ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
November 16, 2011, 1:05 pm

Members present: Stacy Rye, Chair; Ed Childers; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Dave Strohmaier; Jon Wilkins; Bob Jaffe; Cynthia Wolken; Lyn Hellegaard.

Others present: Chris Behan, Mark Anderlik, Kaila Szpaller, Dennis Bragg, Dusty Hutchins, Jill Lee, Dee Andersen.

I. **Administrative Business**
   A. Approve committee minutes dated: November 2, 2011-approved as submitted.

   B. **Public Comment on items not listed on the agenda-None**

II. **Consent Agenda**
   A. Approve claims (accounts payable). -Consent Agenda (Brentt Ramharter)

   MOTION: The committee recommends the City Council approve claims totaling $397,390.24 (Detailed claims) 11/15/11 already acted upon 11/14/11

   MOTION: The committee recommends the City Council approve claims totaling $338,640.23 (Detailed claims) 11/22/10

III. **Regular Agenda**
   A. Redevelopment of the Fox Site by Fox Hotel Partners. (memo)—Regular Agenda (Chris Behan) (Referred to committee: 11/14/11)**HOLD FOR DISCUSSION ON 11/30/11**

   Chris Behan, MRA, said he was there to introduce the project, so when the developers come to town on November 30th the basic information would be out of the way and there would be more time for their presentation and committee discussion. The site location is known as the Fox Site and is located on the corner of Orange and West Front along the river. It was used from 1885 to 1947 as a household dump. In 1949 the Fox Theater was built, it was Missoula's first air conditioned theater and quite grand. It served the community for 35 years and eventually closed in 1984. The property was donated to the City from the Mann Corporation hoping the building could be used for a performing arts facility, but we found out later that use for that building could not be done. The theater was demoed in 1990 after the roof caved in. In 2005 URD I was created and removed the dump from the site and replaced it with compacted fill. In 2008 the Downtown Master Plan felt the best use for the site would be a 250 room hotel with 8 or 9 stories.

   In terms of planning he said many public meetings were held and strategies were considered, but nothing ever moved forward for one reason or another. It's a beautiful site, but if it was easy it would have been done years ago. At this point we are on out seventh RFP. What we have found out from the community is that whatever is built there should be pretty grand architecturally, built well and last for generations.

   When we put a RFP out last spring we changed things up and didn't ask for pretty drawings. We requested they give us their vision for the site and tell us what they wanted to do and why they think they can do it. We also asked for their financial stack and asked them to convince us that it is reasonable. We wanted to find out how much experience they have had in the past with difficult sites to develop. We received five proposals. A review team was set up and we narrowed it down from 5 to 2. One was a riverfront plaza, a retail/office complex; the other is the Hotel Fox which brings us here today. The initial review team recommended the fox project to the MRA Board.

The MRA board interviewed them and concurred and made the recommendation to City Council to begin negotiating for a development agreement. He asked for questions but said he can't answer for the developers.

Stacy Rye asked what the next step is.

Mr. Behan said we would need the Council to approve an initial agreement with MRA. Then we would send out some schedules that will result in a development agreement. The next step is to start the negotiations.

Renee Mitchell asked who this group is and who comprises it.

Mr. Behan said it comprised of several development groups, the majority of them are from Western Montana.

Ms. Mitchell asked if Mr. Behan knew how long they have been together and what they have built.

Mr. Behan said Copper Run apartment complex, Whitefish Lake Lodge and other places in the Flathead and Canada. A primary portion of the group is from here.

Jon Wilkins moved the City Council grant exclusive right to negotiate a development agreement of the Fox Site to Fox Hotel, LLC.

Public Comment:

Dave Strohmaier asked Mark Anderlik to speak.

Mark Anderlik, President of the Missoula Area Central Labor Council, said his impression of the development is positive. There are a few concerns, the quality of jobs and the City's lack of ability to hold the developers accountable to whatever promises they make. We have been approached by a few groups with the understanding that in the initial proposal, the developer was asking for the donation of the land to develop this project. What we would like to do is form a coalition of community groups like a third leg of a stool, to have a say in the project. We would like to continue developing the coalition and create some proposals and come to an agreement with the developers. We want to insure some qualities that weren't included n the RFP. We want to insure the community gets the full benefit of this project.

Mr. Wilkins asked Mr. Anderlik If we start negotiations now, how this affect your will work on this.

Mr. Anderlik said the developers were given the RFP standards and some things can't be included like a labor project agreement. The issues we are bringing up are outside of the scope of the RFP and should be discussed with the developers to insure everything is on the table before they spend tens of thousands on their market study. We would urge Council to give into the next year to develop these proposals because if you start negotiations now, and they get the exclusive rights they are going to start off on their market study without t everything on the table. It's a matter of timing. We are working as fast as we can.

Pam Walzer said she is interested in seeing a community benefit agreement established as a first step in the development agreement before they start their market surveys.

Mr. Behan said they could coincide. The City can't demand that the workers all be Lutheran or Union. He would assume it will be a parallel track. He said we are talking about an upscale hotel not a motel. He thinks the wages will be commensurate with professionals in that field.

The committee discussed the merits of starting the negotiations now or waiting till the next discussion with the developers on November 30th. They decided to wait for the developers in 2 weeks.

Mr. Wilkins withdrew his motion.

Ms. Mitchell asked if MRA is ready to give or sell the property.

Mr. Behan said there is not a give away on this. They want to figure the best way to get he product and get it paid for.

IV.   Held in committee
    A. Approve claims. (Ongoing) (Consent Agenda)
    B. Approve journal vouchers. (Ongoing) (Consent Agenda)
    C. Approve budget transfers. (Ongoing) (Consent Agenda)
    D. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08) (Tabled 8/3/2011)
    E. Amend Council rules to change the Council's regular meeting schedule to two meetings per month ([memo](#)).—Regular Agenda (Marty Rehbein) (Referred to committee: 06/07/10)
    F. Discuss the disposition of surplus city land. ([memo](#))—Regular Agenda (John Newman) (Referred to committee: 10/25/10)
    G. Discuss outstanding third-party contracts. ([memo](#))—Regular Agenda (Lyn Hellegaard) (Referred to committee: 11/08/10)
    H. Review the city's current policy for charging the public for various city-produced documents ([memo](#))—Regular Agenda (Dave Strohmaier) (Referred to committee: 12/06/10)
    I. Review Missoula's insurance experience, particularly work comp; propose improvements if warranted. ([memo](#))—Regular Agenda (Ed Childers) (Referred to committee: 05/09/2011)
    J. A resolution authorizing the transfer of a bond insurance policy to another bond insurer. ([memo](#))—Regular Agenda (Brentt Ramharter) (Referred to committee: 11/14/11)

V.   Adjournment
The meeting was adjourned at 1:55 pm

Respectfully submitted,

Dee Andersen
Administrative Secretary