

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

July 16, 2009

FINAL

A 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, Rosalie Cates, Karl Englund
- Staff:** Ellen Buchanan, Chris Behan, Kari Nelson, Tod Gass, Jilayne Lee, Lesley Pugh
- Public:** Jeff Anderson, Jeff Anderson Architecture; Jenn Clary, Jeff Anderson Architecture; Pam Small, owner of 1701 Brooks; Heather McMilin, homeWORD; Andrea Davis, homeWORD; Jamie Lockman, MRA Rep to the HPC

APPROVAL OF MINUTES

June 25, 2009 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

Historic Preservation Update from Jamie Lockman

Lockman said the Historic Preservation Ordinance was approved by the City Council and is going to the Consolidated Planning Board for a public hearing. She said the HPC is also working on revisiting and updating the Missoula Historic Preservation Plan from 1990.

STAFF REPORTS

Director's Report

East Front St. Parking Structure

Buchanan said First Interstate Bank has come to an agreement with the owners of the Holiday Inn. She said the Purchase Agreement will be signed within the next week and they will close on the purchase of the Macy's property on July 22nd. She said they will be able to move forward with design and construction this fall.

Downtown Master Plan Implementation

Buchanan said City Council unanimously voted to authorize the Mayor to sign contracts for design and construction of the North Higgins project and the Greenough/Rattlesnake gateway project that's being done with stimulus money. She said it will cut three or four weeks out of the process so they can hopefully get the funds obligated by the deadline.

FY09 Budget Status Reports

Lee said the reports are through June mid-month. MRA still has invoices coming in for FY09 and final revenue numbers have not yet been processed by the City. Cates asked Lee if she had any question that all the revenues will come in. Lee replied not really, MRA has been doing pretty good and was at 50% through November. Buchanan added that the City is seeing some delinquencies, but they're not huge.

Fox Site RFQ

Behan said the Committee that's been reviewing this had some outstanding issues including trying to get a commitment from Intermountain Management (JD Deluca) for exterior architectural design and the overall structure of the building to make sure there's a sense of strength and permanence like the rest of the Downtown and also to show the public benefit from the structure and the use of the building. Behan said the Committee brought up the idea of additional meeting space in the building and that's not something the company is comfortable in adding. However, Behan said Deluca and folks from the Portland portion of Intermountain met with the owners and that person wanted the project to happen and was willing to work with MRA. Behan said he hasn't heard much since then and wrote them an extensive letter so they understand why things are important, the vision for the property and how things work under state law. Behan said he followed the letter up with an email and still hasn't heard anything.

The Board agreed this wasn't bad news. Englund said the Board previously expressed some reluctance in the project. He wondered if the City Council was still as anxious as they were to get something done there. Behan said that sentiment has reduced.

ACTION ITEMS

Holiday Gas Station (1701 Brooks) – URD III TIF Request

Buchanan said this is a different request than MRA has dealt with in the past. She said she didn't make a recommendation because it's a departure from the way MRA has done business in the past. She said Jenn Clary from Jeff Anderson Architecture initially came to MRA to meet about sidewalks. Buchanan said they worked out a deal where if the owners of 1701 Brooks, Brent and Pam Small, gave the City an easement on Brooks to build sidewalks, MRA would in exchange build the sidewalks required on all three sides. As part of that discussion, Buchanan said they talked about what would happen with the building.

Buchanan reviewed two drawings of the building: what it would look like with MRA's help (Option A) and what it would look like without MRA's help (Option B). Buchanan said the numbers came in higher than the Small's felt like they could invest in the property for the renovated façade. Therefore, Option B is what the Smalls propose to do if they fund it all themselves. Buchanan said Option A is a much preferred alternative.

Buchanan said there are standards to build to and there's something to aspire to in the Downtown, whereas there aren't design standards in URD III. She said the more fundamental question is how does MRA feel like it can get involved in the façade piece of it. Also, she said MRA needs to look into the legal aspects of it. Fraser asked

Buchanan how she was going to approach the legal research. Buchanan said she's gone through the statutes and doesn't see anything that says you can or can't do it. Behan spoke about the legal basis of the interest subsidy. He said the section of law that says what you can spend tax increment funds on refers back to another section that talks, in part, about enacting programs of voluntary and compulsory repair. He said the thinking back then has more than likely changed from today's thinking. Behan said public money to private benefit is a legal problem but the line isn't really defined. Buchanan referred to the façade of the Wilma Building. She said it was done under the auspices of historic preservation, but public money was put into a private building. She said the same thing was done with the Macy's awning. Discussion ensued.

Behan said there were strict design criteria in the Downtown. He said URD III is so big that if the programs are built to address problems endemic to an area, they need to find out what the problems are. He said that's part of what has kept the brakes on Staff trying to find something to bring to the Board. Cates asked Staff to find out if there are examples of other TIF Districts around the country that have design standards as part of their missions.

Cates said if it's legal she wants to invest in leading edge projects to stimulate the area. She asked if the building was sturdy and if the street configuration is the way MRA wants it to permanently be. She also asked if this project was dense enough for the market. Buchanan said this is one of the areas identified to put sidewalks on and the streets are not identified to be vacated.

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Clary said the majority of the main façade is concrete and is very solid. She said right now the front is currently metal and not in good condition so that's why they want to redo the front. She said overall the building's slab, roof, and structure are in good condition.

Fraser said he really likes the design. He said there's such a mish mosh of buildings out there and didn't know if consistency could be achieved. He said it might be more of a matter of liking or disliking something. Fraser said he didn't know how to legally make that a determining factor but he felt that's the way it was going to go in that District. Fraser asked if there had to be a written plan about design before MRA approves it. Buchanan replied she didn't think so because there wasn't one for URD I and there's not one for URD II. She said MRA could look at things like permanence of the materials being used and how green and sustainable it is. Clary said that's always a consideration when they work on projects.

Fraser asked if Staff knows what kind of increment the project might bring. Buchanan replied Staff did not do the analysis. She said she's not sure how to project increment out these days because the Department of Revenue hasn't spoken to MRA and MRA isn't sure what they're doing, but she will try and do an analysis. Behan said traditionally there's an increment increase just for the change of use from retail, or maybe vacant in this case, to office.

Buchanan said she will have the Smalls and Jeff Anderson Architecture fill out the TIF Request Form and bring this item back with concrete numbers.

Fraser said if someone else came in and wanted to bulldoze the building MRA would probably pay for it. He said it all seemed feasible to him.

No action was taken on this item.

Silver Park Phase II Parking Lot – Request to Approve Contractor and Request to Approve Materials Testing Contract

Nelson said at the March Board meeting the MRA Board approved having Abbotswood, the designer, work on separating out the parking lot, the boat ramp and completion of the Riverfront Trail along with the bridge. Nelson said the project went out to bid and the bids were opened on Monday and were quite favorable. She said the low bidder was Western Excavating. Their bid came in at \$463,559.20 and includes the add-alternate for the boat ramp. She said they're still working out some details with the Parks Dept. and the Board can approve this and Staff will continue to work with the Parks Dept. If for some reason MRA and the Parks Dept. can't work it out then it can be made into a change order out of the project. The boat ramp will not be built until low water in the fall.

Nelson said there's also a separate contract for materials testing that was not part of the construction bid. She said she received three quotes back and S&K Geotechnical came in as the low bidder. The amount of that contract will be \$4,930.

Change tape 1/tape 2

Nelson said the Staff recommendation is for the Board to approve awarding the contract to Western Excavating in an amount not to exceed \$463,559.20 and to approve entering into an agreement for materials testing of the Silver Park Phase II Parking Lot with S&K Geotechnical in an amount not to exceed \$4,930 and authorize the Chairman to sign the agreement.

Fraser asked if the boat ramp will create insurance issues for the City. Buchanan replied none that have been brought to MRA's attention. She said Staff has had discussions with the Mayor and Parks and Rec about the City owning the boat ramp and they've said to go forth and do it.

MOTION

ENGLUND: I MOVE WE AWARD THE BID FOR CONSTRUCTION OF THE SILVER PARK PHASE II PARKING LOT, INCLUDING THE BOAT RAMP, TO WESTERN EXCAVATING IN AN AMOUNT NOT TO EXCEED \$463,559.20 AND AUTHORIZE OUR DISTINGUISHED CHAIRMAN TO SIGN THE BID DOCUMENTS AND AUTHORIZE STAFF TO REIMBURSE THE CONTRACTOR FOR THE COST OF THE PERMITS. Cates seconded the motion. 3 ayes, 0 nays. Kemmis and Moe absent.

MOTION

ENGLUND: I ALSO MOVE ENTERING INTO AN AGREEMENT FOR MATERIALS TESTING WITH S&K GEOTECHNICAL IN AN AMOUNT NOT TO EXCEED \$4,930 AND AUTHORIZE THE CHAIRMAN TO SIGN THE AGREEMENTS. Cates seconded the motion. 3 ayes, 0 nays. Motion passed unanimously. Kemmis and Moe absent.

Buchanan made a correction in her memo for the funding sources for Silver Park Parking and Boat Ramp. She said there's actually \$1,170,000 in uncommitted contingency funds, not \$930,000.

MOTION

CATES: I MOVE THAT WE USE \$226,500 IN URD I FUNDS THAT WERE TRANSFERRED TO THE CITY FOR THIS PURPOSE AND THE BALANCE OF THE FUNDING COME FROM URD II CONTINGENCY. Englund seconded the motion. 3 ayes, 0 nays. Motion passed unanimously. Kemmis and Moe absent.

Brooks St. Commercial Corridor Sidewalk – Request for Approval of Engineering Contract with WGM Group

Gass said at the June meeting the Board authorized Staff to enter into an agreement for professional services with WGM Group for easement acquisition, design, bidding and construction administration services for the sidewalk project on Brooks St. Gass said Staff met with WGM Group to develop a scope of work and an acceptable contract. The project will be in two phases. Phase I will involve construction of sidewalk and street segments that don't require additional right of way. Phase II will involve the parcels where additional time will be needed to reach an agreement with property owners to acquire sidewalk easements. Phase I is planned for construction this year and Phase II is planned for construction next year.

Gass said WGM Group has proposed a \$200 signing bonus for property owners that grant easements within the first 30 days after the public meeting. He said there are 11 properties where additional right of way is needed.

Since the last MRA Board meeting, Gass said Staff has received two requests for assistance of sidewalk construction for projects adjacent to the sidewalk project area. Gass said Staff expanded the scope of the corridor sidewalk project to include Flanagan's Mazda and the Stephens Center. He said Staff may recommend including Kent St. as part of the Stephens Center project, depending on the timing of the sidewalk construction. He said this will not change MRA's contract with WGM Group.

Gass said the Staff recommendation is that the Board accept the scope and terms of the contract for professional engineering services with WGM Group to negotiate and secure easements, design, bid and manage the Brooks St. Commercial Corridor Sidewalk Project for an amount not to exceed \$130,258 and authorize the Chair to sign the contract.

MOTION

ENGLUND: SO MOVED. Cates seconded the motion. 3 ayes, 0 nays. Motion passed unanimously. Kemmis and Moe absent.

Stephens Center – URD III Request to Proceed Without Prejudice

MOTION

CATES: I MOVE THAT WE APPROVE PERMISSION TO PROCEED WITHOUT PREJUDICE OF A FUTURE TIF APPLICATION FOR PUBLIC RIGHT OF WAY IMPROVEMENTS AT STEPHENS CENTER. Englund seconded the motion. 3 ayes, 0 nays. Kemmis and Moe absent.

Catlin/Wyoming Sidewalk Project – Request for Approval of Engineering Contract with Professional Consultants Inc. (PCI)

Gass said Staff met with PCI and developed a scope of work and contract for mapping, engineering, bidding, construction management and project closeout for the Catlin/Wyoming sidewalk project. He said at the June meeting the Board directed Staff to expand the scope of the project to include S. 2nd St. west of Catlin to Sussex School and Wyoming St. one block west of Catlin. The expansion is reflected in the scope of the contract. He said some streets involve designing around an irrigation district ditch. Gass said PCI has indicated they will design around the ditch to the extent possible, but if it turns out they need to design a ditch structure such as siphons or bridges there will need to be an addendum to the contract.

Gass said the Staff recommendation is that the Board accept the scope and terms of the contract with PCI to design, bid and manage the Catlin/Wyoming sidewalk project for an amount not to exceed \$59,000 and authorize the Chair to sign the contract.

MOTION

ENGLUND: SO MOVED. Cates seconded the motion. 3 ayes, 0 nays. Motion passed unanimously. Kemmis and Moe absent.

NON-ACTION ITEMS

Equinox Project – Update from home WORD

Heather McMilin and Andrea Davis from homeWORD updated the Board regarding Phase II of the Equinox Project. McMilin said their original application called for funding of Phase I to be based on the expectation of a Phase II. McMilin said what's happened since is that the market changed quite a bit and have restructured the project to a certain level based on market impacts and also the fact that new funding opportunities arose. McMilin said homeWORD put together a project for Phase II using the same footprint with a commercial component on one floor and two floors of affordable housing.

McMilin said the affordable housing won't necessarily be as low income as they typically are. The funding sources with the Board of Housing and their second round of tax credit application are based on doing it at the 50% and 60% Area Median Income (AMI). She

said they typically do 50%, 40% and 30% AMI. McMilin said they are working closely with WORD on a potential partnership of the commercial space to guarantee tenants. McMilin said they've also been working with MCDC on New Markets Tax Credits for the commercial component.

McMilin said homeWORD had a quick application they had to put in by May 1st for the second round of funding assistance. She said homeWORD ranked 2nd in applications overall and they were awarded \$2.8 million of their original ask for the housing portion of the project. She said that's just under half of what they need. She said the benefit is that they are funded if they spend the money by the end of next year and it gets their foot in the door for next year's tax credit application round because they already have commitments. McMilin passed around updated budgets.

McMilin said even though all this is happening, homeWORD still knows what its agreement is with MRA. She said there are obligations built in that homeWORD will owe money if things don't happen or move forward. McMilin said they're well aware of the tax implications and what they're going to owe based on if homeWORD is developing. She said they can't get a straight answer from DOR regarding the taxes they'll generate from the commercial project, but with the higher AMIs they can do a payment in lieu of taxes or be taxed outright. She said homeWORD will have that conversation with MRA when the time comes.

Davis reminded everyone of the Grand Opening of the Equinox. She said Phase II will have a lot of similarities to Phase I. It will have underground parking, commercial on the first level and residential on the second and third floors.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Meeting adjourned at 1:30 pm.

Respectfully Submitted,



Lesley Pugh
Secretary II