

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

September 9, 2009

FINAL

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

- Board:** Hal Fraser, Nancy Moe, Daniel Kemmis, Karl Englund
- Staff:** Ellen Buchanan, Chris Behan, Kari Nelson, Tod Gass, Jilayne Lee
- Public:** Jeff Anderson, Jeff Anderson Architecture; Jenn Clary, Encompass Design; Pam Small, 1701 Brooks; Brian Salonen, 1720 Brooks; Kris Schermele, Millennium Real Estate & Mgmt.; Jamie Lockman, MRA Rep to the HPC; Don MacArthur; Missoula Urban Transportation District Board; Andy Sponseller, MUTD Board; Steve Earle, MUTD Staff; Jeremy Keene, WGM Group; Mike Day, Territorial Engineering; Jason Rice, Territorial Engineering

APPROVAL OF MINUTES

August 20, 2009 Regular Board Meeting Minutes were approved as amended.

PUBLIC COMMENTS & ANNOUNCEMENTS

HPC Update from Jamie Lockman

Lockman said HPC is working on the Historic Preservation Plan and she wanted to talk to Buchanan a little about how the HPC came about. Buchanan said she should talk to Behan. The Missoula City-County Health Department is coming up with a new department position on a "healthy built environment". This goes behind wastewater, air quality and traffic safety but looks at the built environment as a public health strategy. HPC is interested in providing some input into that. Number one thing is complete streets, sidewalks and trails. It has generated a lot of interest. Lastly, Scott Loken, one of the Commission members, was awarded a \$2,000 grant from the Historical Society to look at sidewalks in Missoula. The grant would encompass inventory and historical context of sidewalks and construction methods. One example is the old sidewalks in town have the street stamp on them. Moe asked if Gass' inventory of sidewalks would have any of that information. Gass said he didn't inventory that particular information. Lockman said that Loken said that depending on the material, some sidewalks would take

a stamp better than others. Buchanan said that it's safe to assume that the sidewalks that MRA is working on are in areas that have never had sidewalks.

STAFF REPORTS

Director's Report

Old Sawmill District

Buchanan said last year the City received an additional \$400,000 grant from the EPA to replenish the Brownfields Revolving Loan Fund. She said the City has since received a \$900,000 grant that's part of the stimulus money coming out of Washington. She said the new Brownfields coordinator is working with others on how that money will be disbursed. In the meantime, Buchanan said they opened up applications for the \$400,000 grant and the only applicant was Millsite Revitalization Project (MRP) to do methane abatement on the Old Sawmill District property. Buchanan said that will be coming to the MRA Board for amendment to the existing loan and note agreements to add that amount to the existing loan.

East Front Street Parking Structure

Buchanan said First Interstate Bank continues try to reach an agreement with J Herzog & Sons for purchase of the Holiday Inn parcel.

Greater Downtown Master Plan Implementation

Buchanan said the N. Higgins project is on schedule.

Sidewalk Projects

Buchanan said the sidewalk projects are on schedule. Territorial Landworks, Inc. (TLI) and WGM Group both have their designs into Public Works for the phases MRA is trying to build this construction season. MRA has asked Public Works to expedite their review and meet with the engineers if there are any issues so it can go out to bid. The hope is to open bids on both projects on Sept. 28, 2009. Buchanan said MRA will want to hold a Special Board meeting at the end of September or early October to get the contracts awarded and have the projects under construction.

New West Conference

Buchanan said New West is holding a conference in Missoula on October 12 and 13. She said the conference is Real Estate & Development in the Northern Rockies. New West asked a number of entities and agencies that are involved in economic development to go together and do a sponsorship. Buchanan said she's agreed that MRA will participate.

Missoula Midtown Association

Jeremy Keene from WGM Group said the Midtown Association met yesterday and they would like to add some elements to the Brooks St. Commercial Corridor. Keene said they talked about adding pole banners and landscaping. He said they would do it as a Phase II and would come to the MRA Board for matching dollars.

FY09 Budget Status

Lee reviewed a tax increment value comparison of the Districts.

ACTION ITEMS

URD III Façade Assistance Program – Approval of Guidelines

Buchanan said her memo highlights the areas that had substantial changes as a result of the discussion at the last Board meeting. She said the biggest change is strengthening the language pointing out that approval is at the sole discretion of the Board. Buchanan said the biggest thing to be considered is a grant versus a loan. At the last meeting and in talking individually with Fraser and Cates, who weren't at the last meeting, Buchanan said the inclination seems to be towards grants or some possibility of loans if the dollar amount exceeds a certain threshold. Buchanan said there was also discussion at the last meeting about whether or not it should be a requirement that there be a certain threshold of private money put into the project. Buchanan said she put a 25% threshold in there, meaning the grant or loan couldn't exceed 25% of the total project costs. She said it's an arbitrary number.

Buchanan said one of the differences between what MRA is doing in URD III and what it did in URD I was the motivation of building a revenue stream in URD I. As the numbers show, Buchanan said that's not a challenge in URD III. There are good, solid revenues in URD III and MRA can afford to be a little more liberal with what it does. However, she said that's up to the Board to discuss and decide. Moe asked if there were dollar or percentage limits in URD I. Buchanan replied there were none prescribed in the program. However, the rule of thumb the Board used was the rule of 10, not more than 10% and a 10 year payback. Englund said that rule applied for everything. Discussion ensued. Buchanan said her intention in writing this is that of the overall investment being made in the project, façade assistance could not exceed 25% of the private dollars going into the project.

Change tape 1 s1/s2

Fraser said MRA can put a limit of 20% or \$50,000, whichever is less, and still have the ability to go above that if it chooses. Kemmis said he doesn't have any particular problem with the 25% cap. He said he was trying to understand if MRA needs any kind of protection for itself in terms of the overall budget of the District. He asked if MRA wants to go toward the possibility of having a whole rash of façade improvement projects to the extent that it uses most of the available resources. Fraser said in the past, one of MRA's considerations on any single application is always to know what new increment it will potentially generate so the funds are replenished. He said the whole purpose of this is to generate the new tax base. Fraser said MRA has the ability to not approve some amounts, especially if it's not a heavy increment generator or if MRA isn't comfortable with equity to grant.

Buchanan said the Board may want to think about putting a cap on how much can be spent on a façade program in any given year. She said that number could be a percentage of that year's revenues. Englund said he'd rather make sure that either in the design criteria or someplace else there's a statement saying that other criteria may be applied by the MRA Staff and Board, depending on the specifics of the request and the Board's determination of priorities for redevelopment within the District.

Moe asked if Staff has an estimate on what the increased taxable value of the Small's property is going to be once a project is completed. Buchanan replied she has not run that number because of the uncertainty of how the new rules with DOR apply. She said MRA has used a percentage in the past. Buchanan said that percentage doesn't seem to work anymore and MRA doesn't seem to have that tool at its disposal. She said she's not sure that's a criterion Staff will be able to give the Board with any reliance that it's accurate. Buchanan said it seemed to her that doing a façade program is less about growing increment than it is about changing that area. Fraser agreed, but said in general it's like building a Caras Park in that when you change several facades it starts to change the attitude about value of those properties. He said it indirectly affects it, but still plays into the whole.

Moe said she's willing to start with the facade improvement program with the statements such as Englund proposed and with the understanding that after there are five or six projects done in the area that the MRA review the program and see if its learned anything. Kemmis said he's been a little less sold on the idea of making basically a grants program with loans around the edges. He said MRA did well enough with the loan program Downtown and he understands the dynamics are different. Kemmis said he thinks it's a good idea to try a grants program here, but said he's thinking a little like Cates in that anytime there's a chance for some revenue generation MRA doesn't lightly pass it up. Kemmis said when the program is revisited MRA can take a look at the question of whether or not a more expanded loan program might be in order. Kemmis said he would be in favor of just putting a \$50,000 cap on grants and then saying that if something costs more than that MRA has a low-interest loan program that can also be considered. He said that could also apply to the 25% cap that a grant can go above 25% depending on the Board's discretion. Fraser said they're talking about actually directly making loans whereas before in the Downtown area MRA was subsidizing interest on loans. He said there's a huge difference because there isn't any interest subsidy MRA can give away to people. Fraser said he agrees with Cates if she's talking about generating future revenues that can come in. He said he doesn't think that's as important right now as it is to make an impact in URD III. Fraser said he thinks MRA wants the ability to change, form and rectify situations that aren't working.

MOTION

ENGLUND: I MOVE THE MRA BOARD APPROVE THE URD III FAÇADE IMPROVEMENT PROGRAM AS PRESENTED TO US WITH THE FOLLOWING CHANGES:

PAGE 1 UNDER PROGRAM OBJECTIVES AND ELEMENTS - THE HIGHLIGHTED "AND/OR" SHOULD BE CHANGED TO "AND" SO IT READS "THE PROGRAM CONSISTS OF GRANTS AND INTEREST FREE LOANS..."; PAGE 2 UNDER DESIGN CRITERIA - AMEND THE FIRST SENTENCE TO SAY "AT A MINIMUM, THE GUIDELINES BELOW..."; AND ADD AFTER THAT SENTENCE "OTHER CRITERIA MAY BE APPLIED BY MRA STAFF AND BOARD, DEPENDING UPON THE SPECIFICS OF THE APPLICATION AND THE BOARD'S DETERMINATION OF THE PRIORITIES FOR REDEVELOPMENT WITHIN THE DISTRICT". Moe seconded the motion.

KEMMIS REQUESTED A FRIENDLY AMENDMENT TO THE MOTION: PAGE 1 UNDER THE PROGRAM OBJECTIVES AND ELEMENTS – CHANGE THE WORD “CANNOT” TO “SHALL NOT” SO IT READS “GRANTS OR GRANT LOAN COMBINATIONS SHALL NOT EXCEED 25% OF THE TOTAL PROJECT COST.”

PAGE 3 UNDER INELIGIBLE PARTICIPANTS AND IMPROVEMENTS - CHANGE “FROM THE STREET AND SIDEWALK” TO “FROM THE STREET OR SIDEWALK”. Englund accepted the amendments. Moe seconded the amended motion. 4 ayes, 0 nays. Motion passed unanimously. Cates absent.

Englund requested the Staff come back to the Board in a year with a report including how many of these projects have been completed, how much increment they’ve generated, etc.

Kemmis said he really appreciates the Staff work on this and he thinks it’s a step in the right direction.

1701 Brooks (Former Holiday Gas Station) – URD III TIF and Façade Improvement Requests (Buchanan)

This project has been discussed at two previous Board meetings. Buchanan said the Staff recommendation is that the request be approved. Jenn Clary, Encompass Design, reviewed the project and the drawings for the proposed building.

MOTION

MOE: I MOVE BOARD APPROVAL OF REIMBURSEMENT OF UP TO \$41,350 FOR FAÇADE IMPROVEMENTS TO THE BUILDING AT 1701 BROOKS ST. AS REPRESENTED IN THE OWNER’S APPLICATION AND ARCHITECTURAL ILLUSTRATIONS, SUBJECT TO SUBMISSION OF PAID CONTRACTOR INVOICES DETAILING WORK PERFORMED AND MATERIALS USED AS REVIEWED BY STAFF. Kemmis seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Cates absent.

1720 Brooks (Wally World Properties) – Request to Proceed Without Prejudice

Buchanan said Brian Salonen, Wally World Properties, met with Staff and talked about where MRA could be of assistance in the renovation of this building and property. She said sidewalks are already on the property, but they talked about what could be done there that would be an upgrade from what was being planned. Buchanan said there are a couple of things they needed to get started with in demolition so they don’t get caught up in weather while they’re finalizing the project. She said now that the façade improvement program has been approved they want to sit down and make the project as good as it can be. Buchanan said she suggested they come to the Board and request a Proceed Without Prejudice so that demolition can proceed and it doesn’t commit the Board to do anything.

MOTION

ENGLUND: I MOVE THE BOARD GRANT A PROCEED WITHOUT PREJUDICE FOR RENOVATION OF THE BUILDING LOCATED AT 1720 BROOKS ST. Kemmis seconded the motion. (Motion cont'd below)

Moe said she thought the motion is made with the understanding that the renovation doesn't include the façade work. Kris Schermele, Millennium Real Estate, said they would like their request to Proceed Without Prejudice to include façade work so they can start to tear off parts of the building. Kemmis said MRA's concern is that Wally World Properties has a clear understanding of what Proceed Without Prejudice means. He said it means that since MRA has no idea what the project proposal will be in terms of replacing the existing façade that it's not in a position to give any assurance that it will approve what's brought forward. Therefore, if Wally World Properties proceeds to deconstruct the existing façade it is done at their own risk. Schermele said they are asking for the surety that the costs they incur from this day forward can be included in part of the overall project. The Board concurred. Moe said as soon as the drawings are available MRA will be glad to take a look at them.

MOTION CONT'D: 4 ayes, 0 nays. Motion passed unanimously. Cates absent.

Moe asked about the sidewalks. Buchanan said there are already public sidewalks there and that location is not part of the sidewalk project.

Silver Park Phase III – Request to Approve Construction Engineering Contract with Territorial Landworks, Inc.

Change tape 1/tape 2

Behan said Phase III is to finish the trail including the bridge to connect up to California St. and finish work on the the parking lot including landscaping and irrigation. He said due to the difficulty of this Phase, the decision is to have an on-site construction engineer hired for this piece. MRA sent out a Request for Proposals (RFP) and received three responses. Staff from MRA and Public Works met to review the proposals and selected Territorial Landworks, Inc. (TLI) for the work. Behan said there has been an amendment in the estimated not to exceed portion of his memo. He said it is \$49,712, not \$45,466. Behan said this estimate includes the subcontracting work to be sure that the vision is adhered to with Abbotswood Design Group. Behan said the dollar amount is a little high for a project of this scope, but given the complexities and that TLI is going back through the plans and value engineering it as well as construction engineering it, it's a pretty good price.

Moe asked why there's an increase from Behan's memo. Behan replied TLI didn't have their subcontractor prices when he wrote it so it was a guess. Behan said the number will be a "not to exceed" based on hourly rates. Buchanan noted that CTEP money is funding this construction and MRA has to match that money.

Moe asked if the only structure in Phase III is the bridge. Mike Day, Territorial Engineering, said there is some concrete flatwork with benches and bbq pits, but the only major structures are the bridge and restroom. Buchanan said they are port-a-johns

without plumbing. Moe asked about the consideration of graffiti on the structures since it's already been a problem. Behan said Buchanan has been talking with Jennifer Anthony who has been researching that. He said a firm in California did a test piece of wood. It wasn't deemed acceptable and looked more like decoupage when MRA received it back with the graffiti guard on it. He said Anthony has found other products and they will be tested and reviewed with the Parks Dept.

Kemmis asked if the RFP asks for any cost estimates. Behan replied no, it's state law that they aren't allowed to ask that question. The evaluation must be done on prior experience and qualifications. He said one of the things MRA and Public Works looked at very closely with TLI was that they did have an established relationship with the underlying designer, they have extensive experience with CTEP and trying to wrestle a lot of different pieces together next to the river.

MOTION

KEMMIS: I MOVE THAT THE BOARD AUTHORIZE THE CHAIRMAN TO SIGN THE AGREEMENT WITH TERRITORIAL LANDWORKS INC. IN THE AMOUNT NOT TO EXCEED \$49,712 FOR PHASE III CONSTRUCTION ENGINEERING IN SILVER PARK. Englund seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Cates absent.

NON-ACTION ITEMS

Tremper's Shopping Center Update

Jeremy Keene, WGM Group, said the project is moving along and they are planning to begin the utility work next week. He said the goal is to try and get everything done by June 2010. Keene said they ran into a couple of issues which did delay the project about a month. He said one of the issues revolved around the loading issues and Ace Hardware. Ace Hardware was very concerned and came to Tremper's saying that the setup doesn't work for them because of potential for someone to get hit with the loader running and people walking on the sidewalk at the same time. Keene said a group met with the Mayor at Stu Weiss's request and the Mayor facilitated a compromise solution. They will do a curbside sidewalk and it will allow the trucks to pull into the area and allow the forklift to go back and forth without having to cross the sidewalk. He said the trucks will be crossing the sidewalk. However, the trucks drop off merchandise twice a week around 6 am and for the rest of the day the forklift goes back and forth bringing the merchandise into the store.

Keene said they also decided to include a gate at either end of the sidewalk so when there is a truck delivery the gate can be closed and there will be a sign saying the sidewalk is closed. He said they're also working on internal solutions in the building. Right now, Keene said Ace Hardware doesn't have any internal storage space to put all the pallets.

Moe asked if this change has any impact on the re-engineering of the electrical line and the transformers. Keene said it doesn't change the layout. He said from an aesthetic standpoint they lose a little of the boulevard area but it will still take care of most of the electrical and overhead issues that are clutter.

Buchanan said she asked that this come back to the Board because the sidewalk, to a great extent, drove MRA's participation in this project. She said that sidewalk will be closed two days a week for the better part of those days unless some internal changes are made that let them get the pallets off the loading area quicker. Buchanan said she didn't want the project to be built and then have the Board see it and wonder why MRA built a sidewalk that's closed two days a week. Keene said his hope is that they won't be closing the sidewalk all day long, but the compromise is that it will be at Ace's discretion to close the gates. Buchanan asked if it would only be on the two delivery days. Keene replied it would be any time Ace feels like they need to close them if they have an issue. He said he doesn't think it will happen frequently and once they get used to the setup having people walk through there is not going to be as big of a concern.

Moe asked if there were any crosswalks marked across Russell to allow people to get to the other side of the street. Keene said there aren't any planned other than the one at Kent Street. Moe asked if there will be a sign at either end of the gates saying the sidewalk is closed in the middle and to use another route. Keene said yes, the gates are actually at each end of the building and the whole sidewalk will be closed. The detour distance will be the depth of the building.

Fraser asked how it got this far without the Ace issue being involved. Keene said they weren't talking to the right person at Ace. He said they talked to the manager there on three occasions and didn't get that feedback.

Missoula Urban Transportation District Presentation

Don MacArthur and Andy Sponseller, members of the Missoula Urban Transportation District (MUTD) Board, spoke to the MRA about planning for the future of MUTD. MacArthur said they want to see integration of land use and transit. Certain land use developments require transit to exist in order to be feasible. He said a lot of current visions for Missoula are going to require fixed, regulated transit.

MUTD wants to promote a Transit Oriented Redevelopment Corridor or TORC. MacArthur said if a line was drawn somewhere in the City and transit was made available, it could be a major redevelopment corridor. In regards to MRA's newly adopted Façade Improvement Program, he said he feels there are a lot of crummy buildings in URD III that aren't worth saving for façade renovation. MacArthur felt MRA instead should look at a more substantial infrastructure upgrade in URD III.

Sponseller said during their visioning process, they end up with "x" number of resources and want do more. He said some work has been done but they are looking at ways to partner with others to maximize what can get done.

MacArthur talked about doing a pilot project. Since the planning process *Envision Missoula* was done, it's clear that transit is necessary to make certain kinds of development happen.

Sponseller talked about the potential of the Montana Rail Link (MRL) corridor. He said he foresees a day when doing transit along that rail line will be necessary and more feasible. He agrees that a pilot project is more feasible now but feels it should be in an appropriate place. The MRL corridor is the macro-picture to what is desired for the future. He knows we aren't there yet but wants Missoula to be ready for when the growth happens and the additional development and transit is needed.

MacArthur said they'd like to work with MRA to pick a place or a corridor and get started. He said a zoning overlay would probably be required to reduce the parking requirement for an envisioned development along a TORC. Discussion ensued.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Meeting adjourned at 2:00 pm.

Respectfully Submitted,



Lesley Pugh
Secretary II