

# MISSOULA REDEVELOPMENT AGENCY

## CONDENSED BOARD MEETING MINUTES

March 17, 2022

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, March 17, 2022 via Zoom at 12:00 p.m. Those in attendance were as follows:

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

**Staff:** Ellen Buchanan, Annie Gorski, Tod Gass, Jilayne Dunn, Lesley Pugh

**Public:** Mike Morgan, Frank Scariano – Bricks and Spurs, LLC; Gwen Jones, Missoula City Council; Bob Oaks, Kathryn Kress, Tyler Walls, Diane Stensland-Bickers – Residents; David Erickson, Missoulian; Missoula Community Access Television (MCAT)

### CALL TO ORDER

12:00 p.m.

### INTRODUCTIONS

### APPROVAL OF MINUTES

February 17, 2022 Regular Board Meeting Minutes were approved as submitted.

### PUBLIC COMMENTS AND ANNOUNCEMENTS

Buchanan introduced Annie Gorski as the new Deputy Director for MRA. She started March 1<sup>st</sup> and comes from Salem, OR where she was the City's Economic Development Manager.

### ACTION ITEMS

#### Bissinger Place – 903 South 1<sup>st</sup> Street West (URD II) – TIF & FIP Requests (Gass)

Gass said staff received Tax Increment Financing (TIF) and Façade Improvement Program (FIP) requests from Bricks and Spurs, LLC for the Bissinger Place project located at 903-921 South 1<sup>st</sup> Street West. It is the location of the historic Bissinger Warehouse which was a 6,000 square foot brick railroad warehouse that was constructed in the early 1900s and used by the Bissinger Fur Trading Company. This project will preserve and repurpose the warehouse for more contemporary uses.

Gass said in the 1960s there was a 4,700 sq. ft. addition added to the south side of the warehouse. A lean-to was also constructed on the west side of the warehouse. Further to

the west at 915 & 921 South 1<sup>st</sup> Street West there are two houses with detached garages. They are in advanced states of disrepair and are uninhabitable. The houses, garages, lean-to and east and west wall of the warehouse addition will be deconstructed and removed from the site. The warehouse walls will be reconstructed in a manner that will allow the structure to support additional load on top to add floors to the existing structure.

The Bissinger Place project will be a 61,500 sq. ft. development with four stories and mixed-use commercial and residential. The developer anticipates commercial uses consisting of professional office space, manufacturing, retail space and possibly food service. The residential component will include 42 dwelling units with amenities including a rooftop terrace, grill and lounge areas, secure bicycle & ski storage and a ski tuning shop. The dwelling units will vary in size and features to provide a range of rental rates. There will also be an elevator for accessibility.

The project is located adjacent to the Bitterroot Trail and the 1<sup>st</sup> and 2<sup>nd</sup> Street sidewalks that are either constructed or slated to be constructed this year under the URD II Sidewalk Program. Gass said one of the public benefits with this project is that the developer will complete the trail access connection this summer.

Gass said the TIF request outlined in his memo includes asbestos remediation \$27,000, deconstruction \$112,000, overhead utility relocation \$47,000 and right-of-way (ROW) diagonal parking \$83,000. The total TIF request is for \$269,000 (Gass noted a typo in his Staff recommendation which says the request is for \$296,000).

Bricks and Spurs, LLC also submitted a FIP application. Gass said several features of the warehouse structure are eligible for assistance. The developer will remove existing exterior paint using non-abrasive techniques to preserve the brick and resolve a moisture-retention issue to extend brick life. The developer will also replace existing windows, doors and overhead doors, as well as add awnings to the structure. The total cost of eligible FIP items is \$133,000. Gass has advised the developer that the FIP is capped at \$50,000 and that is today's request. He noted the developer has indicated they would forego the exterior paint removal and window replacement if FIP assistance is not granted.

Gass reviewed the typical analysis for FIP in his memo and wanted to highlight some of the aspects of it. First, he said the project furthers the goals identified in the City's Strategic Plan, particularly with community design and livability by developing the additional housing units for Missoula's inventory. Additionally, the project connects the parcel to the Bitterroot Trail and the creation of diagonal parking on 1<sup>st</sup> Street will help to relieve parking pressure in the surrounding neighborhood.

Gass spoke to environmental quality goals of the plan in the deconstruction of the unusable structures and the efforts to minimize material generated for the landfill. It furthers economic health strategic goals through job creation and entrepreneurial activities where none currently exist. The warehouse is currently vacant as well as the two houses to the west. The project also considerably grows the tax base in URD II by approximately \$130,000 per year which means a payback on the MRA investment in three years. Generally, a payback of increment in 10 or less years is considered a good use of TIF funds. Gass keyed in on two aspects for public purpose: the trail easement acquired to

connect the 2<sup>nd</sup> Street cul-de-sac to the Bitterroot Trail and the public parking that will be created on the south side of 1<sup>st</sup> Street.

Gass said the public to private investment ratio for the project is 1:53 for the overall investment in the project. If just considering construction costs it is 1:40. Both are very favorable ratios and MRA generally considers a ratio of 1:10 to be a good use of tax increment investment and this project is well beyond that. Bissinger Place is scheduled to be completed in the fall of 2023.

Mike Morgan and Frank Scariano of Bricks and Spurs, LLC, gave a short presentation of their proposed project. Morgan said their concept is centered around the character and charm of the historic warehouse while satisfying contemporary needs with the commercial and residential units. They are following what the growth policy suggests and what zoning allows for in that area. The project emphasizes alternative transportation with a nearby bus stop ½ block down the trail on 3<sup>rd</sup> Street and as Gass mentioned they are also providing parking. There is secure, long-term bike storage in the building and the tuning shop is for both skis and bicycles. Morgan reviewed the renderings of what the project would look like with and without assistance.

Morgan said there is a range of different types of dwelling units for the property. Depending on where they are located and the size of them, it offers a broad range of different rental rates. They are all market-rate and Bricks and Spurs, LLC does not have a grant for affordable or subsidized housing. They are trying their best to allow for equal opportunity for everybody by providing more affordable units to more luxurious units.

Brock said this is a very exciting project for the neighborhood. She asked if the warehouse was not on the National Historic Registry and that is how they are allowed to build up and around it. Morgan said yes, it is an historic contributing element but is not registered.

Buchanan said there was a public comment on this from Bob Oaks that was sent to the Board. For the record, Oaks said:

“Bissinger Place addresses much-needed density and residential capacity. I am confused by the following, however: “Dwelling units will vary... to provide rental rates ranging from market rate affordable to more luxurious...”

“Market rate affordable” is an unusual expression and is not tied to any quantification to address “affordable to whom?” Would it be possible for MRA to require that a modest proportion of units here, and in similar projects asking for assistance, be affordable to median income Missoulians? For example, 10% (or four units in this case) priced to be affordable to households making between 90% and 110% of the area median income? Although small at first, in aggregate and over time, such MRA enabled investments could be a community-appreciated step beyond the other fine work the Agency does to support LMI housing and our new Housing Trust Fund.

It seems that such a policy could provide the “but for which” true affordability quotients will not otherwise happen.”

Reineking asked what market-rate affordable means and if it is tied to income. Morgan said the word “affordable housing” can be interpreted differently. He said he was not prepared to say exactly what the rental rates will be, but they are saying they will have a range of units

from one bedroom to two bedrooms with lofts, with various amenities. That naturally means the rents will be different between those units with everything in between. They will offer various ranges of rental options for people. Reineking said she appreciates there will be a range of options in the development. She said she knows there is housing needed at all levels in Missoula.

Reineking said the plans show trees in front of the diagonal parking and landscaping along the trail. Scariano said that property is owned by Washington Corporation and Montana Rail Link so they may or may not be able to do the landscaping along the trail. He said they have talked with Washington Corporation about this project already in terms of donating some historical artifacts - they'd like to do something similar to the Kim Williams Trail with the Bissinger Warehouse and have a rock kiosk with a brass plaque talking about it. They have to get approval from Washington Corporation before doing any of that work. Morgan added they are doing landscaping on their property where there are opportunities and hope to along the trail as well. Scariano noted the east side of the property is right on the property line and the foundation is literally the property line.

Reineking asked if the chain link fence is coming down. Morgan said yes. Reineking said she appreciates the trail easement access from 2<sup>nd</sup> Street by taking down the fence and providing access to that street with the cul-de-sac. She asked Gass about the overhead utility lines and the sidewalks. Gass said the sidewalks on the south side of 1<sup>st</sup> Street have been completed. The overhead lines will go underground on the west property line of this development for the length of the property. Reineking said it is something for MRA to think about as it does sidewalk projects in the future. Scariano said they can get Northwestern Energy to do the whole thing, but they can't afford to pay for it.

Reineking asked if recycling will be available for the commercial and residential tenants. Morgan said they do have a place for both refuse and recycling.

Englund asked about the rental mixes. Morgan said a majority of them are one-bedroom and there will be three or four two-bedrooms. Some of those will have lofts. The units with lofts are on the ground level. Above the warehouse there will be larger, two-bedroom, penthouse-type units. The vast majority of the units are one-bedroom. Englund asked how many are basement level. Morgan said there are four of them.

Tasha Jones said she understands there are 42 units total with a majority of them being one bedroom. She asked what the square footage will be. Scariano said about 650 sq. ft. Tasha Jones asked what the commercial uses will be. Scariano said his company, Scariano Construction, outgrew their space in 2016 and are going to be moving into the south warehouse. They currently have a 300 sq. ft. office with seven employees working in there. This will give them more office and shop space. Morgan said they also plan to move Bricks and Spurs, LLC there. Other spaces are slated for retail.

Tasha Jones asked if all of the tenant spaces will be leased or if it would be available for purchase on a condo-like basis. Scariano said it is all leased space at this point. She spoke to the public comment that came in from Oaks asking if MRA can require that as a condition of contribution towards this project there be something more firm in terms of low-income or affordable housing. She addressed that by saying Missoula needs housing,

more rental space and more affordable housing which is one of the prime missions of the Board and the community. She said private projects can't always be possible with stipulations that restrict or require or put caps on rental financing. Morgan touched on this when he said they do not have grant funding that would allow there to be some restrictions on lease rates. In order for this project to be feasible there has to be market rates. She is sensitive to that and wanted to communicate that in response to the public comment that not only is it outside of what she believes to be MRA's authority based on what stipulations it can put on participation in projects such as this, but there is also the practical reality that imposing those types of stipulations would often times make a project not feasible to actually work. She said she appreciates the comment and wants Oaks to know MRA is sensitive to that issue always, and it is MRA's mission and hope that it will always have the opportunity, but not all projects are appropriate for those types of more affordable or restricted rent housing. Englund added that doing it on an ad hoc basis is not a good thing to do. MRA can look at a programmatic change that applies to everybody, but to take a project that is this far along and start applying brand new rules to it is not fair.

Reineking said she appreciates the amount of \$17 million in private investment with a very small TIF investment. The ratios are phenomenal.

**JONES: I MOVE BOTH STAFF RECOMMENDATIONS.**

**Englund noted the error in the TIF recommendation and said it should be \$269,000 (not \$296,000).**

**Staff recommendation: Staff recommends the MRA Board move to approve TIF assistance for the Bissinger Place Project in an amount not to exceed \$269,000 for asbestos remediation, deconstruction, utility relocation, and 1st Street right of way improvements with the understanding that the TIF assistance will be a reimbursement to the Developer upon full completion 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; and authorize the Board Chairman to sign the Development Agreement.**

**Staff recommendation: Staff recommends the MRA Board move to approve a Façade Improvement Program grant to Bricks & Spurs, LLC in an amount not to exceed \$50,000 for exterior paint removal, windows, doors, and over-head door replacement, and installation of awnings with the final amount of the grant to be based on paid contractor invoices provided by the applicant; and authorize the Board Chairman to sign the Façade Improvement Agreement.**

**Reineking seconded the motion.**

Reineking said when this TIF investment is paid back in three years there will be quite a bit of extra funding for future projects.

Bob Oaks said this is a great looking project and really belongs where it is going. He understands MRA's reasoning about imposing additional conditions on it now, but really

wanted to encourage the Board to think about future projects and allowing for there to be a required inclusion of truly affordable housing and some components of it. He said that has also been suggested in the West Broadway Corridor Master Plan for potential MRA involvement there. He said when people talk about market-rate, they are really talking about whatever the market will bear. They have learned that what the market will bear does not make for affordability for Missoula's workforce. Oaks said it is a problem everyone needs to think about how to resolve. He knows MRA has the potential ability to contribute in that way and many others that it already does. It is a policy he encourages MRA to consider in the future.

**No further discussion. No further public comment.**

**Motion passed unanimously (4 ayes, 0 nays).**

**500 Block of Burton Street – Improvements (URD II) – Request to Amend Engineering Contract with Morrison-Maierle (Gass)**

Gass said this project has previously come before the Board. Back in January the Board unanimously supported an amendment to the Morrison-Maierle Professional Services Agreement which brought the improvements out of Alex Subrayan's development on Burton Street and into an MRA infrastructure project to get the improvements completed. During that meeting the Board instructed staff to look at a street lighting component for the project. Doing that added to the scope of Morrison-Maierle's agreement. Gass said a street light will be added to the east side of Burton Street at the alley between the irrigation ditch and West Broadway, and two trail lights added near the entrance to the West Broadway Island footbridge. The Board also instructed staff to make an outreach to the residents in the area to notify them that there was interest in adding lighting to the project. Staff sent out a letter on March 3<sup>rd</sup> and have not heard anything back on it, so Gass said he is taking that as "no news is good news". Gass said he did talk to a former resident of the area about the lighting and he thought it would be a very welcome addition. The staff recommendation is that the Board approve Amendment 2 to the July 21, 2021 Morrison-Maierle Professional Services Agreement in an amount not to exceed \$6,700 for additional professional services to add street and trail lighting to the Burton Street Improvements Project.

Brock thanked Gass for bringing this back to the Board and said it's an example of MRA forward-thinking what else needed to happen as a piece to this while working on it. She said she is very excited about it. She asked if sending a letter to the property owners versus the residents/lessees gets the message across to the people who are actually living there. Gass said he sent letters to the property owners of the individual condos and can't particularly tell if that got relayed to the people living there or not. Brock asked Buchanan if she feels confident that MRA is able to proceed knowing it will be welcomed with her knowledge of all of the community engagement work she's seen. Buchanan said because it is a building full of condominiums they probably have a Homeowner's Association (HOA) and would imagine that an owner would be managing that and would think the HOA would distribute a letter like this. She said with the comments received when the Poverello Center was being built, a lot of the comments were from owner-occupants of the building. Gass said the condominium association was on the list that did get a letter. Brock said because this will improve public safety with lighting it would be received well, although some do not like light outside of their bedrooms so she wants to make sure MRA thoroughly checks the

box of making sure it won't disrupt living on the street. Buchanan said all of the lights meet the Dark Skies criteria. The majority of complaints she is aware of is when the light is a cobra head that is the old style of lighting that shines directly into your bedroom window. These lights don't do that, and the trail lights are less intense than the street lights.

**REINEKING: I MOVE THE STAFF RECOMMENDATION.**

**Staff recommendation: Staff recommends the Board move to approve Amendment 2 to the July 21, 2021, Morrison-Maierle Professional Services Agreement in an amount not to exceed \$6,700 for additional professional services to add street and trail lighting to the Burton Street Improvements Project.**

**Brock seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (4 ayes, 0 nays).**

**500 Block of Burton Street – Improvements (URD II) – Request to Award Construction Contract (Gass)**

Gass said in mid-February Morrison-Maierle had bid documents ready and the project was bid the last week of February. Two bids were received and opened last Friday. The low bidder was Knife River Corporation in the amount of \$178,000. Gass said they were happy to get that bid in this environment and it is below the engineer's estimate. Morrison-Maierle has reviewed the bid and finds it to be responsive, correct and complete. They recommend MRA award the construction contract to Knife River Corp. The staff recommendation is that the Board move to award the construction contract for the URD II Burton Street Improvements Project to Knife River Corp. in the amount of \$178,000 and authorize the Board Chair to sign the contract and authorize staff to sign the contract documents to award the contract and proceed to construction.

Reineking said part of the \$178,000 has already been approved and accounted for. Gass said that was correct. The original development agreement with Alex Subrayan had ROW improvements in it that the Board approved for \$57,705. Staff needs to award the contract for the full amount to Knife River Corp., but it is mostly an internal accounting to reprogram the money into this project. The difference is \$120,295.

**REINEKING: I MOVE TO APPROVE THE STAFF RECOMMENDATION.**

**Staff recommendation: Staff recommends the Board move to award the construction contract for the URD II Burton Street Improvements Project to Knife River Corporation, in the amount of \$178,000, authorize the MRA Board Chairman to sign the contract, and authorize Staff to sign the contract documents to award the contract and proceed to construction.**

**Brock seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (4 ayes, 0 nays).**

**9 Year Strategic Exit Plan (URD II) – Request for Approval (Buchanan)**

Buchanan said there was in-depth and extensive discussion around this at the February Board meeting. It was on the agenda as an Action Item in the event the Board wanted to take action. The Board decided to take a month and spend time thinking about it. They made a number of suggestions at the February meeting they thought would enhance the Exit Plan and better explain/identify things in it. Ginny Merriam, Communications Director, also gave Buchanan edits that didn't materially affect the document, but made it more readable. Buchanan said she incorporated Merriam's suggestions. Other things added at the Board's request are the definition of equity in the *Guiding Principles* section which is being commonly used as the City goes through its Justice, Equity, Diversity and Inclusion (JEDI) process, an emphasis on the fact that MRA bases what it does on the City Council's priorities and objectives, and an explanation that MRA does what it does within the confines of state law. Buchanan added a section that re-emphasizes all of that under *URD II Projects and Priorities*. In addition to that, there was a suggestion that the rationale be added to the priority projects for how and why they are prioritized the way they are. Buchanan did that verbally at the last Board meeting and memorialized it as an additional exhibit to the Exit Plan, Exhibit C. Buchanan also added acknowledgement of past projects and investments made in URD II in Exhibit D, highlighting the City's housing and infrastructure goals. Buchanan said those are the fundamental changes that have been made and the staff recommendation is that the Board adopt the 9 Year Strategic Exit Plan for URD II and direct staff to refer the Plan to City Council as an information item. That presentation to City Council will give MRA an opportunity to showcase what has been done historically in the District in terms of investment, and also talk about the fact that these larger projects will not happen without issuing debt. If there is not an appetite to issue debt then staff will need to come back to the Board to rethink the priorities.

Reineking thanked Buchanan for leaving in the idea that there is still flexibility if other projects come along that need to be done. She asked when it will go to City Council. Buchanan said it will be sometime in April, the hope is to get it to City Council fairly quickly. Buchanan said she mentioned at the last meeting that she has most of the work done on the 5 Year Strategic Plan for URD III. She has backed off on finalizing that because the survey is still up on Engage Missoula with the opportunity for people to express their opinion about MRA's priorities. The first week it was up there were many who weighed in, but it has tapered off drastically. She thinks it either needs to be made more public or MRA needs to move on with its business if people aren't engaged in that way. Once the survey is finished, she will get the working group back together to make sure it suits everyone before it is brought to the Board or City Council.

Englund said the way this evolved through the working group is that the City Council people in that group asked that MRA bring it to City Council as an information point. He said he would rely on them to say when they want to see it. He and Buchanan have talked about taking that opportunity and using it to further educate City Council about what, how and why MRA does what it does. He said the genesis of this was a concern that MRA was thinking about the future of MRA differently than people on City Council were. That turned out to not be the case. Englund said MRA is working very closely with the folks on City Council who

were part of the working group and would rely on them to say when the best time to bring it to City Council is.

Gwen Jones, City Council, said she has read the Exit Plan and loves it. The last few years there have been a lot of MRA talks and this is a wonderfully constructed tool that has come from those talks. What walks through the door is opportunistic, but the Exit Plan gives good, clear messaging to the community, electeds, and stakeholders as to what the expectations are as an Exit Plan. As a result, she hopes and believes it will focus those opportunities that come through the door. By messaging what the priorities are, it is a clear message to the community about what the City is valuing and prioritizing. Gwen Jones said she is very supportive of this and is messaging to City Councilors that she wants them to read the entire Exit Plan. She said she hopes it comes to City Council soon as an information item. She would like to be there for it and is out of town April 13 & 20, and there is no meeting on April 27<sup>th</sup>.

Tasha Jones said the Exit Plan is really impressive, thoughtful and helpful. She finds it to be very educational and a great reminder of the past and a look to the future and the end. It is also a reminder that these districts are not meant to go on forever. The hope is that during the life of an URD the work will be completed and the district will be closed, but how long that takes can't always be predicted. The thoughtful approach, while recognizing all the work that has been done to date, was so helpful and she really appreciated reading it.

**JONES: I MOVE TO APPROVE THE STAFF RECOMMENDATION.**

**Staff recommendation: Staff recommends that the MRA Board adopt the URD II 9 Year Strategic Exit Plan and direct staff to refer the Plan to City Council as an information item.**

**Reineking seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (4 ayes, 0 nays).**

Englund noted the people from the working group who were instrumental in this include Buchanan, Nancy Moe, Mayor Engen, Dale Bickell – Chief Administrative Officer, Gwen Jones, Bryan vonLossberg & Jordan Hess – City Council, and other City staff.

**NON-ACTION ITEMS**

**STAFF REPORTS**

**Director's Report**

Buchanan elaborated on the Communications piece and said Dunn has been diligently going through and screening applicants for the Communications Specialist position. There appear to be some good candidates. Dunn said the position is open through March 22<sup>nd</sup>. At that time, staff will look at all of the applicants and determine if there is an adequate pool. If so, interviews will be set up and take place which will be a few weeks out.

Dunn said the Communications Office for the City just did a press release regarding the TIF Informational Graphic that was completed by Six Pony Hitch, LLC. The graphic is digital and there are printed copies that have been delivered to various organizations in Missoula to help with MRA's educational campaign and demystifying TIF. That press release was forwarded to the Board as well and it directs people to the City's Engage Missoula page which will be on the website for feedback from residents through Friday, April 8<sup>th</sup>. At that time the results and comments will be compiled into a report and staff will bring it to the Board. Buchanan said the comments so far are clearly indicative that MRA is doing things correctly.

### **FY22 Budget Status Reports**

Reineking thanked Dunn for her memo that came with the reports that explain them really well. They will be useful for anyone who is looking at them.

### **COMMITTEE REPORTS**

#### **OTHER ITEMS**

Englund asked about meeting in person for the next meeting. Buchanan said right now, City Council is starting to meet in-person. The public is not allowed in yet, so the meeting is hybrid. Direction from Administration at this point is that Boards and Commissions should continue to meet in the fashion they're currently meeting in with the understanding that being able to have in-person meetings is on the horizon. Information Technology (IT) is in the process of equipping the meeting rooms to be able to do the technology. The Hal Fraser Conference Room is not yet complete, the equipment is in but it's not operational yet. Jones asked about meeting in the Council Chambers. Buchanan said it is currently functioning as the 3<sup>rd</sup> Court Room for Municipal Court until they get renovations done at City Hall that creates a room for the 3<sup>rd</sup> Judge. MRA can't use the Council Chambers until they move out of there.

#### **ADJOURNMENT**

Adjourned at 1:33 p.m.

Respectfully Submitted,



Lesley Pugh