

ONE BIG SKY – BILLINGS, MT ECONOMIC AND FISCAL IMPACT ANALYSIS

SUBMITTED TO

Landmark Development

SUBMITTED BY

Johnson Consulting

DATE

February 2019

DRAFT



INTRODUCTION

Johnson Consulting was retained by Landmark Development to provide an economic and fiscal impact analysis of the proposed ONE Big Sky (OBS) project in Billings, MT. Our analysis focuses on the macro-level impacts of OBS, including those that will occur within Billings, outside of Billings and throughout the State. As such, while Landmark Development was the client, the report is intended to inform the following Strategy Partners: City of Billings, Big Sky Economic Development Corporation, Billings Chamber of Commerce, Downtown Billings Alliance, and Visit Billings, among others.

Today, mid-sized communities across America are on the precipice. Successful cities will set the stage for growth by making strategic investments that promote urban trends, such as strengthening downtown cores, reducing commute times, and leveraging arts, culture, education, and healthcare to respond to shifting demographics. Communities that do not make these types of strategic investments will face extraordinary competition from cities that do, as well as from larger metropolitan areas that already offer these populations what they seek.

OBS is a complex project, but similar projects have been achieved in other markets. OBS will be appropriate from the local market, while also serving to change the face of Billings and put it on the path towards current, and modern, urban trends. Further, the project will have a profound impact on major initiatives in the City, particularly health and education, and will help stem the outflow of businesses from the market. It will also help to position Billings as an attractive alternative to larger markets that have been competing so effectively through their ability to attract workers and residents.

PROPOSED DEVELOPMENT

The proposed OBS project is a major mixed-use, multi-anchor development that serves to support broad development goals, driving the long-term economic viability of the City of Billings, the State of Montana, and the region. The stated development strategy is to “strengthen Billings as a destination city and enhance the economic climate – using health care and tourism as catalysts to anchor the transformation of Billings into the next generation”. Figure 1 shows the proposed OBS project area.

Figure 1



Source: Landmark Development

Phase 1 of OBS comprises 2.9 million SF of development, in 4 defined Districts – 1). Entertainment District: 566,000 SF; 2). Civic/ Wellness District: 1.4 million SF; 3). Education/ Innovation District: 290,000 SF; and 4). Lifestyle District: 580,000 SF. Future phases will add approximately 3.5 million SF across the 4 Districts. The key program elements of OBS (Phase 1 and future phases) are summarized, by District, in Figure 2.

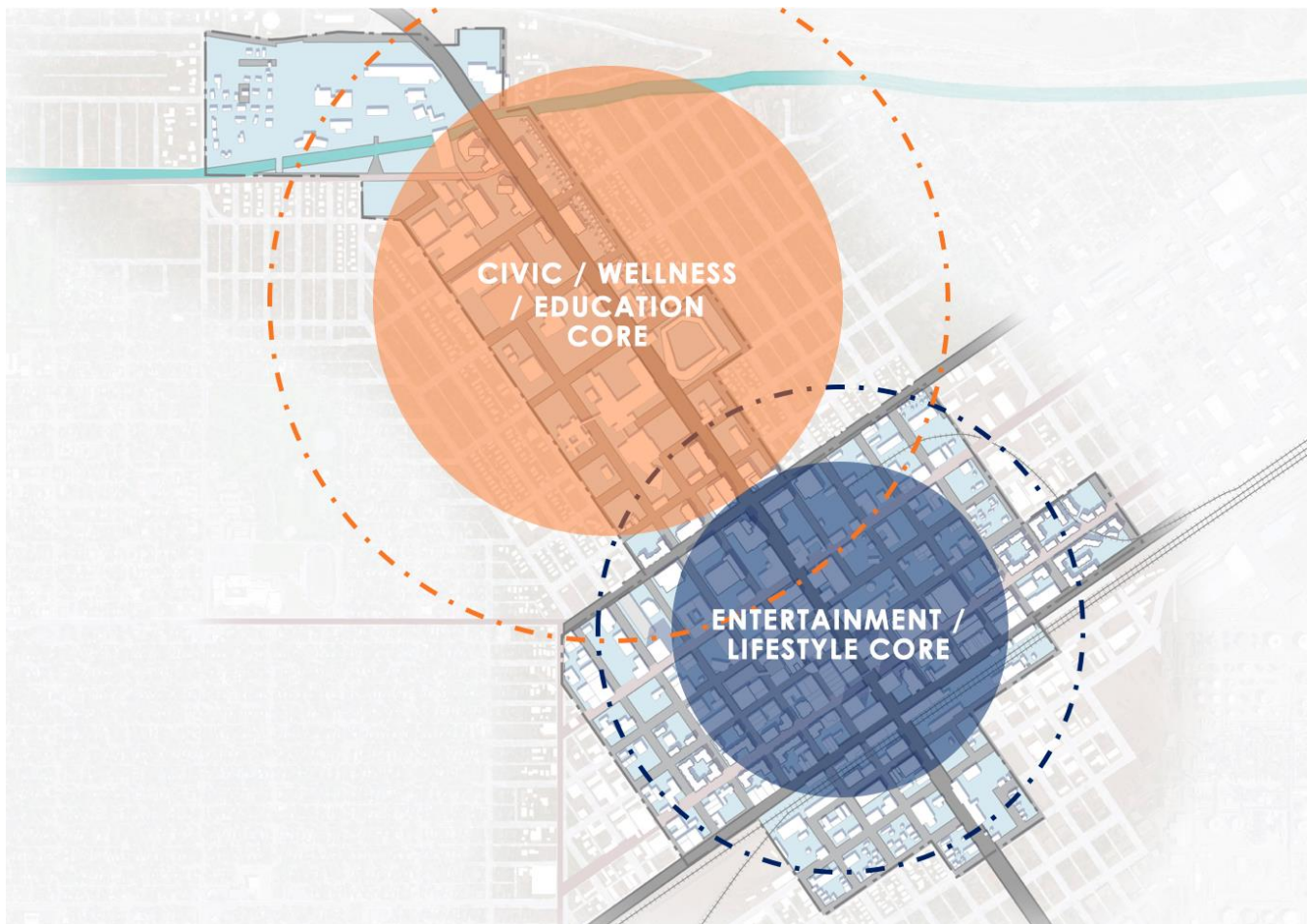
Figure 2

USE	PHASE 1									
	ENTERTAINMENT DISTRICT		CIVIC / WELLNESS DISTRICT		EDUCATION / INNOVATION DISTRICT		LIFESTYLE DISTRICT		PHASE 1 TOTAL	
	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS
Convention / Event Center	150,000	-	-	-	-	-	-	-	150,000	-
Hotel	175,000	175	95,000	95	-	-	-	-	270,000	270
Mixed-Use Office	40,000	-	65,000	-	-	-	-	-	105,000	-
Civic Office Tower	-	-	165,000	-	-	-	-	-	165,000	-
Mixed-Use Residential	65,000	50	175,000	140	-	-	519,000	415	759,000	605
Multifamily Residential	-	-	-	-	-	-	-	-	-	-
Senior Housing	-	-	345,000	216	-	-	-	-	345,000	216
Student Housing	-	-	-	-	200,000	133	-	-	200,000	133
Mixed-Use Retail	136,000	-	90,000	-	40,000	-	61,000	-	327,000	-
Urban Retail (Anchor)	-	-	55,000	-	-	-	-	-	55,000	-
Urban Grocery	-	-	58,000	-	-	-	-	-	58,000	-
Education (Technical Training)	-	-	-	-	50,000	-	-	-	50,000	-
Medical School	-	-	-	-	-	-	-	-	-	-
Health Care / Medical Office	-	-	300,000	-	-	-	-	-	300,000	-
YMCA	-	-	90,000	-	-	-	-	-	90,000	-
Parking	315,000	788	1,142,000	2,856	-	-	-	-	1,457,000	3,644
TOTAL	566,000		1,438,000		290,000		580,000		2,874,000	

USE	FUTURE PHASE(S)									
	ENTERTAINMENT DISTRICT		CIVIC / WELLNESS DISTRICT		EDUCATION / INNOVATION DISTRICT		LIFESTYLE DISTRICT		FUTURE PHASE TOTAL	
	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS	TOTAL GROSS SF	UNITS
Convention / Event Center	-	-	-	-	-	-	-	-	-	-
Hotel	165,000	150	-	-	-	-	-	-	165,000	150
Mixed-Use Office	64,000	-	-	-	-	-	70,500	-	134,500	-
Civic Office Tower	-	-	-	-	-	-	-	-	-	-
Mixed-Use Residential	167,500	134	120,000	100	-	-	440,500	352	728,000	586
Multifamily Residential	-	-	-	-	-	-	-	-	-	-
Senior Housing	-	-	165,000	103	-	-	-	-	165,000	103
Student Housing	-	-	-	-	400,000	266	-	-	400,000	266
Mixed-Use Retail	72,800	-	175,000	-	-	-	90,000	-	337,800	-
Urban Retail (Anchor)	-	-	-	-	-	-	-	-	-	-
Urban Grocery	-	-	-	-	-	-	-	-	-	-
Education (Technical Training)	-	-	50,000	-	775,000	-	-	-	825,000	-
Medical School	-	-	-	-	110,000	-	-	-	110,000	-
Health Care / Medical Office	-	-	675,000	-	-	-	-	-	675,000	-
YMCA	-	-	-	-	-	-	-	-	-	-
Parking	-	-	153,200	383	200,000	500	100,000	275	453,200	1,158
TOTAL	469,300		1,185,000		1,285,000		601,000		3,540,300	

Figure 3 highlights the location of the two distinct cores of OBS district development – the Civic/ Wellness/ Education Core, and the Entertainment / Lifestyle Core.

Figure 3



Source: Landmark Development

PRIOR STUDIES

At the time of preparing our analyses, a number of studies had been undertaken in relation to the proposed OBS:

- Billings Convention Center Study (June 2018 – Update) – HVS
- OBS Market and Financial Analysis (January 2019 - Draft) – Hunden Strategic Partners
- OBS Economic and Fiscal Impact Analysis (January 2019 - Draft) – Baker Tilly Capital, LLC

This report integrates, and builds upon, data from these prior studies and focuses on the macro impacts of the proposed project, including those which will occur outside of Billings and across the State. We have conducted a peer review of the prior studies listed above and key assumptions and metrics from these studies form the basis of our analyses, cited as appropriate throughout our report.

METHODOLOGY

In order to prepare estimates of the macro economic and fiscal impacts of the proposed OBS project, Johnson Consulting performed the following tasks:

1. Reviewed materials prepared by the Client, and other consultants and advisors to the Client, including phasing diagrams and financial projections for the overall development.
2. Analyzed the reasonableness of operating projections for the proposed project by its components.
3. Performed an economic and fiscal impact analysis of the proposed project by its project components and defined Districts, focusing on impacts that may extend beyond Billings and using an IMPLAN input-output model specifically purchased from IMPLAN Group, LLC. IMPLAN is a nationally recognized model commonly used to estimate economic impacts. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy.
4. Calculated the tax revenues by jurisdiction over a 30-year time period. Our projections are presented in 5-year increments, assuming a 15-year construction period. It is noted that the impact of OBS could be accelerated if the construction phase is completed more quickly than currently projected.

ESTIMATED ECONOMIC AND FISCAL IMPACT ANALYSIS

When construction of the proposed OBS project is complete, retail and office space is leased and residential units are occupied, various transactions occurring on the improved site will generate ongoing, annual economic and fiscal impacts to the local and regional economies. Initial transactions occurring within each project element will ‘ripple out’ and generate indirect spending, induced spending, increased earnings, and employment, as well as various tax revenues for the local economy.

DEFINITIONS

ECONOMIC IMPACT

Economic impact is defined as incremental new spending in an economy that is the direct result of certain activities, facilities, or events. The levels of impacts are defined as follows:

- **DIRECT SPENDING** – is an expression of the spending that occurs as a direct result of the project being developed. For example, expenditures by shoppers, diners, and other business patrons at the various retail premises on the subject site are direct spending.
- **INDIRECT SPENDING** – consists of re-spending of the initial or direct expenditures, or, the supply of goods and services resulting from the initial direct spending at the project. For example, a shopper’s direct expenditure on a retail purchase causes the store to purchase goods and other items from suppliers. The portion of these store purchases that come from within the local, regional, or state economies is counted as indirect spending.

- **INDUCED SPENDING** – represents changes in local consumption due to the personal spending by employees whose incomes are affected by direct and indirect spending. For example, a waiter at the restaurant may spend more because he/she earns more. The amount of the increased income the waiter spends in the local economy is called induced spending.
- **INCREASED EARNINGS** – measures increased employee and worker compensation related to the project being developed. This figure represents increased payroll expenditures, including benefits paid to workers locally. It also expresses how the employees of local businesses share in the increased outputs.
- **EMPLOYMENT** – measures the number of jobs supported in the study area related to the spending at the development. Employment impact is stated in the number of full-time equivalent jobs.

Indirect and induced spending, increased earnings, and employment are estimated using a set of multiplier rates shown in the Figure 4.

Figure 4

ONE Big Sky, Billings, Montana Economic Impact Multipliers		
Impact	Multiplier*	Base
Indirect Spending	0.269	of direct spending
Induced Spending	0.230	of direct spending
Increased Earnings	0.673	of direct spending
Employment (FTE Jobs)	14.816	per \$1 million of direct spending
*Derived from Billings, Montana Convention/ Conference Center Market and Feasibility Study, March 2015 by HVS International		
Source: Johnson Consulting		

FISCAL IMPACT ANALYSIS

Fiscal impact analysis measures the estimated tax revenues resulting from direct spending on certain activities, facilities, or events. For this analysis, the fiscal impact estimates focus on major categories of tax revenues that are directly affected by a resident, worker or visitor's activity – hotel/ motel tax, auto rental tax, individual and corporate income tax, and property tax. It is noted that general sales and use taxes are also typically directly affected by a this type of activity; however, there are no sales or general use taxes in Billings, Yellowstone County or the State of Montana. The development of OBS does not recommend, nor require, a sales or use tax. The current applicable tax rates are summarized in Figure 5.

Figure 5

ONE Big Sky, Billings, Montana Applicable Tax Rates	
	Rate
Hotel/ Motel Tax	
State Lodging Sales Tax	3.00%
State Lodging Facility Use Tax	4.00%
TBID Lodging Tax	2.20%
Total	9.20%
Auto Rental Tax	
State	4.00%
Total	4.00%
State Personal Income Tax	2.44%
State Corporate Income Tax	0.28%
Property Tax	1.30%*
* Reflecting an effective tax rate and referencing 2018 Baker Tilly report.	
Source: HVS, Baker Tilly, Johnson Consulting	

IMPACT OF CONVENTION/ EVENT CENTER

Figure 6 summarizes the estimated attendance and room night generation associated with the proposed 150,000 SF Convention/ Event Center at OBS, highlighting our key assumptions and building upon the projections presented in Hunden Strategic Partner's OBS Market and Financial Analysis (January 2019 - Draft). It is noted that our projections include hotel room night demand generated directly by attendees at events at the Convention/ Event Center ("Est. Room Nights from CC Attendees") and also supplemental rooms nights ("Supplemental Room Nights as Tourists"), which accounts for the notion that the broader draw of OBS, and the overall enhancements to downtown Billings, will encourage attendees to bring their families and stay for additional nights in Billings, and also extend their stay to visit various attractions throughout Yellowstone County and the State.

Figure 6

ONE Big Sky, Billings, Montana Convention / Event Center Key Measures of Activities								
Key Measures of Activities	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Activity Volume								
Function Space (SF)	150,000	150,000	150,000	150,000	150,000	150,000	150,000	
Attendance Projections*								
Exhibit Events								
Conventions and Trade Shows	3,800	6,400	6,400	6,400	6,400	6,400	6,400	
Consumer Shows	27,000	45,000	45,000	45,000	45,000	45,000	45,000	
Sports/ Entertainment Events	16,000	28,000	28,000	28,000	28,000	28,000	28,000	
Total Exhibit Events	46,800	79,400	79,400	79,400	79,400	79,400	79,400	
Non-Exhibit Events								
Corporate Events and Conferences	3,200	4,700	4,700	4,700	4,700	4,700	4,700	
Banquets and Meetings	6,800	14,600	14,600	14,600	14,600	14,600	14,600	
Meeting Room Events	15,800	45,500	45,500	45,500	45,500	45,500	45,500	
Total Non-Exhibit Events	25,800	64,800	64,800	64,800	64,800	64,800	64,800	
Total	72,600	144,200	144,200	144,200	144,200	144,200	144,200	
Attendee Days*								
Exhibit Events								
	<i>Length of Stay</i>							
Conventions and Trade Shows	2.5	9,500	16,000	16,000	16,000	16,000	16,000	
Consumer Shows	1.0	27,000	45,000	45,000	45,000	45,000	45,000	
Sports/ Entertainment Events	1.3	20,000	35,000	35,000	35,000	35,000	35,000	
Total Exhibit Events		56,500	96,000	96,000	96,000	96,000	96,000	
Non-Exhibit Events								
Corporate Events and Conferences	2.5	8,000	11,750	11,750	11,750	11,750	11,750	
Banquets and Meetings	1.0	6,800	14,600	14,600	14,600	14,600	14,600	
Meeting Room Events	1.0	15,800	45,500	45,500	45,500	45,500	45,500	
Total Non-Exhibit Events		30,600	71,850	71,850	71,850	71,850	71,850	
Total		87,100	167,850	167,850	167,850	167,850	167,850	
Room Nights								
Est. Room Nights from CC Attendees		37,500	62,750	62,750	62,750	62,750	62,750	
Supplemental Room Nights as Tourists (a)								
	<i>Length of Stay</i>							
2 People; 2 Extra Nights	2.0	5,500	9,050	9,050	9,050	9,050	9,050	
4 People; 4 Extra Nights	4.0	11,000	18,100	18,100	18,100	18,100	18,100	
6 People; 6 Extra Nights	6.0	16,500	27,150	27,150	27,150	27,150	27,150	
Total Supplemental Room Nights		33,000	54,300	54,300	54,300	54,300	54,300	
Total Room Nights		70,500	117,050	117,050	117,050	117,050	117,050	
Estimated Spending Volume (\$M) (b)								
Direct Spending								
	<i>Average Spending</i>							
On Lodging	\$113	\$9	\$17	\$19	\$22	\$26	\$30	\$35
On F&B and Retail	\$51	5	11	13	15	17	20	23
On Other Businesses	\$51	5	11	13	15	17	20	23
Total Direct Spending		\$19	\$38	\$44	\$52	\$60	\$69	\$80
Estimated Employment								
Estimated # of Employees (c)		43	43	43	43	43	43	43
Est. Spending by Employees (d)	\$20	\$0.2	\$0.3	\$0.3	\$0.4	\$0.4	\$0.5	\$0.6
Total Salaries (\$M) (e)	\$48,000	\$2	\$3	\$3	\$4	\$4	\$5	\$5

Notes:

a) Assumed that the broader draw of OBS will encourage attendees to bring their families and stay for additional nights in Billings, and also extend their stay to visit various attractions throughout Yellowstone County and the State.

b) Reflects average spending amounts presented in Hunden Strategic Partner's OBS Market and Financial Analysis and GSA per diem rates.

c) Assuming 0.29 employee for every 1,000 SF of function space based upon a prior Market Demand Analysis completed for Billings by Johnson Consulting.

d) Direct spending made by employees will vary widely, but at the very least, typical full-time employees take lunch breaks everyday, assumed at \$20/ day, for 250 workdays per year.

e) Subject to MT Personal Income Tax. Based on an average salary as stated.

*Per Billings OBS Market and Financial Analysis Draft by Hunden Strategic Partners. Attendee Days account for the number of days that attendees will spend at events and Convention/ Event Center, based upon our industry experience and specific knowledge of the Billings market.

Source: Johnson Consulting

Figure 7 summarizes the estimated impacts associated with the proposed Convention/ Event Center at OBS. Our projections are presented in 5-year increments from Years 1 through 30, with Year 5 representing stabilization. As shown, in Year 5 the annual economic impact of the Convention/ Event Center is estimated to include \$58.0 million of total spending, \$26.0 million in increased earnings, and 505 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$1.7 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the Convention/ Event Center is projected to total \$69.0 million in tax revenues. It is assumed that the Convention/ Event Center will be exempt from State Corporate Income Tax and Property Tax, as is typical nationally.

Figure 7

ONE Big Sky, Billings, Montana Convention / Event Center Key Measures of Activities									
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending		\$19	\$38	\$44	\$52	\$60	\$69	\$80	\$1,587
Indirect Spending	0.269	5	10	12	14	16	19	22	426
Induced Spending	0.230	4	9	10	12	14	16	19	365
Total Spending		\$28	\$58	\$67	\$77	\$90	\$104	\$120	\$2,378
Increased Earnings	0.673	\$13	\$26	\$30	\$35	\$40	\$47	\$54	\$1,067
Employment (FTE Jobs)	14.816	281	505	505	505	505	505	505	505**
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Sales Tax	0.00%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Use Taxes	0.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0
Hotel/ Motel Tax	9.20%	\$0.8	\$1.5	\$1.8	\$2.1	\$2.4	\$2.8	\$3.2	\$64
Auto Rental Tax	4.00%	0.0	0.1	0.1	0.1	0.1	0.1	0.1	\$3
State Personal Income Tax	2.44%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	\$3
State Corporate Income Tax***	0.28%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0
Property Tax****	1.30%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0
Total Tax Revenue		\$0.9	\$1.7	\$2.0	\$2.2	\$2.6	\$3.0	\$3.4	\$69

Notes:

**Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

***Assumed to be exempt from State Corporate Income Tax.

****Exempt from Property Tax.

Source: Johnson Consulting

IMPACT OF HOTEL

Figure 8 summarizes the estimated spending and impacts associated with the proposed hotels at OBS, which will comprise 270 guest rooms in Phase 1 and an additional 150 guest rooms in future phases. As shown, in Year 5 the annual economic impact of the hotel component is estimated to include \$39.0 million of total spending, \$17.0 million in increased earnings, and 341 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$1.4 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the hotel component is projected to total \$82.0 million in tax revenues.

Figure 8

ONE Big Sky, Billings, Montana Hotel Estimated Spending and Impact										
Key Measures of Activities		2022	2026	2031	2036	2041	2046	2051	Total 30- year	
# of Rooms		175	270	420	420	420	420	420		
Total Room Revenues (\$M) (a)		\$4	\$9	\$15	\$19	\$22	\$26	\$30		
Total Revenues (\$M) (b)		\$6	\$13	\$21	\$27	\$31	\$36	\$42		
Est. Salaries and Other Revenues										
Employee Salaries (\$M) (c)	35%	\$2	\$5	\$7	\$10	\$11	\$13	\$15		
# of Employees (d)	1.0	175	270	420	420	420	420	420		
Spending by Employees (\$M) (e)	\$20	\$1	\$2	\$5	\$5	\$6	\$7	\$8		
Retail Spend by Hotel Guests	\$100	\$7	\$10	\$10	\$10	\$10	\$10	\$10		
Total Assessed Value (\$M)		\$17	\$28	\$47	\$55	\$63	\$73	\$85		
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30- year	
Direct Spending		\$14	\$26	\$36	\$43	\$48	\$54	\$61	\$1,226	
Indirect Spending	0.269	4	7	10	12	13	14	16	329	
Induced Spending	0.230	3	6	8	10	11	12	14	282	
Total Spending		\$21	\$39	\$54	\$64	\$72	\$81	\$91	\$1,838	
Increased Earnings	0.673	\$10	\$17	\$24	\$29	\$32	\$36	\$41	\$824	
Employment (FTE Jobs)	14.816	211	341	411	419	404	392	382	382*	
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30- year	
Hotel/ Motel Tax	9.20%	\$0.4	\$0.9	\$1.4	\$1.8	\$2.0	\$2.4	\$2.8	\$50	
Auto Rental Tax	4.00%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	\$2	
State Personal Income Tax	2.44%	0.1	0.1	0.2	0.2	0.3	0.3	0.4	\$7	
State Corporate Income Tax	0.28%	0.0	0.0	0.1	0.1	0.1	0.1	0.1	\$2	
Property Tax**	1.30%	0.2	0.4	0.6	0.7	0.8	1.0	1.1	\$21	
Total Tax Revenue		\$0.7	\$1.4	\$2.3	\$2.9	\$3.3	\$3.8	\$4.4	\$82	

Notes:

a) Subject to Hotel/ Motel Tax. Amounts are based on Baker Tilly's projections.

b) Reflecting Developer's proforma.

c) Subject to MT Personal Income Tax and assuming that salaries amount to 35% of total revenues.

d) Assumes 12 employees per 10 rooms in five-star hotels, reflecting industry standards.

e) Direct spending made by employees will vary widely, but the projections assume typical full-time employees spend for a meal and some incidentals everyday, assumed at \$20/ day.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

IMPACT OF OFFICE

Figure 9 summarizes the estimated spending and impacts associated with the 1.5 million GSF of office space at OBS, which includes Mixed-Use Office (105,000 SF in Phase 1 and 134,500 SF in future phases), Civic Office Tower (165,000 SF in Phase 1), Health Care/ Medical Office (300,000 SF in Phase 1 and 675,000 SF in future phases), and YMCA (90,000 SF in Phase 1). As shown, in Year 5 the annual economic impact of the office component of the proposed development is estimated to include \$473.0 million of total spending, \$212.0 million in increased earnings, and 4,150 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$10.0 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the office component of the project is projected to total \$930.0 million in tax revenues.

Figure 9

ONE Big Sky, Billings, Montana Mixed-Use Office, Civic Office Tower, Health Care / Medical Office and YMCA Estimated Spending and Impact								
Key Measures of Activities	Assumptions	2022	2026	2031	2036	2041	2051	Total 30-year
Available Office Space (SF)		-	660,000	994,000	1,469,500	1,469,500	1,469,500	
Occupied/ Leased Office Space (SF)		-	494,000	914,100	1,342,025	1,396,025	1,396,025	
Est. Spending, Salaries, and Revenues								
Estimated # of Employees (a)	175	-	2,820	5,220	7,670	7,980	7,980	
Est. Spending by Employee (b)	\$20	\$0	\$18	\$38	\$65	\$79	\$106	
Total Salaries (\$M) (c)	\$55,500	\$0	\$198	\$425	\$725	\$874	\$1,175	
Revenues of Businesses (\$M) (d)	3	\$0	\$595	\$1,276	\$2,174	\$2,622	\$3,524	
Lease Payments (\$M)		\$0	\$25	\$54	\$91	\$110	\$148	
Property Value (\$M)		\$0	\$272	\$486	\$850	\$985	\$1,324	
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2051	Total 30-year
Direct Spending		\$0	\$315	\$677	\$1,152	\$1,390	\$1,868	\$31,005
Indirect Spending	0.269	0	85	182	310	374	502	8,333
Induced Spending	0.230	0	73	156	265	320	430	7,139
Total Spending		\$0	\$473	\$1,014	\$1,727	\$2,083	\$2,800	\$46,477
Increased Earnings	0.673	\$0	\$212	\$455	\$775	\$935	\$1,256	\$20,851
Employment (FTE Jobs)	14.816	0	4,150	7,682	11,288	11,744	11,744	11,744*
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	\$0
State Personal Income Tax	2.44%	0.0	4.8	10.4	17.7	21.3	28.7	\$476
State Corporate Income Tax	0.28%	0.0	1.7	3.6	6.1	7.3	9.9	\$164
Property Tax**	1.30%	0.0	3.5	6.3	11.1	12.8	17.3	\$291
Total Tax Revenue		\$0.0	\$10.0	\$20.3	\$34.9	\$41.5	\$55.8	\$930

Notes:

a) Rule of thumb for office space occupancy is between 175 and 250 SF per person; Assumes 175 SF per person.

b) Direct spending made by employees will vary widely, but at the very least, typical full-time employees take lunch breaks everyday, assumed at \$20/ day, for 250 workdays per year. Also recognizes spending of new employees that relocate to MT on taxable items

c) Subject to MT Personal Income Tax. Average salary is assumed to be approx. 1.75 x per capita income in Billings per US Census Bureau (2016) reflecting the types of businesses that will be attracted to OBSD.

d) The types and volume of business activities of office tenant(s) can vary widely. In the absence of office tenant list, taxable business sales are assumed at 3 times

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

IMPACT OF RESIDENTIAL

OBS will include 3 distinct types of residential housing – 1). Mixed-Use Residential; 2). Senior Housing; and 3). Student Housing. In order to account for variances in key metrics for (tenant types and median household income), and performance of (vacancy rates, absorption, and rental rates), each different retail type, our analysis considers each separately, as presented under the following subheadings.

1. MIXED-USE RESIDENTIAL

Figure 10 summarizes the estimated spending and impacts associated with the Mixed-Use Residential housing at OBS, which comprises 270 housing units in Phase 1 and 586 units in future phases. As shown, in Year 5 the annual economic impact of the Mixed-Use Residential component is estimated to include \$38.0 million of total spending,

\$17.0 million in increased earnings, and 334 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$2.0 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the Mixed-Use Residential component of the project is projected to total \$148.0 million in tax revenues.

Figure 10

ONE Big Sky, Billings, Montana Mixed-Use Residential Estimated Spending and Impact								
Key Measures of Activities	2022	2026	2031	2036	2041	2046	2051	Total 30-year
# of Available Units	200	605	839	1,191	1,191	1,191	1,191	
# of Available SF	250,120	759,000	1,046,500	1,487,000	1,487,000	1,487,000	1,487,000	
# of Occupied Units	120	484	789	1,098	1,120	1,120	1,120	
Est. Spending, Salaries, and Revenues								
Estimated Household Income	\$61,800	\$8	\$38	\$72	\$116	\$137	\$158	\$184
Est. Income Spent Locally	66.7%	\$6	\$25	\$48	\$77	\$91	\$106	\$122
Estimated # of Employees (a)	40	3	12	20	27	28	28	28
Total Salaries (\$M) (b)	\$31,700	\$0.1	\$0.5	\$0.9	\$1.5	\$1.8	\$2.0	\$2.4
Spending by Employees (\$M)	\$20	\$0.0	\$0.1	\$0.1	\$0.2	\$0.3	\$0.3	\$0.4
Rents (\$M)		\$3	\$12	\$23	\$38	\$44	\$51	\$59
Property Value (\$M)		\$45	\$154	\$247	\$406	\$471	\$546	\$633
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending		\$6	\$25	\$48	\$77	\$91	\$106	\$123
Indirect Spending	0.269	2	7	13	21	25	28	33
Induced Spending	0.230	1	6	11	18	21	24	28
Total Spending		\$8	\$38	\$72	\$116	\$137	\$159	\$184
Increased Earnings	0.673	\$4	\$17	\$32	\$52	\$61	\$71	\$83
Employment (FTE Jobs)	14.816	83	334	544	757	772	772	772*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Personal Income Tax	2.44%	0.0	0.0	0.0	0.0	0.0	0.0	0.1
State Corporate Income Tax	0.28%	0.0	0.0	0.1	0.1	0.1	0.1	0.2
Property Tax**	1.30%	0.6	2.0	3.2	5.3	6.1	7.1	8.3
Total Tax Revenue		\$0.6	\$2.0	\$3.3	\$5.4	\$6.3	\$7.3	\$8.5

Notes:

a) Assuming one employee for every 40 units.

b) Subject to MT Personal Income Tax.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

2. SENIOR HOUSING

Figure 11 summarizes the estimated spending and impacts associated with the Senior Housing at OBS, which comprises 216 housing units in Phase 1 and 103 units in Phase 2. As shown, in Year 5 the annual economic impact of the Senior Housing is estimated to include \$16.0 million of total spending, \$7.0 million in increased earnings, and 136 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$0.7 million in tax

revenues to the state and local governments. Over a 30-year period, the fiscal impact of the Senior Housing at OBS is projected to total \$43.0 million in tax revenues.

Figure 11

ONE Big Sky, Billings, Montana Senior Housing Estimated Spending and Impact								
Key Measures of Activities	2022	2026	2031	2036	2041	2046	2051	Total 30-year
# of Available Units	-	216	319	319	319	319	319	
# of Available SF	-	345,000	510,000	510,000	510,000	510,000	510,000	
# of Occupied Units	-	205	283	303	303	303	303	
Est. Spending, Salaries, and Revenues								
Estimated Household Income	\$59,540	\$0	\$15	\$25	\$31	\$36	\$41	\$48
Est. Income Spent Locally	66.7%	\$0	\$10	\$17	\$20	\$24	\$28	\$32
Estimated # of Employees (a)	40	-	5	7	8	8	8	8
Total Salaries (\$M) (b)	\$31,700	\$0.0	\$0.2	\$0.3	\$0.4	\$0.5	\$0.6	\$0.7
Spending by Employees (\$M)	\$20	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
Rents (\$M)		\$0	\$5	\$9	\$11	\$13	\$15	\$17
Property Value (\$M)		\$0	\$55	\$94	\$109	\$126	\$146	\$170
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending		\$0	\$10	\$17	\$21	\$24	\$28	\$32
Indirect Spending	0.269	0	3	4	6	6	7	9
Induced Spending	0.230	0	2	4	5	5	6	7
Total Spending		\$0	\$16	\$25	\$31	\$36	\$41	\$48
Increased Earnings	0.673	\$0	\$7	\$11	\$14	\$16	\$19	\$22
Employment (FTE Jobs)	14.816	0	136	188	201	201	201	201*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Personal Income Tax	2.44%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Corporate Income Tax	0.28%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property Tax**	1.30%	0.0	0.7	1.2	1.4	1.6	1.9	2.2
Total Tax Revenue		\$0.0	\$0.7	\$1.3	\$1.5	\$1.7	\$2.0	\$2.3

Notes:

a) Assuming one employee for every 40 units.

b) Subject to MT Personal Income Tax.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

3. STUDENT HOUSING

Figure 12 summarizes the estimated spending and impacts associated with Student Housing at OBS, which comprises 133 housing units in Phase 1 and 266 units in future phases. As shown, in Year 5 the annual economic impact of the Student Housing is estimated to include \$3.0 million of total spending, \$1.0 million in increased earnings, and 23 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$0.4 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the Student Housing at OBS is projected to total \$46.0 million in tax revenues.

Figure 12

ONE Big Sky, Billings, Montana Student Housing Estimated Spending and Impact								
Key Measures of Activities	2022	2026	2031	2036	2041	2046	2051	Total 30-year
# of Available Units	-	133	133	399	399	399	399	
# of Available SF	-	200,000	200,000	600,000	600,000	600,000	600,000	
# of Occupied Units	-	101	126	379	379	379	379	
Est. Spending, Salaries, and Revenues								
Estimated Household Income	\$20,394	\$0	\$3	\$4	\$13	\$15	\$18	\$21
Est. Income Spent Locally	66.7%	\$0	\$2	\$3	\$9	\$10	\$12	\$14
Estimated # of Employees (a)	40	-	3	3	9	9	9	9
Total Salaries (\$M) (b)	\$47,600	\$0.0	\$0.2	\$0.2	\$0.7	\$0.8	\$1.0	\$1.1
Spending by Employees (\$M)	\$20	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1
Rents (\$M)		\$0	\$1	\$1	\$4	\$5	\$6	\$7
Property Value (\$M)		\$0	\$34	\$39	\$136	\$158	\$183	\$212
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending		\$0	\$2	\$3	\$9	\$10	\$12	\$14
Indirect Spending	0.269	0	0	1	2	3	3	4
Induced Spending	0.230	0	0	1	2	2	3	3
Total Spending		\$0	\$3	\$4	\$13	\$15	\$18	\$21
Increased Earnings	0.673	\$0	\$1	\$2	\$6	\$7	\$8	\$9
Employment (FTE Jobs)	14.816	0	23	29	87	87	87	87
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Personal Income Tax	2.44%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State Corporate Income Tax	0.28%	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property Tax**	1.30%	0.0	0.4	0.5	1.8	2.1	2.4	2.8
Total Tax Revenue		\$0.0	\$0.4	\$0.5	\$1.8	\$2.1	\$2.4	\$2.8

Notes:

a) Assuming one employee for every 40 units.

b) Subject to MT Personal Income Tax.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

SUMMARY OF RESIDENTIAL IMPACTS

Figure 13 summarizes the estimated spending and impacts associated with all of the proposed residential housing at OBS. As shown, in Year 5 the annual economic impact of the residential component of the proposed development is estimated to include \$56.0 million of total spending, \$25.0 million in increased earnings, and 493 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$3.2 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the residential component of the project is projected to total \$237.0 million in tax revenues.

Figure 13

ONE Big Sky, Billings, Montana Residential Summary Estimated Spending and Impact									
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending		\$6	\$37	\$67	\$107	\$125	\$145	\$169	\$2,914
Indirect Spending	0.269	2	10	18	29	34	39	45	783
Induced Spending	0.230	1	9	15	25	29	33	39	671
Total Spending		\$8	\$56	\$100	\$160	\$188	\$218	\$253	\$4,368
Increased Earnings	0.673	\$4	\$25	\$45	\$72	\$84	\$98	\$113	\$1,960
Employment (FTE Jobs)	14.816	83	493	761	1,045	1,059	1,059	1,059	1,059*
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0
State Personal Income Tax	2.44%	0.0	0.0	0.0	0.1	0.1	0.1	0.1	\$2
State Corporate Income Tax	0.28%	0.0	0.1	0.1	0.1	0.2	0.2	0.2	\$4
Property Tax**	1.30%	0.6	3.2	5.0	8.5	9.8	11.4	13.2	\$231
Total Tax Revenue		\$0.6	\$3.2	\$5.1	\$8.7	\$10.1	\$11.7	\$13.6	\$237

Notes:

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

IMPACT OF RETAIL

OBS will include 3 distinct types of retail – 1). Mixed-Use Retail; 2). Urban Retail (Anchor); and 3). Urban Grocery. In order to account for variances in key metrics for, and performance of (sales per SF, vacancy, absorption and lease rates), each different retail type, our analysis considers each separately, as presented under the following subheadings.

1. MIXED-USE RETAIL

Figure 14 summarizes the estimated spending and impacts associated with the Mixed-Use Retail component of OBS, which comprises 327,000 GSF of retail space in Phase 1 and 337,800 GSF in future phases. As shown, in Year 5 the annual economic impact of the Mixed-Use Retail component is estimated to include \$102.0 million of total spending, \$46.0 million in increased earnings, and 900 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$2.7 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the Mixed-Use Retail component of the project is projected to total \$207.0 million in tax revenues.

Figure 14

ONE Big Sky, Billings, Montana Mixed-Use Retail Estimated Spending and Impact								
Key Measures of Activities	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Available Mixed-Use Retail Space (SF)	136,000	327,000	574,800	664,800	664,800	664,800	664,800	
Occupied/ Leased Mixed-Use Retail Space (SF)	95,200	284,620	490,316	611,616	611,616	611,616	611,616	
Total Sales (\$M) (a)	\$350	\$38	\$126	\$252	\$364	\$422	\$490	\$568
Product Purchase Cost	50%	\$19	\$63	\$126	\$182	\$211	\$245	\$284
Estimated Employment, Salaries and Employment Spending								
Estimated # of Employees (b)	120,000	280	830	1,430	1,780	1,780	1,780	
Est. Spending by Employees (c)	\$20	\$2	\$5	\$11	\$15	\$18	\$20	\$24
Total Salaries (\$M) (d)	\$39,700	\$13	\$42	\$83	\$120	\$139	\$162	\$187
Lease Payments (\$M)		\$3	\$11	\$21	\$29	\$34	\$39	\$45
Total Property Value (\$M)		\$43	\$117	\$239	\$320	\$371	\$430	\$498
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$20	\$68	\$137	\$380	\$440	\$510	\$591	\$9,635
Indirect Spending	0.269	5	18	102	118	137	159	2,589
Induced Spending	0.230	5	16	87	101	117	136	2,218
Total Spending	\$30	\$102	\$205	\$569	\$660	\$765	\$886	\$14,442
Increased Earnings	0.673	\$14	\$46	\$92	\$255	\$343	\$398	\$6,479
Employment (FTE Jobs)	14.816	301	900	1,550	3,718	3,718	3,718	3,718*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	\$0
State Personal Income Tax	2.44%	0.3	1.0	2.0	2.9	3.4	3.9	\$79
State Corporate Income Tax	0.28%	0.1	0.2	0.4	0.5	0.6	0.7	\$14
Property Tax**	1.30%	0.6	1.5	3.1	4.2	4.8	5.6	\$114
Total Tax Revenue	\$0.9	\$2.7	\$5.5	\$7.6	\$8.8	\$10.2	\$11.9	\$207

Notes:

a) The amounts are based on occupied/ leased space and sales per-square foot, assumed to be \$350 per SF per annum.

b) Assuming one employee for every \$120,000 of sales.

c) Direct spending made by employees will vary widely, but at the very least, typical full-time employees take lunch breaks everyday, assumed at \$20/ day, for 250 workdays per year.

d) Subject to MT Personal Income Tax. Based on an average salary as stated.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

2. URBAN RETAIL (ANCHOR)

Figure 15 summarizes the estimated spending and impacts associated with the Urban Retail (Anchor) at OBS, which comprises 55,000 GSF of retail space in Phase 1. As shown, in Year 5 the annual economic impact of the Urban Retail (Anchor) component is estimated to include \$26.0 million of total spending, \$12.0 million in increased earnings, and 228 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$0.6 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the Urban Retail (Anchor) component of the project is projected to total \$29.0 million in tax revenues.

Figure 15

ONE Big Sky, Billings, Montana Urban Retail (Anchor) Estimated Spending and Impact								
Key Measures of Activities	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Available Urban Retail (Anchor) Space (SF)	-	55,000	55,000	55,000	55,000	55,000	55,000	
Occupied/ Leased Urban Retail (Anchor) Space (SF)	-	50,600	50,600	50,600	50,600	50,600	50,600	
Total Sales (\$M) (a)	\$500	\$0	\$32	\$37	\$43	\$50	\$58	\$67
Product Purchase Cost	50%	\$0	\$16	\$19	\$22	\$25	\$29	\$34
Estimated Employment, Salaries and Employment Spending								
Estimated # of Employees (b)	120,000	-	210	210	210	210	210	
Est. Spending by Employees (c)	\$20	\$0	\$1	\$2	\$2	\$2	\$2	\$3
Total Salaries (\$M) (d)	\$39,700	\$0	\$11	\$12	\$14	\$16	\$19	\$22
Lease Payments (\$M)		\$0	\$2	\$2	\$2	\$3	\$3	\$3
Total Property Value (\$M)		\$0	\$20	\$23	\$26	\$31	\$36	\$41
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$0	\$17	\$20	\$45	\$52	\$60	\$70	\$1,594
Indirect Spending	0.269	0	5	5	12	14	19	428
Induced Spending	0.230	0	4	5	10	14	16	367
Total Spending	\$0	\$26	\$30	\$67	\$78	\$90	\$105	\$2,390
Increased Earnings	0.673	\$0	\$12	\$14	\$30	\$35	\$41	\$1,072
Employment (FTE Jobs)	14.816	0	228	228	439	439	439	439*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	\$0
State Personal Income Tax	2.44%	0.0	0.3	0.3	0.3	0.4	0.5	\$13
State Corporate Income Tax	0.28%	0.0	0.0	0.1	0.1	0.1	0.1	\$2
Property Tax**	1.30%	0.0	0.3	0.3	0.3	0.4	0.5	\$13
Total Tax Revenue	\$0.0	\$0.6	\$0.6	\$0.8	\$0.9	\$1.0	\$1.2	\$29

Notes:

a) The amounts are based on occupied/ leased space and sales per-square foot, assumed to be \$500 per SF per annum.

b) Assuming one employee for every \$120,000 of sales.

c) Direct spending made by employees will vary widely, but at the very least, typical full-time employees take lunch breaks everyday, assumed at \$20/ day, for 250 workdays

d) Subject to MT Personal Income Tax. Based on an average salary as stated.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

3. URBAN GROCERY

Figure 16 summarizes the estimated spending and impacts associated with the Urban Grocery at OBS, which comprises 58,000 GSF of retail space in Phase 1. As shown, in Year 5 the annual economic impact of the Urban Grocery is estimated to include \$30.0 million of total spending, \$13.0 million in increased earnings, and 262 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$0.6 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the Urban Grocery component of the project is projected to total \$26.0 million in tax revenues.

Figure 16

ONE Big Sky, Billings, Montana Urban Grocery Estimated Spending and Impact								
Key Measures of Activities	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Available Urban Grocery Space (SF)	-	58,000	58,000	58,000	58,000	58,000	58,000	
Occupied/ Leased Urban Grocery Space (SF)	-	58,000	58,000	58,000	58,000	58,000	58,000	
Total Sales (\$M) (a)	\$500	\$0	\$37	\$43	\$49	\$57	\$66	\$77
Product Purchase Cost	50%	\$0	\$18	\$21	\$25	\$29	\$33	\$38
Estimated Employment								
Estimated # of Employees (b)	120,000	-	240	240	240	240	240	
Est. Spending by Employees (c)	\$20	\$0	\$2	\$2	\$2	\$2	\$3	\$3
Total Salaries (\$M) (d)	\$39,700	\$0	\$12	\$14	\$16	\$19	\$22	\$25
Lease Payments (\$M)		\$0	\$1	\$2	\$2	\$2	\$3	\$3
Total Property Value (\$M)		\$0	\$21	\$24	\$28	\$32	\$38	\$43
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$0	\$20	\$23	\$51	\$60	\$69	\$80	\$1,412
Indirect Spending	0.269	0	5	6	14	16	22	380
Induced Spending	0.230	0	5	5	12	14	18	325
Total Spending	\$0	\$30	\$35	\$77	\$89	\$104	\$120	\$2,117
Increased Earnings	0.673	\$0	\$13	\$16	\$35	\$40	\$46	\$950
Employment (FTE Jobs)	14.816	0	262	262	504	504	504	504*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	\$0
State Personal Income Tax	2.44%	0.0	0.3	0.3	0.4	0.5	0.6	\$12
State Corporate Income Tax	0.28%	0.0	0.1	0.1	0.1	0.1	0.1	\$2
Property Tax**	1.30%	0.0	0.3	0.3	0.4	0.4	0.5	\$11
Total Tax Revenue		\$0.0	\$0.6	\$0.7	\$0.8	\$1.0	\$1.1	\$26

Notes:

a) The amounts are based on occupied/ leased space and sales per-square foot, assumed to be \$500 per SF per annum.

b) Assuming one employee for every \$120,000 of sales.

c) Direct spending made by employees will vary widely, but at the very least, typical full-time employees take lunch breaks everyday, assumed at \$20/ day, for 250

d) Subject to MT Personal Income Tax. Based on an average salary as stated.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

SUMMARY OF RETAIL IMPACTS

Figure 17 summarizes the estimated spending and impacts associated with all of the proposed retail space at OBS. As shown, in Year 5 the annual economic impact of the retail component of the proposed development is estimated to include \$158.0 million of total spending, \$71.0 million in increased earnings, and 1,390 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$3.9 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the retail component of the project is projected to total \$262.0 million in tax revenues.

Figure 17

ONE Big Sky, Billings, Montana Retail Summary Estimated Spending and Impact									
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending		\$20	\$106	\$180	\$476	\$552	\$640	\$741	\$12,641
Indirect Spending	0.269	5	28	48	128	148	172	199	3,398
Induced Spending	0.230	5	24	41	110	127	147	171	2,911
Total Spending		\$30	\$158	\$269	\$713	\$827	\$959	\$1,111	\$18,949
Increased Earnings	0.673	\$14	\$71	\$121	\$320	\$371	\$430	\$499	\$8,501
Employment (FTE Jobs)	14.816	301	1,390	2,040	4,661	4,661	4,661	4,661	4,661*
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0
State Personal Income Tax	2.44%	0.3	1.6	2.7	3.7	4.3	4.9	5.7	\$105
State Corporate Income Tax	0.28%	0.1	0.3	0.5	0.6	0.7	0.9	1.0	\$18
Property Tax**	1.30%	0.6	2.1	3.7	4.9	5.7	6.6	7.6	\$138
Total Tax Revenue		\$0.9	\$3.9	\$6.9	\$9.2	\$10.7	\$12.4	\$14.3	\$262

Notes:

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report.

Source: Johnson Consulting

IMPACT OF EDUCATION

Figure 18 summarizes the estimated spending and impacts associated with the Education (Technical Training) and Medical School at OBS, which comprise 50,000 GSF in Phase 1 and 825,000 GSF of Education and a 110,000 GSF Medical School in future phases. As shown, in Year 5 the annual economic impact of the education component is estimated to include \$10.0 million of total spending, \$4.0 million in increased earnings, and 99 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$0.2 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the education component is projected to total \$101.0 million in tax revenues. It is assumed that the education component of OBS will be exempt from State Corporate Income Tax and Property Tax, which is typical, nationally.

Figure 18

ONE Big Sky, Billings, Montana Education (Technical Training) and Medical School Estimated Spending and Impact									
Key Measures of Activities		2022	2026	2031	2036	2041	2046	2051	Total 30- year
Available SF		-	50,000	462,500	875,000	875,000	875,000	875,000	
Leased/ Occupied SF		-	50,000	462,500	875,000	875,000	875,000	875,000	
Enrollment (# of Students)	220	-	227	2,102	3,977	3,977	3,977	3,977	
Est. Spending, Salaries, and Revenues									
Estimated # of Employees (a)	-	-	19	175	331	331	331	331	
Total Salaries (\$M)	\$150,000	\$0	\$4	\$39	\$85	\$98	\$114	\$132	
Spending by Employees (\$M) (b)	\$20	\$0.0	\$0.1	\$1.3	\$2.8	\$3.3	\$3.8	\$4.4	
Est. Income Spent Locally	66.7%	\$0	\$2	\$26	\$56	\$65	\$76	\$88	
Est. # of Student-Days (9 months of classes)		-	62,216	575,497	1,088,778	1,088,778	1,088,778	1,088,778	
Est. # of Non-Local Student-Days	25%	-	15,554	143,874	272,195	272,195	272,195	272,195	
Spending by Non-Local Students	\$98	\$0	\$2	\$21	\$45	\$52	\$61	\$70	
# of Visitors		-	21,400	197,900	374,300	374,300	374,300	374,300	
# of Room-Nights from Education Visitors	33.3%	-	7,133	65,967	124,767	124,767	124,767	124,767	
Est. Spending by Visitors on Lodging	\$93	\$0	\$1	\$9	\$20	\$23	\$27	\$31	
Est. Spending by Visitors on Others	\$51	\$0	\$1	\$15	\$32	\$38	\$44	\$51	
Total Spending by Visitors		\$0	\$2	\$24	\$52	\$61	\$70	\$81	
Property Value (\$M) - Tax Exempt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30- year
Direct Spending		\$0	\$7	\$71	\$157	\$182	\$211	\$244	\$3,839
Indirect Spending	0.269	0	2	19	42	49	57	66	1,032
Induced Spending	0.230	0	2	16	36	42	48	56	884
Total Spending		\$0	\$10	\$107	\$235	\$272	\$316	\$366	\$5,754
Increased Earnings	0.673	\$0	\$4	\$48	\$105	\$122	\$142	\$164	\$2,582
Employment (FTE Jobs)	14.816	0	99	1,059	2,321	2,691	3,120	3,617	3,617*
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30- year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.1	\$0.8	\$1.8	\$2.1	\$2.4	\$2.8	\$45
Auto Rental Tax	4.00%	0.0	0.0	0.1	0.3	0.3	0.3	0.4	\$6
State Personal Income Tax	2.44%	0.0	0.1	0.9	2.1	2.4	2.8	3.2	\$51
State Corporate Income Tax**	0.28%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0
Property Tax***	1.30%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	\$0
Total Tax Revenue		\$0.0	\$0.2	\$1.9	\$4.1	\$4.8	\$5.6	\$6.5	\$101

Notes:

a) Assuming one employee for every 12 students.

b) Direct spending made by employees will vary widely, but at the very least, typical full-time employees take lunch breaks everyday, assumed at \$20/ day

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Exempt from State Corporate Income Tax.

***Exempt from Property Tax.

Source: Johnson Consulting

IMPACT OF OBS ANCHORS

OBS incorporates two existing and distinct assets that will serve as anchors to the overall development – 1) Healthcare system, which includes St Vincent Healthcare and Billings Clinic Hospital in the existing medical corridor; and 2) Montana State University Billings (MSUB). At the time of this study, we are aware of plans relating to these assets as follows:

1. Billings Clinic Hospital has announced a \$51.0 million expansion.
2. MSUB is undertaking a master planning effort and has ambitions to grow enrollment substantially over the next 10 to 15 years.

OBS will support these efforts by enhancing the image of Billings, the critical mass of activity and the inventory of support amenities. As such, the incremental impact of these expansion projects are accounted for in our economic and fiscal impact model for OBS.

BILLINGS CLINIC HOSPITAL EXPANSION

Figure 19 shows the estimated impact of the \$51.0 million expansion to Billings Clinic Hospital, reflecting assumptions derived from published sources as cited. It is noted that these projections are considered to be very conservative as they focus solely on the initial expansion to Billings Clinic Hospital, although we are aware of other expansion plans for both Billings Clinic Hospital and St Vincent Healthcare. As shown, in Year 5 the annual incremental economic impact of the expansion to the Hospital is estimated to include \$112.0 million of total spending, \$116.0 million in increased earnings, and 1,092 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$0.9 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of the expansion to Billings Clinic Hospital is projected to total \$29.0 million in tax revenues.

Figure 19

ONE Big Sky, Billings, Montana Expanded Healthcare District Estimated Spending and Impact									
Key Measures of Activities		2022	2026	2031	2036	2041	2046	2051	Total 30- year
Activity Volume									
Beds (a)		538	538	538	538	538	538	538	
Employment (FTE Jobs) (b)		4,447	4,447	4,447	4,447	4,447	4,447	4,447	
Employee Salaries and Benefits (b)		\$383	\$395	\$407	\$419	\$432	\$458	\$472	
Hospital Expenditures (b)		\$748	\$770	\$793	\$817	\$842	\$893	\$920	
Expanded Activity Volume									
Additional Beds (c)		26	52	52	52	52	52	52	
Additional Employment (FTE Jobs)		215	430	430	430	430	430	430	
Employee Salaries and Benefits		\$19	\$38	\$39	\$40	\$42	\$44	\$46	
Additional Hospital Expenditures		\$36	\$74	\$77	\$79	\$81	\$86	\$89	
Construction Cost (\$M) (e)	\$51	\$51	\$0	\$0	\$0	\$0	\$0	\$0	
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30- year
Direct Spending		\$36	\$74	\$77	\$79	\$81	\$86	\$89	\$2,321
Indirect Spending	0.269	10	20	21	21	22	23	24	624
Induced Spending	0.230	8	17	18	18	19	20	20	534
Total Spending		\$54	\$112	\$115	\$118	\$122	\$129	\$133	\$3,479
Increased Earnings*	1.564	\$57	\$116	\$120	\$124	\$127	\$135	\$139	\$3,629
Employment (FTE Jobs)*	16.500	596	1,092	970	862	766	701	622	622**
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30- year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
State Personal Income Tax	2.44%	0.5	0.9	1.0	1.0	1.0	1.1	1.1	29
State Corporate Income Tax***	0.28%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Property Tax****	1.30%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Total Tax Revenue		\$0.5	\$0.9	\$1.0	\$1.0	\$1.0	\$1.1	\$1.1	\$29

Notes:

a) Source: American Hospital Directory 2018.

b) Source: American Hospital Association "Hospitals Are Economic Drivers In Their Communities" 2016.

c) Expansion to Billings Clinic will initially add 26 beds and create capacity for additional beds, which are assumed to be added in Year 3.

d) Assumes that additional beds are occupied at current rate for Billings Clinic of 71% (Source: American Hospital Directory 2018).

e) Estimated \$51M construction cost and 3-year construction period (Source: Billings Clinic).

*Source: American Hospital Association "Hospitals Are Economic Drivers In Their Communities" 2016.

**Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

***Exempt from State Corporate Income Tax

****Exempt from Property Tax.

Source: Johnson Consulting

MONTANA STATE UNIVERSITY BILLINGS EXPANSION

A study undertaken by Montana State University (MSU) in 2010 indicated that the Billings campus (MSUB), with an enrollment of 4,400 students (2009), generated \$36.5 million in state tax revenues and created 1,700 jobs for Montana residents. The master planning efforts at MSUB indicate clear strategies for growth that mirror the enrollment growth that was achieved at MSU's Bozeman campus as part of economic development initiatives within the City. Enrollment at the Bozeman campus grew from 12,135 students in Fall 2003 to 16,902 students in Fall 2018. Figure 20 shows the estimated impact of a similar level of enrollment growth at MSUB, over a 10-year period.

As shown, in Year 5 the annual incremental economic impact of MSUB is estimated to include \$225.0 million of total spending, \$101.0 million in increased earnings, and 2,220 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$8.8 million in tax revenues to the state and local governments. Over a 30-year period, the fiscal impact of an expanded MSUB is projected to total \$665.0 million in tax revenues.

Figure 20

ONE Big Sky, Billings, Montana MSU Billings Expansion Estimated Spending and Impact									
Key Measures of Activities		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Current Enrollment	4,400 (baseline)								
Activity Volume	2009 Base Year								
Fiscal Impact (\$M)	\$36.5	\$53.6	\$60.3	\$69.9	\$81.1	\$94.0	\$109.0	\$126.3	
Fiscal Impact per Student	\$8,295	\$12,182	\$13,711	\$15,895	\$18,427	\$21,361	\$24,764	\$28,708	
Expanded Activity Volume									
Incremental Annual Enrollment (# of Students)	Target by Year 10	560	560	560	-	-	-	-	
Total Enrollment	10,000	4,960	7,200	10,000	10,000	10,000	10,000	10,000	
Accumulative Incremental Enrollment (over Current Enrollment)		560	2,800	5,600	5,600	5,600	5,600	5,600	
Est. Incremental Spending, Salaries, and Revenues									
Estimated # of Employees (a)	0.27	149	743	1,485	1,485	1,485	1,485	1,485	
Total Salaries (\$M)	\$150,000	\$25	\$141	\$327	\$379	\$440	\$510	\$591	
Spending by Employees (\$M) (b)	\$20	\$0.8	\$4.7	\$10.9	\$12.6	\$14.7	\$17.0	\$19.7	
Est. Income Spent Locally	66.7%	\$17	\$94	\$218	\$253	\$293	\$340	\$394	
Est. # of Student-Days (9 months of classes)		153,300	766,500	1,533,000	1,533,000	1,533,000	1,533,000	1,533,000	
Est. # of Non-Local Student-Days	25%	38,325	191,625	383,250	383,250	383,250	383,250	383,250	
Spending by Non-Local Students	\$98	\$4	\$24	\$55	\$64	\$74	\$85	\$99	
# of Visitors		52,700	263,500	527,100	527,100	527,100	527,100	527,100	
# of Room-Nights from Education Visitors	33.3%	17,567	87,833	175,700	175,700	175,700	175,700	175,700	
Est. Spending by Visitors on Lodging	\$93	\$2	\$10	\$24	\$28	\$32	\$37	\$43	
Est. Spending by Visitors on Others	\$51	\$3	\$17	\$39	\$46	\$53	\$62	\$71	
Total Spending by Visitors		\$5	\$27	\$63	\$74	\$85	\$99	\$115	
Construction Cost (\$M) (c)	\$259	\$86	\$0	\$0	\$0	\$0	\$0	\$0	
Economic Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending		\$27	\$150	\$347	\$403	\$467	\$541	\$627	\$11,367
Indirect Spending	0.269	7	40	93	108	125	145	169	3,055
Induced Spending	0.230	6	34	80	93	107	125	144	2,617
Total Spending		\$40	\$225	\$521	\$604	\$700	\$811	\$940	\$17,039
Increased Earnings	0.673	\$18	\$101	\$234	\$271	\$314	\$364	\$422	\$7,644
Employment (FTE Jobs)	14.816	394	2,220	5,147	5,967	6,917	8,018	9,296	9,296*
Fiscal Impact (\$Million)		2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	9.20%	\$0.2	\$1.0	\$2.2	\$2.6	\$3.0	\$3.4	\$4.0	\$72
Auto Rental Tax	4.00%	0.0	0.1	0.3	0.4	0.4	0.5	0.6	10
State Personal Income Tax	2.44%	1.4	7.7	17.8	20.6	23.9	27.7	32.2	583
State Corporate Income Tax**	0.28%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Property Tax**	1.30%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Total Tax Revenue		\$1.6	\$8.8	\$20.3	\$23.6	\$27.3	\$31.7	\$36.7	\$665

Notes:

a) Reflects current staffing and enrollment levels.

b) Direct spending made by employees will vary widely, but at the very least, typical full-time employees take lunch breaks everyday, assumed at \$20/ day.

c) Assumes comparable construction cost to proposed Education uses within OBSD; 3 year construction period.

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Exempt from State Corporate Income Tax.

****Exempt from Property Tax.

Source: Johnson Consulting

ONE-TIME IMPACT OF CONSTRUCTION

The construction of the various components of the proposed OBS will create a one-time influx of spending to the market, thereby resulting in a one-time economic and fiscal impact. Figure 21 shows the estimated construction impact, reflecting an estimated construction cost of \$1.0 billion over a 15-year construction period (excluding land, development, FF&E, contingency and other costs). As shown, over a 15-year construction period, the fiscal impact of the construction of the project is estimated to total \$20.0 million in tax revenues.

Figure 21

ONE Big Sky, Billings, Montana One-Time Construction* Estimated Spending and Impact						
Key Measures of Activities		2022	2026	2031	2036	Total 15-year
Construction Costs (\$M)		\$259	\$72	\$77	\$50	
Costs Spent on Labor***	60%	156	43	46	30	
# On-Site Construction Jobs		3,456	955	1,033	672	
Estimated Spending						
Costs Spent on Materials	40%	\$104	\$29	\$31	\$20	
% Spending Locally	50%	52	14	15	10	
Economic Impact (\$Million)		2022	2026	2031	2036	Total 15-year
Direct Spending		\$52	\$14	\$15	\$10	\$270
Indirect Spending	0.269	14	4	4	3	73
Induced Spending	0.230	12	3	4	2	62
Total Spending		\$78	\$21	\$23	\$15	\$405
Increased Earnings	0.673	\$35	\$10	\$10	\$7	\$182
Employment (FTE Jobs)	14.816	768	189	176	99	99**
Fiscal Impact (\$Million)		2022	2026	2031	2036	Total 15-year
Hotel/ Motel Tax	9.20%	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	4.00%	0.0	0.0	0.0	0.0	\$0
State Personal Income Tax	2.44%	3.8	1.0	1.1	0.7	\$20
State Corporate Income Tax	0.28%	0.0	0.0	0.0	0.0	\$0
Special District Fee	0.00%	0.0	0.0	0.0	0.0	\$0
Property Tax	1.30%	0.0	0.0	0.0	0.0	\$0
Total Tax Revenue		\$3.8	\$1.0	\$1.1	\$0.7	\$20

Notes:

* Includes impact of construction of OBSD, Billings Clinic Hospital expansion and MSUB expansion.

**Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

*** Labor Costs subject to State Personal Income Tax.

Source: Johnson Consulting

TOTAL IMPACT OF PROJECT

Figure 22 summarizes the estimated spending and impacts associated with OBS, in 5-year increments and cumulatively over a 30-year period, including the one-time impact of construction. As shown, in Year 5 the annual economic impact of the proposed development is estimated to include \$1.1 billion of total spending, \$573.0 million in increased earnings, and 10,290 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$31.2 million in tax revenues to the state and local governments, inclusive of the one-time impact of construction. Over a 30-year period, the fiscal impact of the project is projected to total \$2.4 billion in tax revenues.

Figure 22

ONE Big Sky, Billings, Montana Estimated Spending and Impact								
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$122	\$754	\$1,499	\$2,468	\$2,904	\$3,357	\$3,879	\$66,518
Indirect Spending	33	203	403	663	781	902	1,043	17,878
Induced Spending	28	174	345	568	669	773	893	15,315
Total Spending	\$183	\$1,130	\$2,248	\$3,699	\$4,354	\$5,033	\$5,815	\$99,710
Increased Earnings	\$114	\$573	\$1,077	\$1,730	\$2,026	\$2,335	\$2,688	\$46,802
Employment (FTE Jobs)	1,866	10,290	18,575	27,068	28,747	30,201	31,886	31,886*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	\$1.4	\$3.4	\$6.2	\$8.2	\$9.5	\$11.0	\$12.8	\$231
Auto Rental Tax	0.1	0.3	0.6	0.8	0.9	1.0	1.2	\$22
State Personal Income Tax	2.2	15.3	33.1	45.4	53.4	61.8	71.5	\$1,251
State Corporate Income Tax	0.1	2.0	4.2	7.0	8.3	9.7	11.2	\$188
Property Tax**	1.4	9.1	15.6	25.2	29.2	33.8	39.2	\$678
Total	\$5.2	\$30.2	\$59.7	\$86.6	\$101.3	\$117.3	\$135.8	\$2,370
One-Time Impact of Construction	3.8	1.0	1.1	0.7	0.0	0.0	0.0	\$20
Total Tax Revenues	\$9.0	\$31.2	\$60.8	\$87.3	\$101.3	\$117.3	\$135.8	\$2,389

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report; Convention/ Event Center and Education are tax exempt.

Source: Johnson Consulting

IMPACT BY DISTRICT

As stated in the introduction to this report, OBS is comprised of 4 defined Districts – 1). Entertainment District; 2). Civic/ Wellness District; 3). Education/ Innovation District; and 4). Lifestyle District. Estimated spending and impact created by each District is described under the following subheadings.

1. ENTERTAINMENT DISTRICT

Figure 23 summarizes the estimated spending and impacts associated with the Entertainment District, which is anchored by the Convention/ Event Center. As shown, in Year 5 the annual economic impact of the Entertainment District is estimated to include \$157.0 million of total spending, \$71.0 million in increased earnings, and 1,381 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$4.7 million in tax revenues

to the state and local governments, inclusive of the one-time impact of construction. Over a 30-year period, the fiscal impact of the Entertainment District is projected to total \$280.0 million in tax revenues.

Figure 23

ONE Big Sky, Billings, Montana ENTERTAINMENT DISTRICT Estimated Spending and Impact								
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$37	\$105	\$170	\$314	\$366	\$423	\$489	\$8,448
Indirect Spending	10	28	46	84	98	114	132	2,270
Induced Spending	9	24	39	72	84	97	113	1,945
Total Spending	\$56	\$157	\$255	\$470	\$548	\$634	\$734	\$12,663
Increased Earnings	\$25	\$71	\$114	\$211	\$246	\$285	\$329	\$5,681
Employment (FTE Jobs)	550	1,381	1,929	3,072	3,092	3,084	3,077	3,077*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	\$1.1	\$2.1	\$2.7	\$3.2	\$3.7	\$4.3	\$5.0	\$96
Auto Rental Tax	0.1	0.1	0.2	0.2	0.2	0.2	0.2	4
State Personal Income Tax	0.2	0.9	1.7	2.5	3.0	3.5	4.0	69
State Corporate Income Tax	0.0	0.2	0.4	0.6	0.8	0.9	1.0	17
Property Tax**	0.4	1.3	2.4	3.3	3.9	4.5	5.2	91
Total	\$1.8	\$4.5	\$7.3	\$9.9	\$11.5	\$13.3	\$15.4	\$278
One-Time Impact of Construction	\$0.3	\$0.2	\$0.2	\$0.1	\$0.0	\$0.0	\$0.0	\$3
Total Tax Revenues	\$2.1	\$4.7	\$7.5	\$10.0	\$11.5	\$13.3	\$15.4	\$280

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report; Convention/ Event Center, Education, Hospital and University are tax exempt.

Source: Johnson Consulting

2. CIVIC / WELLNESS DISTRICT

Figure 24 the estimated spending and impacts associated with the Civic / Wellness District, which is anchored by the Civic Office Tower and incorporates MSUB, St Vincent Healthcare and Billings Clinic Hospital. As shown, in Year 5 the annual economic impact of the Civic / Wellness District is estimated to include \$902.0 million of total spending, \$471.0 million in increased earnings, and 8,281 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$23.2 million in tax revenues to the state and local governments, inclusive of the one-time impact of construction. Over a 30-year period, the fiscal impact of the Civic / Wellness District is projected to total \$1.8 billion in tax revenues.

Figure 24

ONE Big Sky, Billings, Montana CIVIC / WELLNESS DISTRICT Estimated Spending and Impact									
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	2066	Total 30-year
Direct Spending	\$75	\$602	\$1,181	\$1,818	\$2,148	\$2,482	\$2,865	\$4,424	\$49,595
Indirect Spending	20	162	317	489	577	667	770	1,189	13,329
Induced Spending	17	139	272	419	495	571	660	1,019	11,419
Total Spending	\$112	\$902	\$1,770	\$2,726	\$3,220	\$3,720	\$4,295	\$6,631	\$74,343
Increased Earnings	\$82	\$471	\$862	\$1,293	\$1,517	\$1,746	\$2,006	\$3,064	\$35,421
Employment (FTE Jobs)	1,167	8,281	14,708	19,921	21,202	22,235	23,430	28,436	23,430*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	2066	Total 30-year
Hotel/ Motel Tax	\$0.3	\$1.3	\$2.7	\$3.2	\$3.7	\$4.3	\$5.0	\$7.7	\$90
Auto Rental Tax	0.0	0.2	0.3	0.4	0.5	0.5	0.6	0.9	11
State Personal Income Tax	1.9	14.0	29.8	39.9	46.9	54.3	62.8	97.3	1,106
State Corporate Income Tax	0.0	1.7	3.6	6.1	7.3	8.5	9.8	15.3	164
Property Tax**	0.4	5.6	9.6	15.2	17.6	20.4	23.6	36.8	408
Total	\$2.7	\$22.8	\$46.1	\$64.7	\$75.9	\$87.9	\$101.8	\$158.0	\$1,779
One-Time Impact of Construction	\$2.7	\$0.4	\$0.5	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$11
Total Tax Revenues	\$5.4	\$23.2	\$46.5	\$65.0	\$75.9	\$87.9	\$101.8	\$158.0	\$1,790

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report; Convention/ Event Center, Education, Hospital and University are tax exempt.

Source: Johnson Consulting

3. EDUCATION / INNOVATION DISTRICT

Figure 25 summarizes the estimated spending and impacts associated with the Education / Innovation District, which is anchored by the Education (Technical Training) and Medical School uses. As shown, in Year 5 the annual economic impact of the Education / Innovation District is estimated to include \$25.0 million of total spending, \$11.0 million in increased earnings, and 232 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$1.2 million in tax revenues to the state and local governments, inclusive of the one-time impact of construction. Over a 30-year period, the fiscal impact of the Education / Innovation District is projected to total \$177.0 million in tax revenues.

Figure 25

ONE Big Sky, Billings, Montana EDUCATION / INNOVATION DISTRICT Estimated Spending and Impact								
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$2	\$17	\$91	\$212	\$246	\$285	\$330	\$5,240
Indirect Spending	1	5	24	57	66	77	89	1,408
Induced Spending	1	4	21	49	57	66	76	1,207
Total Spending	\$4	\$25	\$136	\$318	\$368	\$427	\$495	\$7,855
Increased Earnings	\$2	\$11	\$61	\$143	\$165	\$192	\$222	\$3,524
Employment (FTE Jobs)	37	232	1,277	2,863	3,233	3,661	4,158	4,158*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	\$0.0	\$0.1	\$0.8	\$1.8	\$2.1	\$2.4	\$2.8	\$45
Auto Rental Tax	0.0	0.0	0.1	0.3	0.3	0.3	0.4	6
State Personal Income Tax	0.0	0.2	1.2	2.4	2.8	3.3	3.8	61
State Corporate Income Tax	0.0	0.0	0.0	0.1	0.1	0.1	0.1	2
Property Tax**	0.1	0.6	0.9	2.3	2.6	3.1	3.6	60
Total	\$0.1	\$1.0	\$3.1	\$6.9	\$8.0	\$9.2	\$10.7	\$173
One-Time Impact of Construction	\$0.4	\$0.3	\$0.3	\$0.2	\$0.0	\$0.0	\$0.0	\$4
Total Tax Revenues	\$0.6	\$1.2	\$3.4	\$7.1	\$8.0	\$9.2	\$10.7	\$177

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report; Convention/ Event Center, Education, Hospital and University are tax exempt.

Source: Johnson Consulting

4. LIFESTYLE DISTRICT

Figure 26 summarizes the estimated spending and impacts associated with the Lifestyle District, which is predominantly residential and incorporates a mix of retail and office uses. As shown, in Year 5 the annual economic impact of the Lifestyle District is estimated to include \$45.0 million of total spending, \$20.0 million in increased earnings, and 396 full-time equivalent jobs. In the same year, the annual fiscal impact is projected to include \$2.1 million in tax revenues to the state and local governments, inclusive of the one-time impact of construction. Over a 30-year period, the fiscal impact of the Lifestyle District is projected to total \$143.0 million in tax revenues.

Figure 26

ONE Big Sky, Billings, Montana LIFESTYLE DISTRICT Estimated Spending and Impact								
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$8	\$30	\$58	\$124	\$145	\$168	\$194	\$3,235
Indirect Spending	2	8	16	33	39	45	52	870
Induced Spending	2	7	13	28	33	39	45	745
Total Spending	\$11	\$45	\$87	\$185	\$217	\$251	\$291	\$4,850
Increased Earnings	\$5	\$20	\$39	\$83	\$97	\$113	\$131	\$2,176
Employment (FTE Jobs)	113	396	661	1,211	1,221	1,221	1,221	1,221*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0
Auto Rental Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
State Personal Income Tax	0.1	0.2	0.4	0.6	0.7	0.8	0.9	15
State Corporate Income Tax	0.0	0.1	0.1	0.2	0.2	0.2	0.3	5
Property Tax**	0.5	1.7	2.8	4.4	5.1	5.9	6.9	120
Total	\$0.6	\$1.9	\$3.3	\$5.1	\$6.0	\$6.9	\$8.0	\$140
One-Time Impact of Construction	\$0.3	\$0.2	\$0.2	\$0.1	\$0.0	\$0.0	\$0.0	\$3
Total Tax Revenues	\$0.9	\$2.1	\$3.5	\$5.3	\$6.0	\$6.9	\$8.0	\$143

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report; Convention/ Event Center, Education, Hospital and University are tax exempt.

Source: Johnson Consulting

IMPACT BY JURISDICTION

Figure 27 summarizes the impact to each jurisdiction – City, School District, County and State. As shown, in Year 5, the \$31.2 million fiscal impact is estimated to include \$3.0 million in tax revenues to the City, \$4.2 million to the School District, \$1.5 million to the County, and \$22.6 million to the State. Over a 30-year period, the \$2.4 billion fiscal impact is estimated to include \$214.0 million in tax revenues to the City, \$309.0 million to the School District, \$110.0 million to the County, and \$1.8 billion to the State. It is noted that we used a total 692.36 mill rate for property tax collections. The allocation by jurisdiction is shown in the footnote of Figure 27.

Figure 27

ONE Big Sky, Billings, Montana Estimated Impact by Jurisdiction								
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-Year
City*	\$0.7	\$3.0	\$5.1	\$7.9	\$9.1	\$10.6	\$12.2	\$214
School District**	0.6	4.2	7.1	11.5	13.3	15.4	17.9	309
County**	0.2	1.5	2.5	4.1	4.7	5.5	6.3	110
State***	7.5	22.6	46.0	63.9	74.2	85.9	99.4	1,756
Total Tax Revenues	\$9.0	\$31.2	\$60.8	\$87.3	\$101.3	\$117.3	\$135.8	\$2,389

* Includes Property Tax and Hotel/ Motel Tax - City (TBID)

** Includes Property Tax.

*** Includes Hotel/ Motel Tax - State, Auto Rental Tax - State, State Personal Income Tax, and State Corporate Income Tax.

Note: Property Tax total 692.36 mill rate allocated as follows: City 159.00 plus BSED 3.17; School District 315.60; County 112.09; State

Source: Johnson Consulting

ADDITIONAL IMPACT OF PROJECT

The overall density that is created by OBS will result in a centralized node of activity that can attract residents and workers to downtown Billings, and drive visitors to the downtown core, the County and the State. In addition to the economic and fiscal impact of OBS, as summarized in Figure 22, we have identified two additional macro-level benefits of the project:

1. **Ancillary Impact:** This reflects how the project will help other real estate and businesses surrounding, but not part of, OBS. A factor of 20 percent is applied to the impact estimates presented in Figure 22 to reflect the benefits of the project that will extend beyond the physical boundaries of OBS. As has occurred as a result of similar projects in other cities, OBS will serve to provide new employment opportunities and wages for nearby workers, drive up residential, retail and office rents and prices, and increase occupancies and Average Daily Rates (ADR) at local hotels.
2. **State Reinvestment Impact:** It is logical to think that the State will take its tax revenue and invest some of it into new infrastructure and improvements that will help areas throughout the State. We have conservatively assumed that the State will reinvest 30 percent of the \$1.8 billion in State tax revenues generated by OBS into local infrastructure, public services, facilities and amenities for the community. Enhancements from this public sector reinvestment will help to drive additional revenues in downtown Billings, Yellowstone County and Montana.

Figure 28 shows the additional tax revenues generated from the combined Ancillary Impact and State Reinvestment, as described above. As shown, in Year 5 the annual fiscal impact is projected to include \$44.1 million in tax revenues to the state and local governments, inclusive of the one-time impact of construction of and accounting for the Ancillary Impact and State Reinvestment. Over a 30-year period, the fiscal impact of the project is projected to total \$3.4 billion in tax revenues.

Figure 28

ONE Big Sky, Billings, Montana Estimated Spending and Impact with Ancillary Impact and State Reinvestment								
Economic Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Direct Spending	\$122	\$754	\$1,499	\$2,468	\$2,904	\$3,357	\$3,879	\$66,518
Indirect Spending	33	203	403	663	781	902	1,043	17,878
Induced Spending	28	174	345	568	669	773	893	15,315
Total Spending	\$183	\$1,130	\$2,248	\$3,699	\$4,354	\$5,033	\$5,815	\$99,710
Increased Earnings	\$114	\$573	\$1,077	\$1,730	\$2,026	\$2,335	\$2,688	\$46,802
Employment (FTE Jobs)	1,866	10,290	18,575	27,068	28,747	30,201	31,886	31,886*
Fiscal Impact (\$Million)	2022	2026	2031	2036	2041	2046	2051	Total 30-year
Hotel/ Motel Tax	\$1.4	\$3.4	\$6.2	\$8.2	\$9.5	\$11.0	\$12.8	\$231
Auto Rental Tax	0.1	0.3	0.6	0.8	0.9	1.0	1.2	22
State Personal Income Tax	2.2	15.3	33.1	45.4	53.4	61.8	71.5	1,251
State Corporate Income Tax	0.1	2.0	4.2	7.0	8.3	9.7	11.2	188
Property Tax**	1.4	9.1	15.6	25.2	29.2	33.8	39.2	678
Total	\$5.2	\$30.2	\$59.7	\$86.6	\$101.3	\$117.3	\$135.8	\$2,370
Ancillary Impact***	1.0	6.0	11.9	17.3	20.3	23.5	27.2	\$474
State Reinvestment****	2.2	6.8	13.8	19.2	22.3	25.8	29.8	\$527
One-Time Impact of Construction	3.8	1.0	1.1	0.7	0.0	0.0	0.0	\$20
Total Tax Revenues	\$12.3	\$44.1	\$86.6	\$123.8	\$143.8	\$166.5	\$192.8	\$3,390

*Employment figures are not additive and should not be summed. The jobs that are created and/or supported simply carry on to the next year.

**Reflecting an effective tax rate and referencing Baker Tilly report; Convention/ Event Center and Education are tax exempt.

*** Assumes 20% additional fiscal impact.

**** Assumes State reinvests 30% of tax revenues from OBSD into infrastructure.

Source: Johnson Consulting

CONCLUSION

The proposed OBS will play a critical role in enhancing the long-term economic viability of the City of Billings, Yellowstone County, and the State of Montana. Each proposed land use will contribute to this overall success in a variety of ways, as follows:

- **Convention/ Event Center:** Provides a critical mass of activity in downtown Billings and serves to brand Billings as a complete meetings marketplace. The Convention/ Event Center will allow a variety of industry clusters to hold events in the Montana economy, which in turn will support local hotels, retail and restaurants, and their associated business units. The Convention/ Event Center will serve local residents, by providing a venue for local businesses to host events, and will also attract visitors from out of town, who will be encouraged to extend their stay and vacation throughout Montana.
- **Hotel:** The new hotel properties will serve to enhance the image of Billings as a destination for corporate, group and leisure travelers. They will also increase the critical mass of hotels in the downtown core, thereby helping to drive up Average Daily Rates (ADR) and Revenue per Available Room (RevPAR) at existing properties. The proposed hotel properties in OBS will provide the support necessary to allow businesses and cultural entities to advance.

- **Office:** By increasing the inventory of Class A office space in the downtown core, OBS will help to attract new talent to the Billings and Montana economy, and help to alleviate the current flow of workers and businesses out of the market. Specifically, the Health Care/ Medical Office will increase the critical mass of these specialized tenancies in Billings and serve to support the established healthcare network.
- **Retail:** Provides new and attractive retail opportunities for residents and visitors alike. This will serve to enhance the overall image of Billings and provide necessary amenities to drive demand to the downtown core.
- **Residential:** Attracts a critical mass of residents to the downtown core, to a range of housing types and supports the overall urbanization of the local area, which is a trend being observed nationally in similar cities. New housing will also support talent recruitment and retention by providing sources of labor close to employers.
- **Education:** Supports new talent recruitment and retention in the Billings and Montana economy, as well as MSUB's enrollment growth.
- **Existing Anchors:** As it relates to Billings Clinic Hospital and MSUB, OBS will support expansion efforts by enhancing the image of Billings, the critical mass of activity and the inventory of support amenities.

The impact of OBS will be immense, with an estimated fiscal impact of \$2.4 billion over a 30-year period. When the Ancillary Impact and State Reinvestment impact is accounted for, the fiscal impact of OBS is estimated to total \$3.4 billion in tax revenues, over a 30-year period.