

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

August 16, 2018

FINAL

A **Regular** meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, August 16, 2018 at the Hal Fraser Conference Room, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Nancy Moe, Ruth Reineking, Tasha Jones

Staff: Ellen Buchanan, Chris Behan, Jilayne Dunn, Tod Gass, Annette Marchesseault, Lesley Pugh

Public: Jean Zosel, Garden City Harvest; David Erickson, Missoulian; Martin Kidston, Missoula Current; Susan Shepard, Missoula Independent; Nick Caras, Caras Real Estate; Missoula Community Access Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

July 19, 2018 Regular Board meeting minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

ACTION ITEMS

Montana Rail Link (MRL) Park – Community Garden – 2300 Johnson Street (URD III) – TIF Request (Marchesseault)

Marchesseault said the Montana Rail Link (MRL) Park has an area set aside for a community garden. She said having a community garden in the Park was one of the top requests from the neighborhood, along with a dog park and open space. She said during the design process they worked with Garden City Harvest (GCH), who have agreed to manage the garden. The design is for 35 plots, eight of which will be American's with Disabilities Act (ADA) accessible plots. Marchesseault said the budget for the Park included the fundamental infrastructure for the garden including irrigation, electrical service and fencing. She said GCH estimated about \$21,675 to build out the garden and have agreed to provide labor to do all of the construction as well as provide tools, compost, and signage, totaling about \$6,075. She said GCH is requesting the balance of \$15,600 from MRA to continue to build out the garden. Marchesseault outlined the costs in her memo and they

include lumber, decomposed granite, crushed rock, landscape fabric, equipment rental, a shade structure, and topsoil.

Jean Zosel, GCH Board member, said the costs for GCH to maintain the site each year and to administer the program and rent the plots to gardeners is between \$6,000-\$7,500 per year. She said that is typically what they will contribute along with the costs mentioned by Marchesseault.

MOE: I MOVE THAT THE BOARD APPROVE THE REQUEST TO PROVIDE UP TO \$15,600 TO GARDEN CITY HARVEST TO PURCHASE MATERIALS FOR THE COMMUNITY GARDEN IN MRL PARK, AND AUTHORIZE THE BOARD CHAIR TO SIGN THE NECESSARY DOCUMENTS, SUBJECT TO THE STANDARD CONDITIONS FOR MRA-ASSISTED PROJECTS, INCLUDING PAYMENT BEING MADE BASED ON COPIES OF INVOICES FROM VENDORS.

Jones seconded the motion.

Motion passed unanimously (4 ayes, 0 nays).

Overhead Utility Upgrade at North Higgins/East Main (Front Street URD) – TIF Request (Behan)

Behan said there are parts of a century old power grid still active in Missoula, primarily east of Higgins Avenue and south of Broadway Street. He said the system is adequate for current uses, but any kind of new uses or expansion of buildings, such as The Mercantile Residence Inn and Radius Gallery, will require a better, more modern power system. Behan said this project is an attempt to expand the modern power and replace the older power grid for five properties. Right now there are a series of poles and wire connections for power, light and communications.

Behan said all of the buildings on the 100 block of North Higgins Avenue have been purchased by new owners in the last 18 months and at least two of them will be majorly redeveloped in the near future. He said Brian and Karen Sippy are redeveloping their property at 120 N. Higgins for Radius Gallery and Nick Caras is looking at ways he can start upgrading the Radio Central Building, so they see this as an opportunity. He said Caras has taken the lead on this project and has been in contact with the other property owners and NorthWestern Energy. Behan said The Hub and Copperopolis are owned by a company out of Texas, and as relatively recent owners, they are not totally understanding what is going on so they will need extra time to figure out that this proposal is a good deal for them and hopefully will get on board with it.

Behan showed photos of the current conditions on the block, as well as photos of what it would resemble with and without The Hub and Copperopolis being on board. He said the hope is that they will be on board soon and come up with the funds to join the project. Behan said it will cost them about \$20,000 to do the conversions for the two properties. Buchanan said part of it is that they have current leases in place that are solid, whereas the other properties are redeveloping and have higher power needs.

Jones asked what the duplication in efforts would be if the owners of The Hub and Copperopolis decide not to join in on the project. She wondered if they would come to MRA in the future and want funds for the duplication of efforts. Caras said he thinks it is inevitable that they will want to upgrade. He said they stated in a letter that they want to install an elevator, which would require an upgrade. He said at the very least, the power line will be buried, so it won't be as onerous. He is hopeful the Texas-based owners will decide to upgrade and make it more of a usable and attractive alley.

Moe said she understands that the line will be buried, but she asked if the buildings that are not participating will connect to the buried line in the future, or if they will have to dig up the parking lot again in order to move what's in the air down to the ground. Caras said he didn't know. He said the \$20,000 expenditure by them is the hookup from the ground and they will have to pay for that in the future. He said it's what all of the property owners that are on board now are paying for. They will be able to hook up to the line. Buchanan said it will be a service connection and that is something MRA does not pay for. Englund asked if there will be a junction box that everyone connects to. Behan said yes. He said as he understands it, NorthWestern Energy will try to bury the line close to the backside of the buildings so that it is easily accessible. He said the amount they will have to tear up the parking lot will be minor to get to the main line that MRA would pay for. Englund asked if the Texas-based owners could upgrade in the future by upgrading the overhead line. Behan said no, and that except for the transformer, all power lines will be underground.

Jones asked when staff and Caras will know if the owners of The Hub and Copperopolis are on board. Caras said he is in discussions with them. He said the owner had a misunderstanding about how expensive it was, thinking they would have to pay \$60,000. Caras said he re-sent him the bids and told him his obligation would be much lower (\$20,000) and that it is worthwhile to do it now for the value of the building. The Texas-based owners told Caras they would need to think about it. Caras said he doesn't know if or when he will come around. Buchanan asked when the work is scheduled to be done. Caras said there is no date set. Behan said before they get a date they have to enter into a contract with NorthWestern Energy. Once they have an idea of where the funding will come from then they can complete the contract with NorthWestern Energy and get put on their schedule. Englund asked for an estimate of the schedule. Behan said the Sippys have had conversations with them to at least get the transformer set because they need to know what equipment they can order. He said Caras is doing electrical on one floor and needs to get the power solution figured out soon.

Jones asked about item #3 in the recommended motion that states "...written documentation from all landowners...", and asked if it includes The Hub and Copperopolis. Behan said he is asking that they approve the project, meaning they're okay with it, and they acknowledge their responsibility for the costs. He said he didn't put a timeline in there. Jones asked what happens if they don't want to do it. Behan said the pole will remain behind the buildings. Jones asked if the project will still move forward. Behan said that is his recommendation. He said doing it without their participation is better than what is there now, aesthetically. Jones asked if Behan's motion provides that flexibility, or if a project from the owners of The Hub and Copperopolis would come back to the Board. Behan said at this point he doesn't think it's clear that MRA would not assist them in a future project. Jones said right now it appears to her that the funding is dependent upon them agreeing,

and if they don't agree then there is no funding. Englund said they just need to agree that at some point in the future they will be underground at their own expense. Behan said they need to acknowledge their responsibility. Buchanan said she's not sure what form that acknowledgement would take. Moe said in looking at #3, she understands that MRA is providing everything for this project to upgrade, except each building owner's individual responsibility for costs associated with service lines, changing the power inlet into their buildings and changes to their building's interior wiring. Behan said that is correct. Jones recommended changing #3 to state an affirmative stipulation on MRA's part rather than a requirement of some action on the building owners of which MRA has no control of. Buchanan said the owners have time to make their decision up until NorthWestern Energy moves forward with it.

Englund asked for assurance that NorthWestern Energy isn't going to upgrade the overhead line in the future. Behan said he doesn't think they can, but he will verify that. Buchanan said NorthWestern Energy isn't going to upgrade the transformer hanging on the pole if the owner of The Hub and Copperopolis decide to upgrade down the line. She said it will be at the cost of the private property owner who is necessitating the upgrade to the power. It will be cheaper for them to hook into what is already in the ground to service their building than to change out the transformer and string new wires. She said she doesn't think there is any danger of the transformer being upgraded. Caras agreed. Behan said he will write a letter to all of the property owners so they understand that. Moe said it will be part of the motion as well.

Moe referred to #1 of the motion which states "Except for the transformer, if feasible, all power lines will be placed underground." She asked who decides the feasibility. Behan said there may be some wiring that might have to go on the side of the building instead of underground so he was trying to figure out how to say it. Moe asked Caras if he understands that some power lines cannot go underground. Caras said no, he thinks all of the lines servicing the buildings can be taken down. Buchanan said it seemed to her that in this case, the primary benefit of this is to have the buildings redeveloped in a modern way. The secondary benefit is the aesthetic benefit of getting the lines out of the air.

Moe said this is a significant amount of contingency in the Front Street Urban Renewal District (URD). She asked if there are other projects expected in the district. Buchanan said MRA didn't see the increases in certified taxable values that were anticipated. Moe asked if staff has been approached about other projects that will have a use for the funds. Buchanan said no, not at this point. She said this project leads to the upgrade of the Radio Central Building, which is a significant sized building in the district that has needed upgrading for a long time. She said it also allows the Sippys to develop their building and property the way they want to. She said it is a good use of funds.

Jones asked staff if they know of any plans to redevelop the Firestone building. Buchanan said Andy Holloran, who is doing the Mercantile Residence Inn project, bought the property. Right now they are staging construction from there. She said last time she talked to him about it he wasn't sure what he was going to do. She said it will be multi-story and she has encouraged him to do ground floor retail with residential above. She said he's successfully done it in Bozeman so the model is there. Reineking said redevelopment of it likely won't happen in this next fiscal year so MRA won't see a request for that property out of the

contingency. Buchanan said they are still on track to occupy the hotel in December and the contractors are working extended hours to make it happen. She said that potentially puts the Firestone building in play after the first of the year, but Holloran may need time to figure out what he wants to do with it. Jones asked if the utility upgrade will happen in FY19 or if it's possible it will go into FY20. Behan said it will happen in the next few months.

MOE: I MOVE THAT THE MRA BOARD APPROVE THE RADIO CENTRAL, LLC REQUEST FOR TIF FUNDS TO ASSIST IN COMPREHENSIVELY UPGRADING POWER TO FIVE PROPERTIES LOCATED ON THE 100 BLOCK OF NORTH HIGGINS AVENUE AND 100 BLOCK OF EAST MAIN STREET IN AN AMOUNT NOT TO EXCEED \$40,598. THE MOTION IS CONTINGENT UPON:

- 1. THE PROJECT MANAGER SHALL PROVIDE MRA WITH A COPY OF THE FINAL AGREEMENT WITH NORTHWESTERN ENERGY AS WELL AS COPIES OF ALL MAIN AND SERVICE POWER LINE EASEMENTS.**
- 2. MRA SHALL NOT BE RESPONSIBLE FOR COSTS ASSOCIATED WITH SERVICE LINES, CHANGING THE POWER INLET INTO THE INDIVIDUAL BUILDINGS, AND ANY CHANGES TO A BUILDING'S INTERIOR WIRING.**
- 3. REIMBURSEMENT WILL BE BASED UPON PAID CONTRACTOR INVOICES AFTER THE LINE HAS RECEIVED AND PASSED ALL NECESSARY INSPECTIONS.**

Reineking seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

2018 Bond Resolution, Series A&B, for MRL Property Purchase and Development (URD III) – Request for Approval (Buchanan)

Buchanan said MRA will issue bonds to reimburse URD III for the acquisition and development of the Montana Rail Link (MRL) property between Johnson Street, North and South Avenues, and the railroad tracks. The costs associated with the reimbursement are for designing and building the trail connection between North Avenue and Livingston Street, and the expenditures to date on the design and construction for the MRL Park and other construction and engineering expenditures for completion of the Park. She said MRA staff put out a solicitation to see if there was interest among private lending institutions for a private placement of the bonds. Most all of the bonds MRA has issued in recent years have been driven by the developer, and MRA has had the developer provide MRA with the private placement. This bond is initiated strictly by the City, so MRA put out a solicitation to First Security Bank, First Interstate Bank and Stockman Bank because those are the three financial institutions that indicated an interest in buying tax increment debt of a magnitude that this bond represents. Buchanan said all three banks responded. Stockman Bank was not interested because it couldn't be bank-qualified, meaning the bank gets a tax break. First Interstate Bank was unable to lock in an interest rate for a 25 year period. First Security Bank was the only positive response MRA got and Buchanan said their terms are very favorable. She said one of the biggest advantages in going this route is that the bonds are callable at any time at MRA's discretion. She said the interest rates are competitive, the bond is callable, the fees associated with doing it this way are much more minimal than with

a public sale, and there is a 0.5% loan origination fee and attorney's fees which won't exceed \$1,500.

Englund asked why some of the bonds are taxable and some are not taxable. Buchanan said it is because the northern portion of the land that was bought is revenue-producing because there are tenants there. Also, she said they don't know how it will develop. It may be public-private partnerships and she said to be conservative and on the safe side they are saying that portion of the land purchased is going to be taxable. Construction of the trail, construction of the Park and the purchase of the land that is housing both of those is tax exempt because it is all public use. The Series A bond is taxable and the Series B bond is tax-exempt.

Buchanan said MRA has recommendations from financial advisor Springsted Inc. in Minneapolis, MN. She said they recommend MRA accept First Security Bank's terms and staff would like to forward it onto City Council for approval as soon as possible.

Moe asked what the timing is on the Fairgrounds and how it will affect this. Buchanan said it will be a separate project altogether. She said it could come out of cash or a debt instrument. She said the Fairgrounds isn't going to do anything until next year sometime and MRA didn't want to pay interest on \$1 million plus dollars waiting for it to be ready to happen.

REINEKING: I MOVE THE MRA BOARD FORWARD THE RESOLUTION ENTITLED "RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF \$3,921,186 PRINCIPAL AMOUNT OF TAX INCREMENT URBAN RENEWAL REVENUE BONDS (URBAN RENEWAL DISTRICT III), CONSISTING OF \$1,239,404 TAXABLE SERIES 2018A AND \$2,681,782 SERIES 2018B, TO FINANCE THE ACQUISITION OF THE MRL PROPERTY AND UNDERTAKING OF CERTAIN IMPROVEMENTS THERETO; AND PRESCRIBING THE FORM AND TERMS THEREOF AND THE SECURITY THEREFOR" TO THE CITY COUNCIL WITH A RECOMMENDATION FOR APPROVAL AND AUTHORIZE STAFF TO REIMBURSE URD III FOR ELIGIBLE COSTS INCURRED AS A RESULT OF THE PURCHASE AND DEVELOPMENT ON THE MRL PROPERTY WHEN THE BONDS ARE SOLD.

Moe seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Moe asked when it would go to City Council. Buchanan said if she can do a referral today it will be in front of Council Committee next Wednesday, approved by Council the following Monday, and will close September 13th.

West Broadway Island (URD II) – Request to Approve Final Design, Bridge Engineering and Construction Management (Behan)

Behan said the eastern two-thirds of the West Broadway Island was purchased by the City in 2011 using TIF funds and added to its conservation land holdings. In 2013, the MRA

Board authorized entering into an initial design agreement with Morrison-Maierle. He said over the last five years Morrison-Maierle has been working on several different scenarios for flooding, security, and other issues that have changed over time. Behan said the agreement was for just under \$116,000. There have been some changes to the agreement over time. Those include an additional \$2,900 for survey work for a parking lot, \$10,500 for engineering and geotech analysis for putting a trail on the north side of the ditch, and more recently for \$5,000 for development of bid documents to be ready to advertise for contractors by the end of August to do some cleanup work on the island.

Behan said the overall vision is to have two bridges. One would be on the west end where there is an existing bridge. The vision also includes a small parking lot for public use on the west side, making it more inviting. The other bridge would originate from the public parking area near Imagine Nation and cross over onto the island..

Behan said one of the larger components is addressing the weed species in this area and replacing them with native riparian-type habitat. He said the Conservation Lands division of the City of Missoula Parks and Recreation Department has been very active in the area. They have planted hundreds of trees there. Some of the groupings of plantings were done purposefully to guide people walking in the area.

Behan said there is one breach that has happened a couple of times along the southern bank of the irrigation ditch. The Ditch Company has attempted to plug the breach with whatever material they had on hand. In response to some encouraging by Missoula County they did a nicer job last year in fixing it, unfortunately it wasn't done to proper standards and suffered quite a bit in this year's high water. Behan said it will need to be worked on.

One of the current issues with the island is that there are a lot of homeless people occupying the island and they are very aggressive. Behan said it is taking up a lot of time for the Police Department to deal with it and the folks at Conservation Lands who are trying to clean the area weekly are ending up with hazardous materials and medical waste that they should not have to deal with. Behan said the nearby neighborhoods aren't using the area because it is a scary place to be. He said Conservation Lands have taken out the non-native species plant material which has removed a lot of the living quarters, but they don't have the equipment or manpower to do the same thing in the area where the trail is going to go. Behan said this summer the undesirable activities down there have come to enough of a fevered pitch that Buchanan approved a figure of just under \$5,000 to have a private company come in and do the same kind of clearing. Behan said it's a pre-construction clearing that would have happened with the contractor and it will be taken out of the bid.

Englund asked if the bridges are driveable. Behan said the existing bridge is and it can take heavy equipment. Behan said Morgan Valliant, City of Missoula Conservation Lands Manager, has said that the City has a vehicle that can access the land easily by crossing the bridge and moving through the area. Behan said it has been a game changer in terms of the negative activity seen by Conservation Lands. Behan said the other bridge is pedestrian only. He said it will have stairs that will be able to be folded up and removed from the island side in the event of a flood.

Right now, Behan said they are ready to move forward with the second part of engineering in an amount of \$110,791. When this is added to the previous expenditure of \$115,000, the total project will be between \$400,000-\$500,000 with construction. Behan said Morrison-Maierle has put together an hourly budget for each one of the activities as “their worst case”, recognizing that they do not want to come back and ask for more money. He said they are paid on an hourly basis and to date the hours they have put in have been very accurately reflected. Behan said he thinks there are opportunities to be able to save money in contract administration and some of the design for the bridges. Behan said the staff recommendation is to approve an amount not to exceed \$110,791 for services including final design, bridge design, final document preparation and construction administration.

Craig Schaeffer, Morrison-Maierle, said Behan described the scope of work well in his recommendation. He said they tried to put a realistic accounting of the hours they can guess at this point that it will take to get the project built and have it open and accessible to the public.

Moe asked what the City got for the initial \$115,000. Behan said pretty much everything up to this point. The non-native weeds were cleared out, they made a decision on what to do with the new bridge, most of the engineering is done for the trail and existing bridge, they got permits, etc.

Moe asked what the status of Max Wave is and whether or not it’s going forward. Buchanan said they are steadfastly chipping away at the permitting process. She said it is moving forward and there are some political decisions that have to be made relative to Max Wave. She said there has been a fundamental change at the Montana Department of Natural Resources and Conservation (DNRC) in terms of their interpretation relative to projects in the river. She said no longer can a non-profit be the applicant or the owner for the permits so it has to be the City, County or State. Buchanan said it is strictly a Montana policy that DNRC has implemented in the last couple of years. She said that was a game changer because it had been proceeding much like Brennan’s Wave with the non-profit as the applicant. She said right now the City is a co-applicant in the permitting process, which can be done under the Mayor’s authority. But whether or not the City Council wants to take ownership of Max Wave is a decision they will need to make upon successful permitting for the project. Englund asked what the timeline is. Buchanan said the goal is to try to get in front of the Land, Use and Planning (LUP) Board this fall.

Moe asked what the State of Montana is doing on their portion of the West Broadway Island. She asked if the aggressive population will just move west once the City has cleaned its portion. Behan said they hired the Conservation Lands team at the Parks Dept. to go ahead and extend their clearing to the rest of the island. The Police Dept. has unlimited access there as well and they, along with Parks & Rec, are treating it as one whole area. Behan said the area north of the ditch will require some separate actions.

Englund asked if the clearing in and of itself solves the aggressive behavior. Behan said a couple of things have to happen. There has to be sight distances for people to feel secure and populate the area, as well as for the Police Department. Behan said there were a lot of thick areas that people could burrow into and not be found easily so this will reduce that. He said the culture of what is down there will need to be changed. The two exits will allow

people to get off the island more easily if there is a problem. He said it will take a little while to get it to a point where people feel comfortable there. Reineking asked if there will be lighting. Behan said no. However, he said there will no longer be tangles of vegetation so people will have better sight distances. Moe asked if the police were committed to their role in this. Behan said if MRA is able to get a lot of this project done, they will be able to minimize their time there. He said they will be able to assign patrols there instead of constantly responding to calls there.

Reinking asked if there will be any public amenities there to encourage use. Behan said there could be some, but will have to be taken out seasonally. He said they have to be cautious because the City wants it to be more of a natural, riparian conservation land rather than a park. He said it's so close to neighborhoods there may need to be some flexibility in that. Englund asked if the north side is going to be a separate project. Behan said it's just now being looked at because the issues are starting to come to a head.

Buchanan said when she lived at the Wilma the transformation in the activity that Brennan's Wave brought on Caras Park was significant. She said the same thing will happen with this project. Reineking asked if the bridges will have ADA access. Behan said full accessibility will come from the existing bridge. The new bridge with the removable stairs will have some accessibility. He said the trail will be fully accessible. Buchanan said if the Max Wave moves forward, the way it is designed right now, there will be two trails that are ADA accessible down to the water with platforms.

Jones said the river is a critical component of the culture of Missoula and this is a very worthy project in her mind. She said the fact that MRA is taking care of the river further, and extending the downtown area, is a very positive direction and use of MRA funds.

JONES: I MOVE THE BOARD AUTHORIZE AN AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL SERVICES FOR WEST BROADWAY ISLAND PROJECT BETWEEN MORRISON-MAIERLE, INC. AND MRA IN AN AMOUNT NOT TO EXCEED \$110,791 FOR SERVICES INCLUDING FINAL DESIGN, BRIDGE DESIGN, FINAL DOCUMENT PREPARATION, AND CONSTRUCTION ADMINISTRATION.

Moe seconded the motion.

Englund said he agrees with Jones and also recognizes the historical aspect of it. He said MRA has been working on it for years, and not because of unreasonable delays. He said it is a project where almost everything that complicates real estate deals has happened, minus environmental cleanup. He thanked Morrison-Maierle, MRA staff and Max Wave for methodically working through the issues.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

NON-ACTION ITEMS

Moe said she didn't see Hotel Fox on this agenda and said the Board had asked for a report from them. She wanted to know when it would be coming. Behan said they are scheduled

for September. He said they were scheduled for this meeting and the folks that normally come are so consumed with a couple of other projects here and in Billings that they couldn't put anything together. Englund said the same is true for the economic study report that MRA helped pay for with the Missoula Economic Partnership (MEP). Buchanan said she has talked with the Mayor about it and she will get Jeff Fee in to make a presentation. Englund asked that in the future, if MRA funds a study, the standard motion contain something that says soon after it's complete the results are presented to the MRA Board. Moe said within a month is adequate time once the report is complete. Buchanan said staff will do that.

Moe asked about the aerial photography. Gass said it will be done next spring. He said there was a change to the licensing between the aerial photographer and the City which took enough time that it got too late in the spring to do the photos. Gass said he did talk to a local company that can do large map printing. He said the license allows for yearly renewal and the MRA and City will be able to affordably update it on a shorter rotation basis than it does now.

Englund said a previous agenda had a request for additional funds for the Mercantile Residence Inn. It subsequently was taken off the agenda, but there was a building walk-through scheduled. He said he was a little uncomfortable with that and didn't know if the Board was getting some kind of special treatment. He said the Board doesn't want any special treatment and said if they have to see it that is one thing, and if everybody else is getting walk throughs then that's another thing. Buchanan said there have been a lot of walk throughs there and they are pretty generous in sharing with folks that want to see it. Englund said he wanted to avoid any perception that the Board is getting special treatment in exchange for funding.

Buchanan said Reineking had asked her for some usage numbers for the South Reserve Bike-Ped Bridge. Since the 1st of January, the eco-counter counted over 11,000 pedestrians and 30,500 bicyclists for a total of 41,500 trips across the bridge since January 1st. The counts include a lot of winter month usage. Buchanan said with increased usage at Fort Missoula Regional Park they will see the bicycle numbers continue to increase. She said there is also an eco-counter on the new trail section along the MRL property and staff will be getting some numbers from that. She said there were several hundred people a week using it before it was officially opened. Reineking said she asked for the counts because she has had people randomly mention to her how much they appreciate the Bridge and like using it. Gass said they are hearing a lot of random positive feedback on the trail. He said the contractors have told him those using the trail will go by and say thank you and/or give them a thumbs up. Englund and Reineking said they used the bicycle crossing at South Avenue and it worked well and quickly.

STAFF REPORTS

Budget Reports

Dunn said she was unable to get the Budget Status reports done, but she plugged the new taxable values the City received into the FY19 Budget document. She said MRA is still using last year's mill levies. She said it did change the contingency numbers, URD II and URD III lost value and the other districts saw increased values. Dunn said when all of the mills are adopted, the tax increment revenue will be adjusted.

Dunn said she talked with Buchanan about the North Reserve-Scott Street (NRSS) District, which is doing really well, because it owes URD III money for its Master Plan. She said Buchanan wants to go ahead and have NRSS District reimburse URD III. Englund said if URD II and URD III lost money then the drop in taxable value numbers for the City being related to the Urban Renewal Districts is a misconception. Buchanan concurred. She said URD II lost significant revenue and the increase in Front Street didn't come close to being what staff thought it would be because of the ROAM student housing and the Mercantile Residence Inn, which were both well under construction as of January 1st.

Buchanan said she thinks the general conclusion is that a lot of people successfully appealed their taxes last year. Those adjustments countered whatever increases MRA should have seen. She said the City is getting data on all the parcels in the city to analyze what is going on and hopefully do a better job projecting revenues. She said the declines in URD II and URD III are shocking. She said Behan took a look at residential and commercial valuation formulas, which are different, and came up with a blend of those and applied it to the reduction in taxable value and in URD II it equated to almost \$9 million in market value loss. In URD III it was a little over \$4 million in market value lost. Buchanan said staff is at a loss to know where it came from. Some of it is Mountain Water, but there are payments "in lieu of" taxes that will be made by Missoula Water to compensate for it paid out over a period of years. However, she said that isn't nearly enough to explain what happened in URD II. She wondered how you lose almost \$9 million in market value with all of the development going on in the Old Sawmill District.

Buchanan said one of the ways that the City budget is being proposed to be balanced for the City's General Fund is a one-time remittance of TIF funds in the amount of about \$750,000 to the City, which then aggregates into about \$2.7 million total for all of the taxing jurisdictions. Buchanan said the good news is that URDs II and III are still very healthy in spite of the lower taxable values and reimbursements.

Buchanan said she'd hoped the Board could take some action on affirming that MRA is okay being a partner in trying to solve this problem and make a recommendation to City Council. She said the remittance methodology wasn't created until it was too late to get it on this agenda. She said the City's budget is set for final approval on August 27th so MRA would need to have a meeting next week if the Board wants to send a recommendation.

Englund said he thinks it is important that MRA take an affirmative step to be a part of it. He said he hopes this is an anomaly this year and the City works its way through it. He said at this point the City has some issues and he has heard the County does as well. He said he can't imagine the School Districts don't have issues too. He said he thinks it is the responsible thing for MRA to do if it can identify a way to do it. Buchanan said she thinks MRA can. She said if it becomes a recurring thing on this scale then there would be a problem and it wouldn't take long to bankrupt the districts.

Reineking said she is concerned about potential recurring asks. She said just the idea that the funds are not already committed does not mean that they're not needed. She said there are projects out there that would require a lot of money and in URD III the Better Utilizing Investments to Leverage Development (BUILD) transportation discretionary grants come to

mind (formerly Transportation Investment Generating Economic Recovery (TIGER) grants), which would take a lot of money to redo the Brooks Street corridor. She said the money is critical for redevelopment of that area and potentially for housing. Also, Reineking said she thinks about the need for more housing in Missoula that is affordable or attainable and how MRA can help with that. She said MRA funds aren't committed to any of those projects, but she said she likes knowing they are available for potential projects. She said she is concerned about it, but also understands MRA is part of the City and can help. Buchanan said hopefully this helps people appreciate the tool. If there were no URDs in the City of Missoula, this source of funding would not be available.

Englund said he doesn't understand the process. Buchanan said this has happened so quickly and unexpectedly that it is difficult to have a process. Englund said MRA needs to be clear on what the process is and needs to be at the table for the process, more so to address what might be the short-term issue.

Moe said she agrees with everything that has been said and wondered if it was a problem unique to Missoula. Buchanan said it is all over the board. She said all of the cities are talking right now through the League of Cities and Towns. She said Whitefish and Bozeman got hit while Great Falls did great. She said there is no consistency and if part of it is property tax appeals she doesn't know if it happened on the same magnitude in every city or not. Buchanan said she has talked with Dale Bickell, Chief Administrative Officer (CAO), and they are at a loss as to how to explain URDs II and III. Moe said she is concerned what the League of Cities and Towns thinks something like this might have as an effect on tax increment legislation. Buchanan said one of the reasons for the League of Cities and Towns network is this process of getting a common message and set of data together regarding TIF. Behan said the group meets again on September 5th so it will be at the top of the agenda.

Moe said she appreciates the fact that TIF financing has allowed MRA to initiate a lot of other projects in the City, like curb and gutter and sidewalks, without having a request or financial situation that urged MRA participation. Englund said MRA started that and did small chunks when there wasn't a lot of work and helped to keep some of the small contractors, who may have otherwise gone by the wayside, working. Reineking said it is an obvious example of how MRA is meeting the mission of eliminating blight and generating economic development.

Discussion ensued regarding setting up a Special Board meeting to discuss remittance of tax increment funds.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:40 p.m.

Respectfully Submitted,

MRA Condensed Board Meeting Minutes
August 16, 2018

A handwritten signature in cursive script that reads "Lesley Pugh".

Lesley Pugh