

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

January 20, 2016

FINAL

Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Wednesday, January 20, 2016 at the MRA Conference Room, 140 West Pine, Missoula, MT 59802 at 12:00. Those in attendance were as follows:

Board: Melanie Brock, Karl Englund, Daniel Kemmis, Ruth Reineking.

Staff: Dee Andersen, Chris Behan, Ellen Buchanan, Jilayne Dunn, Tod Gass.

Public: Vince Gavin; Gavin-Hanks Architects, Katherine Foley; Gavin-Hanks Architects, Wayne Mostad; Mostad Construction, Martin Kidston; Missoula Current, Dennis Bragg; KPAX.

CALL TO ORDER

12:04 p.m.

APPROVAL OF MINUTES

October 21, 2015 Special Board Meeting Minutes were approved as amended.

ACTION ITEMS

Lucky Diamond Plaza – 3700 Brooks Street (URD III) TIF and FIP Request (*Behan*)

The owners of this property, Nancy and Gene Mostad, have submitted applications for assistance under the URD III Façade Improvement Program (FIP) and Tax Increment Financing Program (TIF), to renovate and expand their location. This project will allow them to more than double the footprint of their building and will likely result in doubling the taxes. If so, the proposed MRA assistance under both programs would be "returned in the form of new taxes within eight years.

Behan said the original Lucky Diamond building was constructed in the late 1970s as a full service fuel and vehicle repair business. By the late 1980s it had converted to a market with self-service fuel, and then became a casino-restaurant around 2000. When the Mostads purchased the property, they changed the business name to Lucky Diamond and added package liquor sales.

This project will completely renovate the exterior of the existing building to modernize it in a design that will complement the South Crossing improvements. There will be a 3,146 square foot addition constructed on the Reserve Street side of the building. The current casino and liquor store uses will be expanded and a leasable space will be created. The

current signage affixed to the existing building will be removed and the corner sign will be replaced. There are some sidewalk issues that need to be addressed and landscaping to be installed. The total cost of the project is estimated at \$609,000. Assistance for this project under the FIP is limited to \$50,000. Under the TIF program, \$32,482 is eligible for site clearing, replacing sidewalks and installing water-wise landscaping in the right-of-way.

Vince Gavin, of Gavin Architects, said Gene and Nancy Mostad first brought this project to his office in 2013 and now it's 2016. They have worked with the developers of South Crossing, specifically when City Brew was being constructed and looking at the access. They have seen how Brooks and Reserve have been developed and indicated they want to do the right thing on this corner. The building is basically a "reskinned" gas station. The landscaping is overgrown and out of date. After completion of this project it will be a safer corner. There is a possibility of job creation depending on who will lease the space. He said it's a project that came out of the redevelopment of South Crossing. He thanked Behan for all his help on the project.

Brock asked what the ideal tenant would be for the leasable space. Wayne Mostad, Mostad Construction, said a commercial business. Behan said possibly a restaurant or an office.

Kemmis referred to the renderings in Behan's memo, and asked which images the Board are being asked to approve. Behan said the two images show what the project would look like with MRA assistance, and what it would look like without. MRA assistance will allow them to re-skin the building and add awnings. Buchanan said without assistance, they will clean the brick exterior and build the addition.

Kemmis asked for more details on the signs. Behan said the corner sign will be replaced with something more modern and in compliance with current sign codes. Gavin said it will be similar to what McKenzie River or City Brew has done. They want to eliminate the temporary signs and banners on the building. An affixed sign will be installed on the far left of the building above the casino, and some tenant signs will most likely be installed on Reserve Street facing Brooks. Behan said sign regulations have changed and the current signs are non-compliant, so the Mostads will need to go back through the Design Review process with their new sign package.

Kemmis said it is difficult to assess the value of the façade improvement without an idea of what the signs will look like. It would be helpful for him if the renderings gave some indication of what the signage will look like, even if it was an estimate. Buchanan asked if it would be helpful to indicate what the current sign codes will permit. She agreed with Kemmis, it is hard to gauge the value. Brock asked if the free standing sign on the corner is grandfathered in. Gavin said yes, it is grandfathered in and can remain as it is, however, the Mostads want to redo that sign. Part of their effort to improve that building is to make it more welcoming to the public, and to feed off the successes of the adjoining business. They also plan to evolve the current *Lucky Diamond* trademark into a more sophisticated brand. Gavin offered to inform the Staff and Board when the project goes back through Design Review.

Englund agreed with Kemmis about the difficulty in valuing the project without knowing what the signage will look like. Buchanan asked about the timing on when the sign package would be ready. Behan said the building permits have been submitted and the sign package permit generally follows that. Gavin said it should be happening pretty quickly, but didn't have a definitive time. He is not sure when the rebranding and new logo will be ready and couldn't commit to a specific date. Kemmis said it seemed to be a matter of timing. Normally the Board does see the sign package that is submitted for approval. It's certainly helpful to hear that the intention is to make the signs consistent with the neighborhood, but he would have a higher level of confidence if the sign package were before him and also included on the renderings.

Buchanan stated that the Board has the option to delay the approval until they can see the sign package. She asked Mostad where he was in the construction process. Mostad said they were shovel ready, so he would have to defer to the owners. However, he said there was preliminary work they could begin until the signs were approved.

Gavin said he might be able to get the elevations and the locations where the signs will be installed but will not know what the content of the signs would be. Kemmis said he is not concerned about the content of the signs, just the style, size and placement. Englund agreed, the Board does not care what their logo will look like. He said he is more concerned with the size, placement and what the sign actually is; is it a banner, is it neon and so forth. Instead of slowing the project down Kemmis suggested allowing the project to proceed without prejudice and approving the TIF portion. Buchanan and Behan agreed with that solution. Buchanan said the contractor's first order of business will be to break ground and install the footings. The addition to the building will be the same foot print no matter what the façade will be. Gavin said he would get the elevations and identify the areas where signs would be permitted under the sign ordinance. As far as how the signs are lit or constructed, that will take a bit more time. He will speak with the Mostads about their discussions with the sign companies.

KEMMIS: I MOVE THE BOARD AUTHORIZE THE DEVELOPER OF LUCKY DIAMOND PLAZA TO PROCEED WITHOUT PREJUDICE ON THE PROJECT AND THE TIF PORTION BE APPROVED AS RECOMMENDED BY STAFF, WITH THE UNDERSTANDING THE FAÇADE IMPROVEMENT APPLICATION WILL COME BACK TO THE BOARD TO APPROVE.

Reineking seconded the motion. No public comment. No further discussion.

Motion passed unanimously. (4 ayes, 0 nays)

Façade Improvement Program

- **Revision of Design Standards – Request for Approval (*Buchanan*)**
- **Inclusion of FIP in URD II – Request for Approval (*Buchanan*)**

In light of the previous discussion, Buchanan suggested the Board modify the FIP and add the signage as an amendment. She said City Council members have reported getting more phone calls about a certain "new ugly red building" on the fringe of downtown than they ever have. She said there is a trend of these types of corporate

identity buildings. They don't have to look that way, and certainly don't in communities where strict guidelines are in place.

Englund asked how the Board can ensure the sign package is submitted with the application for approval. Buchanan said it can be a requirement that all signs must be shown. Under the design criteria section, we can state all applications must include building signage. We could also find a way to weave it into the text. Englund asked if it would be drawings that show the approved signs. Behan said the Board could ask for drawings of a minimal sign package. It would be limited and show only the areas where the signs may be located and a palette of colors permitted under the sign regulation. Buchanan stated that she didn't remember a façade project that has come before the Board that didn't have signage identified on it. Behan said we can make it clear that it is an important part of the decision making process and use subjective language.

Buchanan suggested adding a section to the design criteria called minimum submission requirements. She said the Board needs to know what the project would look like without any help and with the façade assistance, as well as colors, materials and signage. Englund asked if the Board would want an *approved* sign package or *conceptual*. Buchanan said if MRA wants it can ask for an approved sign package, this is not an entitlement program. Behan said the conundrum would be not knowing if the façade will be basic or enhanced. At that stage, the applicant wouldn't have gone through the approval process and know yet what the signs will be. Buchanan stated that any local sign companies know what our sign ordinance allows and can put a sign proposal together that meets code. Kemmis said he didn't think the Board needed to see an approved sign package, but ideally a rendering of the applicants' project they intend on submitting for approval.

Reineking stated that on this project, the architect wasn't involved in the signage at all. It sounds like this will change the contractual relationship between the owner and the architect. Buchanan said the owner is going to work directly with a sign company.

Englund said since signs aren't permanent perhaps a rendering of what is permitted might suffice. Buchanan said signs can change, and the last thing we want is to approve something that people will question why MRA was involved. She thinks it's reasonable to require guidelines of what the maximum is allowed under the ordinance, and also provide some notion of color, materials and lighting. Brock asked about the ground mounted signs, and if they are also submitted to the Board for approval. Buchanan said no, but we can ask for that. Ground mounted signs are part of the pedestrian environment.

Englund asked if the Board would request to review the renderings of the signs as applied for. Buchanan clarified-MRA would want renderings as proposed. Englund asked if the application needed to clearly state that MRA does not pay for signs. Buchanan said yes.

Englund wanted to know who came up with this idea of a building being corporate logo. Buchanan stated that it is becoming more and more of a common practice. Missoula didn't invent it. She spoke of a design guideline workshop with Nore' Winter, where he gave examples from other cities he has worked with across the country. One city dealt

with this issue by stating if a certain percentage of the building exterior was the same color as the corporate logo, then the building becomes a sign and the owners have to comply with sign regulations. This doesn't mean the building can't be constructed, the owners just can't get public assistance to do it.

In regards to the revisions the Board is making to the FIP, Englund stated he wanted to be clear on the language and cover all of the bases. Buchanan said these revisions would have impacted a number of recent projects the Board had expressed concerns about. It will keep MRA from being arbitrary and instead focused on local and unique buildings and businesses.

Englund said another negative feature of the "new ugly red building" is it is over lit. He asked if the Board should address lighting as well. Buchanan stated that the building complies with the dark skies ordinance, or it wouldn't have gotten built. She suggested adding a requirement of identifying what the exterior lighting will be.

Brock said she hopes the City's new design standards are more extensive. Buchanan said if the City adopts some design guidelines, the FIP may become an incentive-based program that states if you exceed the City design standards you are eligible for MRA assistance.

Behan discussed different colors of lighting and said some consider neon light an art form. Englund suggested a requirement in the design criteria that identifies the exterior lighting scheme. He said it could help the Board determine whether the lighting was an improvement to the facade or not. Buchanan reviewed the eligible improvements in regards to lighting. Englund said he would like a condition put in place that the application includes exterior lighting scheme.

Reineking asked about the bullet point in the FIP design criteria addressing the use of primary colors and if the Board should expand on it. Buchanan said she is unsure exactly how to state that. It could be primary and secondary colors. Discussion ensued. Reineking suggested eliminating that bullet point for now. The Board agreed.

Buchanan discussed adding a new section in the design criteria for the minimum submission requirements that includes footnotes. She will also add the requirement for proposed signage; affixed and ground mounted.

Kemmis thinks it's a good idea to add the FIP to Urban Renewal District (URD) II. He suggested reviewing the program each year.

BROCK: I MOVE TO APPROVE THE MODIFICATIONS TO THE FAÇADE IMPROVEMENT PROGRAM AS PROPOSED BY THE STAFF AND MODIFIED AT THE MEETING.

Reineking seconded the motion. No public comment.

Englund and Buchanan confirmed the modifications are:

- Eliminate the proposed bullet point under design criteria regarding the use of primary colors.
- Add a section to the FIP design criteria for minimum submittal requirements that includes all signage and exterior lighting.

Motion passed unanimously (4 ayes, 0 nays)

BROCK: I MOVE TO APPROVE THE FIP, AS AMENDED, TO THE AVAILABLE PROGRAMS IN URD II WITH A DIRECTIVE TO STAFF THAT ASSISTANCE WILL BE LIMITED TO 20% OF AVAILABLE FUNDS FOR FY16 AND LIMITED THROUGH THE BUDGET PROCESS IN SUBSEQUENT YEARS.

Kemmis seconded the motion. No public comment.

Reineking asked about applying the FIP to other districts. Buchanan said the City has three districts that have no money, two of which are in the hole. That leaves the Front Street URD. She doesn't feel the use of façade improvement money would be the best use for that district. There are some large projects pending in the Front Street URD that may have large MRA requests. Buchanan said MRA needs to guard it's resources.

Motion passed unanimously (4 ayes, 0 nays)

Reineking thanked Buchanan and MRA staff for their work on this.

Mary Avenue Reconstruction East of Reserve Street (URD III). –Request for Approval (Buchanan)

Buchanan said at the Administration & Finance Committee on January 13, 2016 there were a couple of City Council members who requested assurances that Mary Avenue would cross the railroad tracks and connect to Reserve Street. In order to address their concerns, she is asking the Board to consider a motion committing to the construction of improvements to Mary Avenue from the Bitterroot Branch Railroad to Reserve Street.

Kemmis said Buchanan did the right thing in bringing this Council request to the board. He said the City has a Capital Improvement Program (CIP). It is the official way the City indicates a commitment to fund and complete infrastructure projects. It is a part of the budget process and is reviewed by City Council annually. He fully expects the Mary Avenue improvements will be one of the projects listed on the CIP and when appropriate, will also appear in the MRA budget. Buchanan said it would be most likely for FY17 or beyond. Englund asked if a formal motion was needed from the Board to add the Mary Avenue project to the CIP. Buchanan said not a formal motion, but perhaps a direction to staff. Englund said the minutes will reflect that the Board agreed to include the Mary Avenue project in the CIP.

Englund asked if anything more was needed from the Board to help the new City Council members understand how the MRA operates or to address their concerns. Buchanan said she didn't think this action or a lack of action would derail the bond for the Mary Avenue east phase. Englund asked if it would be helpful for the Board to sit down with

Council members and explain what MRA does and how we do it. He asked if we can make that offer as a Board. Buchanan said having a Board member reach out to them would be very impactful. Buchanan said she will make a referral to Committee of the Whole.

STAFF REPORTS

Staff gave brief project updates:

Gass reported that prior to sidewalk projects shutting down for the winter, more than one-third of the Burlington/Garfield sidewalk project was completed and it will pick up again in the spring.

Behan reported that the Fox Site Working Group has met several times. They have done a lot of work identifying what the issues are. One main issue is how the hotel and conference center are structured, and how it fits into the future. The project seems to be coming along quite well.

Buchanan reported that MRA is under contract on the Reserve Street pedestrian bridge construction. The fabricators are working on shop drawings of the design details. That project should be completed in late summer or early fall. She said a student housing project in the Front Street URD should break ground in the next two months and it will be coming to the Board for a TIF request in a month or so.

Kemmis commented that whoever was clearing the sidewalk for the old drive-thru bank has stopped. Behan said he would let them know.

Englund said he finds it interesting that even with the University housing vacancies, this housing project is not slowing down. Buchanan said its full steam ahead and the projections are that there is still capacity for this type of housing. They have a very nice amenity package and plans for retail space on the ground floor.

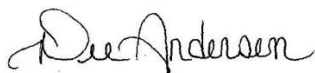
Buchanan reported that the pedestrian layer of the wayfinding signage for downtown is currently being fabricated and will be installed in the next few months. Locating the funding to complete the rest of the City is underway.

Dunn reported that the rainbow reports in this month's packet are the final reports for FY15. When the audit is completed she will provide reports for FY16.

ADJOURNMENT

The meeting was adjourned at 1:32 PM

Respectfully Submitted,



Dee Andersen