



February 11, 2026

To the Board of Trustees,

RE: Acquisition of the Former Rocky Mountain Bank Building (2929 3rd Avenue N)

On behalf of the district leadership team, this letter outlines the formal proposal and strategic vision for the acquisition of the property at 2929 3rd Avenue North. As Billings Public Schools continues to Inspire, Educate, and Empower, this purchase is a vital step in realizing our "Future Ready" framework and addressing critical capacity barriers within our district.

To support districts in meeting these workforce needs, the Montana Legislature has introduced a new 100% state-paid funding component under Section 20-9-306, MCA, titled the Future Ready Payment. This funding is incorporated into BASE and maximum budget limits and rewards districts for students achieving post-graduation preparation goals:

- Goal Level 1: High school graduates earning 15+ postsecondary credits or one Level 1 CTE-equivalent credit result in a payment calculated at the per-pupil rate X 10%.
- Goal Level 2: Graduates earning 30+ postsecondary credits, one Level 2 CTE-equivalent credit, or 15 credits plus one Level 1 CTE credit result in a payment at the per-pupil rate X 20%.
- Goal Level 3: Graduates earning an associate-level degree result in a payment at the per-pupil rate X 30%.

This state incentive directly aligns with our mission to move students toward high-skill certifications, providing a sustainable financial pathway to support our expanded programming.

The Healthcare Mandate: Data from the Montana Department of Labor

According to the Montana Department of Labor and Industry (MTDLI) 2024 reports, the healthcare sector is now Montana's largest industry, comprising 15% of all jobs statewide. The data underscores the urgency of this acquisition:

- Regional Hub Demand: One-third of all healthcare jobs in Montana are concentrated in Yellowstone and Missoula Counties. In Yellowstone County alone, the "Health Careers" sector is projected to be the fastest-growing industry through 2034.
- Critical Vacancies: MTDLI estimates over 8,500 annual job openings in healthcare across the state. Locally, Registered Nurses, Medical Assistants, and Imaging Technicians remain the most difficult positions to fill.

- **Economic Impact:** Healthcare jobs in Montana pay an average annual wage of \$67,740, significantly higher than the statewide average of \$60,000, providing our graduates with a clear path to high-wage, stable careers.

Strategic Rationale: Expanding the Health Sciences Pipeline

Our district is currently at a crossroads of significant growth. The BPS Health Sciences Pathway offered through the Career Center is currently at capacity, serving 500 students and growing its waitlist. This past year, over 100 students were unable to enroll in CNA courses due to space limitations, even as registration for 2025-2026 continues to climb.

The acquisition of the Rocky Mountain Bank Building, which is contiguous to the Lincoln Center, provides a transformative solution:

- **Healthcare Sciences Charter School:** To meet the overwhelming demand for medical education, we intend to apply for and open a new Healthcare Sciences Charter School, with the formal application being submitted to the state this October. The district is fully committed to this vision; we intend to move forward with opening the school regardless of the specific charter program qualification status to ensure our students have immediate access to these critical pathways.
- **Repurposing Lincoln Center:** By moving district administrative operations to 2929 3rd Avenue N, we can return the 2nd and 3rd floors of the Lincoln Center to their original intended use: classrooms. This is the most cost-effective method to expand our high-need certifications in areas such as dental hygiene, radiologic technology, phlebotomy, and mental health.
- **Apprenticeship and Compensation:** Furthermore, BPS is in active conversation with the Montana Department of Labor to participate in a new apprenticeship program. This initiative will allow students to choose a specific pathway, work directly with local hospitals, and receive compensation for their work, bridging academic readiness and real-world career success.
- **County-Wide Access:** We anticipate and welcome the participation of students from all over Yellowstone County, ensuring equitable access to high-quality healthcare career pathways for all regional youth.
- **Project Management and Funding:** We have hired a dedicated project manager to facilitate this expansion process. This position is fully funded through the generous support of the Billings Education Foundation and the Montana Healthcare Foundation.
- **Bond Exemption:** Because the property is contiguous to our existing campus, the district can proceed with this acquisition without seeking a public bond, ensuring we can meet student demand with agility.
- **Revenue & Operational Support:** The building includes long-term leases on floors 3 through 5 (including government agencies like the FBI and ATF), generating approximately \$35,000 in monthly income. These funds will help offset the facility's costs while we focus our resources on student instruction.

Due Diligence and Financial Overview

The property is listed at \$5,464,910 (\$86.66/SF). We are currently engaged in a rigorous due diligence process led by Scott Reiter, Lindsay Gran, and realtor Tom Hanel:

- **Appraisal & Engineering:** An appraisal was scheduled and completed on December 4th, alongside an engineering study to evaluate the foundation and critical systems (HVAC, electrical, and plumbing), which is expected pending board approval of a letter of intent that includes a formal offer.
- **Financing:** We estimate a 5.0% interest rate through the Board of Investments.
- **Operational Health:** Net operating revenue from January to July 2025 was recorded at \$339,487.80, demonstrating the asset's financial stability.

Comprehensive Inspection Contingencies

To protect the district's interests, the purchase agreement is strictly contingent upon our acceptance of the property's condition. We will conduct independent inspections at our own cost, covering:

- **Physical Integrity:** Full structural, roof, foundation, and system (electrical/plumbing/HVAC) inspections.
- **Environmental Safety:** Testing for Radon, Asbestos, Mold, Lead, and Methamphetamine.
- **Legal & Advisory:** Review of CBD (Central Business District) zoning, easements, water rights, and all post-closing rental obligations.

This project is more than a real estate transaction; it is a strategic investment in Montana's healthcare workforce. By freeing up space at the Lincoln Center, we can strengthen our partnerships with Intermountain Health, Billings Clinic, Riverstone Health, the Native American Coalition, and St. John's United, ensuring equitable access to high-skill, high-growth career pathways for all BPS students.

We now look to the Board of Trustees for the "green light" to continue pursuing this acquisition. With your support, the administration will proceed with the formal Letter of Intent and complete the necessary evaluations to bring this vision to fruition. I have included a brief FAQ below my signature to address specific questions about facility maintenance and our proposed funding strategy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Erwin Garcia', with a stylized flourish at the end.

Erwin Garcia, Superintendent

FAQ:

Q: If we struggle to maintain our current buildings, why are we seeking to acquire another one?

A: This is a common misconception. Billings Public Schools takes great pride in the stewardship of our facilities; our buildings are clean, well-maintained, and safe for students and staff. The decision to acquire the building is not due to a lack of maintenance elsewhere, but rather to a critical need for capacity. Our Health Care Sciences Pathway at the Career Center is currently at its limit, with over 100 students unable to enroll in health-related courses last year due to space constraints. The Lincoln Center building could provide the specialized square footage necessary to launch a Healthcare Sciences Charter School and expand high-demand certifications.

Q: How will the district afford the mortgage on a \$5.4 million property? **A:** The acquisition is designed to be fiscally sustainable through a dual-funding strategy:

- **Existing Revenue:** The building is currently 60% occupied by long-term tenants (including the FBI and ATF), generating approximately \$35,000 in monthly rental income.
- **Multidistrict Fund:** It is recommended that the Board utilize the multidistrict fund to cover the remaining mortgage balance. This allows the district to secure a vital asset without impacting the general fund or seeking a public bond, as the property is contiguous to the Lincoln Center.

Q: Why not just build new classrooms at our current high schools? **A:** Building new school facilities is significantly more expensive than repurposing existing office space. By moving administrative operations from the Lincoln Center to 2929 3rd Avenue North, we can return the 2nd and 3rd floors of Lincoln, which were originally built as school rooms, to their intended use. This is the most cost-effective way to create immediate laboratory and classroom space for dental hygiene, radiologic technology, and mental health programs.

Q: Will this building only benefit students in downtown Billings? **A:** No. We anticipate and encourage student participation from all over Yellowstone County. This facility will serve as a regional hub for the BPS Health Care Sciences Pathway, ensuring that every student in the area has equitable access to high-skill, high-wage healthcare careers.

Q: What is the timeline for the new Healthcare Sciences Charter School? **A:** The district is moving quickly to address the workforce shortage. We intend to submit the formal charter school application to the state in **October**. To ensure this process is managed effectively, a dedicated project manager has already been hired, with the position fully funded by the Billings Education Foundation and the Montana Healthcare Foundation.

Q: How do we know this building is in good condition? **A:** The purchase is strictly contingent upon a rigorous due diligence period. This includes a full appraisal and a comprehensive engineering study to evaluate the foundation, HVAC, electrical, and plumbing systems. We are also conducting environmental testing for radon, asbestos, and mold to ensure the facility meets our high standards for student and staff safety.

Q: How does this help the local economy beyond the school district? A: We are currently in discussions with the Montana Department of Labor to participate in a compensated apprenticeship program. This would allow students to select a pathway and work directly with local hospitals like Billings Clinic and Intermountain Health while receiving pay. This creates a direct pipeline into Montana's largest industry, where there are currently over 8,500 annual job openings.