

Building **REMARKABLE**

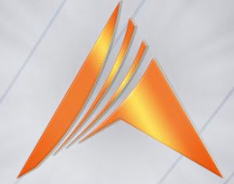
FUTURE FACILITY RECOMMENDATION As presented to the Board of Directors May 9, 2019



BIG SKY
ECONOMIC
DEVELOPMENT

BUSINESS GROWTH SERVICES • COMMUNITY DEVELOPMENT • NEW BUSINESS RECRUITMENT

A walk down memory lane...



Why we started the process a year ago

- Address needs for daily operations
 - Programs on multiple floors
 - Accommodate team growth
 - Board meeting/Training space
 - Create exposure and build awareness
- Builds Capacity
 - Enhance the offering of current programs
 - Space for new programs – Rock31
 - Accommodates changing needs of clientele
 - Allows us to engage the community in unique ways
- Invest in an asset for the Community

Board direction along the way

- Oct 2016** Committed to research entrepreneurial effort
- April 2018** Create Rock31 program
- June 2018** Set strategic priority of economic diversity and innovation
- July 2018** Issue 1st RFP for facility lease or purchase
- Nov 2018** Pursue EDA grant
commit Opp. Fund Dollars
- Feb 2019** Release 2nd RFP for facility purchase

RFP FINALISTS

FRATT MEMORIAL BUILDING



215 N. 32ND ST.

18,000 sf + north lot

Purchase Price: \$1,750,000

MONTANA NATIONAL BANK BUILDING



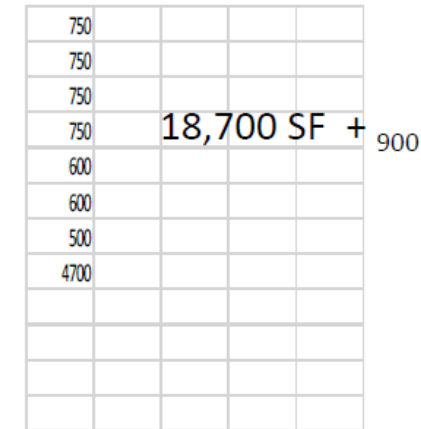
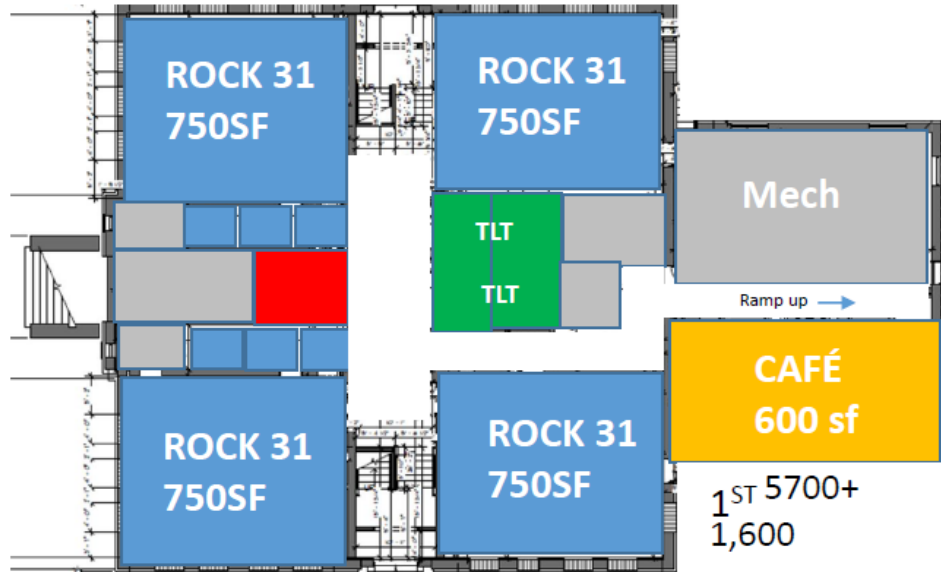
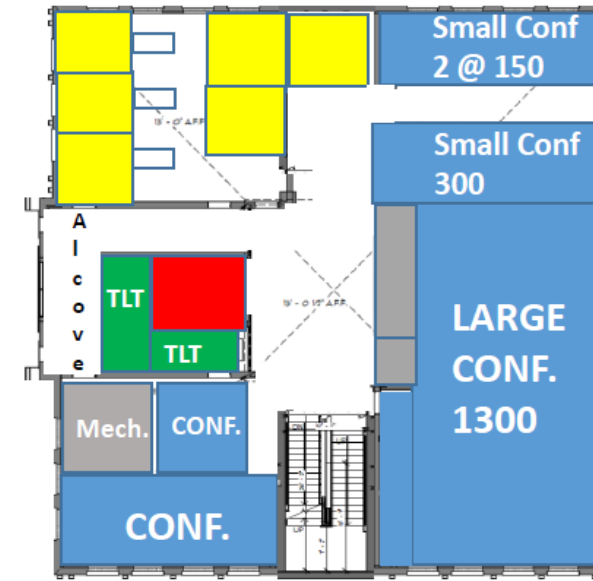
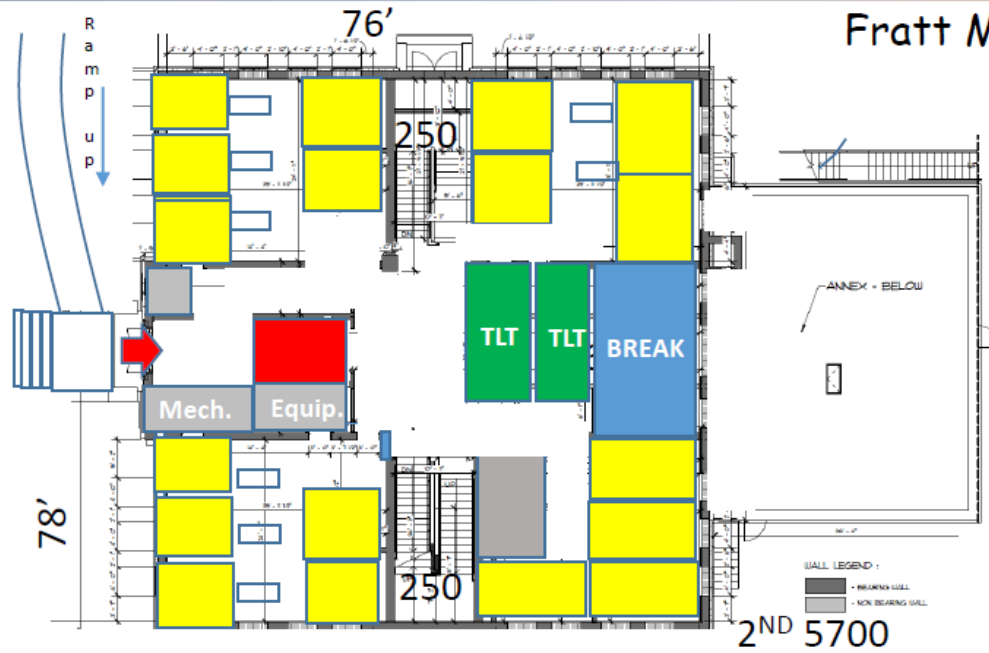
201 N. BROADWAY

22,000 sf

Purchase Price: \$1,750,000



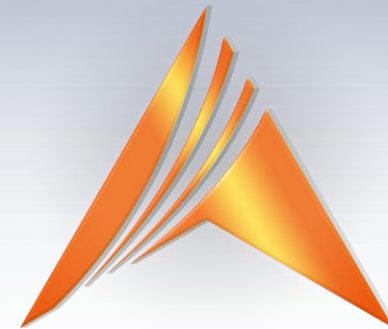
Fratt Memorial Building 215 N 32nd St.



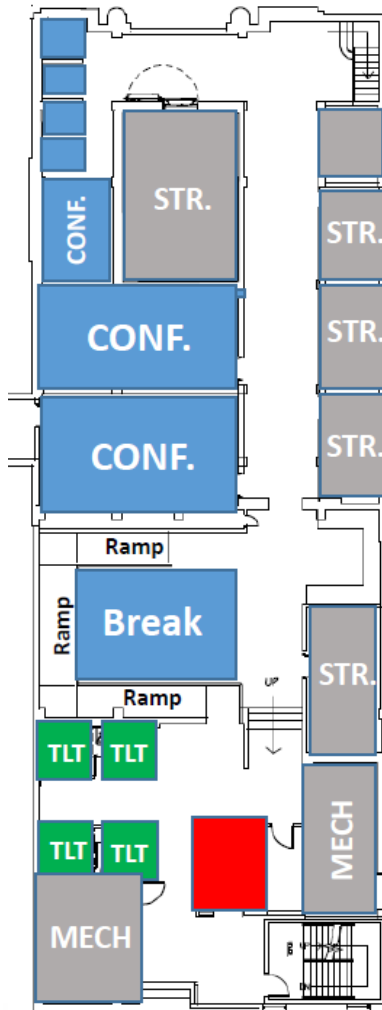
PROPOSED

Fratt Memorial Building 215 N 32nd St.

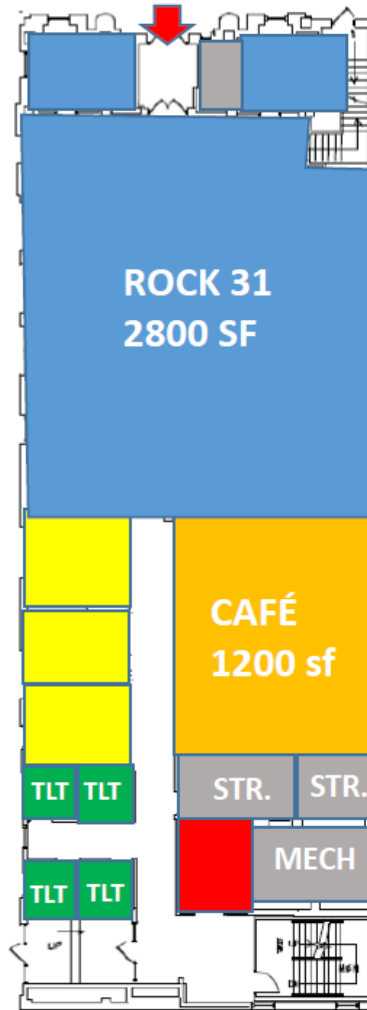
Base includes site @ 30,000	1,126,000
DEMOLITION	62,000
ASBESTOS	52,000
ELEVATOR	140,000
STAIRS	10,000
WINDOWS	0
STRUCTURAL UPGRADES	58,000
FIRE SPRINKLER	100,000
ROOFING	52,000
PLUMBING	190,000
ELECTRICAL	300,000
HVAC	300,000
Permits Test & Fees	240,000
Contingency	260,000
	2,590,000



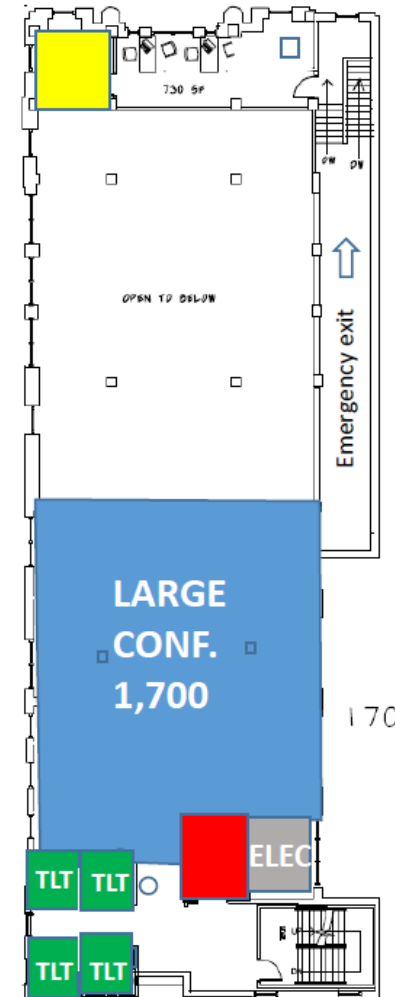
201 N BROADWAY



BASEMENT
6,900 SF

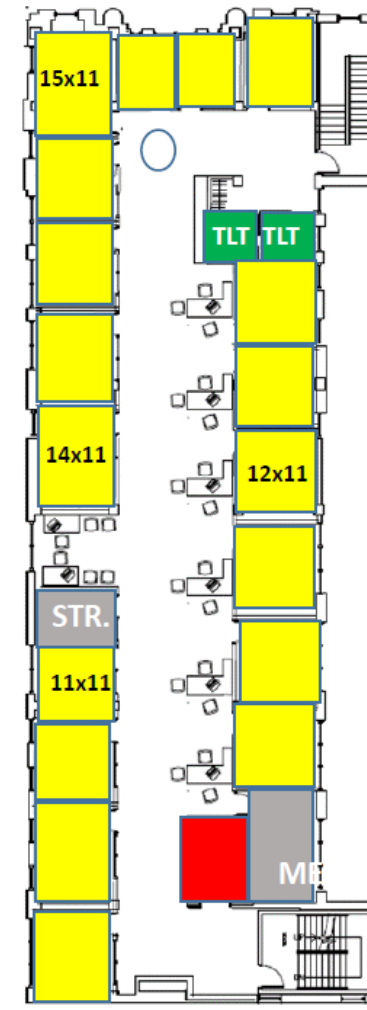


1st 6,900 SF



3rd 3,700 SF

PROPOSED

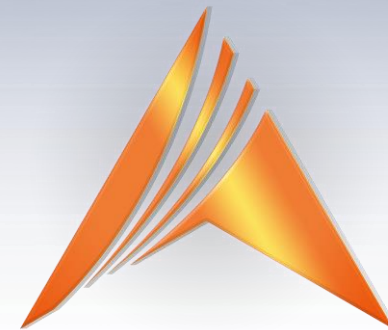


4th 6,006 SF

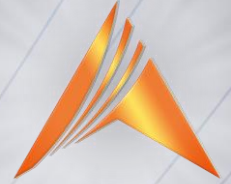
~22,000 sf

201 N BROADWAY

Base		1,000,000
DEMOLITION		130,000
ASBESTOS		94,000
ELEVATOR		155,000
STAIRS		60,000
WINDOWS		140,000
STRUCTURAL UPGRADES		28,000
FIRE SPRINKLER		70,000
ROOFING + INSUL		0
PLUMBING		200,000
ELECTRICAL		320,000
HVAC		275,000
Permits Test & Fees		280,000
Contingency		260,000
		2,980,000

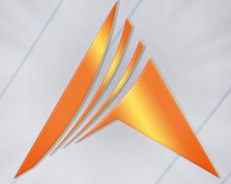


RFP PROCESS UPDATE



- Conducted Due Diligence Analysis
 - Determined both met the requirements of the RFP and both provided unique opportunities
 - Determined both needed extensive renovations
- Revisited Budget Concept
- Approach owners about exercising the option in RFP to make a contribution (i.e. price reduction) to the project
- Due Diligence for scaling back renovations
- EDA Application Extension to June 6th
- Vetted with Future Facility Taskforce and held a Future Facility Workshop

PURCHASE PRICE



FRATT BUILDING – 18,000 sf + lot

Asking Price	\$1,750,000
Contribution	<u>(75,000)*</u>
Purchase Price	\$1,675,000

Price / sf \$93/sf

BANK BUILDING – 22,000 sf

Asking Price	\$1,750,000
Contribution	<u>(750,000)*</u>
Purchase Price	\$1,000,000

Price / sf \$45/sf

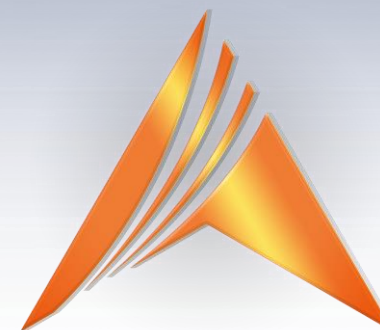
* As determined by an appraisal

Fratt Memorial Building 215 N 32nd St.

Base includes site @ 30,000	1,126,000
DEMOLITION	62,000
ASBESTOS	52,000
ELEVATOR	140,000
STAIRS	10,000
WINDOWS	0
STRUCTURAL UPGRADES	58,000
FIRE SPRINKLER	100,000
ROOFING	52,000
PLUMBING	190,000
ELECTRICAL	300,000
HVAC	300,000
Permits Test & Fees	240,000
Contingency	260,000
	2,590,000



TOTAL PROJECT: \$4,265,000

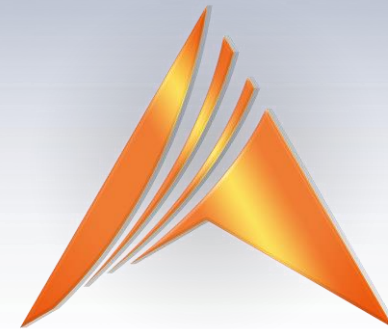


201 N BROADWAY

Base		1,000,000
DEMOLITION		130,000
ASBESTOS		94,000
ELEVATOR		155,000
STAIRS		60,000
WINDOWS		140,000
STRUCTURAL UPGRADES		28,000
FIRE SPRINKLER		70,000
ROOFING + INSUL		0
PLUMBING		200,000
ELECTRICAL		320,000
HVAC		275,000
Permits Test & Fees		280,000
Contingency		260,000
		2,980,000



TOTAL PROJECT: \$3,980,000



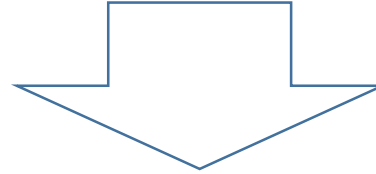
Starting Point Estimate 2,980,000
23,000 SF 130/SF



201 N BROADWAY

OPINION on POTENTIAL "VALUE ENGINEERING" REDUCTIONS	
VALUE ENGINEER FROM ALL – Keep Quality 5% is most achievable.	-100,000
CONTINGENCY from app 10% to 5% Strong project control and Mng.	- 130,000
ASBESTOS – Retain but Encapsulate.	- 30,000
WINDOWS REMAIN AS IS	-140,000
SPECIAL CEILINGS	-20,000
SPECIALTY LIGHTING ½ Only	-20,000
-440k	
Reduce interior Relite glass	-15,000
LEAVE another 30 % of AREA as IS – Min Remodel	-30,000
Exit Starway As IS	-120,000
Live with Finishes as now . Not recommended	

Savings Potential



Starting Point Estimate 2,590,000
18,000 SF 140/SF



Fratt Memorial Building

OPINION on POTENTIAL "VALUE ENGINEERING" REDUCTIONS	
VALUE ENGINEER FROM ALL – Keep Quality 5% Most achievable.	-80,000
CONTINGENCY from 10% to 5% Strong project control and Mng.	- 130,000
Asbestos Retain but encapsulate.	-22,000
SPECIAL CEILINGS	-15,000
STRUCTURAL MAY NOT BE NEEDED	-50,000
SPECIALTY LIGHTING ½ Only	-18,000
-315k	
Insul extra in attic	-24,000
LEAVE 10 % of AREA as IS – no Remodel	-20,000
Live with Finishes as now . Not recommended	

NO Quality Change Should do

2nd Tier "OK" ?

3rd Tier ??? "Could but rather not"

YEARLY OCCUPANCY COST

Fratt Memorial Building 215 N 32nd St.

Cleaning $4.20/\text{SF} \times 18,000 = 76,000$ /Yr

Snow removal $14 \times 600 = 8,400$ /yr

Energy Cost Gas+ Elec

Assumes 75,000 btu/SF/Yr

Gas 25kbtu = 7,000 /yr

Elec 50k btu = 37,600/yr

Water + Trash = 5,000 /Yr

Maintenance & Repair = 6,000/yr

Insurance $1.62/1\text{K Value} = 6,500/\text{yr}$ ★

Cost for parking 20 N/A = 0

146,500/yr

201 N BROADWAY

Cleaning $4.20/\text{SF} \times 22,000 = 92,000/\text{yr}$

Snow removal By others= 0

Energy Cost Gas+ Elec

Assumes 60,000 btu/SF/Yr

Gas 20kbtu = 5,500 /yr

Elec 40k btu = 30,000/yr

Water + Trash = 5,000 /Yr

Maintenance & Repair = 10,000/yr

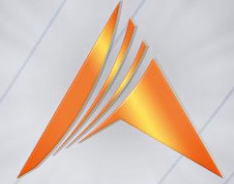
Insurance $1.62/1\text{K Value} = 7,300/\text{yr}$ ★

Cost for parking 20 @ $35 \times 12 = 8400$ /yr

Total 158,200/yr

★ Owner has verified with insurance provider

OPERATIONAL IMPACT – (anticipated FY 2022)



Current Lease

Fratt

Bank

Square Footage	8,062	Square Footage	18,000	Square Footage	22,000
Occupancy Cost	\$130,000	Occupancy Cost	\$146,500	Occupancy Cost	\$158,200
Cost / sf	\$16/sf	Cost / sf	\$8.14/sf	Cost / sf	\$7.19/sf

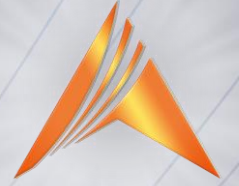
\$16K increase in
occupancy cost

\$28K increase in
occupancy cost

Lease for Rock31
4000 sf @ \$15/sf

\$60K increase in
occupancy cost

REVISED BUDGET CONCEPT



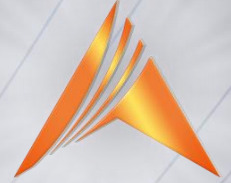
REVIEWED WITH:

- Future Facility Taskforce
- Budget Workshop
- Executive Committee
- Future Facility Workshop
- Opportunity Fund Committee

GOAL:

- Leverage our investment with private investment and other one-time resources
- Purchase without incurring debt service
- Create an asset for the Community

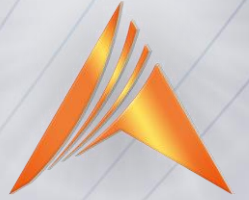
BUDGET CONCEPT



Ownership Structure (EDA or EDC) to be determined.

Opportunity Fund (up to)	\$2,000,000 (varies based on Federal EDA Grant Award)
EDC Contribution	<u>\$500,000</u>
BSED Investment	\$2,500,000

Federal EDA Grant	\$1,000,000 to \$1,250,000 (conservative estimate)
Owner Contribution	<u>\$75,000 to \$750,000</u>
Leveraged Funds	\$1,075,000 to \$2,000,000



Future Facility Taskforce Recommendation



Building
REMARKABLE