

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

June 15, 2010

FINAL

A meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held at MRA Conference Room, 140 W. Pine, Missoula, MT 59802 at 12:00 PM. Those in attendance were as follows:

- Board:** Nancy Moe, Daniel Kemmis, Karl Englund, Rosalie Cates
- Staff:** Chris Behan, Kari Nelson, Tod Gass, Jilayne Lee, Lesley Pugh
- Public:** Jeff Smith, WGM Group; Debbie Williams, Tremper's; James Grunke, National Communication Development Services; Mayor John Engen

Fraser was absent. Moe was Chair for this meeting.

APPROVAL OF MINUTES

May 19, 2010 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

Silver Park/Ogren Field

Behan announced that the unfinished parking lot is in place at the Old Sawmill District in time for the first Osprey game. Cates asked Behan to comment on the article in the Missoulian regarding financing and how it would affect MRA. Behan said the point he was trying to make was that there's a fundamental model problem in the way people in Missoula have gone about creating major public amenities such as the Carousel, Art Museum, Performing Arts Center, Convention & Conference Centers, Baseball, etc. He said in his mind things go awry when the groups trying to create the public amenities need help when something doesn't go exactly as planned. Behan said there seems to be a penalty through the media or financially for things not happening the way it was originally envisioned. Behan said the issue is trying to put something in the budget so the Stadium would be paying for city services as a payment in lieu of taxes. He said the numbers that were in the article were way off and if they paid all taxes possible for the whole period of time under construction and after, it would be about the same amount as the article listed. Cates asked if MRA has any association with the debts on the building. Behan replied no.

Englund asked about the dirt pile. Behan said it will save MRA money in the next phase because there are areas that need to be filled and shaped that will consume the entire pile. He said if that pile wasn't there they would have had to import material to do that.

Kemmis said he would be surprised if MRA doesn't get a request for further assistance with the Ballpark to help out with financial difficulties that have accrued in addition to the work on the parking lot.

Tremper's Shopping Center

Behan said he and Nelson spoke with the Tremper family regarding some things that are changing with their project due to Ace Hardware's expansion. They have talked about creating an architectural screening on Russell because of pallet stacking, and also filling in an alcove. Behan wanted to give the Board a heads up that the Tremper family will be at a future meeting with a façade request of \$20,000 or less. Moe asked when the street work will be done. Jeff Smith, WGM Group, replied it's scheduled for the second or third week in August.

STAFF REPORTS

FY10 Budget Status Reports

Lee reviewed the reports for URD II and URD III.

Lee announced that MRA did an Invitation to Bid to replace the copier and will need to call a Special Board Meeting to get it approved in FY10 because the amount will be over Buchanan's approval threshold of \$5,000.

ACTION ITEMS

Missoula Economic Development Partnership – Funding Request

Mayor Engen said this request is about next steps for the Best Place Project. He said in wake of reports from National Community Development Services (NCDS) and Garner Economics, their recommendations for moving forward are a public/private partnership, generally organized around the notion of an umbrella organization that coalesces Missoula's economic development effort. It will create strategies and goals and figures out a way to execute those goals. Mayor Engen said the organization recommended by the Garner report is something called Missoula Economic Partnership. He said the model is an invest-to-play model so those who are interested in making a significant investment have a significant say in the activities of the organization. He said his hope and expectation is that the City of Missoula is a significant partner in the effort. He said he believes the County is also interested in being a partner in the effort, as well as several businesses.

Change tape 1 s1/s2

Mayor Engen said to keep consultants on the ground for the first phase of campaign development and program refinement which makes the business case for moving forward with an economic development strategy for the city of Missoula will cost \$30,000/month. He said he asked Buchanan to plug \$20,000 in MRA's budget over the next five years for a total of \$100,000 for this sort of thing. Today, the Mayor said he was asking for MRA to fund another month's worth of work. He said St. Patrick Hospital is funding the first month and he has two other partners lined up for August and

September. He said by that time, they believe the work will be done on the ground and there will be some cash flow.

Mayor Engen said he's asking for \$20,000 from FY11 plus he's asking to borrow \$10,000 from FY12. Englund asked what the MRA is buying for \$30,000. Mayor Engen responded it's buying organizational and fundraising expertise and work. He said the contract says that NCDS will raise \$3.2 million for the effort and help Missoula create the organization. Kemmis asked if both entities are continuing to be involved. Mayor Engen replied Garner is not continuing to be involved. NCDS's person on the ground in Missoula is James Grunke, who conducted a majority of the interviews.

Mayor Engen said he and Cates have talked about the recruitment piece and if he's had skepticism, criticism, pushback, etc. about the program. He said criticism and skepticism have surrounded the notion of recruitment. He thinks that is because older recruitment models suggest a level of exploitation and not much success. Mayor Engen said he thinks Missoula's recruitment efforts will be carefully tailored to address the targets that Garner suggests make sense for Missoula and to create standards by which Missoula recruits. That is, if a recruit isn't going to pay what the city calls a "Missoula family wage job" then Missoula wouldn't bother recruiting them. At the same time, Mayor Engen said it doesn't mean they will show up at every trade show and ask companies to come to Missoula. Mayor Engen said the retention piece is critical and is a lot of what they will march forward with. He said Grunke talks with folks about whether or not they're willing to make some investment in creating some organizational energy around growing business. Discussion ensued.

Moe asked if this is related to development of a district. Lee said she has it as a line item in URD III and is in the narrative under Grants & Contributions. She said it was listed as the Best Place Project and the Board changed it to say Economic Development.

Englund asked if there's an organization already set up. Mayor Engen replied there will be. He said it takes money to fund the organization and Grunke is out raising the money for that. The city is hiring him to raise the money. Englund said it seems like it's backwards. He said the city is putting money into raising money to do something under some organization, but it doesn't know what that something is nor does it have a clear plan. The Mayor responded that the feasibility study suggests that the city have sincere commitments to invest, provided the economic development program be refined and defined. He said the report from NCDS outlines the business case and a plan. It also talks about the feasibility, or fundraising capacity, and talks about the fact that in order to build the organization the city will have to do some preliminary work, make a case, and make some adjustments to the business plan based on investors.

Englund asked if the Garner report is what the city is funding to get to. Mayor Engen replied that he thinks that's what it's funding to get to unless a major funder, or MRA Board, tells him that it makes no sense.

Kemmis said as he understands it, this phase is sort of like the tweaking phase. Mayor Engen said he thinks that's a good way to describe it. Kemmis asked why there's not an overall budget for the design phase, rather than doing it a month at a time. Mayor Engen said there is an overall budget for the design phase of about \$100,000. He is asking the City/MRA to be a one-third partner. St. Patrick Hospital is the other partner and either Missoula County or the University or a couple of others will be partners.

Kemmis said one thing he's realized is that he doesn't have the picture of the budget for the design phase including who's contributing to it and what the money is buying. He said he also doesn't have the picture of the \$3.2 million. Moe said the recruitment part doesn't make sense to her because it sounds like the Mayor is talking about recruiting businesses because he's talking about trade shows, but then he's also talking about the \$3.2 million dollars and the political component to that.

Mayor Engen had to attend another meeting, but said he will get more concrete answers for the Board. It was decided that the MRA Board would compile a list of questions and get them to the Mayor so they can be answered at the next meeting, along with a package of information that explains what they're doing more clearly.

Cates said everything that she understands is that they're on the ground raising \$3.2 million. She said part of the money will go to flushing out what the design is and the rest will be implementation. She said there is no budget for the \$3.2 million. She said if it's a capital campaign then it should follow what's always done with capital campaigns which is first to tell people what it's buying. She also wanted to see governance for the money going into it and how it fits with the Missoula economy. She said the economic report didn't make her feel like it was about Missoula. Cates said it's hard for her to buy into it at this level right now. She doesn't like that the campaign will say what it can build after it gets everyone's money. She said it's tough to get behind.

Englund said he has significant problems with Garner's blueprint. He said he agrees with Cates in that it's not geared towards Missoula at all, minus the part about the Pharmacy school. Secondly, some of the specific recommendations he disagrees with, such as fundraising to do a visioning process that's led by the Chamber of Commerce. He didn't think it was right for the MRA to use public money to have the Chamber do a vision for how to recruit business.

Moe said she's hearing that there's no identifiable goal. Moe asked if the line item for this in MRA's budget is a proper redevelopment expense. Kemmis said he can well see redevelopment being part of an overall community-wide effort. He said he thinks MRA should be clear about what its part is, it should know who the other players are, and how what it's buying relates to what everyone else is buying.

Change tape 1/tape 2

Cates said she's in total support of this effort because Missoula really does lack this function. She said things are not reflected in the report that should be, such as getting the University more partnered with the community and coaching companies to grow. She

said if the report becomes the engine of what the effort is, then Missoula will have all this money raised and it won't be focused anywhere. Moe said the Board is presenting its questions with the idea that they'd like to see the project go forward, be successful and be a contribution to the community. She said the Board isn't asking the questions in order to jettison the project.

No action was taken on this item.

Silver Park Phase 3 – Request to Amend Engineering Contract with TLI

Behan said it has been difficult to find a source for water and irrigation for the entire Park that is manageable for the Parks Dept. to maintain into the future and does not cost a fortune. He said Territorial Landworks, Inc. (TLI) has come up with a system that makes everyone happier, which is two 35 gallon/minute wells. Behan said there will need to be some redesign with the sprinkler system. He said to get an Irrigation Specialist on board it will cost \$6,985 and Peaks and Plains Design out of Billings has been chosen to do this because no one in Missoula was interested or qualified to do the work. Also, he said people who install the systems feel it would jeopardize their ability to bid on it. Peaks and Plains Design has done work in Missoula and understands the needs and capabilities of the Parks Dept. Staff recommendation is to amend the Silver Park Phase 3 Engineering Agreement between MRA and TLI to include an additional amount for irrigation design services not to exceed \$6,985.

Cates asked if there will be additional costs down the road to do this change. Behan said ultimately the total estimated cost for an irrigation system won't change much. He said what they're going to do now will cost less than building a 100 gallon/minute well which is what the Parks Dept. originally wanted to do and would have cost about \$25,000 just to apply for a permit. Moe asked if location of the wells is part of the study. Behan replied yes.

MOTION

ENGLUND: I MOVE THAT WE AMEND THE SILVER PARK PHASE 3 ENGINEERING AGREEMENT TO INCLUDE AN ADDITIONAL AMOUNT FOR IRRIGATION DESIGN SERVICES NOT TO EXCEED \$6,985. Kemmis seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Fraser absent.

URD III Residential Sidewalk Paving Project – Request to Approve MOU Between MRA and City Streets Division

Gass said TLI advised MRA of what they saw as a significantly potential cost overrun related to the paving component of the sidewalk project. He said this is due to poor road structure and poor asphalt conditions in the area. Gass said the pavement conditions are requiring the contractor, Gregston Construction, to remove pavement further out in the road which adds a lot of square footage to patch the asphalt back in, which is an expensive way to do asphalt work.

Gass said MRA met with TLI and Brian Hensel from the City Streets Division to observe what was going on with the pavement. After review, Hensel offered to bring in the City

Streets crews and provide labor and equipment if MRA will provide the asphalt materials for them to overlay all of Phase 1 of the project. Gass said it's a great opportunity to stretch tax increment dollars and get a lot more done on the ground.

Gass said MRA and TLI talked with Gregston Construction about removing the pavement component from the construction contract and they are agreeable to taking it out of their contract. Gass said a change order was finalized on June 7, 2010 at Staff level to remove the \$63,946 paving bid item from the construction contract. Hensel provided MRA with material cost numbers and that amount for all of Phase 1 will be \$91,757. This agreement will have MRA pay for the asphalt materials and the Streets Division will provide equipment and labor to mill and overlay the streets. Gass also said the Fairview cul-de-sac included in Phase I was built two years ago with MRA funds as part of the Dearborn Project. Gass said it's in good shape and will not be included in the asphalt overlay, therefore saving \$2,290. He said the net increase to do this project will be \$25,521.

Staff recommendation is that the Board approve an MOU between MRA and the City Streets Division in an amount not to exceed \$89,467 (\$91,757 Streets estimate - \$2,290 for cul-de-sac) for materials to mill and overlay the streets in Phase I of the URD III Residential Curb & Sidewalk Project.

Moe asked if MRA had an engineering study on this before. Gass replied TLI went through the standard checklist, not analyzing anything in particular to do with the pavement conditions. Gass said in future phases he hopes to look at continuing to do the same thing as Phase 1 and also partner to cost share with the Streets Division for street overlays. He said Hensel is open to that and it's a good deal for everyone involved.

Lee added that MRA had previously approved to pave Dearborn St. Hensel brought in the invoice for that project ended up being \$12,000 under his estimate. Englund asked where the asphalt prices came from. Gass said the number is based off Hensel's current asphalt bid with his supplier.

MOTION

KEMMIS: I MOVE THAT THE BOARD APPROVE THE MEMORANDUM OF UNDERSTANDING BETWEEN MRA AND THE CITY STREETS DIVISION IN AN AMOUNT NOT TO EXCEED \$89,467 FOR MATERIALS FOR PHASE I OF URD III RESIDENTIAL CURB & SIDEWALK PROJECT AND AUTHORIZE THE CHAIRMAN TO SIGN THAT MOU. Englund seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Fraser absent.

Catlin/Wyoming Sidewalk Project – Request to Approve Change Order #3

Gass reviewed his memo and said when the design was done for this project they intentionally left out a section of Catlin St. that was related to the Missoula Housing Authority (MHA) Garden District project. He said WGM Group had that under their scope of work with the MHA and it was to be built as part of the Garden District development. Gass said there is uncertainty to when the north half of the property will be

developed. He said rather than leave this sidewalk section vacant, WGM Group has agreed to turn the final design and contract administration over to Professional Consultants, Inc. (PCI), MRA's engineer, so that section can be completed. Gass said Staff previously approved an amendment to the engineer's budget for \$2,500 and PCI has submitted Change Order #3 in an amount of \$17,865 for the Knife River construction contract. Staff recommendation is to approve Change Order #3.

Cates asked where the money comes from and how the numbers in the rainbow report are affected. Lee said there is a contingency built into the project at the forefront so the money is actually coming out of the line item for the Catlin/Wyoming Sidewalk project. There is still money remaining if this change order is approved. Cates said it would be helpful during the presentations if Staff says the project is still within the budget for the project.

MOTION

CATES: I MOVE THAT WE APPROVE CHANGE ORDER #3 TO THE CATLIN/WYOMING CURB & SIDEWALK CONTRACT WITH KNIFE RIVER IN THE AMOUNT OF \$17,865 AND AUTHORIZE THE BOARD CHAIR TO SIGN THE CHANGE ORDER. Englund seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Fraser absent.

NON-ACTION ITEMS

Missoula Downtown Foundation Board

Dan Cederberg was unable to attend the meeting and give a report.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Meeting adjourned at 1:20 pm.

Respectfully Submitted,



Lesley Pugh
Secretary II