENTER STUDY

(Continued)

VENUE	ONE BIG SKY DISTRICT	DENNY SANFORD PREMIER CENTER	MEYDENBAUER CENTER	YAKIMA CONVENTION CENTER	WENTATCHEE CONVENTION CENTER	THREE RIVERS CONVENTION CENTER	CASPER EVENTS CENTER	MARIAN H. ROCHELLE GATEWAY CENTER
LOCATION	Billings, MT	Sioux Falls, SD	Bellevue, WA	Yakima, WA	Wenatchee, WA	Kennewick, WA	Casper, WY	Laramie, WY
YEAR OPENED	Proposed	2014	1993	1976	2017 (renovated)	2004	1982	2014
DISTANCE FROM BILLINGS	N/A	659 Miles	812 Miles	746 Miles	709 Miles	683 Miles	276 Miles	424 Miles
PRIMARY USE								
CONVENTION / EXHIBIT	●	●	●	●	●	●	●	●
MEETINGS / CONFERENCE	●	●	●	●	●	●	●	●
EXPOSITIONS	●		●		●	●	●	
SPORTING EVENTS	●	●						
CONCERTS	●	●					●	
PERFORMING ARTS	●		●					
TRADE SHOWS	●	●			●		●	
SPECIAL EVENTS	●		●		●	●		●
PROGRAM								
EXHIBIT HALL	90,000	33,600	36,000	**	7,560	**	24,064	1,826
BALLROOM	SEE ABOVE	16,800	**	29,568	10,080	21,600	3,820	8,000
MEETING / CONFERENCE	30,000	8,700	10,390	799	7,212	11,474	3,012	1,500
PRE-FUNCTION SPACE	SEE ABOVE	**	6,920	6,000	7,712	**	**	769
PLAZA	50,000	**	**	7,000	7,500	**	**	**
THEATER / ARENA	N/A	12,000 Seats	410 Seats	**	**	**	**	**
TOTAL USABLE SPACE	170,000	59,100	53,310	43,367	40,064	33,074	30,896	12,095

The new convention and meeting facility development in Billings would be the **newest and highest quality in the region**, and will **establish Billings as a regional destination** for sports, entertainment, conventions and other events.

CONVENTION & TOURISM MARKET

CONVENTION CENTER STUDY

MARKET CONDITIONS

- The convention and tourism market in Montana today is defined by small (15,000 to 30,000 square foot) community venues that draw from a local, not regional or national, market
- There are NO mid-sized convention centers in Montana today
- There is demand for quality, mid-sized convention space in Montana and Mountain States Region
- Competing regional facilities follow the traditional “box with docks” model and lack the characteristics that tomorrow’s event-goers will demand

OPPORTUNITY

- A destination-caliber venue would position Billings and State of Montana to compete regionally and nationally for convention and tourism business
- The importance of quality hotel rooms and urban civic amenities is imperative to convention goers of tomorrow

THE CONVENTION CENTER ... RE-IMAGINED

CONVENTION CENTER STUDY

- **A DESTINATION UNTO ITSELF...** A unique and exciting **destination experience** with **unique amenities** that can't be found elsewhere
- **A MULTI-EXPERIENCE VENUE...** Ability to host **multiple uses / event types** and generate **multiple forms of revenue** all in one space
- **AN URBAN-CENTERED DESIGN...** Activations outside the convention center including **retail, hotels and supportive infrastructure**
- **AUTHENTIC, WITH CULTURAL INFLUENCES...** An authentic Montana experience, where the venue and amenities **reflect local culture**
- **ADAPTABLE & FLEXIBLE...** Space that accommodates traditional meetings, but also anticipates **newer, more dynamic formats**
- **CONSCIOUS OF HEALTH & WELLNESS TRENDS ...** Amenities that **support health / wellness, walkability, healthy food**, etc.
- **INTERACTIVE ...** A more interactive host city experience, with **seamlessly integrated technology**, bridging to other local attractions

MONTANA STATION WILL ...

CONVENTION CENTER STUDY

Montana Station will build an iconic, destination-caliber venue, with a diversified operations model, that provides an authentic Montana experience and leverages new and existing Billings venues, positioning Billings to compete regionally and nationally for tourism and convention business.





MARKET OVERVIEW

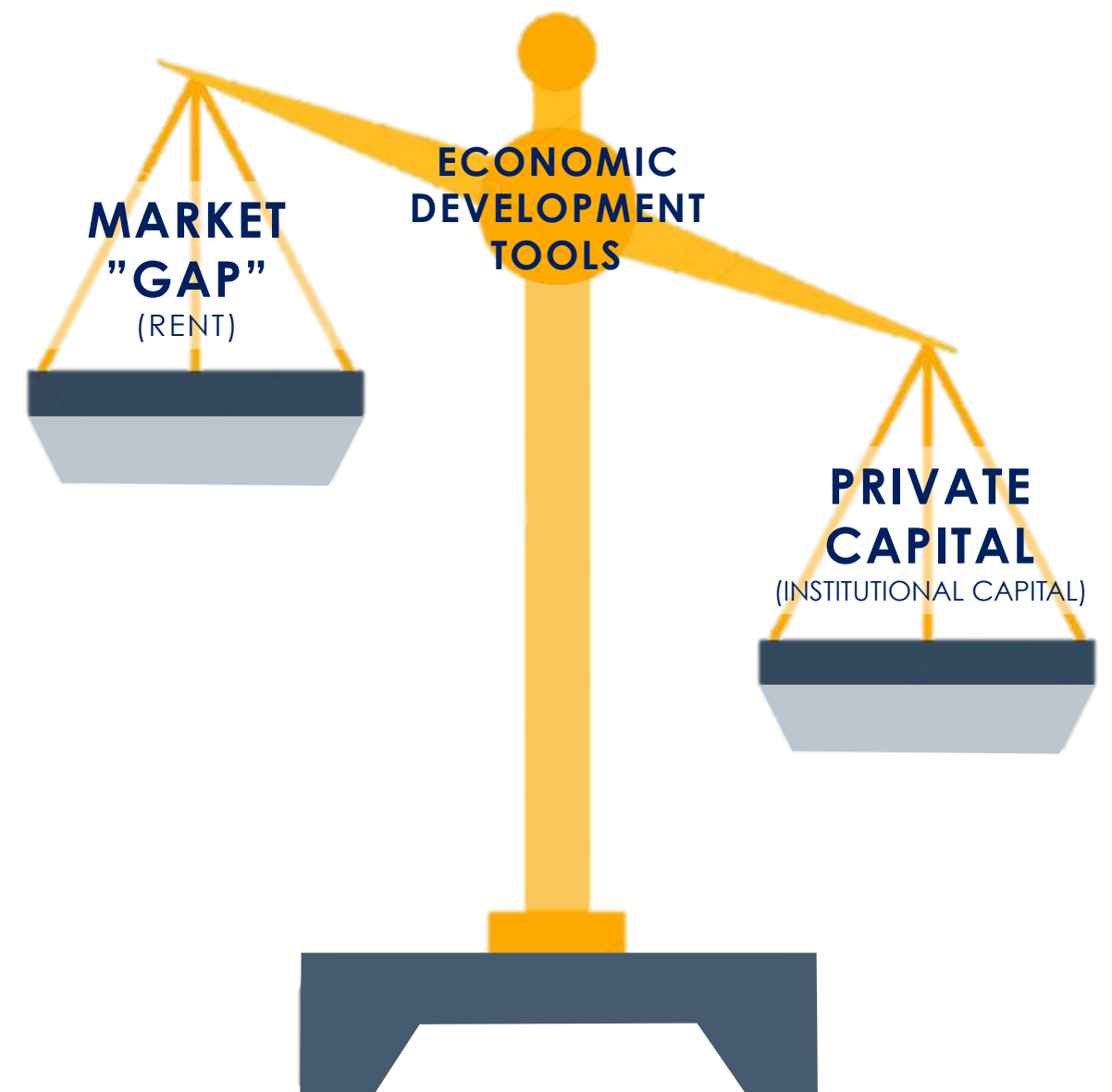
BILLINGS & MONTANA TODAY

BILLINGS & MONTANA TODAY ...

MARKET OVERVIEW

Over the last decade, Billings' economy has been defined by **slow and steady growth**. However, "slow and steady" has **NOT created enough momentum to attract and retain workers, drive visitation, and grow new and existing businesses**.

The absence of growth and an urban strategy for Billings has resulted in a **MARKET "GAP"** that limits Billings' ability to attract private capital investment that is needed to support growth and new development on par with competing cities in the Mountain States Region and Nationally.



*“New office supply is needed, as there are few truly Class A options ...
Once new space comes online, the **tenant mix will shift upward and the ability to
attract and retain new companies to Billings will be more apparent.**”*

COMMERCIAL OFFICE MARKET

MARKET OVERVIEW

MARKET CONDITIONS

- Supply is **dated** and of **low quality**
- Rental rates **do NOT support new construction**
- **Vacancy is increasing** as tenants move out of the market to find suitable space

OPPORTUNITY

- There is pent up **demand for quality office space** in downtown Billings
- If a **“critical mass”** of surrounding development (especially housing) can be created downtown, the office market will strengthen considerably
- The importance of urban civic amenities to the office worker of tomorrow is imperative

“Billings has the opportunity to leverage its already established destination economy to become a dominant tourism city.”

HOSPITALITY MARKET

MARKET OVERVIEW

CURRENT MARKET CONDITIONS

- The market is **very seasonal**
- **Supply is aging** and **lacking national brands**
- **Supply is relatively limited** in number of rooms, hampering the City's ability to attract / host large groups
- **Occupancy is low** (63%) and has remained relatively flat for the last 2 decades
- **Rates have slightly increased** over the last 5 years, but **do NOT support new, quality construction**

OPPORTUNITY

- With increased quality and supply, **unaccommodated demand** in the market **will support development of new hotel rooms** (not cannibalize existing rooms)
- New hotel room development is **dependent on** the construction of **a destination-caliber entertainment venue**
- New hotel rooms are necessary to **drive additional tourism** and **support the convention business** in Billings

*"The primary hindrance to high-end downtown residential development has been the lack of local developers with the means to to complete such a project. There are **Billings citizens**, spanning from empty-nesters to young professionals, who **would choose to move downtown if quality options were available.**"*

RESIDENTIAL MARKET

MARKET OVERVIEW

MARKET CONDITIONS

- **Supply is old** and **lacks diversification** - limiting opportunities for attracting young professionals and keeping empty nesters
- **Supply is very limited** in number of units (only 141 apartments & 35 condos downtown)
- **Occupancy is high (90%)** and has remained steady for over a decade
- **Rental rates do NOT support new construction**

OPPORTUNITY

- Residential demand will be **fueled by increased quality**
- A critical mass of residents will **enhance the feasibility of supporting developments**, including restaurants, retail, and entertainment and, importantly, commercial office space for employers who are increasingly following the workforce
- The **importance of urban amenities** to the resident base cannot be stated strongly enough

*“There is **demand for additional downtown retail space**. Existing properties are not being absorbed due to their quality, not due to the level of downtown demand ... the area is **starved for quality development**”*

RETAIL & DINING MARKET

MARKET OVERVIEW

MARKET CONDITIONS

- Retail and dining options offered downtown are comprised of **casual and convenience-based options**
- The market today **does not support growth in upscale dining** due to lack of downtown residents
- Billings is a **destination market for retail**, drawing from a 5 hours market trade area
- **Rents do NOT support new / quality product**

OPPORTUNITY

- There is demand for additional retail space downtown Billings
- Quality retail and dining options will **enhance the feasibility of other downtown development**, especially residential and entertainment
- New commercial, residential and entertainment development will further drive retail demand, with an **overwhelming demand for integrated urban options**



THE VISION & PLAN

ONE BIG SKY DISTRICT

A VISION GROUNDED IN TRENDS

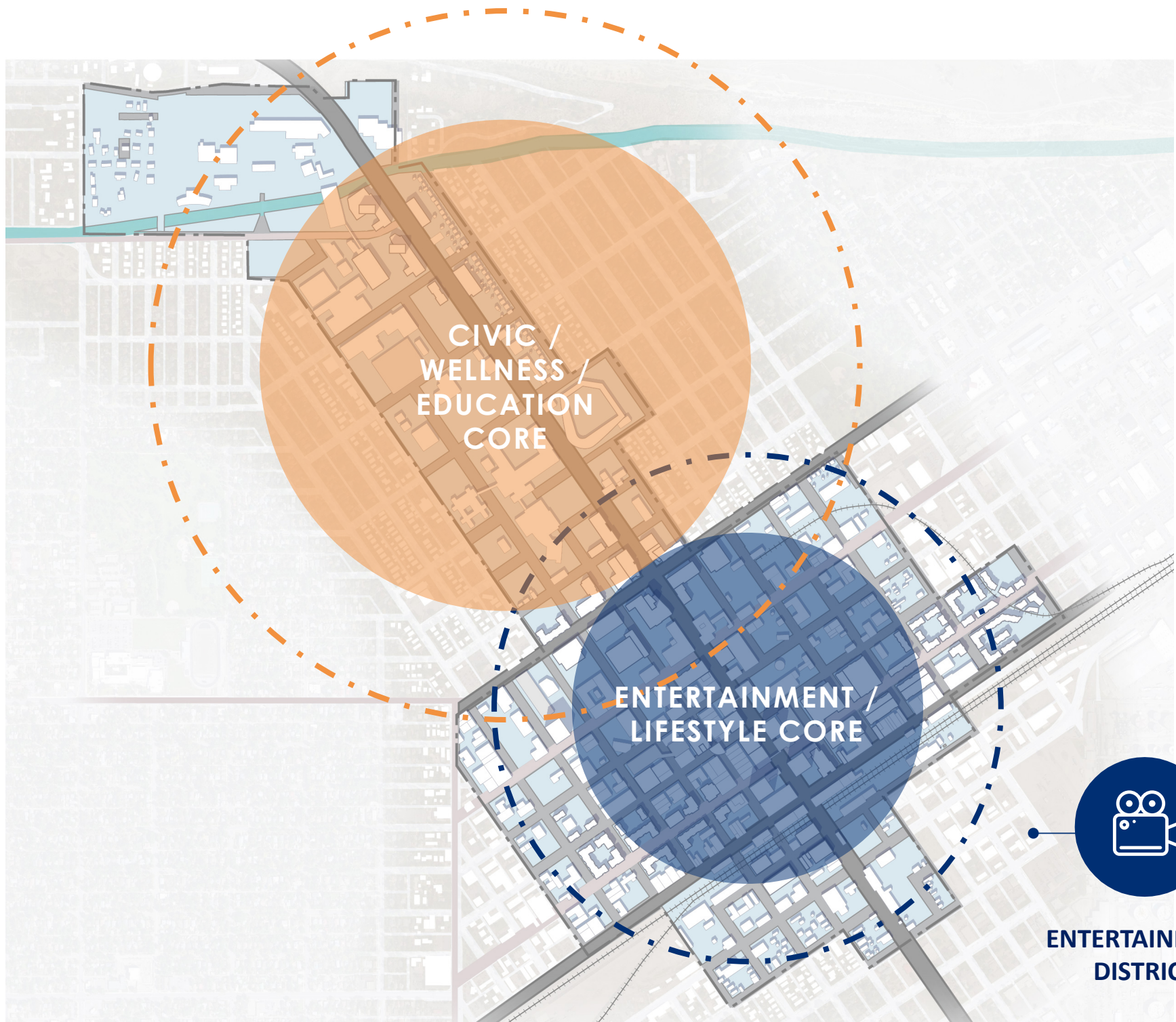
THE VISION & PLAN

The ONE Big Sky vision is centered on a number of “mega” real estate development trends that will define cities of tomorrow:

- Re-urbanization of American cities
- Mixed-use development districts
- 21st century workplace
- Health & Wellness
- Anchoring Institutions
- Urban Lifestyle Residential
- Personalized Hospitality
- Smart Cities

ONE BIG SKY DISTRICT

THE VISION & THE PLAN



The Master Plan for One Big Sky
contemplates a broad economic
development strategy centered on
4 anchoring districts that will become
catalysts to the revitalization of
downtown Billings ...

PROGRAM OUTLINE (PRELIMINARY)

THE VISION & PLAN

	PHASE 1		FUTURE PHASE(S)		TOTAL	
USE						
Convention / Event Center	150,000	GSF	-	GSF	150,000	GSF
Hotel	270	KEYS	150	KEYS	420	KEYS
Commercial / Office	270,000	GSF	134,500	GSF	404,500	GSF
Residential	954	UNITS	955	UNITS	1,909	UNITS
Retail	440,000	GSF	337,800	GSF	777,800	GSF
Education / Innovation	50,000	GSF	935,000	GSF	985,000	GSF
Health / Wellness	390,000	GSF	675,000	GSF	1,065,000	GSF
Parking	3,644	STALLS	1,158	STALLS	4,802	STALLS

THE VISION & THE PLAN

ENTERTAINMENT DISTRICT



ENTERTAINMENT DISTRICT

THE VISION & PLAN



ENTERTAINMENT DISTRICT

THE VISION & PLAN



ENTERTAINMENT DISTRICT

THE VISION & PLAN



ENTERTAINMENT DISTRICT

THE VISION & PLAN



ENTERTAINMENT DISTRICT

THE VISION & PLAN



ENTERTAINMENT DISTRICT

THE VISION & PLAN





THE VISION & THE PLAN

LIFESTYLE DISTRICT



LIFESTYLE DISTRICT

THE VISION & PLAN



LIFESTYLE DISTRICT

THE VISION & PLAN





THE VISION & THE PLAN

CIVIC / WELLNESS DISTRICT



HEALTH & WELLNESS DISTRICT

THE VISION & PLAN



HEALTH & WELLNESS DISTRICT

THE VISION & PLAN





THE VISION & THE PLAN

EDUCATION / INNOVATION DISTRICT



EDUCATION DISTRICT

THE VISION & PLAN



An aerial night photograph of a city, showing a dense urban landscape with numerous lights from buildings and streets. A multi-lane highway runs through the center of the image. In the foreground, there's a large parking lot with several cars and a building with a curved roofline. The overall tone is dark blue with white and orange highlights from the city lights.

FINANCE PLAN

A STRATEGY FOR TOMORROW

“Cities need the right leadership, from both the public and private sector, who are willing to take the risk of reimagining their cities.”

TOM MURPHY, SENIOR RESIDENT, URBAN LAND INSTITUTE

A STRATEGY FOR TOMORROW

FINANCE PLAN

- A comprehensive, private- and public-sector driven economic development plan
- Coordinated development that addresses the current market challenges and breaks the cycle (i.e., closes the “gap”)
- Builds the necessary civic infrastructure
- Civic infrastructure attracts private development that meets tomorrow’s trends and drives growth
- Creates the civic anchors that will catalyze the transformation of downtown Billings
- Built around other strengths of Billings, including the “authentic” Montana lifestyle
- Leverages private investment to finance the extraordinary civic infrastructure costs

ONE Big Sky makes Billings one of America’s most attractive urban lifestyle / destination cities of tomorrow

THE OLD PUBLIC INVESTMENT MODEL

FINANCE PLAN

OLD PUBLIC-DRIVEN MODEL:

- ✓ Public Sector Contributes Capital on Day 1 to Support Private Development (Project Centric)
- ✓ Objective is to Attract Private Sector Investment and Jobs / Residents
- ✓ Public Sector Hopes for Incremental Tax Gain
- ✓ Financial Risk Remains with the Public Sector ("Build it & they will come..."???)

Typical ROI to the Public Sector 1:1 +/-

THE NEW PRIVATE INVESTMENT MODEL

FINANCE PLAN

NEW PRIVATE-LED MODEL:

- ✓ Private Sector Invests Substantial Capital to Drive Development of Transformative Commercial / Residential / Hospitality / Health / Education / Retail / Entertainment Assets
- ✓ Private Sector Builds / Finances / Operates Civic Infrastructure (Community Anchors)
- ✓ Private Sector Investment Provides Certainty of Growth in Tax Base and Jobs
- ✓ Public Sector Contributes to a Portion of Civic Infrastructure After Achieving Defined Growth in Tax Base Once Investment Thresholds are Achieved
- ✓ Financial Risk Remains with the Private Sector

ONE Big Sky Targets a 10:1 Return on Public Investment

WHAT IS THE NECESSARY “CIVIC” BUILD?

FINANCE PLAN

CIVIL INFRASTRUCTURE

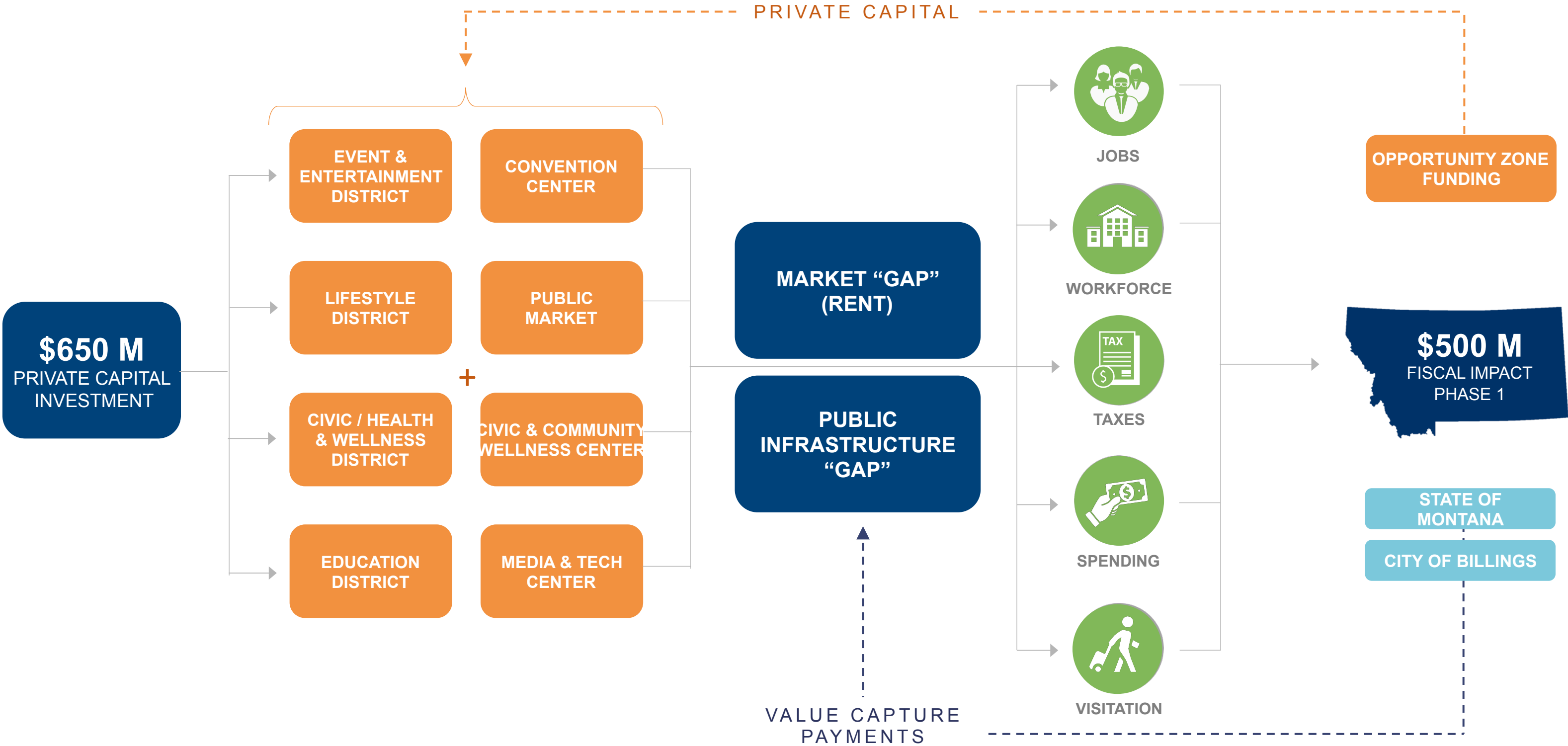
- Typical City Street Improvements
- Standard Sanitary Sewer Upgrades/Repairs
- Standard Storm Sewer Upgrades/Repairs
- Typical Water Utility Improvements
- Transit Improvements
- Lighting, Wayfinding Updates / Upgrades
- Etc.

EXTRAORDINARY CIVIC INFRASTRUCTURE (ANCHORS)

- Convention Center
- Academic, Digital Media & Technology Center
- Public Square & Entertainment Plaza
- Public Market
- City Hall
- Community Wellness & Cultural Center
- Public Parking Facilities

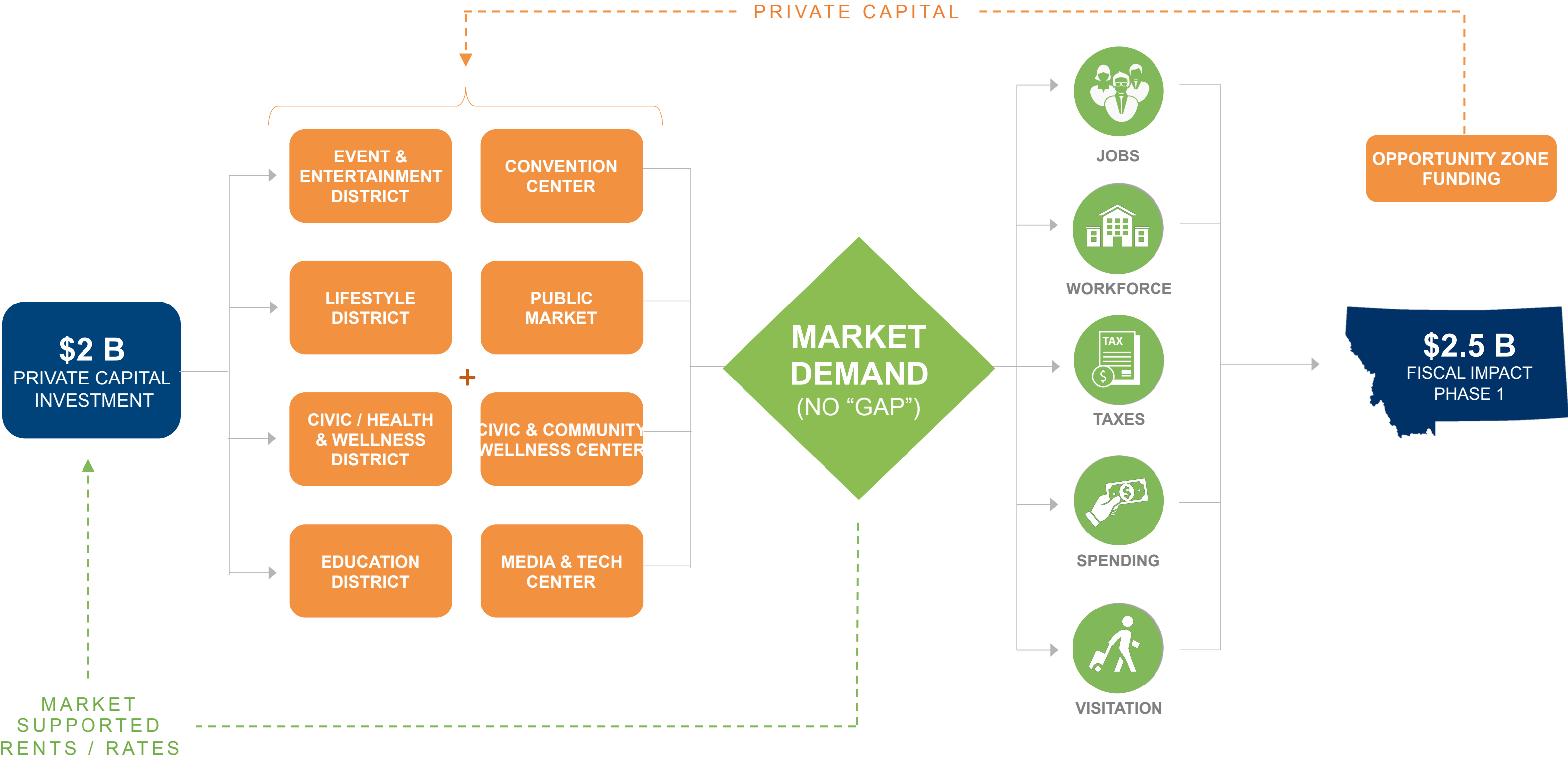
PHASE 1 – OPPORTUNITY DISTRICT FINANCE PLAN

FINANCE PLAN



PHASE 2 – OPPORTUNITY DISTRICT FINANCE PLAN

FINANCE PLAN



PRIVATE CAPITAL INVESTMENT

FINANCE PLAN

SOURCES	PHASE 1	PHASE 2
Private Equity	\$152.0 M	\$467.6 M
Private Equity (Opportunity Fund)	\$140.0 M	\$431.4 M
Private Debt	\$358.0 M	\$1.1 B
Total Investment	\$650.0 M	\$2.0 B

THE PRIVATE DEVELOPMENT

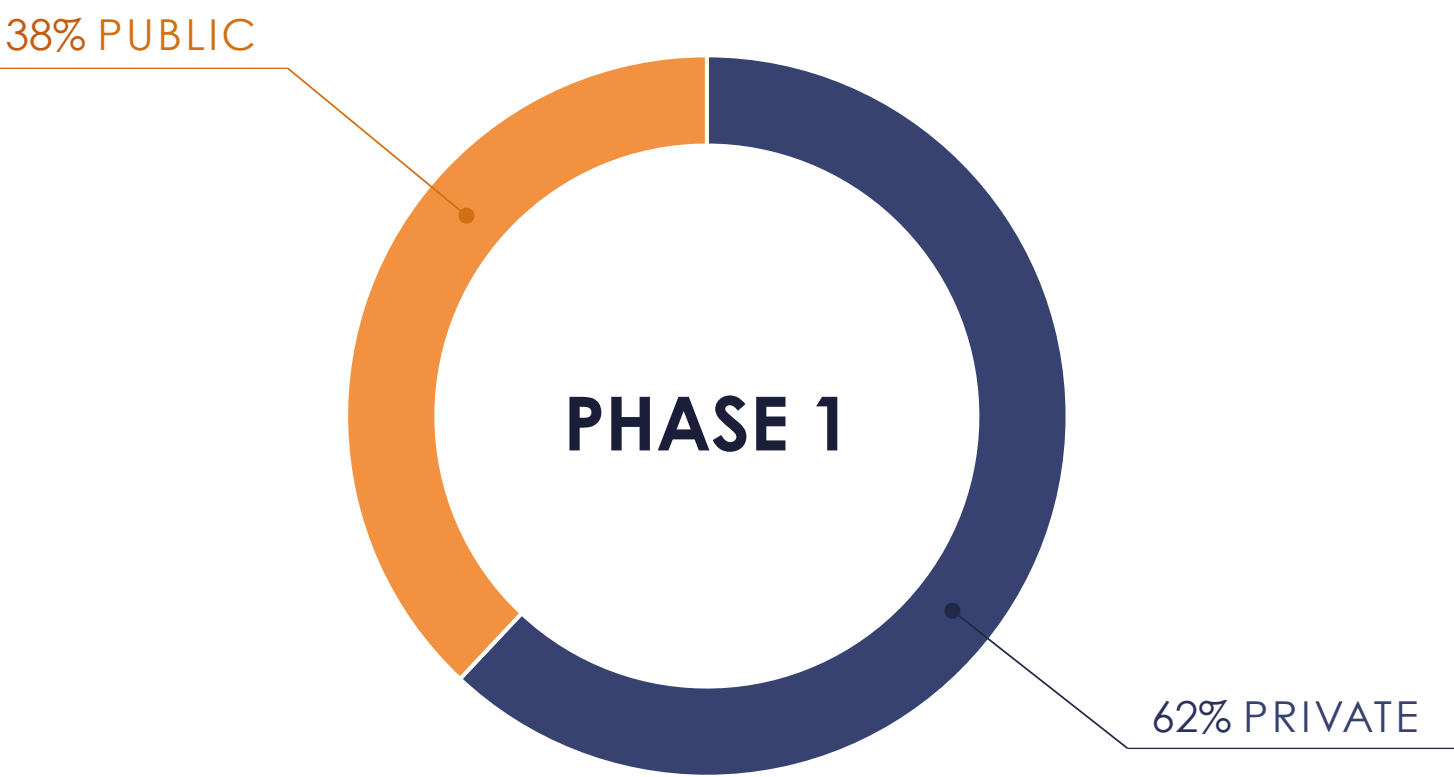
FINANCE PLAN

Private development that would not occur “but for” the Civic Build:

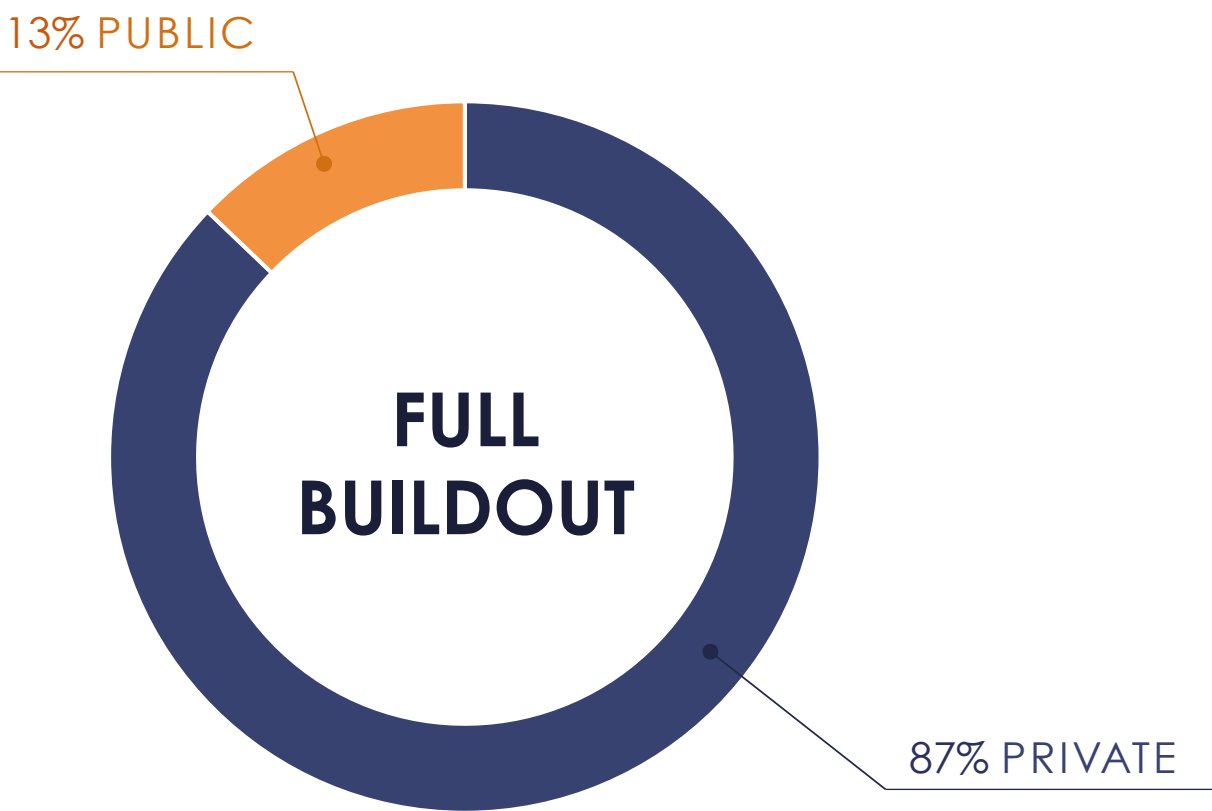
PRIVATE BUILD	PHASE 1	FUTURE PHASE(S)	TOTAL
Hotel	270 KEYS	150 KEYS	420 KEYS
Commercial / Office	270,000 GSF	134,500 GSF	404,500 GSF
Residential	954 UNITS	955 UNITS	1,909 UNITS
Retail	440,000 GSF	337,800 GSF	777,800 GSF
Education / Innovation	50,000 GSF	935,000 GSF	985,000 GSF
Health / Wellness	390,000 GSF	675,000 GSF	1,065,000 GSF

THE INVESTMENT RATIO

FINANCE PLAN



\$650 M PRIVATE INVESTMENT
\$250 M PUBLIC INVESTMENT
RESULTS IN:
\$500 M NET NEW TAXES



\$2 B PRIVATE INVESTMENT
\$0 ADDITIONAL PUBLIC INVESTMENT
RESULTS IN:
\$2.5 B NET NEW TAXES

An aerial night photograph of a city, likely Los Angeles, showing a dense urban landscape with numerous lights from buildings and streets. A major highway, possibly the 101, runs diagonally through the center of the image. In the foreground, there's a large, modern building with a curved roofline, possibly a sports arena or convention center. The overall tone is dark blue, with the city lights providing a bright contrast.

LEGISLATIVE PROPOSAL

PRIVATE RISK / PUBLIC REWARD

BILL OVERVIEW, AS APPLICABLE TO ONE BIG SKY

LEGISLATIVE PROPOSAL

- Private sector must make substantial new capital investments in downtown Billings
-- for both the “private build” & extraordinary public infrastructure (i.e., the “civic build”)
- Once private capital investments reach a minimum threshold of \$300 million (Threshold 1), City and State contributions toward civic infrastructure costs are triggered
- City and State financial contributions via a standing appropriation come from growth in existing taxes generated by the private capital investments (“Value Capture”)
- The State and City Value Capture appropriations will be made on a proportional basis, amortized over 20 years
- Public funds reimburse only a portion of the cost of the civic build (and NOT the private build – private sector funds purely private assets)
- Additional private capital investments in private build & civic build (up to \$450 million (Threshold 2) & \$650 million (Threshold 3)) are eligible for additional City/State appropriations (up to max. of \$125 million ea.)
- Extraordinary private capital investments within 10 years totaling \$1 billion or more extend the State reimbursement for civic infrastructure financing costs to 30 years (vs. 20 yrs.)
- Public sector may authorize private parties to design, build & operate a civic infrastructure project in exchange for Value Capture payments, with subsequent transfer to a public body after asset appreciates / reaches stabilization

WHAT THE “ONE BIG SKY” BILL DOES NOT DO:

LEGISLATIVE PROPOSAL

- Does not impose any new taxes at the State or local levels
- Is not part of the State infrastructure bonding bill
- Does not create a debt of the State, now or in the future
- Does not put public funds at risk ... private funds must lead for public investment to follow
- Does not pay for private development, but rather reimburses the private sector for the cost of building and operating civic assets that are privately financed
- Is not a blank check – public investment in civic assets only
- It is not a “build it and they will come” theory
- Structure of the bill is not limited to just Billings

“VALUE CAPTURE” MECHANISM

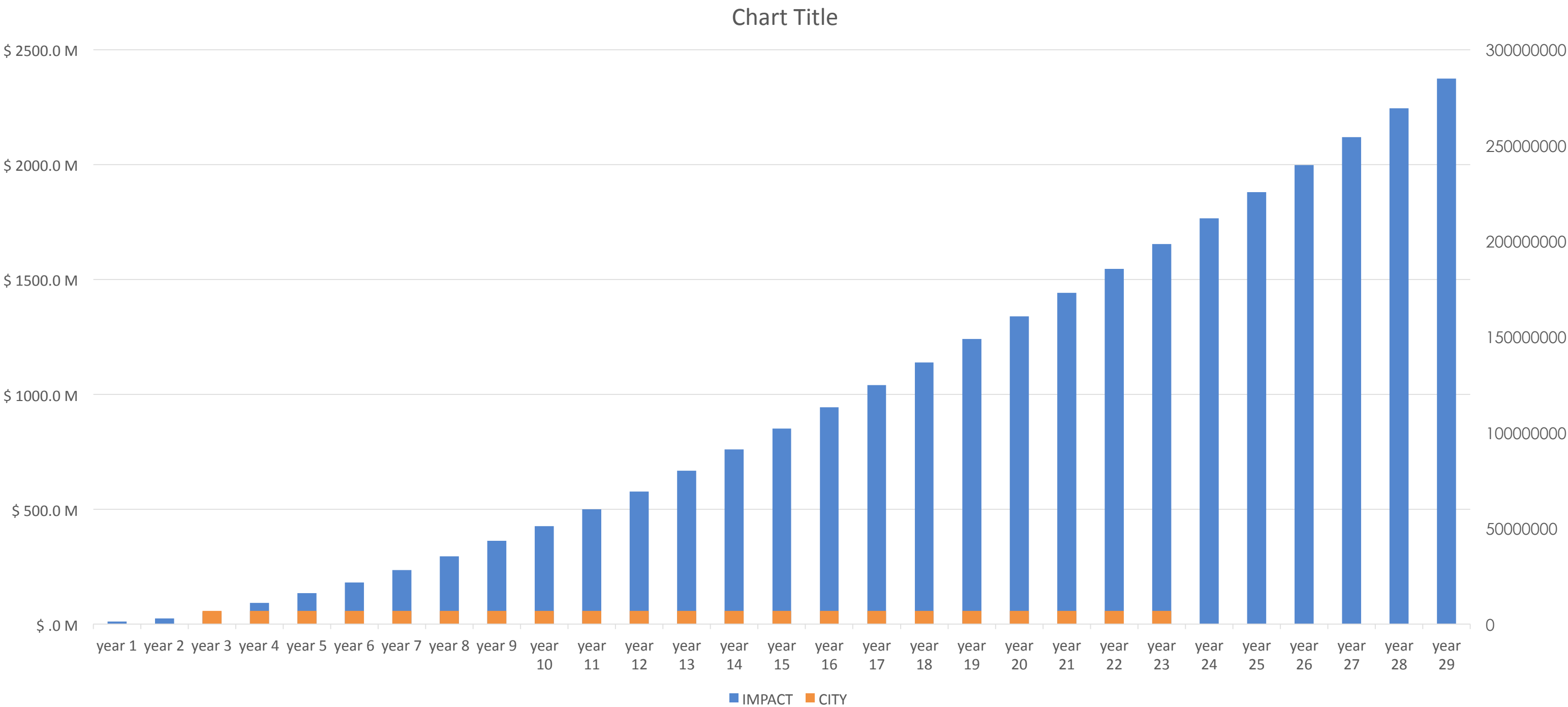
LEGISLATIVE PROPOSAL

CAPITAL INVESTMENT							FISCAL IMPACT	
YEAR	TOTAL INVESTMENT	ANNUAL PRIVATE INVESTMENT	CITY CONTRIBUTION	STATE CONTRIBUTION	% PRIVATE	% PUBLIC	YEAR	CUMULATIVE
YEAR 1	\$ 100.0 M	\$ 100.0 M	-	-	100%	0%	Y1	\$ 11.1 M
YEAR 2	\$ 200.0 M	\$ 100.0 M	-	-	100%	0%	Y2	\$ 25.6 M
YEAR 3	\$ 300.0 M	\$ 100.0 M	\$ 75.0 M	\$ 75.0 M	50%	50%	Y3	\$ 51.0 M
YEAR 4	\$ 400.0 M	\$ 100.0 M			63%	38%	Y4	\$ 92.3 M
YEAR 5	\$ 450.0 M	\$ 50.0 M	\$ 100.0 M	\$ 100.0 M	56%	44%	Y5	\$ 134.7 M
YEAR 6	\$ 600.0 M	\$ 150.0 M			67%	33%	Y6	\$ 180.7 M
YEAR 7	\$ 650.0 M	\$ 50.0 M	\$ 125.0 M	\$ 125.0 M	62%	38%	Y7	\$ 235.2 M
YEAR 8	\$ 800.0 M	\$ 150.0 M			69%	31%	Y8	\$ 294.7 M
YEAR 9	\$ 900.0 M	\$ 100.0 M			72%	28%	Y9	\$ 362.9 M
YEAR 10	\$ 1.0 B	\$ 100.0 M	\$ 125.0 M	\$ 125.0 M	75%	25%	Y10	\$ 426.9 M
							Y11	\$ 500.3 M
							Y12	\$ 576.8 M
YEAR 15	\$ 1.50 B	\$ 100.0 M	\$ 125.0 M	\$ 125.0 M	83%	17%	Y13	\$ 668.0 M
							Y14	\$ 759.6 M
							Y15	\$ 851.0 M
YEAR 20	\$ 2.00 B	\$ 1.75 B	\$ 125.0 M	\$ 125.0 M	88%	13%	Y16	\$ 943.6 M
							Y17	\$ 1.04 B
							Y18	\$ 1.14 B
							Y19	\$ 1.24 B
YEAR 30	\$ 2.00 B	\$ 1.75 B	\$ 125.0 M	\$ 125.0 M	88%	13%	Y20	\$ 1.34 B
							Y21	\$ 1.44 B
							Y22	\$ 1.55 B
							Y23	\$ 1.65 B
							Y24	\$ 1.77 B
							Y25	\$ 1.88 B
							Y26	\$ 2.00 B
							Y27	\$ 2.12 B
							Y28	\$ 2.24 B
							Y29	\$ 2.37 B
							Y30	\$ 2.51 B

TERM EXTENSION

“VALUE CAPTURE” MECHANISM

LEGISLATIVE PROPOSAL



WHY WILL THE STATE SUPPORT “ONE BIG SKY” PLAN?

LEGISLATIVE PROPOSAL

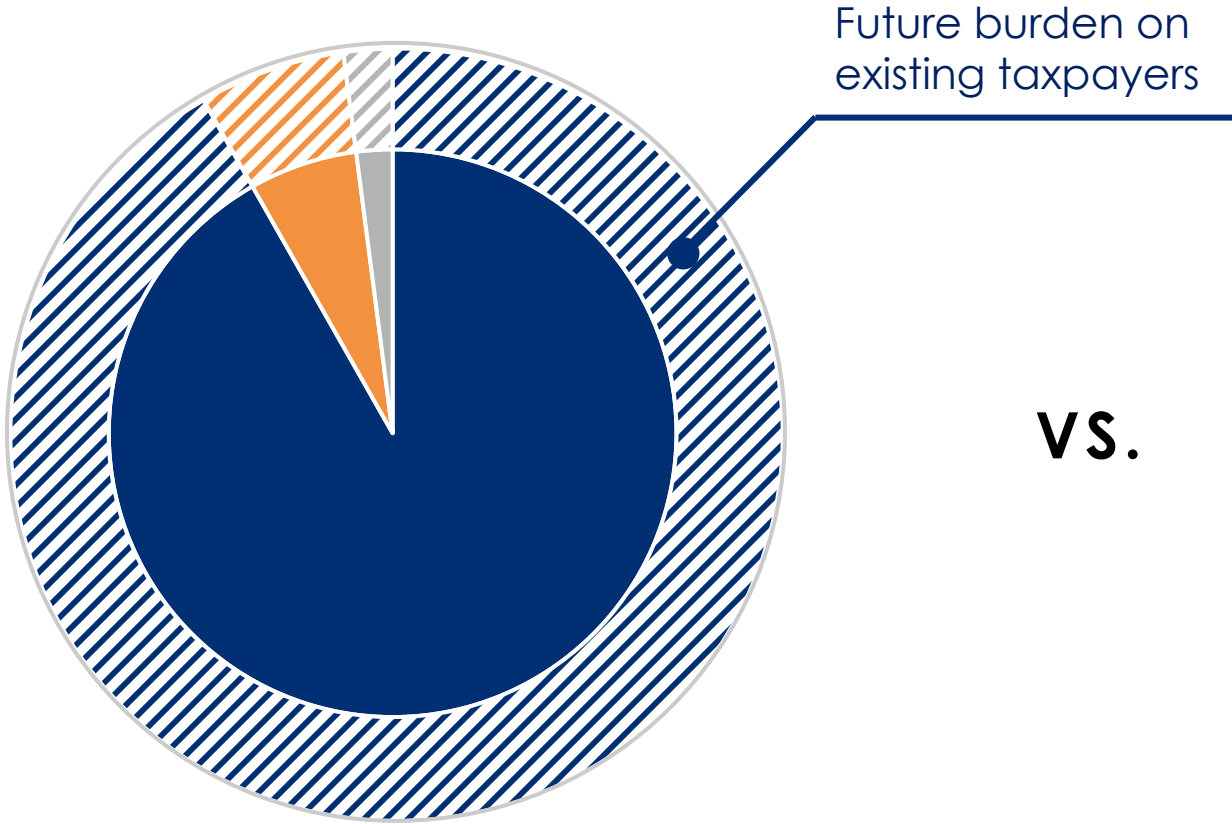
- \$2.5 billion in growth in State and local tax base (will NOT occur without ONE Big Sky)
- A workforce strategy for the future of Montana ... addresses the jobs shortage in the State (47th overall for Millennial population)
- New revenue sources to address urban and rural interests (for investment in infrastructure around the State, health & wellness, education, etc.)
- Alleviates the burden on future taxpayers – finally, a growth strategy that increases the tax base (“grows the pie”)
- Law will be available for other cities to use
- Attracts private capital to Montana Opportunity Zones
- Built-in safeguards:
 - ✓ Detailed Development Plan required
 - ✓ Doesn’t finance “ordinary” civil infrastructure
 - ✓ Minimum thresholds for new jobs & tax growth
 - ✓ NO PUBLIC INVESTMENT if thresholds are not met by private sector

WHY WILL THE STATE SUPPORT “ONE BIG SKY” PLAN?

LEGISLATIVE PROPOSAL

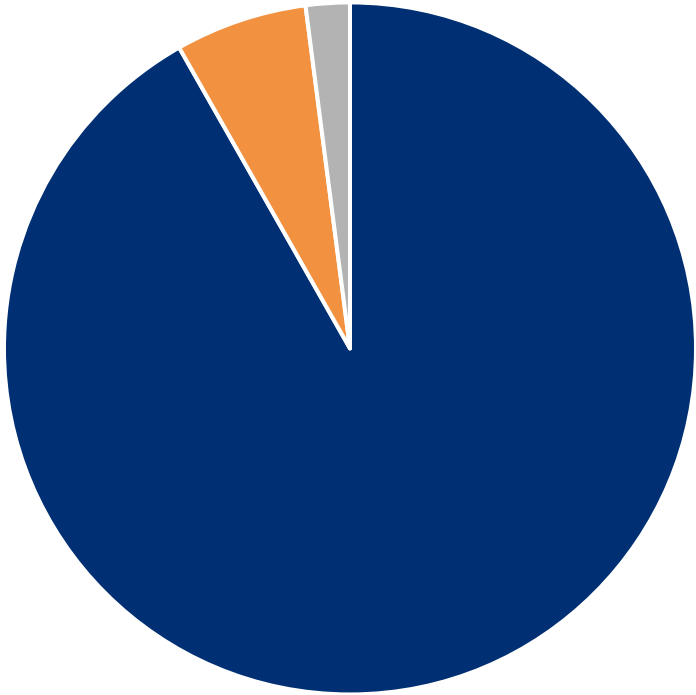
Alleviating the burden on future taxpayers ... finally, a **growth strategy** that **increases the tax base**:

- STATE BUDGET
- CITY BUDGET
- COUNTY BUDGET
- UNMET STATE NEED
- UNMET LOCAL NEED
- UNMET COUNTY NEED



BILLINGS & MONTANA CURRENT PATH
GREATER BURDEN ON CURRENT TAXPAYERS

VS.



BILLINGS & MONTANA WITH ONE BIG SKY
“GROWS THE PIE”

An aerial night photograph of a city, likely Salt Lake City, showing a highway with light trails, a baseball stadium with its distinctive arched roof, and various city buildings and parking lots illuminated by streetlights. The image has a dark blue overlay.

THE PATH FORWARD

CITY CONSIDERATIONS

THE PATH FORWARD

CITY CONSIDERATIONS TONIGHT:

- ✓ Include ONE Big Sky initiative in legislative priorities for 2019

CITY CONSIDERATIONS GOING FORWARD:

- ✓ Approve ONE Big Sky Development Plan
- ✓ Continued support as Strategy Partner in ONE Big Sky implementation phase / legislative initiative (2019)
- ✓ Collaborate with stakeholders to advance ONE Big Sky
- ✓ Approve City staff proceeding with structuring and negotiating a Development Agreement with community Strategy Partners and Landmark consistent with approved Development Plan

QUESTIONS?