

**MISSOULA REDEVELOPMENT AGENCY**

**CONDENSED BOARD MEETING MINUTES**

**April 20, 2011**

**FINAL**

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

**Board:** Nancy Moe, Karl Englund, Daniel Kemmis

**Staff:** Ellen Buchanan, Chris Behan, Jilayne Lee

**Public:** Lori Davidson, Missoula Housing Authority; Steve King, Public Works Director; Jeremy Keene, WGM Group; Trevor Iman, WGM Group; Andy Mefford, PCI; John Kellogg, PCI; Jim McLeod, The Farran Group; Amy Fisher, Missoula Organization of Realtors (MOR); Pam Walzer, City Council-Ward 2; Cynthia Wolken, City Council-Ward 2

**APPROVAL OF MINUTES**

March 16, 2011 Regular Board Meeting Minutes were approved as submitted.  
March 29, 2011 Special Board Meeting Minutes were approved as submitted.

**PUBLIC COMMENTS & ANNOUNCEMENTS**

None

**ACTION ITEMS**

Moe pointed out the Cash & Investments report that Lee handed out. Lee has not had a chance to do her regular financial report so this will help as the Board works through the Agenda items.

**First Security Bank (2501 Catlin) – URD III Proceed Without Prejudice Request**

Buchanan said MRA has been working with OZ Architects for several months on this project for First Security Bank. The façade is pretty monolithic and not very pedestrian friendly. Buchanan said they have gone through a few designs trying to get some greater pedestrian scale. They are doing some interior work also. They are asking for approval to proceed without prejudice. Discussion ensued.

**ENGLUND: I MOVE APPROVAL OF THE REQUEST OF OZ ARCHITECTS FOR FIRST SECURITY BANK TO PROCEED WITHOUT PREJUDICE ON THE**

**RENOVATION OF THE BUILDING AT 2501 CATLIN STREET, WITH THE UNDERSTANDING THAT THIS ACTION DOES NOT OBLIGATE THE MRA TO APPROVE ANY ASSISTANCE FOR THE PROJECT IN THE FUTURE.**

**Kemmis seconded the motion. Motion approved unanimously.**

**Ashlyn Place – Ken Ault (155 North California Street; former Metalworks of Montana)**

Behan has been tied to this property for a number of years. In 1994, MRA did some trades for property to get the Milwaukee Trail put in. Also, this project is tied to the Western Montana Mental Health Center project that MRA assisted with years ago. Behan reviewed the history of the site.

Ken Ault, the developer, originally wanted to put in condominiums but then that market crashed. Under originally zoning, Mr. Ault designed 68 units of studios. But subsequently, through a rezoning approval, the plan is now to build 68 two-bedroom units in a contiguous 4-story building. The units will be about 850 square feet. It will be similar to other apartment projects around town. Mr. Ault has a pretty good reputation for building high quality residential units and his architect has a very good reputation for designing very nice and very efficient units.

One of the problems Mr. Ault has encountered with building up to the 4-story level is that there is a power line in the area. This line was used by the old Milwaukee Road railroad so it has a very high voltage (100kV). Due to the closeness of the line to the development, it is not safe.

There were some communication issues between Mr. Ault and the power company as far as moving the line. Ultimately construction started and then was stopped by the City.

Now the project is ready to move forward. The power company is on board for moving the line and is working with the City to finalize easements to move the power line fully within the street ROW for the trail and adjacent Dakota Street. Buchanan said that approval was in Council Committee today. Walzer said it was approved but won't go on the consent agenda.

Behan said MRA did demolition on the property several years ago. At this point, the project is financed through the first phase (1/2 of the units). The second phase will not be a problem as far as getting financing according to three different financial institutions in town.

The total project cost is a little over \$6,000,000, of which about \$4,500,000 is construction. The request is for assistance to remove four power poles and to help install curbs, gutters, and sidewalks and engineering. The developer also asked for assistance with parking on his private property.

Relocate four power poles .....	\$112,699.56
Street improvements, curbs, gutter and sidewalks including engineering design .....	\$37,185
<b>TOTAL/SUBTOTAL .....</b>	<b>\$149,884.56</b>
Off-Street Parking (amount applied for) .....	\$42,000

MRA has addressed private parking for similar projects in different ways in the past. Usually the staff/board has looked at it on a case by case basis. In the downtown, it was rather easy since there wasn't a parking requirement for commercial units, yet there was a need, so we ended up with a lot of public parking. As you move out of the downtown core, parking becomes more of an issue. The Spruce Street Plaza project needed parking and its tenants were competing for on-street parking with other businesses, large and small. So MRA looked at that project's parking as having a public benefit component. It's harder to make those connections when you get to an area that's not as dense. However, since 1991, we've said we want higher density and one of the problems with higher density is storing vehicles. Behan said MRA has typically helped out projects that have a public benefit component by paying for half of the parking costs. The Spruce Street Plaza project in the old Meadowgold Dairy building is one example.

In Mr. Ault's project, the public benefit would be that it promotes a higher density development. Behan said he is recommending MRA assist with one-half the total cost for parking, so \$21,000. Behan said he makes the recommendation without a lot of direction and is looking for some input from the Board.

Behan said tax generation should be fairly substantial, although the state doesn't tax residential units as high as commercial.

Moe asked when Phase 2 would start. Behan said immediately after Phase 1. The public to private investment ratio assumes completion of both phases. Discussion ensued.

Kemmis said in a case like this, he would much rather help with landscaping, which has more of a public benefit as far as visual impacts, than help with parking that would most likely be posted as private.

Behan said they asked for landscaping assistance in an amount of approximately \$7,500 but MRA has not assisted with landscaping on private property before. During a discussion several years ago about paying for landscaping improvements in District III, the Board was concerned about investing public money in the temporary nature of landscaping; the Board was much more comfortable financing the irrigation system and other such infrastructure.

Englund asked for a summary of our action on Spruce Street Plaza project. Behan said the Board approved assistance for one-half of the cost for parking. This allowed the on-street parking spots to remain available to citizens. Discussion ensued.

Buchanan said that one of the "catch 22s" with this that is almost ironic, is that we encourage developers to internalize their parking so we don't have all this parking out on the street, but there is no appearance of this being available because it is internalized.

Moe asked how close the development would be to park land. Behan said the Milwaukee Trail is adjacent to it and Silver Park is about three blocks away. Englund asked about the cost MRA paid for demolition on the site several years ago. Behan said about \$23,000.

Moe suggested the Board discuss the parking issue at a later date.

**ENGLUND: I MOVE APPROVAL OF TIF ASSISTANCE FOR THE ASHLYN PLACE PROJECT IN THE AMOUNT OF \$149,884.56 FOR POWER LINE RELOCATION AND STREET IMPROVEMENTS WITH THE UNDERSTANDING THAT WE ARE STILL CONSIDERING THE RECOMMENDATION OF AN ADDITIONAL \$21,000 FOR PARKING.**

**Kemmis seconded the motion. Motion passed unanimously.**

Englund said due to the fact that the power line is being moved closer to the public, he takes that into consideration of the overall good, and so he's less inclined to stretch MRA dollars to assist with the parking in this project.

Buchanan said the Art Museum project ran into the same issue when they did the addition. The high transmission line was moved further into the public right-of-way. Behan highlighted several of the public benefits the Ashlyn Place project addresses that aren't so obvious, including density, proximity to public transportation, downtown and other pedestrian amenities. He felt it was a model project for this area. Buchanan said in addition, we will get some aesthetic benefit of the power pole relocation as we did with the Tremper's project.

Kemmis said in cases like this, establishing a policy to support parking is not that appealing to him. For him, landscaping is another matter.

Walzer said that Council was told that the developer was going to be paying for the power poles relocation. Kemmis said up until a moment ago, that was true. Walzer said it wasn't reported that it was being requested from MRA. She will report the update on Monday.

Buchanan said the staff would bring back the parking discussion when we discuss the façade improvement program and landscaping.

*Changing tape t1/s2*

**URD III Sidewalk Needs Assessment – Request Approval of Professional Services Agreement with WGM Group, Inc.**

Buchanan said one of the things MRA is trying to do with this project is look for opportunities to create green infrastructure, whether it be bike lanes or multipurpose trails, etc. in addition to sidewalk deficiencies.

WGM Group has put together a proposal for professional services which takes us through identifying the deficiencies but also the "bigger picture" planning that looks at the opportunities to make this project more than just filling in the sidewalk gaps. Deliverables include that piece of information in addition to cost of construction efforts and project phasing as an implementation strategy. This will help outline what the impact will be to MRA. It will help staff and the Board determine whether debt should be issued to spread the cost out over time. Things are starting to happen out in URD III and there are only four and a half years left to the district. WGM Group's proposal is to do the work for \$49,280 and staff thinks that is reasonable.

Jeremy Keene introduced Trevor Iman to the Board. He was the engineer for the North Higgins project. He would be handling the day to day project management for this project. Keene said they want to establish what the needs are and how it can be funded. The goal is to make this a high quality pedestrian environment.

Kemmis asked about the ULI report and how WGM Group will be looking at that. Keene said they really look at the report as a guiding document. Discussion ensued.

Moe asked how many sidewalk blocks are in the district. Iman said there are over 170 intersections in the district. Buchanan said URD III is about 550 acres.

**KEMMIS: I MOVE THE BOARD AUTHORIZE MRA TO ENTER INTO AN AGREEMENT FOR PROFESSIONAL SERVICES WITH WGM GROUP FOR THE SCOPE OF WORK RELATED TO THE URD III SIDEWALK NEEDS ASSESSMENT AND PROBABLE COST OF CONSTRUCTION REPORT IN AN AMOUNT NOT TO EXCEED \$49,280.**

**Englund seconded the motion. Motion approved unanimously.**

**Scott Street & Toole Avenue Intersection – URD II Public Works CIP Request**

Buchanan said there has been a lot of discussion regarding this intersection over the past few years. Both the current City Council Ward representatives and the past representative have requested that it be looked at to see if we can move traffic through there more efficiently and safely. In response to that, Public Works has put a Capital Improvement Program item in for the project that includes using tax increment to partially fund the project. In summary, it would be a \$20,000 TIF expenditure in FY12 for design and \$50,000 in FY13 to partially fund construction.

Steve King reviewed the proposed project. There has been a lot of redevelopment in this area and this intersection was already troublesome. The north-south connection is difficult and creates queues of traffic backing up during rush hour and other vehicles cutting through the neighborhood to avoid the intersection. He said to make any improvements, we really need a partnership of MRA, City forces for labor and materials, and money from transportation impact fees.

One proposal was to create a four-way stop but King doesn't feel that is feasible. King said the City has had success with the roundabout at Beckwith and Higgins and the one at Miller Creek. But the Scott/Toole intersection is neither big enough for a conventional roundabout nor does the City have the money to do it.

Therefore, in the existing right-of-way, the City has designed a mini urban roundabout. The center island is a roll-over island for large trucks, buses and emergency vehicles to drive over. There is a Federal industry standard for this type of roundabout.

The proposed cost share includes using city forces for demolition, reconstruction and asphalt work. King said they will need to contract some work, such as curb replacement. The Transportation Improvement Plan predicts a 20% growth for usage through 2035, so that's \$33,000 from that pot of money. King said the City could do about \$60,000 worth of work and the total project is estimated at \$164,000. The remaining amount needed is about \$70,000.

Public Work's request to MRA is for design (\$20,000) and partial construction (\$50,000) assistance. King said this would give the Board an opportunity to weigh in on the design. The total request to MRA is \$70,000.

Kemmis said we have two adjacent intersections that seem to need help. The Toole/Spruce intersection is just to the east. Kemmis wondered about getting better aesthetics and looking at improving the whole area versus the Toole/Scott intersection alone. He said if we do want to improve the Toole/Spruce intersection also, it makes sense to do it in conjunction with this project. Staff agreed.

**KEMMIS: I MOVE THE BOARD APPROVE THE INCLUSION OF MRA FUNDING IN THE CAPITAL IMPROVEMENT PROGRAM (CIP) FOR FY12 AND FY13, WITH THE PROVISION THAT MRA STAFF PARTICIPATES IN THE DESIGN PHASE AND THAT BOARD APPROVAL WILL BE REQUIRED PRIOR TO ANY USE OF TAX INCREMENT FUNDING FOR CONSTRUCTION.**

**Englund seconded motion. Motion passed unanimously.**

**Silver Park – Phase 3 – Affirm Change Order #3 and Engineering Contract Amendments**  
**Approved by Director**

Behan said this is a report of all of the change orders that Buchanan has approved on the Silver Park project. Behan said we are finding it isn't easy to build a trail on an old industrial site. Discussion ensued. Moe asked if the cost for materials fluctuates within the contract period. Behan said the cost for the item doesn't change but often the quantities change.

Behan said there will be more Change Orders as they recently found a lot more wood waste than anticipated when they were drilling the wells. They also hit some structural steel 30 feet down. There new electrical costs and also some boat ramp adjustments.

**NON-ACTION ITEMS**

**Intermountain Lumber Site (a/k/a "Garden District") – Farran Group Proposed Development**

Jim McLeod introduced himself as a member of the Farran Group. McLeod's partner Pat Corrick was here last year. McLeod said his visit is to give the Board an overview of their proposed project for the Intermountain Lumber site. They have the property under contract right now with the Missoula Housing Authority. They intend to come back in a month or so with a formal request for Tax Increment Financing (TIF). Farran Group is proposing a 196-unit market rate

apartment complex with about 13,000-15,000 square feet of retail. They have been working with Missoula Housing Authority for almost two years. Originally their financing was going to be Housing and Urban Development (HUD) 221D4 funding, but the application process has been very long and approval is uncertain. McLeod said their contract to buy comes due in November and there a lot of risks with waiting. So now they are looking at conventional financing. They are working with a local lender and expect to get final approval in the next couple of weeks.

McLeod said they were working with Dave Loomis in OPG but are now working with Denise Alexander. Initially they had parking on Russell Street but were asked to redesign with parking internal on the site. They moved the Missoula Housing Authority (MHA) office up to Russell Street along with the other two retail boxes. The request to MRA would be for the road, right-of-way and trail improvements and demolition and removal of existing asphalt. With regard to the TIF request, the updated estimates are \$1,002,000. McLeod said they met with Mae Nan Ellingson to discuss the MRA bonding process.

Kemmis said he appreciates the update; it makes these big project proposals much more digestible. Behan said the new design is very, very good and is much preferred. By adding another retail box and moving the MHA offices to Russell, they were able to address some concerns the Parks Department had regarding the trail.

Discussion ensued regarding sidewalks along Russell. The project is currently designed so the sidewalks would be right up to the buildings. McLeod said the retail would be one story but the MHA office would be taller due to the amount of space they need. They anticipate doing neighborhood retail, i.e. dentist office, hair salon, etc., that would complement the residential development. Farran Group intends to lease the commercial space. The residential would be built in one phase and the commercial would come later.

#### *Changing tape – t2/s1*

Englund asked about the phasing and when MRA pays the developer. Discussion ensued. Buchanan said there could be a reimbursement piece to the development agreement if MRA is concerned the total project won't get completed.

Buchanan said this would be a bonded project and the residential improvements will easily satisfy the debt service. Discussion ensued regarding affordable or work-force housing and how MRA could assist with that if it was desired to be included in project.

Lori Davidson summarized the Missoula Housing Authority's plans for their area of the site. There are a lot of possibilities, such as affordable housing on the top floor, but nothing is definite yet. Davidson said she wants to talk to Buchanan about whether TIF could be used to help build their structure.

Buchanan said Farran Group wants to break ground in August so the process of putting the private placement bond together would be quick.

#### **Fox Site – Request for Proposals Review**

Moe asked if Jim Nugent has seen this Fox Site Request for Proposals (RFP). Behan said he would get it to him to review. When the Board is ready for it to move forward, MRA will take it to City Council for their authorization. Behan summarized his focus in this round of the RFP. He is trying to get MRA a good development partner so he wants developers to show MRA:

- 1) What they've done before
- 2) Proof of their ability to complete similar projects
- 3) Their understanding of the site and it's possibilities

Behan envisions after the selection of a developer on the above merits, MRA could work with them to get an acceptable design.

Two other main issues Behan wanted to discuss were: 1) development fees and 2) deposits. The development fees could help MRA do other public improvements; such as along the river. The deposits would be paid in steps along the approval process and would be refundable upon initial construction or other specified time. Behan said this RFP focuses on the developer's ability to build and complete a project. It includes a process of coming up with an approved design after a developer is selected. Discussion ensued.

Englund said he'd like to ask the developers present what they think. McLeod said he just looked at it. He felt a project on the site would need public participation to help with financing. The development fees could increase project cost so it could go either way. McLeod felt deposits have to be refundable at some points and not at other points.

Englund asked how developers feel about providing information on what they've done, etc. McLeod said you want to know what the project is going to be but it's really important to know who you are doing business with; so it's good to find out their track record.

Moe thought the RFP was well put together and felt Behan did a good job and gave a good presentation.

McLeod asked about the approval process in respect to the MRA Board and City Council. Behan said it would be a combination of MRA Board and Council approval processes. Council has to approval disposal of the City owned property.

Englund asked about what the Board could expect to see when the RFP submittals are brought back to them. Behan said they would see a vision and idea of what the developer wants to put on the site. Davidson explained how they did a similar process for MHA's Silvertip project. She suggested an open end date versus a cut-off date. This left it somewhat open so developers could come in when they had an idea. The Fox Site process would need to be somewhat different.

Discussion ensued on the process from RFP, to development/design of project, to construction and what the Board could expect. Fees and deposits were discussed. Behan thought the development fee probably shouldn't be in there even though at one time he supported it.

*Changing tape – t2/s2*



Kemmis said he'd like to keep the option of a negotiated development fee on the table.

## **STAFF REPORTS**

### **Director's Report**

Buchanan reported that in respect to the Front Street Parking Structure, all of the agreements with the Holiday Inn are finalized. Work on the Holiday Inn parking lot will start immediately. There are 45 sets of plans on CDs out to contractors, so there's a lot of interest. Hopefully that means competitive bids.

Buchanan said there will probably be a called meeting the first week of May to address the Milwaukee Trail lighting. Behan said the developer for 806 Spruce Street wants to come in as soon as possible too. Buchanan said staff and Board could discuss the façade program, landscaping and private parking at the called meeting if the agenda doesn't get too full.

Buchanan gave the Board an overview of what her plans are for staffing the office. She'd like to reclassify the Secretary's position to an Administrative Secretary and reclassify Jil's and Tod's positions. She'd like to keep Kari's position vacant for the time being to see where the needs are. There will be no financial increase on MRA's budget until Kari's position is filled. The Board did not object and felt it was all Buchanan's decision.

## **OTHER ITEMS**

### **ADJOURNMENT**

Meeting adjourned at 1:47 p.m.

Respectfully Submitted,

Jilayne Lee