

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

February 20, 2020

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, February 20, 2020 at the Hal Fraser Conference Room, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Ruth Reineking, Melanie Brock, Tasha Jones

Staff: Ellen Buchanan, Chris Behan, Annette Marchesseault, Tod Gass, Jilayne Dunn

Public: Martin Kidston, Missoula Current; David Erickson, Missoulian; Jules Landis, In2itive Architecture; Mark Quinn, Western Interstate Construction; Bryan von Lossberg, City Council; Cass Chinske, Citizen; Lisa Davey, Montana AFL-CIO; Marie Wilson, In2itive Architecture; Mikayla Kreitinger, Citizen; Monte Sipe, Public Works; Jeremy Keene, Interim Development Services Director; Missoula Community Access Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

January 16, 2020 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

There were no public comments or announcements.

ACTION ITEMS

Ponderosa Village – 1029 West Pine Street (URD II) – TIF Request (Gass)

Gass introduced Jules Landis from In2itive Architecture who is the architect on this project and Mark Quinn from Western Interstate Construction who is the contractor on the project. Gass said they are working for Jerry Dirnberger, owner of the property at 1029 West Pine Street, in Urban Renewal District (URD) II. Gass said this project, named Ponderosa Village, is to develop group living community housing consisting of 46 bedrooms. It is aimed at providing attainable housing for entry level professionals and local service workforce.

Gass said the project site is currently vacant. Historically, it housed a large Quonset hut that stored equipment and an outside gravel storage area. The Quonset hut has since been deconstructed and removed from the site. Gass said the site is now overgrown and

underutilized, contributing to blight in URD II visually and through the lack of public infrastructure on Pine Street. He said the project will contribute to some of the higher density housing character in this redeveloping area of URD II.

Gass said the total project costs are a little over \$3.5 million. Project financing is through City Financial Investment Company Limited, in combination with First Interstate Bank, and owner equity which is about 20% of the total project costs. The request is for Tax Increment Financing (TIF) assistance for the right-of-way (ROW) improvements in Pine Street and to remove and replace curb and sidewalk on Scott Street. Those improvements total \$96,000.

Gass' memo reviews the project criteria for TIF assistance. He said if assistance is approved by the MRA Board, the public investment to private investment will be 1:36. Generally a ratio of 1:10 is considered a good investment for tax increment funds. The tax bill for the property in 2019 was a little over \$3,000. Gass said the new taxes on this housing project could be between \$30,000-\$33,000, which equates to a three or four year payback for the TIF assistance related to the public improvements on the project. He said generally, a payback of 10 years or less is considered a good use of TIF funds. In addition to the usual, temporary construction jobs that will be created, Ponderosa Village will create a moderate work force. They will have regular staff for office management, building maintenance, custodial services, etc.

Gass said this project will also eliminate blight. Up until about a year ago, he said the site was used for light industrial and commercial with the Quonset hut on site storing large equipment. Today it is an empty property that is largely overgrown with native and non-native vegetation. The project will redevelop the entire site which is roughly 17,000 square feet with the addition of two housing complexes and a plaza area. He said it will provide for the public improvements in the ROW on Pine Street including curb, sidewalk, gutter and landscaping improvements.

Unique opportunities with the project include the addition of curb, gutter and sidewalk on Pine Street. Gass said this section of Pine Street was slated to be built out with the URD II sidewalk program in the next six years. This project provides the opportunity to move that construction schedule up to the coming year. Gass said this will allow MRA to take another step towards completing the sidewalk network in URD II. It will also provide pedestrian and Americans with Disabilities Act (ADA) facilities near a major grocery store and enhance the public safety in the neighborhood. Gass said the housing project creates the opportunity to develop attainable housing for the local workforce, particularly the service-oriented businesses in the area. The grocery store and medical complex nearby may be future employment opportunities that result from the Riverfront Triangle/Drift redevelopment.

Gass said the project is estimated to be completed in June 2021 with the fully assessed value being on the 2022 tax valuation. He said MRA has been promoting higher density housing, close to the urban core for many years. The investment in this property through owner equity, available financing, along with TIF assistance for public improvements, allow this project and others like it to be economically and financially feasible. He said the project is projected to provide the neighborhood with an excellent model of group community living with the ability to de-emphasize vehicle travel through the use of existing public

transportation, nearby trail networks and TIF funded public improvements associated with the project.

Gass said the staff recommendation is that the MRA Board move to approve TIF assistance for the Ponderosa Village project in an amount not to exceed \$96,000 for curb, gutter, boulevard sidewalk and landscaping improvements in the public ROW. Gass said the grant will be contingent upon the developer submitting a landscaping plan for MRA approval and the understanding that TIF assistance will be a reimbursement to the developer upon full completion of the project as evidenced by the issuance of a Certificate of Occupancy from the City of Missoula. Further, Gass said the amount of TIF reimbursement will be based on paid invoices submitted by the developer documenting the actual costs of the TIF eligible improvements.

Landis spoke to the architecture of the project. He said In2uitive Architecture has been working with Dirnberger on it for the last year and a half. He said Dirnberger is retired and this project is a way for him to make a contribution to the neighborhood that he has been in for so long. Dirnberger said it is pod-style living, which is becoming popular in other cities and is a way to address affordable housing. Landis said it is targeted to single folks, new college graduates, and younger people in the service industry. It co-locates all of the communal spaces like the kitchen and living room. The pod-style living is a way to foster a sense of community.

Landis said the design concept is to provide four houses. Two of the houses are interlinked together and that is where the communal areas are. The four houses envelop a central courtyard for people to gather outside. He said they are not required to comply with the Design Excellence overlay because it is group living and not multi-family. However, they did try to address all of the aspects of the Design Excellence criteria including heights, streets, parking, glazing, façade materials and color. There is one bike spot for each person. In2itive Architecture are still working on the parking aspect, but Landis said it will likely go to reserved residents. He said they are working with Republic Services for recycling and trash receptacles. Quinn added they will be replacing the curb and sidewalk all the way down to Hawthorne Street, not just the side of the property. Missoula Glass is the adjacent business to the property.

Jones asked if there are 46 units within the total complex. Landis concurred. Jones asked how those are configured with bedrooms and bathrooms. Landis said each bedroom has its own bathroom associated with it. There is a small area with room for a microwave and sink to do dishes as well, along with cupboards. There is a full, shared kitchen on the ground floor of each building. Jones asked what the approximate size of the units are. Landis said about 250 square feet. They are rentals. Jones asked for examples of other communities this is happening in. Landis said Silicon Valley started this some time ago. Seattle and Denver have also been building them as a means of providing places for people to rent and make it affordable. Landis said it is a nice transition for someone who has just graduated college as this is similar to the dorms they're used to. He said when you're living a single lifestyle, it provides for what is needed. Jones said it seems to her it would be useful for older people too. She said she has a disabled uncle and this would be really appropriate for him and he would benefit from the social interaction in a situation like this as well. She said it seems like a good project for all sorts of reasons and ages. Reineking concurred. She

said she has some senior friends who have been talking about doing something like this on a smaller scale.

She said with 46 bedrooms and 11 designated parking spaces, she guessed they also get to count some parking on Pine and Scott Streets. She said she was curious if the City would go quite that low. Landis said there is on-street parking on Pine. Off hand he didn't know if there was on Scott Street. He said they are not including that in their calculation. Per the Planning Department the minimum parking space requirement is two per house, so this project would require four. Gass said there are a lot of bike parking spots included.

Reineking said the memo states under "Financial Assistance" that a condition of the Development Agreement will be that the developer provide documentation of the complete financial package for the project. She wondered if that condition needed to be included in the motion. Gass said he didn't include it because it is standard language in the Development Agreement. He said the Board can add it if they want, but it will be addressed in the Development Agreement.

Englund referred to the developments in other cities and wondered how long people tend to stay. Landis said he was unsure, but it probably varies by occupant. Englund asked what the rent will be. Landis said the target is \$600/month. Englund asked if there are utilities on top of that. Quinn said that includes everything. He said there may be fees for a reserved parking stall or bike space. Englund asked if there was any commercial with the project. Landis said no. Englund asked if there is an on site manager. Quinn said Dirnberger intends to have a manager on site. He said during the day there is an area for a facilities manager. Landis said there may be one on site 24-hours that rents a unit there.

Reineking asked if there will be ADA compliant rooms. Landis said yes. The ground floor in each building has a fully-accessible unit and then all of the other units will be "Type B" units that can be adapted. Reineking asked if there will be ADA parking. Landis said right now they show one, which is the requirement. Reineking asked if the concept is similar to ROAM Student Housing. Buchanan said it is, only there are a lot more units using the communal kitchen in this concept. ROAM is four bedrooms with a communal kitchen and living area. Reineking asked what the occupancy rate is at ROAM. Buchanan said they're about 80%. Buchanan said one other building downtown is sort of like this. It's Atlantic Hotel, located across the alley from The Iron Horse. Those are bedrooms with a communal kitchen and living area on each floor. It stays fully occupied.

Reineking thanked Landis for addressing the recycling. Jones said this is a really neat project and a great example of public and private individuals working together to meet a need for the community and not just a situation where there is clearly blight. She thanked Landis for creating a progressive solution to the needs of the community and looks forward to seeing it completed.

JONES: I MOVE THE MRA BOARD APPROVE TIF ASSISTANCE FOR THE PONDEROSA VILLAGE PROJECT IN AN AMOUNT NOT TO EXCEED \$96,000 FOR CURB/GUTTER, BOULEVARD SIDEWALK, AND LANDSCAPING IMPROVEMENTS IN THE PUBLIC RIGHT OF WAY, CONTINGENT UPON THE DEVELOPER SUBMITTING A LANDSCAPE PLAN FOR MRA APPROVAL, AND WITH THE UNDERSTANDING THAT

THE TIF ASSISTANCE WILL BE A REIMBURSEMENT TO THE DEVELOPER UPON FULL COMPLETION OF THE PROJECT AS EVIDENCED BY THE ISSUANCE OF A CERTIFICATE OF OCCUPANCY FROM THE CITY OF MISSOULA, AND FURTHER, THAT THE AMOUNT OF THE TIF REIMBURSEMENT WILL BE BASED ON PAID INVOICES SUBMITTED BY THE DEVELOPER DOCUMENTING ACTUAL COSTS OF THE TIF ELIGIBLE IMPROVEMENTS.

Reineking seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Railroad Quiet Zone & Traffic Study (Hellgate URD) – Request for Authorization to Enter Into a Memorandum of Understanding with City Public Works (Gass)

Gass said Jeremy Keene, Director of Public Works, and Monte Sipe, Construction Project Manager for Public Works, were present for the project. He said this project is in response to the Mayor's Office hearing from some folks in the lower Rattlesnake area and East Pine Street area, as well as some City Council members asking to initiate the steps necessary to establish a railroad quiet zone in the Hellgate URD. There are two railroad crossings in this District. One is the Madison/Spruce/Greenough crossing. The second is further to the east on Taylor Street, which is basically a crossing on private Montana Rail Link (MRL) property. Gass said those two crossings result in the trains sounding their whistles as they come into town from Hellgate Canyon. Gass said Public Works is making a funding request to MRA for an initial traffic study including surveying, mapping, risk analysis and mitigation related to establishing a quiet zone. This will be a Public Works project with MRA providing funding through a Memorandum of Understanding (MOU).

Gass said a railroad quiet zone has been discussed before and this time it seems to have traction behind it. He said a railroad quiet zone is designated by the Federal Railroad Administration (FRA). The purpose of it is to enhance the quality of life for the residents nearby by establishing a section of railroad where the use of train horns is prohibited or greatly minimized. He said study and research shows that the absence of the train horns sounding at crossings increases the risk of collisions at those crossings. The public authorities or municipalities wishing to establish a quiet zone are required to take steps to mitigate that risk.

Gass said Public Works has been in contact with Triple Tree Engineering out of Helena. Triple Tree recently worked with the City of Helena to establish a quiet zone in their community. He said they have done preliminary observation of the Madison and Taylor crossings in Missoula and identified three mitigation options to mitigate the risk at those crossings. One option is installation of Wayside Horns which are horns located at the intersection that are pointed downward to contain the volume of the horn to a local area. The second option is installation of additional signage and center medians in the road to keep traffic channelized and discourage or prohibit cars from sneaking through the intersection when the arms are down. The third option is to install additional signals, signage, and automated arms to completely block off any crossing.

Gass said Triple Tree has submitted a proposal to the City of Missoula with a budget of \$26,300 to complete a traffic study of the crossings, and survey and map the two crossings and analyze the proposed mitigation options to come to a preferred option. This will be preliminary work prior to moving forward to a final mitigation design and approval from the Feds. He said future work would take place under a Professional Services Agreement. At the present time, Gass said Public Works is requesting funding for the initial work.

Keene said the other issue they are seeing is safety. He said there have been a number of concerns at the Madison crossing. They think it is related to Black Coffee Roasters and the parking on the other side of the street. Cars come around the corner at a fairly high rate of speed and then all of the sudden there is a pedestrian jaywalking. Part of this study will also look at the intersection and give some recommendations on safety improvements there.

Bryan von Lossberg, City Council, said he has been hearing from constituents about the increase in safety concerns. Relative to the train noise, he said it is important to understand that because of the two crossings, trains do the whistles two times. He said it's been an issue he's been hearing from constituents since his first year on City Council six years ago. There was a group of citizens in the lower Rattlesnake who split up and did a survey of folks and businesses in the area. He said he went along Broadway to the businesses and it is a real issue for them because a lot of them have made investments in their premises and are concerned about the train whistle effects on their business. He said there are also a number of folks in the downtown who live in close proximity who are dramatically affected by the train whistles, particularly at night.

Cass Chinske, citizen, said he brought this to the attention of the City over 20 years ago. It has been a real tedious movement. The issue has been there, and has become more severe in the last five years because of the global warming trains that go by with all the coals. The train traffic is much more frequent than it was 20 years ago. He said the whistles are more powerful, too. People on both sides of the tracks are really affected in their quality of life, especially in the summer because people open their windows when it gets cool at night. He said on a bad night it can wake you up six to eight times. Chinske said he knows the City is at a point where something will actually be done. He said it was promised to the people last year that it would be done this spring. He would like it put on the fast track. He added he thinks it is a perfect project for the MRA because it is a combination of serving the commercial business interests on one side of the tracks and the residents on the other side. He said MRA is constantly criticized for being pro-business and this is perfect for MRA to say it is listening to people on both sides of the tracks and want to fix the problem. Chinske said if MRA takes this on as its project it will get done faster. Chinske also said he does not think the first option is acceptable. He agreed with Keene that there is a pedestrian issue at the intersection as well and is glad something is being done. He said time is of the essence and if MRA can do a more efficient scheduling timeline than going through Public Works he would like MRA to consider taking the project on.

Brock thanked those that provided history on the subject. She asked what the second step of implementation is after the study is complete. Keene said the study will tell them what the preferred alternative is and how much it will cost. Then the City will have to figure out how to pay for it. He said the solutions are not cheap, they are in the hundreds of thousands of

dollars. Jones asked if any changes to either crossing will have to be approved by the FRA. Keene concurred. Jones said regarding the timeline, there is only so much the City can do to control their processes. Keene said Helena took six years.

Reineking said she is in favor of the study. She asked if the proposal includes opportunities for public input. Keene said Triple Tree did not include time to do a public meeting or charrette. He said it is something the City can try to facilitate once they have the information. He said this is more of a technical analysis. Reineking said it would be handy to have the findings from the public input on record. Englund asked if the study forms the bulk of the application to the FRA or does the City have to pay for another process to do the application. Keene said he envisions Triple Tree giving the City everything it needs to put the application together. Jones said in terms of the work, it will actually have to be the Railroad that completes the work, the City couldn't do that work. The City would have to hire the Railroad to do the work. Keene said typically the railroad wants to do the work on their crossing and equipment. Buchanan said it may be a split thing. The City will deal with the pedestrian issues if there are improvements outside of the railroad ROW. Sipe said typically with those construction projects the City coordinates with MRL. The City has special insurance and conditions within the railroad ROW. Englund asked if the City has had enough discussions with MRL to know if they are interested in this. Buchanan said MRL gave the City the material needed to get the study done. Sipe said they are in support of the project. Jones asked if the other crossing is to MRL's property. Sipe said it is MRL property and they are leasing it to a business. Keene said it is gated so it may turn out they don't need to do anything to that crossing. von Lossberg said there was some miscommunication that occurred because it was thought that MRL would stop blowing the horn at the Taylor Street crossing because it was an easy thing to do. He said that has proved to not be the case. The study has to be done to address both crossings.

REINEKING: I MOVE THE MRA BOARD AUTHORIZE MRA TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH CITY PUBLIC WORKS, WHEREBY MRA AGREES TO PROVIDE THE FUNDING FOR THE TRIPLE TREE ENGINEERING RAILROAD QUIET ZONE ANALYSIS AND TRAFFIC STUDY IN AN AMOUNT NOT TO EXCEED \$26,300, AND AUTHORIZE THE DIRECTOR TO SIGN THE MOU.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Redevelopment of the Payne/Library Block (Front Street URD) – TIF Request
(Buchanan)

Buchanan said Terry Payne gifted the block that houses the current library to the City. The City has known it would want to go through some level of a public process to determine how that block should be redeveloped. Dover, Kohl & Partners (DKP) took a hard look at it when the Downtown Master Plan was being done because the City owned it and knew it would redevelop. Now, they City needs to drill in and figure out what will go there. DKP submitted a proposal, which will be an addendum to the current Downtown Master Plan contract. The first addendum to that Plan was to hire them to do the North Riverside Parks and Trails

planning effort going on now that Marchesseault has been involved in. The Payne/Library Block will be a second addendum to that contract for just under \$50,000. The Business Improvement District (BID) Board met on Tuesday and approved the addendum to the contract so it is already in place. Missoula Economic Partnership (MEP) is working on a grant application to the Big Sky Trust Fund for a planning grant. Those grants top out at \$25,000 and require a one to one match. Buchanan said having that match in place when that grant application goes in is important. She said they think this is a poster child for that grant. It is a huge economic development opportunity. Buchanan said she will be surprised if they don't get the grant. There is not adequate funding in the Front Street URD to fund the entire DKP effort and members of the BID Board realize it will come back to them for funding if the grant is not received.

Buchanan said the recommendation is that the Board approve the use of up to \$25,000 in TIF funds from the Front Street URD as a match for the Big Sky Trust Fund planning grant, should it be received, or as part of the cost to engage DKP with other funding coming into play. She said the planning effort will involve some public meetings and workshops. Buchanan said she has also asked DKP to do some massing studies on that site to look at how large a building can be put there before it becomes an issue with view sheds and that sort of thing. She said because of the topography, they think they can get a multi-story building there. It's Central Business District (CBD) zoning which allows up to 125 feet in height. She said there is an opportunity to accomplish a lot of things there. It will have to involve parking and they think it will involve housing, commercial space, and flex space. She said it will involve public/private partnerships to accomplish it.

Brock said she is particularly interested in the parking component of it and what the parking environment will be once all the surrounding projects are completed. She said it seems smart right now to be investing in a study for this project and hopefully it will be all encompassing of those few blocks. Buchanan said she thinks the public will make sure of that. Brock asked if MRA is still approving the \$25,000 as going towards paying for the study even if the grant is not received. Buchanan said yes, they will just have to find the other money. Brock asked if this motion takes care of it no matter what up to \$25,000. Buchanan said yes, if they can find the balance of the rest, because MRA does not have the capacity to fund the whole thing.

Reineking said she would amend the motion to delete the part that says "as a match for a Big Sky Trust Fund planning grant" because the MRA funding will happen anyway and is not contingent on the Big Sky grant. She said she thinks it is an amazing study that needs to be done and is glad to see it happening. Buchanan said the grant application goes is due in March and MEP thinks they will know by April if it is awarded.

Englund asked what the deliverable will look like. Buchanan said the deliverable will be a recommendation as to what the components that go into that building(s) might be, what size that building(s) might be, how much parking might occur in that building(s), green space, connections, etc. She said it is a master plan for that block and will be developed through a public process. She said it basically also develops the Request for Proposals (RFP) or Request for Qualifications (RFQ) for a private developer to partner with.

Martin Kidston, Missoula Current, asked when the City will receive the plan. Buchanan said she suggested to DKP to start work in May or wait until fall because it is difficult to get public participation over the summer when people aren't here. She said it is an important block for the city as a whole and they need as much input as can be mustered. Reineking agreed and said if one of the deliverables includes the components of an RFQ, it needs to be done well. Englund asked if they are okay doing this as an amendment to an existing agreement and not another RFP. Buchanan said yes. This is being done exactly the same as the parks and trails master plan. She said DKP is already so invested in this because of their work on the Downtown Master Plan. Jones said they can use the work they've already done and in her mind it would be a colossal waste of public funds to engage a new company and reinvent the wheel.

REINEKING: I MOVE THE MRA BOARD APPROVE THE USE OF UP TO \$25,000 IN TIF FUNDS FROM THE FRONT STREET URBAN RENEWAL DISTRICT TO BE USED TO ENGAGE DOVER, KOHL & PARTNERS TO DEVELOP A REDEVELOPMENT PLAN FOR THE PAYNE/LIBRARY BLOCK AS AN ADDENDUM TO THE DOWNTOWN MASTER PLAN CONTRACT BETWEEN DOVER, KOHL & PARTNERS AND THE DOWNTOWN BUSINESS IMPROVEMENT DISTRICT AND AUTHORIZE THE CHAIR TO SIGN ANY NECESSARY AGREEMENTS OR CONTRACTS.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

NON-ACTION ITEMS

STAFF REPORTS

Director's Report

Buchanan said she was happy to answer any questions from her report.

Budget Reports

Dunn said the revenue received for the first half of Fiscal Year 2020 has been collected, transferred from the County to the City, and debt service requirements have been met and the remaining funds transferred into the Districts. She said the effect of the tax appeals as of October 8, 2019 is now a line item above the yellow contingency line in the URD Budget Status Reports. She said there are ongoing appeals happening that could affect those numbers. Buchanan said there are a higher number of appeals than normal. Jones asked if MRA will receive information on a rolling basis as they proceed through the backlog of appeals. Dunn said the information MRA is receiving from the County this year is a direct result of the impact the appeals had last year. She said MRA asked the County to provide information to help determine actual collections. Buchanan said they typically do and that is when the City finds out whether it will or will not have as much money as was budgeted. She said MRA took the hit in every District this year.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:03 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Lesley Pugh".

Lesley Pugh