

**Annual Report  
for FY2008 -  
Downtown Billings and  
Summary Report  
Downtown Framework and the  
1976 Tax Increment District**

## **Three Boards – One Objective – “Revitalize Downtown Billings”**

*Board Members as of July 1, 2008*

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### **Downtown Billings Partnership, Inc.**

- Steve Wahrlich – *President*
- William Honaker – *Immediate Past President*
- Don Olsen – *Vice President*
- Brenda Burkhartsmeier – *Secretary*
- Patty Nordlund
- Mike Tuss
- Tina Volek
- Jim Reno
- Kay Foster
- Jock West
- Lloyd Mikelson
- Jack Copps

### **Alternates**

- Vince Ruegamer
  - Scott Wetzel
  - John Ostland
  - Kim Olsen
  - Lisa Harmon
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### **Downtown Billings BID, Inc.**

- Steve Wahrlich – *President*
- Mike Schaer – *Vice President*
- Norman Miller - *Treasurer*
- Michael Gray - *Secretary*
- Michelle Cormier
- Billie Ruff
- Brad Anderson

### **Downtown Billings Association, Inc.**

- Bob Carr – *Board Chair*
- Mike “Bebo” Bilansky – *VP Marketing*
- Toni Schneider – *VP Membership*
- Brian Brown – *Secretary/Treasurer*
- Renee Christiansen
- Chris Montague
- Denice Johnson
- Dana Bishop
- Greg Krueger
- Steve Bruggeman
- Matt Robertson
- William Wood
- Chris White
- Kim Schweikert

### **Ad Hoc Members**

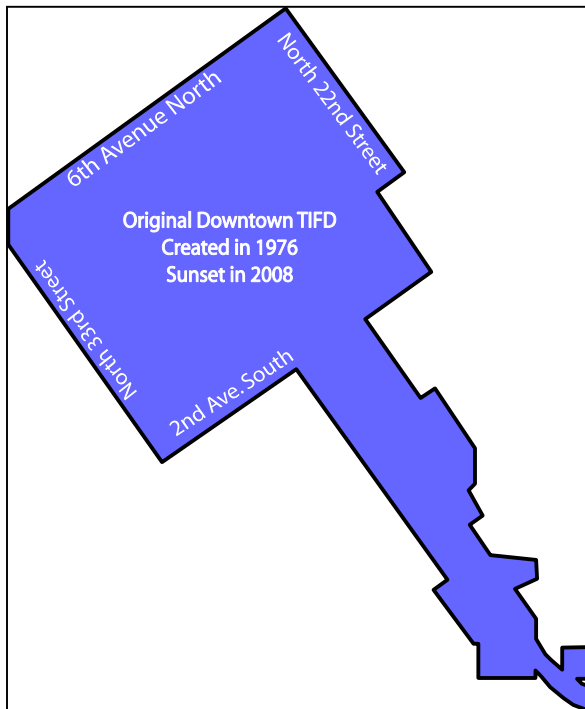
- Chris Mallow
  - Joan E. Kronebusch
- 

### **Downtown Billings Staff**

- Lisa K. Harmon – *Executive Director*
- Greg A. Krueger – *Development Director*
- Sherri Sjolseth – *Operations Director*
- Mikal Young – *Marketing and Events Coordinator*
- Soo Ping Ng-Bronson – *Manager – Finance/Programs*
- Katie Christianson – *Street Team Leader*

## **Downtown Billings Celebrates Sunset of Original Tax Increment District** *Local Taxing Jurisdictions Get FY2009 Boost to General Fund*

Downtown Billings, as a result of wise use of the Urban Renewal Law and Tax Increment Financing, is proud to celebrate the sunset of one of the most successful Tax Increment Districts in the Northwest.



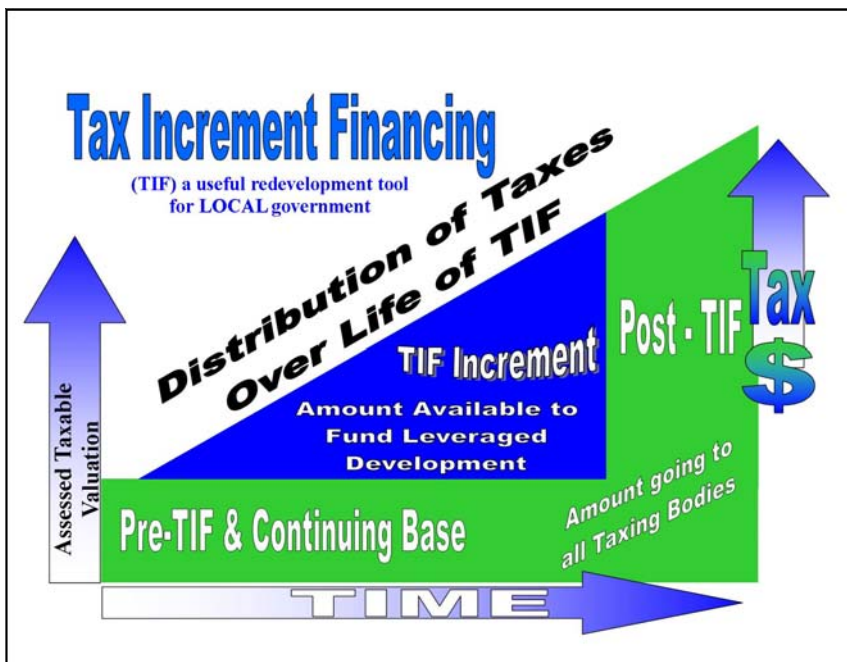
After 32 years of ups and downs, as well as starts, stops and restarts, the first Urban Renewal Tax Increment Financing District established in Billings in 1976 expired, as planned, in March of this year. After a great start in the late 70's and early 80's the Downtown Billings Tax Increment Financing District, often called a "TIFD," fell into decline around 1988 and continued on a downward spiral. In May of 1995, a diverse group of citizens representing public and private interests met in an effort to stop the decline and create a plan for the future of Downtown Billings. Eighteen months later, they produced the Framework Plan for Downtown Billings, the vision map for the future of Downtown Billings.

The state law that enables Tax Increment Financing, the Urban Renewal Law, was born in the late 70's and has been used by many Montana cities to revitalize stagnant or dying city centers. In Montana, where property tax is just about the only game in town, TIFDs are just about the only tool that can be used to stabilize and rejuvenate the heart of a community. Often misunderstood and generally unknown, the rules of the Montana Urban Renewal Law are quite basic. A municipality declares a specific area within the city to be "blighted" and passes a series of Resolutions and Ordinances to create a geographically defined district. Once approved by the city's governing body, the first act required by the new district is to establish the total taxable value of the area within the boundaries and establish that as the "base." The local and state taxing entities are then promised that the taxes collected from that base amount will continue to flow to the taxing entities (City, County, School District and State) for the life of the district. Thus the first act is to stabilize an area that had been showing a constant and widespread decline in taxable value. Then, for the life of the district,

the municipality is required to review and update an urban renewal plan to grow the taxable value of the area.

The initial life of the district is 15 years but a city may sell Tax Increment Financing Bonds at any time during the span of the district and then the law allows the termination date of the district to coincide with the final payment date of the bonds issued. Thus, if a city sells or refinances bonds in the 15<sup>th</sup> year, and those bonds have a 20 year pay-back schedule, the district may actually remain in place for a total of 35 years.

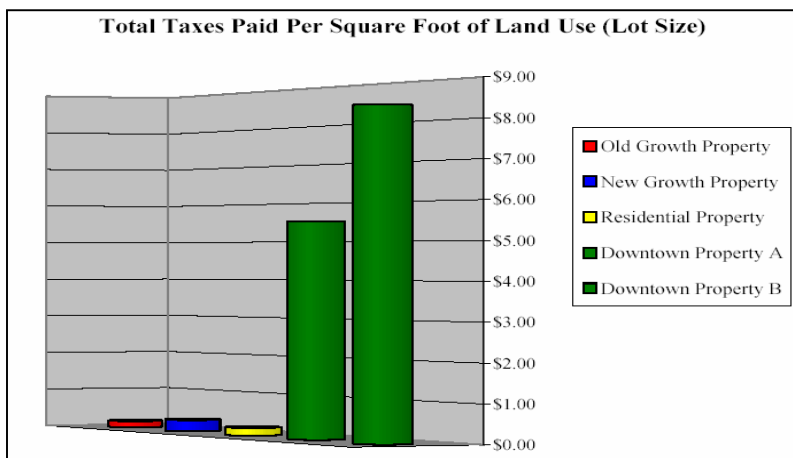
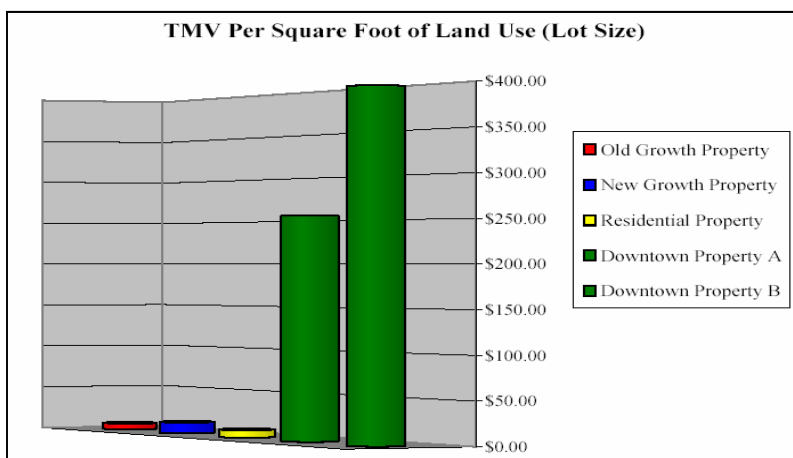
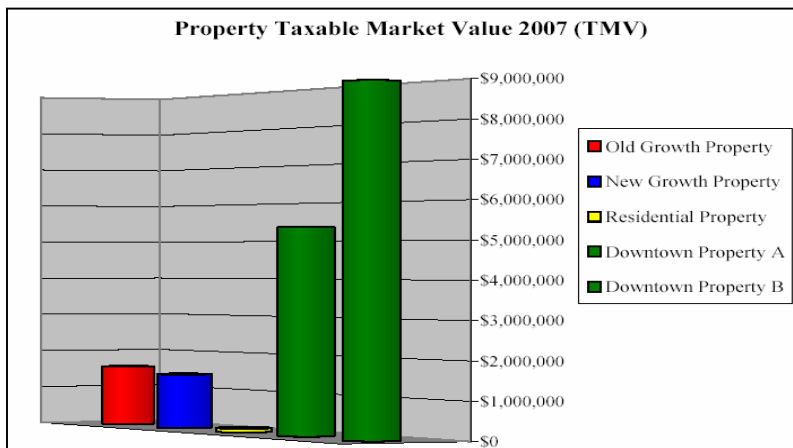
It is important to note that the commercial property within a district is not given a tax break during the life of the district. In fact, the citizens are expecting those property owners to reinvest in their property and actually increase their share of taxes because 100% (instead of the roughly 17% “city share”) of the property tax growth is reinvested in public benefit projects within the TIFD such as new sidewalks, building facades, parking lots and structures, landscaping,



greenspace, public infrastructure and other public projects while the BASE amount continues to flow to the taxing jurisdictions. This makes reinvestment a truly public/private venture.

When the district “sunset” after 15 years or upon the retirement of the bonds, the taxes collected from the now HIGHER total taxable value of that area will then begin flowing into the general funds. In the case of Billings, the city’s FY2009 share amounts to about \$800,000 per year. That’s not bad considering that the total taxable value of the Downtown District was actually BELOW the established base when urban renewal/public investment resumed in fiscal year 2000 after 10 years of virtual dormancy. From fiscal year 2000 through fiscal year 2008 the taxable value of Downtown Billings actually DOUBLED. Urban Renewal works!

## Vital City Center – Growing Community



How important is a vibrant city center to a growing community? Does Tax Increment Financing (TIFD) take away from or add to development? Why not let “market trends” dictate community growth and allow green field development as city centers decay? These questions continue to feed debate, discussion, and even legislation. The answers all depend upon perspective and a sense of what really makes a community vibrant, growing and economically viable.

Billings has a defined Central Business District (CBD) that, from 1976 to 2008 has been part of an Urban Renewal (TIFD) District. Since Billings began, this center city has been policed, protected and been paying taxes at the same rate as everyone else – right? Well the CBD has been paying taxes for a really long time but when given a comparative look, the rate is actually much more than the new and old growth areas of our city.

Billings can be divided into three basic zones. The first is the CBD or the early

commercial and residential area where Billings began. The second is the old growth areas. These zones began with the building boom right after World War II and continued into the late 1960's. They contain the first strip malls or shopping centers as well as expanding residential neighborhoods. The final "zone" can be called a new growth area. These districts are often described as the start of "leap-frog-development" or pockets of commercial and residential well outside the old growth ring. This new growth, for Billings was, and continues to be, rapid and resulting in a profound strain on public infrastructure and services.

Without a vital and contributing city center, Billings would not have been able to sustain the rapid expansion of the new growth district. Why? Because new growth consumes land, when compared to densely developed downtown parcels, and does not return adequate taxable value due to sparsely built commercial districts with huge parking lots.

First of all, growth, including new growth, is inevitable and all part of the economic stability of an urban center. But without a solid and tax paying city center, growth would be impossible. First of all, when based upon taxes paid per square foot of land used, the CBD pays more than nine times as much in property taxes than almost anywhere else in the city. In taxes paid per square foot of land used, a typical downtown property can pay as much as \$8.34 per square foot of land used. An old growth commercial property pays about 17 cents per square foot of land used with new growth coming in at 30 cents and typical residential in a new growth area at 20 cents. So, is that huge asphalt parking lot truly free?

It is even more dramatic when taxable market value is compared between the zones. Old growth comes in at about \$7.00 per square foot, new growth just under \$13.00 and residential rolls in at \$8.00. Because CBD is encouraged to build multi-story structures on 100% of the lot, a downtown "high-rise" can have a taxable market value as high as \$396.00 per square foot of lot. Therefore, it is extremely important to make sure that this densely constructed and historically important heart of our city remains on the tax rolls at its highest possible value. That is the reason for Urban Renewal, infill development, revitalization, redevelopment and Tax Increment Financing Districts are the key to urban growth and economic stability.

## Partnership Contributes to Success of Downtown Urban Renewal: Our Final Report



SkyPoint is the defining element  
of the N. Broadway Streetscape.

The Framework for Downtown Billings was added to the Urban Renewal Plan for the Downtown Tax Increment District (TIFD) in 1997 and in 1998 the Downtown Billings Partnership, Inc. (DBP) began the task of urban renewal through public/private cooperation and development projects. Via an annual contract with the City of Billings, this private,

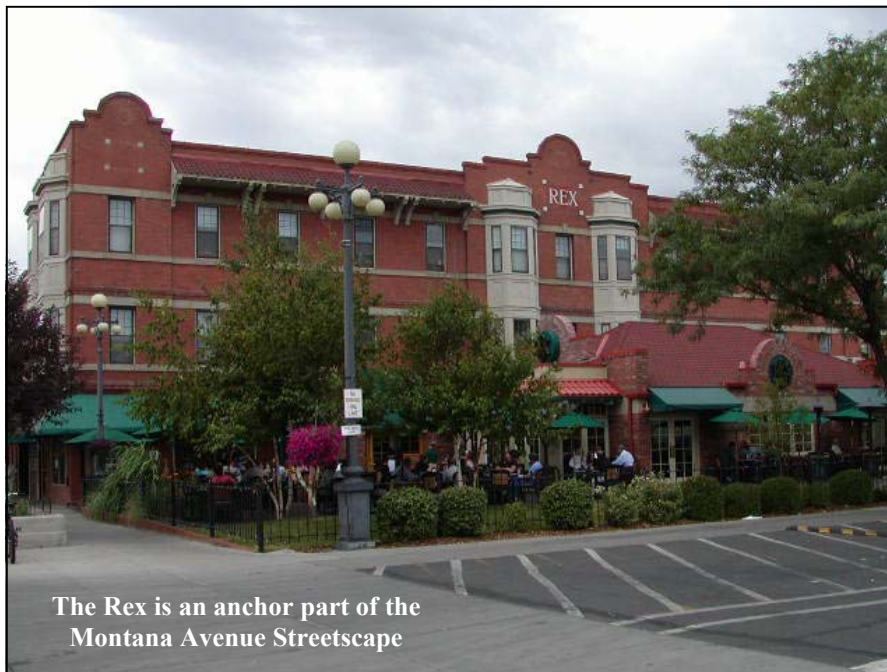
not-for-profit organization took management of a dormant TIFD very seriously. Because the DBP was comprised of a volunteer board representing the public sector as well as the private sector, the reinvestment plan for the remaining years of the TIFD was creative, innovative and, because it involved “tax dollars,” the activity was often controversial.

One of the very first items of business for the DBP was to create and adopt a “conflict of interest” policy. Since this private corporation was going to behave like an Urban Renewal Agency, it was important that it comply with every section of the Montana Urban Renewal Law that governs TIF districts. It is important to note that, since the final decision on every urban renewal project proposed by the DBP rested with the Billings City Council, the DBP was basically a contractor hired by the city to assist Council with the annual management of the downtown TIFD.

Prior to 1998, the City of Billings had been using the tax increment funds to pay the annual bond payments and returning any surplus, annually, to the taxing jurisdictions. The bond debt tied to the construction of four parking structures is the reason the district did not sunset after fifteen years. A district can remain in place as long as there are outstanding bonds to be paid that are tied to urban renewal projects. For many years prior to 1998, the City of Billings felt that the early success of the 1976 TIFD would remain intact and solid without

continued increment support. So the surplus was returned to the general funds of the schools, the county, the city and the state.

Unfortunately, the renewal of Downtown Billings was not finished. The taxable value of the Downtown TIFD, as noted previously, began to decline rapidly. All of the early success of projects that included three high-rise buildings was almost completely erased. That decline was reversed by the cooperation between the City of Billings and the Downtown Billings Partnership over a period of ten years from 1998 to 2008. The taxable value of downtown doubled during that tenure and projects like the Railroad Quiet Zone and the new privately owned Federal Courthouse have allowed Billings to encumber the balance of the increment and continue to grow that tax base.



The Rex is an anchor part of the Montana Avenue Streetscape

Between 1998 and 2008 just over \$10 Million tax increment funds leveraged just over \$50 Million in private investment to result in 200 renewal projects, some big, some small, with total investment exceeding \$60 Million! These projects included 65 Technical Assistance Grants, 92 Façade/Sign/Awning Grants, 4 Housing Grants, 8 Large Project Gap Funding Grants (resulting in the

beginnings of an “urban neighborhood” including residential lofts), 7 Parking grants (including an expansion of Park II), 17 Retail Rehabilitation Grants, as well as 3 major streetscapes, two new Parks Maintenance Districts, a railroad quiet zone, new wayfinding signage for 27<sup>th</sup> Street, a downtown campus for MSU-Billings and the installation of a privately funded Business Improvement District. Finally, the Framework for Downtown Billings has become part of the basic urban renewal plan for two new Urban Renewal Districts in our downtown and just east of the Central Business District. Managed, controlled growth radiates outward from the success of the original tax increment district.

## The Making of a Business Improvement District

*Billings boldly creates its first Business Improvement District*



The “Green Machine” keeps our sidewalks clean!

When the Montana Legislature, in the late 1970’s, approved the Urban Renewal Law, they also approved a companion law that enabled the creation of a Business Improvement District (BID). Almost every state and many foreign countries have some version of this law on the books. A BID allows a majority of property owners within a defined boundary in a commercial district to agree to assess themselves for what are often called, common area maintenance expenses. Most BIDs are formed to establish a clean and safe downtown experience.

In Montana, several cities preceded Billings in the creation of a BID. Helena and Great Falls preceded Billings by several decades in establishing this property owner management organization. In fact, in the early days of the Downtown Framework implementation, many felt that Billings would never agree to this form of self assessment. In 2004, the Downtown Billings Partnership (DBP) made establishment of a BID the priority project of urban renewal plan. By allocating \$150,000 from the downtown tax increment district project fund in fiscal year 2004, the DBP gave the downtown property owners a chance to “test drive” the BID concept by funding the first year of operations.

Quickly, the DBP staff, along with a steering committee of downtown property owners, began the rigorous process of obtaining signatures from at least 60% of the potential BID property owners. Starting with the footprint of the entire Downtown Tax Increment District (well over 100 blocks of property) the district, based upon the growing group of interested property owners, began to take shape. In 2005 an 18 block area with signatures of close to 70% of the property owners within that area brought a petition to create a BID to City Council. With little discussion and virtually no dissent, the ordinance creating BID #0001 was approved and the Mayor appointed a



Eaglemount volunteers assist BID with Graffiti removal

board of seven stakeholders who would serve as the Board of Directors of what was to become a newly formed 501 C (3) non-profit corporation known as the Downtown Billings BID, Inc. Steve Wahrlich, owner of the Best Western Clock Tower Inn, became the first Chairman of this newly created quasi-governmental board.

Lisa Harmon, who was in charge of the grant programs for the Downtown Billings Partnership was given the task of creating this new organization. Soon, the sidewalks in Downtown Billings were cleaner, the graffiti was gone, the garbage cans were always emptied and a dedicated group of Purple People assisted with the set-up and clean-up of the downtown events and parades...and that is just part of the Business Improvement District workplan! In 2007, Ms. Harmon became the Executive Director of both the Downtown Billings BID and the Downtown Billings Association and created a new “alliance” of property owners and merchants. Mission accomplished!

### **Downtown Billings Business Improvement District #1** *Vision becomes reality*

When the initial plans in the Framework were sketched out just over a decade ago, visionaries saw the potential to create a clean, safe, and friendly downtown where businesses would thrive and where people would love to live, work, and play. The Business Improvement District (BID) is so proud to have served downtown for 3 years now!

The most visible element of the Clean and Safe programs of the BID is the men and women in purple uniforms known as the Purple People. The BID has had a measurable impact on the 18 block district as evidenced in not only a cleaner and safer district, but in a friendlier downtown. It is not uncommon to see a BID ambassador handing out parking tokens and directories, giving directions or a personal escort, or helping a homeless individual to a resource agency. The Purple People are daily committed to achieving a higher standard in the delivery of services offered in the BID work plan.

The BID has taken a leadership role in quality of life issues like panhandling and graffiti and led the effort to change policy regarding panhandling and aggressive solicitation in our city. Spare Change for Real Change, our giving/resource program, continues to be a viable



Downtown Operations Director, Sherri Sjolseth “injects” tree with much needed medicine.

alternative to giving money to panhandlers. The BID celebrates its partnership and collaborations with the City of Billings, the Billings Police Department, the Downtown Billings Partnership, the Downtown Billings Association, the Chamber of Commerce, Faith Leaders, Property Owners, and Merchants. The BID is especially excited to forge partnerships this new year with the Billings Industrial Revitalization District (BIRD) to the east of the core and the Old Town Neighbors, Inc. (OTN) to the south.



#### Accomplishments 07-08

*Intensive litter control and daily cleaning of the District including power washing, graffiti removal*

*Beautification projects including Hanging Flower Baskets*

*Honey Locust Tree Maintenance Program*

*Weed Control*

*Event Facilitation/Staging*

*Downtown Billings Information Booth*

*Meet and Greets*

*Merchant/Property Owner Visits*

*Directory and poster distribution*

*Police and American Medical Response Assist*

*Homeless Referrals-Outreach-Project Homeless Connect*

As you can see, every day is a busy day in the BID! This fiscal year's objectives, over and above daily services, are ambitious and support the BID's primary goal of making Downtown Billings consistently clean, orderly, and beautiful for all to enjoy.

#### Objectives 08-09

*Continued growth and expansion of the district allowing the BID to bring programs and initiatives to new areas*

*Launching of Cooperative Security Program to include a dedicated downtown officer*

*Evaluate the feasibility of recycling as part of the clean program*

*Refine hospitality/ambassador program*

*Improve stakeholder communications*

*Acquire new BID truck*

Business Improvement Districts have unleashed enormous amounts of private sector creativity towards the solutions of public problems. BIDs have returned to an earlier set of values regarding public space and the effect is far reaching as we welcome more and more people into our downtown. People are voting with their feet! The efforts of the BID are designed to strengthen Downtown Billings' overall social, economic, and environmental vitality. The efforts are commendable, the benefits tremendous!

### **Downtown Billings Association**

*Membership organization provides leadership in promotion of Downtown Billings as vital center of our community*

The Downtown Billings Association (DBA) is a private not for profit entity with over twenty years of experience of leading the way for positive change and growth for retailers, professionals, residents, visitors, and friends of Downtown Billings. The Association accomplishes much by its volunteer-driven Board of Directors and supportive membership, but also has a dedicated staff who works daily to advocate and represent business interests, and cultivate economic vitality for Downtown Billings.

This year, the DBA mantra was change! The DBA built upon existing events and initiatives and tackled an ambitious image and logo change that wholly encompasses and defines Downtown Billings. *Downtown... Billings Starts Here!* With incredible leadership from G&G Advertising, we branded Downtown Billings with a fresh new look and feel. With our "starts here" campaign we are now better able to communicate who we are and what we do best in Downtown Billings.



The Billings Chefs Association, annually, creates a HUGE strawberry shortcake!

Community starts in Downtown Billings with 100's of events yearly in the heart of our city. Finance, entertainment, fine dining, arts and culture, shopping, they too start in Downtown Billings. Our dedicated merchants, property owners, cultural, and public institutions make this possible. We are so pleased to represent them with our new brand image.

Media relations are key when communicating our message! This year the DBA received over \$85,000 in media coverage which helped position Downtown Billings as a vibrant place to live, work, and play. Additionally, the DBA, in concert with the DBP and the BID, overhauled the Downtown Billings website, and produces weekly email updates, quarterly newsletters, and a Community Seven television program, greatly increasing access to information about Downtown Billings.

Creating excitement and enthusiasm for Downtown Billings through special events, advocacy, and marketing is our forte. Signature events like Strawberry Festival, Alive After 5, Harvest Fest, Holiday Parade, and Christmas Stroll draw thousands into our downtown streets; Downtown Billings is a wonderful destination and gathering place. In addition to fundamental programs like Park and Shop, the Downtown Billings Gift Card, and the Downtown Directory, the DBA introduced a new event this year, After 5 Mixer, a well-received membership networking opportunity. Alive After 5, our after work/concert celebration, has grown with record numbers of loyal fans converging and enjoying our downtown streetscapes for 12 weeks during the summer. Kudos to our amazing event team who makes this possible!

This is an exciting time in our downtown and the DBA will stay focused on the vision of a vibrant, dynamic, creative city center!

### **Downtown Billings Alliance**

*The Alliance has got you covered!*

*Revitalization. Urban growth. Marketing. Culture. Clean and Safe. Infrastructure. Outreach. Entertainment. Branding. Beautification. Urban housing. Workforce. Real estate. Innovation. Safety. Parking.* Who does what downtown? For a while there were so many downtown entities and acronyms, on any given day one of us in the downtown office wasn't quite sure which entity we worked for! One thing we knew for sure is that we worked for Downtown Billings. Now whether that meant the Downtown Billings Partnership (DBP), the Downtown Billings Association (DBA), or the Business Improvement District (BID)...it really didn't matter! Our collective goal was and is to revitalize Downtown Billings. Achieving that comes in all shapes, sizes, and methods encompassing development, marketing, management and improvement strategies. Overtime we realized that the missions of all three entities intersected in certain areas; we learned too that in order to succeed individually, each entity needed the other.

This past year the Board of Directors of the DBP, the BID, and the DBA entered into an agreement that would form an Alliance between the entities that would refine operations and strengthen collaborations. The DBP, BID, and the DBA continue to have their separate

names (acronyms!), budgets, boards, and mission statements; they simply move in concert and behave as one on an operational and management level. Now if you ask who we work for, we'll simply say, Downtown Billings. As far as all those 25 cent words at the top of the paragraph we'll tell you that the Alliance has got you covered!



### **Wayfinding and the Quiet Zone**

*Two great projects of enormous impact*

**Wayfinding.** Billings has so much to offer: cultural amenities, entertainment, shopping, fine dining and so much more. Were we consistently getting the message across to visitors and residents? Not really. But we found the answer in Wayfinding Signage, vehicular, directional signage. This new signage tells our story in a unique and creative way. The design of the signs signifies the Rimrocks and the Yellowstone River. We have 23 signs and 1 gateway monument in place and working!

The 27<sup>th</sup> Street wayfinding signage alone was quite a process! According to the Framework Plan, the best location for wayfinding signage would be 27<sup>th</sup> Street, North and South. 27<sup>th</sup> St. cuts directly through downtown as it passes from the airport to the City Center interchange of Interstate 90. Literally millions of visitors per year arrive at our airport and depart for Yellowstone Park and other destinations via N. 27<sup>th</sup> St. without stopping in Billings. We wanted to change that. The tricky part: signage on 27<sup>th</sup> Street is governed by three government agencies: the City, the State and the Federal Highway Administration (FHWA). FHWA has an interest because South 27<sup>th</sup> Street is part of the I-90 system by virtue of the City Center exit. Lest we forget, it was quite a battle some years ago to get the City Center exit designation moved from the King Avenue exit to South 27<sup>th</sup>. Downtown should not have been surprised that the FHWA would want to have their say! Fortunately for Billings, we hired a dedicated and determined consultant who simply refused to accept “no” as an answer. The Beauchamp Group calls Denver home but for the term of their contract with Downtown Billings, they truly and rapidly became a member of the Billings team. At first, FHWA wanted Downtown Billings to install large green rectangle signs that would conform to the federal wayfinding standards. After several meetings and



considerable discussion, FHWA agreed to a “test”. Billings would be allowed to install basically rectangular signs as long as we conformed to the color and lettering standards, conducted a before and after installation survey of guests, and installed one large green rectangular sign just off I-90 at S. 27<sup>th</sup> posted to warn that the shape of the wayfinding signs would be changing!

The next agency to overcome was the Montana Department of Transportation (MDOT). Their first concern was for the clutter of signs along 27<sup>th</sup> Street. They did not want to confuse and disrupt the flow of traffic as it moved along this state highway. We pointed out to them that there was virtually no signage on 27<sup>th</sup> street, aside from no parking signs. They acquiesced but thought that if FHWA had a warning sign, they must have one too! Another large green rectangle was planned for N. 27<sup>th</sup>.

Finally, we worked with the City of Billings and literally walked every inch of 27<sup>th</sup> Street to visually locate the placement of each sign. With only a bit of delay, the wayfinding sign program made it across the City Traffic

Engineer’s desk only to have a member of the City Council express concern that the sign was too big. Lesson learned. Never take a full scale sign prototype to a City Council work session!

**Quiet Zone.** During the summer of 2007, the signs were installed and have produced positive comments from convention and event planners, and visitors to our city. Next, along the same timeline, Downtown Billings continued work on the Railroad Quiet Zone. Once again, we worked through the requirements presented by Federal, State and local officials. This time, we brought a private railroad into the mix.

Downtown has three at grade railroad crossings: S. 27<sup>th</sup> Street, S. Broadway and S. 29<sup>th</sup> Street. By law, trains must blow their whistles at each crossing. This loud intrusion has hampered hotel occupancy and downtown housing growth for decades. Downtown Billings learned that we could implement a Federal Quiet Zone that would forbid the trains from blowing their horns if we installed “quadrant gates” at each crossing. These gates, by closing the streets completely at the tracks, would make it virtually impossible for a car to go around the gates and thus the crossing, according to the Federal Railroad Administration, much safer. The quiet zone equipment is slated for installation, beginning as early as this year and downtown is eagerly awaiting the “last blast.”

## Linkages: Downtown Extends Pedestrian Perception

Billings' Downtown is located adjacent to two regional hospitals, the academic community of MSU Billings, and Logan International Airport. This area, from the airport to Montana Avenue, houses health care centers, learning institutions, recreational facilities, business organizations, cultural landmarks, shopping and eating establishments, all within close proximity.



“Billings is unique,” said Jon Ness, Chief Operating Officer at Billings Clinic. “We have an amazing two-mile zone that links the medical corridor, the academic center, a new modern baseball park and airport services to a vibrant and diverse downtown environment.”

Billings Clinic is a member of the expanding medical corridor and active in its own planned growth. The master plan for the organization prioritizes future expansion projects for both facilities and services. Construction projects include the new 29,000 square foot Billings Clinic Surgery Center which will offer six operating rooms designated for outpatient surgical procedures, with two operating rooms shelled in for future use. This facility is scheduled to open in early 2009.

Towards the southern end of campus, the Billings Clinic Cancer Center is under construction and scheduled to open next summer. In addition to the new outpatient oncology services center, Billings Clinic has started construction of a new inpatient oncology unit which will feature 26 private patient rooms designated for cancer care. The new facilities support and strengthen the growth of services available to the community and will continue to draw patients and visitors to the downtown amenities.

The economic stability of downtown is reliant on the ability to draw people to the center of the city. The medical corridor, the university and the airport contribute substantially to the success of downtown Billings. The large workforce of more than 5,000 employed in the medical corridor and at MSU-Billings, and the added 700 workers at the many organizations



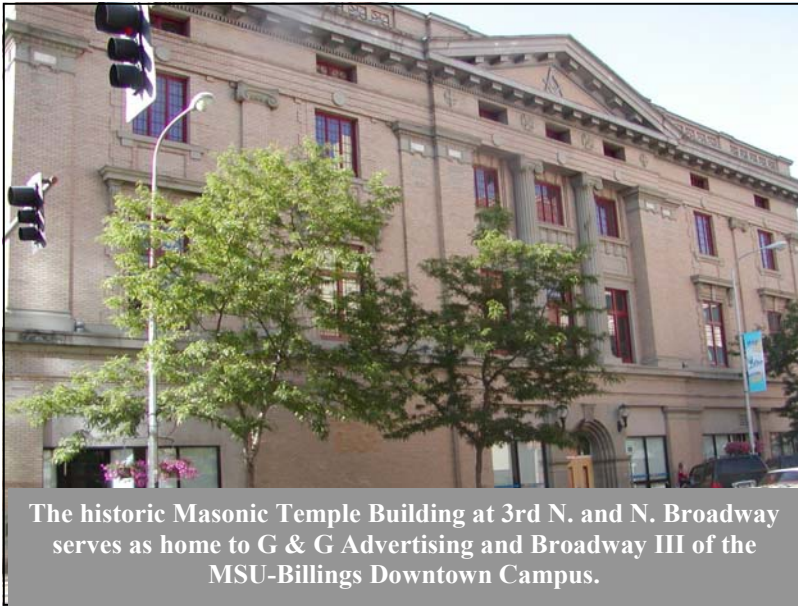
located at Logan International Airport, support the economy and growth of the downtown area. These businesses and institutions serve as a hub for visitors coming to spend time with family, to see our state or to take advantage of services available in Billings. The high occupancy rate at hotels in and around the medical corridor serves as evidence of the large numbers of visitors to this specific area. With over a million patient visits each year, the medical corridor provides

health care services to members of this community and the region. Another 1.2 million people including guests and family members visit the medical corridor annually. MSU Billings has a student body of nearly 5,000. This strong central location, and unique corridor that connects to downtown, offers a complete set of services which supports and benefits the economic stability of downtown Billings.

The density of human activity in this two mile zone will require investment in a system of transportation between services, businesses and cultural attractions. As Billings continues to plan for growth and community connectivity, trails and paths are prioritized to assure easy access and convenient travel. Walking paths around Dehler Park will offer designated mile markers and encourage active lifestyle that includes walking instead of driving. Plans are underway for a walking/biking corridor linking the central downtown businesses to MSU Billings through the medical corridor.

### **Urban Campus Serves Urban Community**

The Montana State University Billings Downtown campus first opened its doors with a small office in November of 2002. Housed at 207 North Broadway, 11 blocks from the university's main location, the original "campus" consisted of a small downtown office. By April 2003 the site featured a university style bookstore and gift shop, and an information office to provide access to enrollment, financial aid and other related questions in a location convenient to downtown workers. In addition, space was leased and remodeled to accommodate meeting and conference room rentals and included two 15-station computer labs. The college officially moved downtown in September 2003.



The original downtown site consisted of the MSU Billings' College of Professional Studies and Lifelong Learning and also hosted staff from the university's grants office, university relations, admissions and records and marketing offices. The prime purpose was to provide an opportunity for the university to become an integral part of the community while strengthening ties with local businesses and supporting downtown Billings. Start up

programs included computer technology and leadership classes as well as a Bookfest and several small co-sponsored workshops. The College's first dean, Dr. Randy Rhine hosted the grand opening in December 2004.

The college continued to grow as its outreach mission expanded with the addition of a workforce development unit and the inclusion of Leadership Montana as one of its partners. By October 2006 the college leased an additional 3000 square feet in space to expand to meet the college's additional space needs. Two, two-way internet classrooms were developed to accommodate meetings, conferences and classes across Montana, the nation and world via three video networks

In December 2006 after Dr. Rhine's departure and the short-term tenure of two interim deans, Dr. Kirk Lacy and Mr. Robert Carr, a new Dean, Dr. Karen Heikel was hired. That same month the MSUB Foundation purchased the Touch of Santa Fe Building in the 100 block of North Broadway for lease to MSUB Downtown. Remodeling began on the first level to house an expanded Beezer's Bookstore and Giftshop and two new 20 station computer labs equipped with state of the art technology. The College also began to provide office space for the MSU-Billings Urban Institute.

The Downtown Campus is involved and committed to the development of partnerships. The campus is a strong member of the Downtown Billings Business Community and several staff have been actively involved with and/or held leadership positions on the DBA (Downtown Billings Association). In addition successful partnerships have been forged with local

businesses such as the Valley Federal Credit Union to co-sponsor the Strawberry Festival Kids Area activity, and School District #2 to offer a dual credit program at three Billings High Schools. An ongoing partnership with our local healthcare providers has yielded cooperative programming and ongoing sponsorships. In addition to our service to all of the collegiate units at MSUB we also partner on programs and support initiatives by the state and local government.

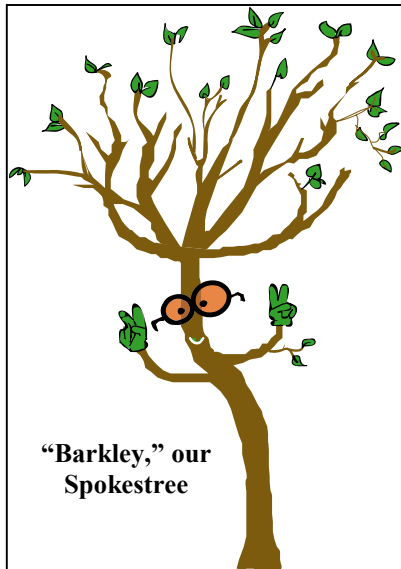
The College of Professional Studies & Lifelong Learning responds to the needs and changing academic expectations in higher education. The college supports and promotes lifelong learning opportunities, and extends the expertise of the MSU faculty and programs into formats that are convenient for the working learner. The educational programs offered through the college are tailored to the economic, social, and cultural needs of the University's constituents and include such offerings as Kids on Campus, Educators on Campus, The Senior Academy, the Summer Term and customized Workforce Development training. The College is also equipped to manage and support conferences through its staffing and downtown facilities.

### **Trees, Flowers and Street Furniture – Our Kit of Parts**

Being a western town, Billings has a pretty good idea what a “kit” is. Isn’t that the basic bedroll carried by every cowboy as he made his way across the endless plains of the Big Sky Country? So, when the Framework for Downtown Billings called for a “Kit of Parts,” downtown Billings looked locally for someone to help provide that “kit.” Since a stop at the general store was no longer an option, the Downtown Billings Partnership began a long relationship with ironwork artist Craige Whiteley.

Everything from bollards to benches, flower basket hangers to bike racks, Mr. Whiteley helped create a unique look for Downtown Billings. In the summer of 1998, using a small share of the tax increment fund, almost 200 streetlight poles in downtown were equipped with wrought iron flower basket holders. Flowers were placed and watered via a contract service and remained in place into the early fall. In 1999, the flowers returned; only this time, the funding was covered by donations made to the Downtown Billings Association (DBA). With watering, placing and removing included, each basket had a price tag that approached one hundred dollars. This turned out to be quite a burden for the DBA, in light of the fact that they also were responsible for the annual Christmas street decorations.

The DBA turned to colleagues via the International Downtown Association for funding ideas and the concept of the “green meter” was presented to the Billings City Council. This plan identified 50 downtown parking meters that could be “shared” by the City and the DBA. The hourly parking charge was doubled on these meters with the extra funds flowing to the



DBA to assist with street decorations – especially the annual hanging flower baskets. In addition to the meters, the DBA instituted a Distinguished Downtown Supporter donation campaign that allowed sponsorship of the flower program through a contribution of \$500.00 to be “distinguished” and \$100.00 to “adopt a basket.” The flower baskets have been funded via these programs ever since.

In 2005, when the Business Improvement District was approved, the management of the street kit of parts became part of the work plan of the BID. Purple People now water the baskets, replace broken hangers and work with the City Parks Department to maintain the Montana Avenue and North Broadway streetscape and parks maintenance districts.

This year, the BID decided to tackle another, often overlooked, component of our downtown kit of parts – our urban forest. The downtown trees, especially the mature honey locust trees are suffering from several ailments including mite infestation and drought. Every summer, shortly after the leaves appear, brown spots began to dominate the tree canopy. The solution included an expensive chemical treatment as well as water management. Our “spokestree” named “Barkley” was born.

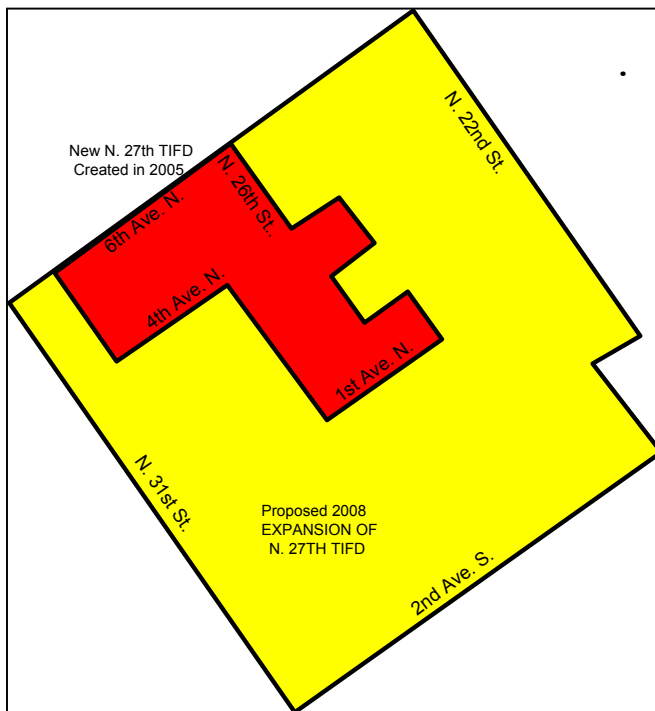
The Downtown Billings Partnership board voted to contribute the first \$5000 to the downtown tree fund, the Business Improvement District (BID) donated the man and woman power, and the two park maintenance districts contributed as well. Currently, contributions to this fund, not including the DBP and PMD, total well over seven thousand dollars. Our city forester informed the BID that it could take as much as three years of dedicated treatment to overcome the years of neglect. For more information, go to [www.savedowntowntrees.org](http://www.savedowntowntrees.org).

## **Urban Renewal In Downtown Billings Continues**

One very important point was learned from the old Urban Renewal Tax Increment Financing District (TIFD): Revitalization of a city center cannot be put on hold. When public reinvestment discontinues, private investment finds other avenues. Further, the value of a vibrant and contributing city center to the entire community is too important to leave to chance. In 1998, the Framework for Downtown Billings established a private corporation comprised of a representative board of directors. This organization, the Downtown Billings Partnership (DBP), remains intact and continues to assist in management of the Business Improvement District as well as plan for continued redevelopment.

In 2005, a one-half block section of the old TIFD was removed from the district and a new urban renewal plan and district was created. A year later, that North 27<sup>th</sup> Street Tax Increment Financing District was expanded by Council resolution to include a total of 14 ½ blocks. Before the end of this year, the DBP plans to present a final expansion of this district that would include much of the current Central Business District. It is important to remember that this new district is not a renewal of the old TIFD. That urban renewal district has sunset and the new, HIGHER, taxable value is now flowing and will continue to flow into the general funds of the taxing jurisdictions. This new district was started with a brand new base taxable value. There is still a considerable amount of blight and decay within its boundaries but there is also a great deal of new taxable value. This new district will work to maintain the high value of those properties so that they can continue to contribute to the community at that high level as it works to redevelop the lower level properties through reinvestment of their growth over the life of the new TIFD.

History taught that a high value property surrounded by decline and blight will rapidly fall in taxable value and become a burden to the community. For example, when the Wells Fargo Building was constructed as part of the early days of the old TIFD, its increment was used to assist in the construction of four city-owned parking structures. When management of the TIFD was discontinued in the late 1980's the migration west continued to impact downtown to a point a few years ago when a half empty Wells Fargo Building was donated by the private owner to the Mayo Clinic.



Fortunately for Billings, the DBP was working the urban renewal plan of the old district and planning for the new district. This, along with a good price, enticed a local developer into purchasing the Wells Fargo Tower. This developer invested considerable cash into renovation, upgrades and landscaping. The building is once again fully occupied and growing in taxable value.

Finally, the Framework for Downtown Billings identified the area of Billings east of N. 20<sup>th</sup> Street to Metrapark as the “East Transition Zone.” With the help of Big Sky EDA and a group of dedicated property owners, a new non-profit corporation was formed and pushed for

an TIF district. This corporation, Billings Industrial Revitalization District, or BIRD, played a huge role in convincing the Billings City Council to pass the required resolutions and ordinances to establish the East Billings Urban Renewal District. This year, a consulting firm will be hired to develop a brand new “framework” plan for this part of Billings. For more information on this district and the BIRD go to:

[www.billingsbird.org](http://www.billingsbird.org) .

### **Downtown Billings Learns From Network Of Professionals**

Urban Renewal is not a new concept. For decades, city center revitalization has been taking place all over North America. From Main Street programs to Urban Renewal Districts, from large metropolitan areas to small towns, the rebirth of our community requires rejuvenated and revitalized town centers. Early in 1998, a group of representatives from Downtown Billings traveled to Portland to attend the Spring Conference of the International Downtown Association (IDA). Suddenly, what appeared to be a complicated local issue, became a topic of discussion and a list of solutions shared by communities all over the world. Billings was not alone!

Since then, representatives from Downtown Billings have learned from and shared with counterparts in Philadelphia, Los Angeles, Pittsburgh, Boston, Cleveland, Vancouver, BC, Denver, Portland, Hollywood, Brooklyn, New York City, and St. Louis. In the summer of 2007, over 50 members of the Board of Directors of the International Downtown Association chose Downtown Billings as the location for their annual board retreat. For the better part of a long weekend, downtown professionals explored our downtown and the surrounding area. The verdict: “Billings gets it!” Twice, in the past ten years, Billings was selected as the IDA’s “Downtown of the Month” and featured on their website:

<http://www.ida-downtown.org> .

In Vancouver, BC during the annual conference of international members, Downtown Billings was given one of the coveted annual downtown awards for marketing and downtown images for the SkyPoint project. In 2004, Greg Krueger, Executive Director of the Downtown Billings Partnership, was invited to become a member of an IDA “Advisory Team” and traveled to Yakima, Washington to assist with their urban renewal planning process. In 2007, Lisa Harmon, Executive Director of the newly formed Downtown Billings (Alliance), was asked to assist the IDA with international affairs and served as a moderator for a session regarding the United Nations at the World Congress of the International Downtown Association in New York City. Ms. Harmon also served as a panelist at the Spring Conference of the IDA in St. Louis earlier this year. Her presentation regarding private management of public spaces was well received and continues to allow her contact with downtown professionals from around the globe. In October of 2008, Harmon will travel to Belgium to be a featured speaker at a European gathering of Town Centre organizations.



Members of the IDA Board of Directors enjoy a reception on the lawn at Moss Mansion.

Recently, Downtown Billings hosted downtown representatives from across Montana and South Dakota at the revival of the annual Downtown Montana Conference. This gathering of professionals and volunteers dedicated to revitalization of downtowns like ours was long overdue. After a gap of several years, this annual event saw a

rebirth because Downtown Billings has much to offer and exhibits a willingness to share as well as learn. In 2009, the event will be hosted by Downtown Bozeman.

This fall Greg Krueger, Development Director of Downtown Billings, will represent Billings as a speaker at the first annual Montana Main Street (MMS) Conference to be held in Uptown Butte. Funded by the state legislature, the Montana Main Street program further enhances our knowledge base; Mr. Krueger is as a member of the advisory committee of the MMS Program.

### **The Four “Must Be” Requirements For Downtown Businesses**

If Downtown Billings is on its way to complete revitalization, why are there so many vacant storefronts? One reason is obvious to those who have been involved with the urban renewal process for the past ten years. Several old buildings have inadequate infrastructure to sustain a modern retail or restaurant establishment. Some buildings have little or no debt service and thus the property owner may not be motivated to lease a space or requires tenant improvements that may be a considerable burden to a prospective merchant.

According to Mike Finan, owner of a street level retail store called UMA in St. Louis, Missouri; all downtown retailers need to “be” four things in order to succeed in today’s urban market. Mr. Finan was a presenter at a breakout session entitled, “Small Businesses –

Where is Their Place in Downtown?" at the 2008 International Downtown Association Spring Conference.



**Must be #1:** Any new retail store needs to rapidly become “a destination” in and of itself. Downtown “walk-in” traffic in any urban center smaller than New York is minimal at best. Customers must be cared for, groomed and maintained so that they will make a “special trip” to the destination store. That trip can come as a walk-in during a downtown lunch hour, a stop after work, or a special trip to the store.

Some walk-in traffic will turn into sales but a modern downtown retailer cannot rely on that.

**Must be #2:** Downtown retail businesses must advertise. That’s it – advertise!

**Must be #3:** Downtown retail owners need to become involved in their community, their neighborhood, their downtown association. Active participation is required, a member cannot rely on every other member without giving something themselves. This member to member networking will open new avenues of opportunity for almost any business. Most importantly, through membership, the new business owner will “get the feel” of the urban market, find new customers and share good times as well as bad.

**Must be #4:** Small or big, downtown retail businesses need a good story. Why did this store happen? Who developed the unique business look and plan? Downtown stores make up their usual lack of deep pockets with deep character. It’s also important to note that a story must be told in order to have an impact. Local news outlets enjoy these “mom and pop” stories and that makes “Must be #2” a bit more affordable.

Downtown retail outlets work hard to maintain their place in this modern “buy it with a click” society. Passion is not enough. Everyone starting a business has passion but those with a workable and viable business and investment plan usually succeed.