

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

May 19, 2022

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, May 19, 2022 via Zoom at 12:00 p.m. Those in attendance were as follows:

Board: Nancy Moe, Ruth Reineking, Melanie Brock, Tasha Jones

Staff: Ellen Buchanan, Annie Gorski, Annette Marchesseault, Jilayne Dunn, Lesley Pugh

Public: Nate Richmond, BlueLine Development, Inc./Casa Loma; Stephen McDaniel & Jeff Smith, WGM Group/Casa Loma; Aaron Wilson, City of Missoula Infrastructure & Mobility; Ben Weiss, City of Missoula Transportation Planning; David Gray, DVG Architecture & Planning; Missoula Community Access Television (MCAT)

CALL TO ORDER

12:00 p.m.

Moe chaired the meeting.

INTRODUCTIONS

APPROVAL OF MINUTES

April 21, 2022 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Buchanan thanked Moe for chairing the meeting in Englund's absence. Moe's term on the MRA Board has concluded and she has chosen not to be reappointed, so her time on the Board is limited. MRA Board and staff thanked Moe profoundly for her service and chairing the meeting.

ACTION ITEMS

Casa Loma – 900 Block of South Avenue (URD III) – TIF Request (Gorski)

Gorski said Casa Loma, LLC has submitted a request to MRA for just over \$2.2 M for public improvements associated with their mixed-use, mixed-income development in the 900 block of South Avenue located in URD III. She showed an image of the block planned for development and said the Sussex Avenue cut-through will need to be vacated. Casa Loma, LLC is the development entity proposing the project and two of the principals of the LLC are the principals of BlueLine Development, Inc., Nate Richmond and Kelly Gill. They are proposing to build 132 apartment units on the site, setting aside 20% of them for individuals earning 80% or below of the Area Median Income (AMI) in Missoula. The project will also include just over 18,000 sq. ft. of commercial space.

Gorski said by redeveloping an underutilized property into mixed-use with affordable units, the project aligns with several goals in the City's Strategic Plan and in the Urban Renewal Plan for URD III. The total project cost is estimated at \$29 M. TIF funding, if approved, will be used for deconstruction of a small building on site. Waste Less Works has evaluated the small structure and believes the building materials can be reused or recycled. TIF funding will also be used for right-of-way (ROW) improvements on site including new curb and sidewalk, realignment of South Avenue and a new roundabout on South and Stephens Avenues. Vacation of the Sussex Avenue cut-through provides space for another 80 units of housing while improving traffic flow and safety. The estimated property tax generation associated with the development is just under \$300,000 annually.

Gorski showed a rendering of the proposed ROW improvements prepared by WGM Group. The Sussex Avenue cut-through is the location where the housing units are proposed on the perimeter of the property with parking in the middle. In addition, there is proposed realignment of South Avenue to the south including a new roundabout at South and Stephens Avenues. Casa Loma, LLC is also proposing a new cycle track on Stephens Avenue and new sidewalks surrounding the site.

Gorski said there are two steps needed to achieve the housing component of the project at the Sussex Avenue cut-through. The first is that the street needs to be vacated. It requires City Council approval. The second piece is that the street must be removed from Montana Department of Transportation's (MDT) Urban System; or redesignated from Sussex to Stephens Avenue. As a first step, the Metropolitan Planning Organization (MPO) needs to recommend removing the street from the Urban System or move to redesignate the street from Sussex to Stephens Avenue. South Avenue to the south would remain part of the Urban System as it is today.

Realignment of South Avenue with a roundabout at Stephens and South will reduce speeds and improve pedestrian crossings. A new track for bicycles is also proposed on Stephens Avenue. There is some ROW the development needs to acquire from the County, Fairgrounds and Missoula County Public Schools (MCPS) to make it all work.

Moe asked what the Department of Public Works and Mobility's (PWM) involvement is with the planning. Gorski said Aaron Wilson and Ben Weiss were present to answer questions. Moe asked what their participation was in developing the design.

Jones entered the meeting.

Wilson said a lot of PWM staff have been involved in getting to this stage. He and Weiss have worked with the project team on evaluating the different design elements and transportation connections through there. He said Jeremy Keene, Public Works & Mobility Director, has been involved on some of the City Design Review Team process and evaluating this. Wilson said they have also worked with the team on the MPO process and how to get through MDT and the Urban System designation. Moe asked if this is a project that PWM is going to supervise. Wilson said it will have to go through engineering and process review to make sure it is meeting standards and the right design is being done to accommodate transportation. Moe asked if the dollar figures for the changes to South Avenue come from PWM. Wilson said it was generated by the project team at WGM Group.

Gorski said Stephen McDaniel and Jeff Smith from WGM Group, and Nate Richmond with Casa Loma, LLC, were both present to answer any questions. Moe asked if the intent of the motion is that the charges for removal of structures and site clearing will wait for reimbursement until after all of the Agency approvals and ROW vacation have occurred. Gorski said yes, and this is a conditional approval. Casa Loma, LLC is coming to MRA first, knowing that they need to go through the vacation process and it is contingent upon City Council approval, as well as the work with MPO and MDT on the changes to the Urban System. Buchanan clarified that there will be no reimbursement made until the project is completed.

Moe asked if it is actually two projects – one the development of commercial/residential building and parking and one the reconfiguration of Stephens and South Avenues. McDaniel said they see it as two projects. One to relocate the ROW improvements and the other to build the site out. Reineking said it sounded to her like two phases to one project. She said all of it needs to be completed before there is reimbursement, even for the first phase which is the streets. Moe asked if PWM is supervising the street phase of the project and Casa Loma, LLC in charge of the commercial/residential development. Buchanan said Casa Loma, LLC will do the entire project and be reimbursed for the ROW improvements once the project is complete and they have a Certificate of Occupancy for the buildings. That is MRA's typical way of doing projects like this. Casa Loma, LLC will be working with PWM as they need to get all of their approvals.

Richmond said they had a working group that involved some of the folks present today as well as City Council members to talk about the affordability. To clarify, what they came up with is that 20% of the rental units would be restricted to 80% of the AMI. They are currently projecting 107 rental units and the balance will be for sale. With construction costs where they are, some of the sale prices may change, but they are currently modeling all of them at 120% AMI. That equates to \$430,000 for a three bedroom, \$365,000 for a two bedroom and \$300,000 for a one bedroom. Richmond said several years ago he wouldn't have considered that affordable, but it is considerably less than the market rate now. He said BlueLine Development, LLC develops almost exclusively affordable housing and are currently working on 402 units of affordable multi-family in Missoula.

Reineking wanted to clarify that 107 of the units will be rental and 25 of them for sale as condos. Richmond said that was correct. She asked if it is 20% of the rental units that will be available to people at 80% AMI or less. Richmond said planning 23 units for individuals earning 80% AMI or less. He said to put a dollar amount to that, it reduces the property's annual operating income by about \$200,000/year by making that restriction compared to what would be a market rate rent for those apartments.

Reineking said she appreciates what Casa Loma, LLC is doing and that there will be some units available to 80% AMI and less. She asked if that then becomes part of the deed so if the development were sold to another investor they would be required to also offer those units at 80% AMI or less. Richmond said it is a deed restriction for a period of time. He doesn't know if MRA has established that on other properties or how long that period of deed restriction would be. Reineking said MRA does not have a policy on that and would have to look at other projects to see what has been done. Buchanan said staff is currently working on a housing policy to try to address that and a lot of other issues. Part of what will dictate how long something has to be deed restricted or remain permanently affordable is how the money is used. Sweetgrass Commons, for example, is permanently affordable because under state law MRA is allowed to use TIF funds to write down the cost of land if the units are permanently affordable. Buchanan

said the permanent affordability will be a discussion with City Council when the vacation is being considered.

Moe asked what 80% of AMI is. Richmond gave the rent rates: \$1225 for 1BR, \$1470 for 2BR and \$1698 for 3BR.

Smith and McDaniel gave a [Power Point Presentation](#) reviewing the project. McDaniel said getting approval from MRA is the first step in the process, followed by ROW vacation and then the MDT system change. Smith noted they have been in the planning stage of this project since 2019 with the neighbors, MDT, MPO, PWM, MCPS and the Fairgrounds.

Brock expressed her excitement for the project. She asked if there was a roundabout identified in the Fairgrounds Master Plan which was a bit west of this and what the timeline for the project is. She also asked if the grant for Casa Loma will come out of the remaining URD III FY22 Budget or if it will go into next year's budget. McDaniel said he was not sure what the Fairgrounds Master Plan had in it. They did meet with the Fairgrounds and coordinated access for the parking lot they are building right now for the Rocky Mountain Gardens and Exploration Center. In reference to the timeline, if they can navigate the public processes as soon as possible and work through design they can bid the public infrastructure this fall/winter. Work could begin on utilities and ROW next spring. Dunn said URD III currently has \$6.4 M in contingency. This project would go on the FY22 Budget Report and reduce the amount of contingency available for FY22. When the FY23 Budget is generated, the cash is carried over and the revenue is added. Dunn said the URD funded projects are listed on the Budget Reports so the Board is always aware of where they are.

Reineking commented on the commercial space portion of the project and said she would like to see some consideration for child care. She asked for more information about the project's sustainability in addition to the building deconstruction. Richmond said they will salvage whatever they can from the existing building. There are some very nice 2x12 true dimensional lumber and other material that will be reused in the project or go to Home Resource for resale. It is still early in the conceptual designs, but Casa Loma, LLC would like to get some solar involved in the project if it is feasible. Richmond said another sustainability thing that really helps is having it be a walkable community.

Richmond concurred with Reineking about having child care there, but said it is a matter of finding a provide. Reineking said Grace Decker with United Way is working on different child care models, so maybe within the next couple of years there will be more opportunities to provide it.

Reineking referred to the green areas on the drawings of the 900 block and asked if there will be landscaping on Sussex and South Avenues and throughout the parking area. McDaniel said that was correct. He added that about three years ago MRA's sidewalk project was prepared to build the north and east portions of this block. They decided to hold off in anticipation of this project to make sure they were being thoughtful with an eye to the future.

Reineking said it is really clear how the roundabouts improve the pedestrian crossings, but the bike lanes kind of disappear and she asked for more details on how they will work. McDaniel said their guidance for bicycles and roundabouts is to provide the bicycles a separate facility in and around roundabouts. There is an existing bike lane on South Avenue and they will have the

option to go up on the curb and around the roundabout and then back into the bike lane. That separates the users and the sidewalks will be shared with pedestrians.

Reineking said while the drawing shows some existing parking on South Avenue, those diagonal parking spaces already exist. They show revised parking for the property west of Stephens Avenue and it shows the parking lot at the Fairgrounds. MRA is not participating in funding for those parking lots, just the corners. McDaniel said when private facilities are impacted with public infrastructure dollars they use the public infrastructure dollars at a cost to cure and reconfigure the parking lots to make sure they are still functional. Buchanan said that is exactly what happened with Mary Avenue through Southgate Mall. Reineking asked how it affects the Fairgrounds parking lot. McDaniel said that is being built with the Rocky Mountain Gardens and Exploration Center building. Right now they have a driveway that accesses Stephens Avenue which doesn't interact well with the functionality of the roundabout. This project will relocate that driveway to access off of South Avenue. MRA will be helping to fund those driveway accesses to the Fairgrounds parking lot.

Reineking said she loves this project and said it will be an amazing improvement for that block. She is excited to see it happen in URD III.

Jones said she wanted to follow up on Reineking's child care comment. She said in order to have an opportunity to add child care as a potential commercial tenant, the design phase would need to include the potential for a per child protected outdoor space in order to even have the possibility that a child care center could be a tenant. She encouraged Casa Loma, LLC and WGM Group to look at the opportunity here to revise the current design to have one part of the potential commercial spaces have some protected, fenced outdoor space so that child care could be a potential. She thinks if you build the right space you will have the tenant potential there, but if the design doesn't allow for that then they are foreclosing the opportunity for child care in the space. Jones agreed with Brock and Reineking and said this is a fabulous project that really fills so many of the goals for that area and the whole community. Richmond said they will certainly take a look at the child care. One of the things they have been pricing out with their construction estimator is looking at doing some underground parking to reduce the size of the surface lot. They are looking at options to get more green space on the street level.

Brock pointed out that having child care part of every single new development is going to actually move the needle on the child care shortage. There is a brand new early child care center that the community is helping build just south of this at the YMCA. She is excited that there will be more housing opportunities for people to utilize. The City is hoping everybody takes a look at adding child care to projects.

Moe referred to the South Avenue realignment picture with the new parking spaces. She said it would be nice to see some innovative thinking going into putting in some parking grid that is not all concrete. She said concrete/grass grids are a way to reduce concrete being the total heat sink considering temperatures are going to go up.

Reineking asked if there will be on-site recycling facilities. Richmond said they will provide on-site recycling collection. Trash compaction is also an option in certain projects to reduce the collection facilities. They will certainly be looking at it, but are not far enough into the design yet to locate those on the property.

Weiss wanted to offer more feedback on the question of the bike facility design which he and McDaniel put a lot of thought into. It does connect to other facilities, both current and planned. There will be more information in the next agenda item for the Kent Avenue Greenway.

REINEKING: I MOVE THE MRA BOARD APPROVE THE REQUEST FROM CASA LOMA, LLC IN THE AMOUNT OF \$2,212,046 FOR DECONSTRUCTION, REMOVAL OF STRUCTURES, SITE CLEARING, PUBLIC RIGHT-OF-WAY IMPROVEMENTS, AND UTILITY RELOCATION WITHIN THE PUBLIC RIGHT-OF-WAY, AND AUTHORIZE THE BOARD CHAIR TO SIGN THE DEVELOPMENT AGREEMENT. NOTING THAT THIS FUNDING COMMITMENT IS CONTINGENT UPON APPROVAL OF RIGHT-OF-WAY VACATION AND ALL RELEVANT AGENCY APPROVALS THERE, AND REIMBURSEMENT FOR ELIGIBLE COSTS WILL OCCUR FOLLOWING RECEIPT OF PROOF OF PAYMENT AND LIEN WAIVERS.

Brock seconded the motion.

Moe said the motion gives a nice list that can be a checklist for the Board to stay apprised of what is happening. It can be part of Buchanan's Director's Report as the various approvals and plans are finalized.

No further discussion. No further public comment.

Motion passed unanimously (4 ayes, 0 nays).

Kent Avenue Greenway Improvements – Regent to Russell Streets (URD III) – Request to Reprogram Funds and TIF Request (Marchesseault)

Marchesseault said this project is in close proximity to the Casa Loma project. It is being proposed in part as a result of wild success of a project that MRA played a big part in with Tremper's Kent Plaza between Russell and Regent Streets. It has been a very successful project which has brought a lot more activity to that area. It has become sort of confusing for pedestrians and cyclists who are using the Kent Avenue Greenway which goes all the way from the foot of Mount Sentinel to Big Sky High School/Community Medical Center/Fort Missoula. Because this area is confusing, the City has gotten a lot of requests to fix some safety issues.

Marchesseault reviewed the proposed recommendations for the area. They include enhancing the crossing for the Greenway across Russell Street including a flashing beacon to notify motorists of crossers, widening and clearly identifying the pedestrian sidewalk along the north side of Albertson's, raising a crosswalk between the Tremper's Shopping Center and the new Tremper's Kent Plaza, adding an urban roundabout at the intersection of Kent Avenue and Oxford Street, and enhancing the sidewalk further to the east.

The cost estimate for the project is \$304,927 for the entire group of improvements. Marchesseault noted there was a savings in the TIF grant MRA provided to Tremper's Kent Plaza in the amount of \$38,961. The request is to reprogram the \$38,961 to this project and also request TIF assistance in the amount of \$265,966. Staff is recommending approval to reprogram the money and TIF.

Wilson reviewed some of the "bigger picture" context of why this section is important. He reviewed a map of the existing bicycle/pedestrian facilities to illustrate how hard it is to get east-west across Missoula if you are on a bike. Looking at the URD III area on South Avenue,

Wilson said it is not a great place to bike. He showed the vision for the full neighborhood Greenway once it is in place. It is a complete east-west connection from Fort Missoula Regional Park all the way to the University of Montana. He said it is considered a low-stress, all ages and all abilities route. Montana Rail Link (MRL) Park was key, adding a connection on Central Avenue across the railroad which was one of the main barriers on the route. Another barrier is getting across Russell Street at Kent and Russell. That barrier will be addressed with this project. The other is the section between Russell and Brooks Streets and this project will address that to give a good facility from Brooks Street all the way to Reserve Street. It is a huge connection for the neighborhood which currently does not have a lot of services to get to some of the new developments like what is happening at Tremper's. Wilson said another barrier is the Brooks Corridor which is included in the US Department of Transportation (USDOT) RAISE Planning Grant which will hopefully get that intersection addressed with a safe crossing. They also plan on doing some work to Bancroft Street and Higgins Avenue. Creating opportunity to access URD III and some of the redevelopment there is key even though some of these improvements may seem small. Reineking said she appreciates the thought put into tying it into all of the other strategies for multi-modal transportation.

Jones said one of the pieces of information that stood out to her is that concerns in the area about congestion are not abstract. There have been 19 reported accidents in this exact vicinity in the five years between 2015-2019. That was before more traffic was being drawn into the area because of the great space that now exists with excellent businesses that have now occupied that new space. This isn't just a concept that there might be a problem here, the problem does exist in virtue of data that have been gathered.

REINEKING: I MOVE THE BOARD APPROVE REALLOCATING \$38,961 FROM THE TREMPER'S KENT PLAZA PROJECT TO THE KENT AVENUE NEIGHBORHOOD GREENWAY IMPROVEMENTS – REGENT TO RUSSELL STREETS PROJECT, AND APPROVE THE REQUEST FROM THE DEPARTMENT OF PUBLIC WORKS & MOBILITY – INFRASTRUCTURE & MOBILITY PLANNING FOR AN AMOUNT NOT TO EXCEED \$304,927 FOR TRAFFIC CALMING FEATURES ON THE KENT AVENUE NEIGHBORHOOD GREENWAY BETWEEN REGENT AND RUSSELL STREETS, WITH REIMBURSEMENT FOR ELIGIBLE COSTS UPON RECEIPT OF PROOF OF PAYMENT AND LIEN WAIVERS, AND AUTHORIZE THE BOARD CHAIR TO SIGN A DEVELOPMENT AGREEMENT.

Brock seconded the motion.

No further discussion. No further public comment.

Motion passed unanimously (4 ayes, 0 nays).

Moe said she is looking forward to the roundabout going in by the Post Office because it is a very dangerous intersection.

NON-ACTION ITEMS

STAFF REPORTS

Director's Report

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

Moe referred to the *Downtown Street Projects* and said it would be good to educate the public on why business owners or people who use the area wanted the new configuration.

Moe asked if City Council reviewed the Ravara Development at their meeting on May 16th. Buchanan said they did and it was well received.

Moe asked for comments on what might be going on with the Payne Library Block. Buchanan said the City has been talking internally about pulling it on the front burner to start the process, and that may happen toward the end of summer.

FY22 Budget Status Reports

Dunn said staff is trying to close out as many projects as possible before the end of the fiscal year. She noted MRA will be making the final payment on the Police Department Facility on Catlin Street. Staff is also preparing budget documents for FY23 and plan to bring the FY23 Preliminary Budget and FY23 Capital Improvement Projects (CIP) to the June Board meeting.

FY22 Staff Activities Reports (5/7/22)

Moe thanked staff for the current report.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:18 p.m.

Respectfully Submitted,



Lesley Pugh