

# MISSOULA REDEVELOPMENT AGENCY

## CONDENSED BOARD MEETING MINUTES

June 17, 2021

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, June 17, 2021 via Zoom at 12:00 p.m. Those in attendance were as follows:

**Board:** Karl Englund, Nancy Moe, Ruth Reineking, Melanie Brock, Tasha Jones

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

**Public:** Emily Brock, Missoula County Fairgrounds/Missoula Midtown; Josh Kendrick, Missoula Midtown; Mark Edgell, Edgell Building, Inc.; Craig Schaeffer, Morrison-Maierle; Gwen Jones, Missoula City Council; David Erickson, Missoulia; Ada Stepleton; Jane Van Fossen; John Corwin, Missoula Downtown Partnership; Diane Stensland-Bickers; Lauren Hutchison, Missoula Midtown; Missoula Access Community Television (MCAT)

### CALL TO ORDER

12:00 p.m.

### APPROVAL OF MINUTES

April 15, 2021 Regular Board Meeting Minutes were approved as submitted.

### PUBLIC COMMENTS AND ANNOUNCEMENTS

Dunn noted that some members of the MRA Board and staff toured the new Missoula Public Library on June 15th. Geoff Badenoch led the tour and Dunn said it was fantastic and it's a beautiful facility for the city. She announced that there will be a retirement party for Chris Behan at Silver Park Pavilion on Thursday, June 25<sup>th</sup> from 4:00-8:00pm.

Behan said the first public workshop for the planning of the Scott Street Property in the North Reserve-Scott Street (NRSS) Urban Renewal District (URD) will be on July 12<sup>th</sup> at the Burns Street Bistro. There is a page on Engage Missoula with all of the details.

Reineking said the Parks & Recreation Dept. is having an event tonight for the community center they would like to build in the McCormick Park area. There is also a page on Engage Missoula for it.

Englund noted that this is Chris Behan's last official Board meeting. For and on the record, he wanted to express on behalf of all the Board their deep appreciation for a long and dedicated career of public service during which he has displayed every single time they've dealt with him, a remarkable level of confidence that is unmatched. Behan did so with patience and determination and civility and respect for all of the Board and everyone. Behan has accomplished way too much to even begin to list, but needless to say he has made Missoula better, the Missoula Redevelopment Agency better, and City government in Missoula better. Englund said the ultimate compliment that his father could make about somebody in their work was to say that they were a total pro. Behan has been a total pro. Not only that, it has been the Board's great pleasure to work with him and they will miss him. The Board wishes Behan the very best in his well deserved retirement and the next phase of his life.

### **ACTION ITEMS**

#### **Brooks Street TOD/BRT – USDOT RAISE Planning Grant (URD III) – TIF Request for Matching Funds (Marchesseault)**

Marchesseault said the Midtown Mojo group has been taking bite-size pieces out of the Brooks Corridor TOD/BRT (Transit-Oriented Development/Bus Rapid Transit) concept/strategy. HDR Inc. have submitted a fee proposal for what they think will take them through a Feasibility Study and fully vetting the center-running BRT concept that is the spine of Midtown, and then using the BRT strategy as a way to be a catalyst for TOD in Midtown which would hang off of Brooks Street. Midtown Mojo asked HDR not to rush into their proposal until they knew they had the Montana Department of Transportation (MDT) fully engaged and a committed partner on the project, and until they had a good understanding of the right-of-way (ROW) needs the center-running BRT concept would require.

Marchesseault said HDR is currently working on those two items. There is a draft Memorandum of Understanding (MOU) with MDT that is going through review by MDT and the City back and forth so there is a comfort level on both sides. She said Midtown Mojo is very encouraged with every meeting they've had with MDT because they find the TOD/BRT concept intriguing and it could address some of the challenges they are concerned about on Brooks Street as well. Marchesseault said HDR has proceeded with ROW examination and survey. They expect to be completed with that in the next few weeks.

Marchesseault said the thought is that once those issues are resolved they would pick up the remainder of the scope, seek funding and continue getting through the feasibility phase. In April 2021, the USDOT (United States Department of Transportation) Secretary of Transportation, Pete Buttigieg, issued funding for RAISE (Rebuilding American Infrastructure with Sustainability and Equity). They have \$1 billion for capital improvements and in addition to that, \$30 million earmarked for planning projects. Midtown Mojo feels as if the RAISE grant was written for the Brooks TOD/BRT project they are planning to undertake. They decided they should apply for a planning grant to complete the Feasibility Study and it will put them in a position to then pursue federal funding for construction funding.

Marchesseault said the application date deadline for the RAISE grant is July 12<sup>th</sup>. MRA staff will lead the application process and HDR will be providing assistance with examining the scope and what they think the fee would be. Marchesseault said they don't yet have that information from HDR, so it is kind of a moving target. Staff expects, based on the scope

and fee provided about a year and a half ago, that it is somewhere in the range of \$300,000-\$500,000. HDR is taking a look to see if there are other tasks that might be helpful to get them in a position to apply for federal funding not just for the RAISE program, but also other small starts and federal programs.

The project, per the definition of the RAISE program, falls within a rural area because the population is under 200,000. The bulk of the Brooks corridor falls within census tract 10 and 12 and both of those, per the RAISE grant definitions, fall within areas of persistent poverty. Being within those categories, technically the application is not required to provide a match. However, Midtown Mojo has received recommendation and advice that having available local funding, whether it is categorized as a match or available funding for unknowns and cost overruns, is a good strategy to signal to the evaluators that there is some skin in the game and there is funding available so it's not an under-funded project.

Marchesseault said staff is requesting the MRA Board approve up to \$50,000 to be made available either as a match or as available funds for cost overruns. They are still in the process of writing the grant application and nailing down exactly how the funding would be characterized in the application. Mountain Line has been an equal partner with MRA through this entire process, and funding has been provided through the Metropolitan Planning Organization (MPO), Fairgrounds, and Missoula Midtown Association. Mountain Line has earmarked \$30,000 to provide a match or cost overrun in their budget for this. Marchesseault said she wrote the recommendation to categorize this funding specifically as a local match.

Englund asked what the deliverable is at the end if it is funded. Marchesseault said if they are successful with the RAISE grant, it would be used to fund a Feasibility Study that would include public engagement, detailed traffic analysis, environmental compliance and the opportunity to bring in concept engineering which would get it to a 30% design level. At the end of the day, it is a Feasibility Study to confirm with a high level of confidence that this is a concept that will work and Midtown Mojo can apply for capital funding with a high level of confidence that it will work, get constructed and be successful. Englund referred to the recommendation for \$50,000 to be committed towards a local match and asked if they add the wording "or funds available for a USDOT FY21 RAISE Planning Grant", if that would work and give flexibility. Marchesseault said both. Englund asked if in the actual writing process is when they decide if they offer the match, or funds available, or both. Marchesseault said yes. Buchanan said the regulations say for rural applications there is no match required. Her experience is that if there is a match that is designated as a match they will have a better chance of getting that funding approved. The Transportation Investment Generating Economic Recovery (TIGER) Grant that built the Missoula to Lolo Trail was a rural TIGER Grant that had no match requirement whatsoever, but City and County both provided matches for that Grant and it made it a stronger grant application and secured funding. They may want to take the combined \$80,000, should the Board approve today's request, and allocate a certain amount of it as a match in the grant application and a certain percentage of it to be available should there be cost overruns. Buchanan said that will give them a double whammy as she finds it hard to believe that the folks reviewing the applications simply dismiss the fact that there is a local match and real skin in the game. Englund said even though a match isn't required, if a match is offered and they get the grant they will take the match. Buchanan said yes, that is part of the approval.

Marchesseault said she has been communicating with someone at HDR whose job is to put together these applications for federal funding. He said in some circumstances if a match wasn't offered, but the evaluators really like the project, they will come to you and say they really like the project but they can't fund it at 100% ask if you can you provide a match. She said there is negotiation that happens along the way and her guess is that if they were to commit a match they probably would not say to hold onto the money because they're going to give us 100%. Buchanan said the match will show up as a line item in the budget proposal. She said in her opinion, if they put it out there it is committed.

Moe said if this application is successful then the goal of the RAISE grant at its completion is to have a product that qualifies for additional future federal funding, state funding or whatever may be available. Marchesseault said that was correct. It gives them a high level of confidence that they have a construction project that will be successful and accepted by the community and MDT, and is a really good candidate for federal or other funding. She said they don't know the construction budget yet, but it will be identified in the Feasibility Study. Federal funding will be required and there may be a combination of funding needed from federal and local sources. They will be identified in the Feasibility Study. Marchesseault noted that the RAISE grant does not want projects to come back a second time to request more funding. Midtown Mojo wanted to have assurance that if they apply for a planning grant it does not preclude coming back and requesting funding for capital improvements and for construction funding. Marchesseault said they confirmed that and the intent with the planning grants is to assist with this sort of planning as a feeder into construction projects.

Moe asked how long the Feasibility Study would take if it is approved and if there is a deadline set for it in the RAISE grant application. Marchesseault said if successful, the announcement would be made in November. They do not require a time frame, they do require the money be obligated and starting to be spent in 2024. Marchesseault said Midtown Mojo feels they would be able to start right away because they already have HDR on board and they understand the project and were part of the team that came up with the concept and are helping put together the scope. It is something they can move into quickly. She guessed it would take less than two years to complete the Feasibility Study, given they are as far along as they are. Marchesseault said they will need to define that when they submit the application.

Brock asked if the guesstimate for reconfiguring Brooks Street is \$50-\$60 million. Marchesseault said that is the guesstimate at this point. Brock said that is a big number. Buchanan said that is why they have to depend on federal funding. She said the Administration right now cares about sustainability and sustainable development and is very into economic development. This project checks all the boxes. It happens to be sitting in the middle of an URD that has a fairly sizeable bonding capacity and a clock ticking. The sooner it gets done the better because right now MRA could provide a sizeable match in TIF funds that would make it extremely competitive. Buchanan said in her opinion this is the single, most important project that could happen in URD III.

Reineking followed up on Brock's comment and said the \$50-\$60 million for achieving this includes not just the construction on the street or BRT, but also includes the cost of

acquiring any ROW. Marchesseault said they believe so. Reineking said the Feasibility Study will identify what the ROW needed is. Marchesseault concurred and said it will also give potential costs for acquiring ROW. In addition to that, one other scope item that was not in the scope HDR submitted a year ago is taking a look at the rolling stock and other operational costs that Mountain Line would require to make BRT successful.

Reineking asked if there will be something in the Feasibility Study that identifies the economic benefits to doing this and how it could positively impact development of the Brooks Street corridor, much of which is in the URD. Marchesseault said the planning grant does not require a detailed cost-benefit analysis and they will not be preparing something that detailed for the planning grant. A cost-benefit analysis will be required when applying for a capital grant. Marchesseault said they won't have detail, but will have information on the economic and safety benefits. She said they can't really stitch Midtown together until they can safely get across the street. Reineking agreed that safety is a big factor there. Marchesseault said they can't do really good, strategic urban design until they know they can stitch Midtown together across Brooks Street. They won't have a detailed cost-benefit analysis, but they will have enough information to know that they can get safe stitching across Brooks Street and will have a much more robust, economic and retail/commercial/housing TOD in Midtown. Reineking said she doesn't think it needs to be detailed, but it does need to be clear that there is benefit to doing this that is not just about a bus running up and down the middle of the street, but that there is a much broader and deeper benefit to this. Marchesseault agreed and said she has been working on getting the narrative to tell the story. The word she has come across is using BRT as that "catalyst" they need to make a successful TOD that includes the economic, housing and pedestrian attractive corridor.

**MOE: I MOVE THAT SUBJECT TO AVAILABILITY OF FUNDING FOR SUCH GRANTS, THE MRA BOARD APPROVE FOR UP TO \$50,000 IN URD III TIF FUNDS TO BE COMMITTED FOR A LOCAL MATCH FOR A USDOT FISCAL YEAR 2021 RAISE PLANNING GRANT APPLICATION AND SUCH FUNDS APPROVED BY MRA ALSO AVAILABLE TO FUND UNANTICIPATED COSTS OF THE STUDY.**

**Reineking seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**Scott Street Village – Phase 3 Apartments (NRSS URD) – TIF Request (Behan)**

Behan said he appreciated the Board putting up with yet two more of his memos with lots of typos, run-on sentences, sentences made up of different ideas and thoughts, cuts and pastes, and now technological glitches.

Behan shared his screen of the project area. He said this project started toward the infancy of the NRSS URD. The original Phase 1 was packaged with other developments in the area that now are contributing to MRA's ability to participate in projects like the Villagio Apartments and others. Behan said Scott Street Village has always been envisioned as a three-phase project. The first phase was 24 single-family homes and six townhouses along

a new access of Village Way. It was constructed in 2015. Phase 2 was construction of 18 townhomes and six single-family homes along the newly improved Shakespeare Street. Phase 3 was always thought of as being apartments. In the intervening years as Edgell Building, Inc. was looking at how the market was working, they gathered information from many sources and came up with a project that will include three, three-story buildings. There will be 71 apartments with a variety of sizes from studios to large two-bedroom/two-bathroom. It will be a vertical neighborhood with families of different income levels.

Behan showed renderings of the proposed buildings. He pointed out that parking is to the sides and back of the buildings. There is a large area between buildings 1 and 2 that is a common area. There are green spaces in and around each of the buildings and there will be a large, boulevard green space along Rodgers Street. Rodgers Street is extremely narrow and was platted as an alley along Phase 1 and 2. What happens in Phase 3 is that it becomes too wide for a neighborhood street, so it will become boulevard area for folks to enjoy some green space.

Behan said the application shows total project costs of just under \$10 million. The request for TIF assistance is \$74,469 and includes a public sewer main, sidewalk/curb/gutter along Rodgers Street, driveway approach in Rodgers Street ROW, and ROW landscaping in Rodgers Street. The public sewer main will be maintained by the City and available for future developments to the south including the City's Public Works site and the Scott Street Property development, as well as being able to be pulled up to Rodgers Street should a grid system ever be put along those streets. Behan said the developer has tried to make Scott Street Village an extension of downtown and hopefully they will be able to continue that along the way.

Mark Edgell, Edgell Building, Inc., said one change they will have is updated elevations. Edgell's architect and the City are working together because they want more of a front entrance on the side facing Rodgers Street which will make it look nicer. Edgell said they appreciate the opportunity and look forward to getting this project going and finishing up the site so they can move onto other projects in the area.

Reineking said she appreciates everything Edgell Building, Inc. has done over the years to supply housing that people can afford in this neighborhood. She emphasized that in the previous Phases they were closer in the target ratio of public to private investment, but it is worth mentioning that the ratio of TIF eligible items in this application to private investment in this application is 1:131, with construction costs only as 1:111, and that is pretty good. She said MRA trusted that Edgell would complete this Phase 3 and that it was worth putting the improvements into Phase 2. It has worked out just the way they hoped it would and Reineking thanked everyone who has worked on it.

Moe concurred with Reineking and thanked everyone as well. She thanked Behan for the information in his memo on recycling for the units once they are constructed. She asked what the plans are for the Rodgers/Shakespeare/Scott Street improvements in this area. There is no curb and gutter and the roads need upgrading. Edgell said they haven't received much information from the City about it. They've had a few site changes. The sidewalk juts sharply down towards the three buildings because the ROW follows that line. Public Works & Mobility is hoping to have an answer in the next year or so as to what will

actually happen. They are putting sod in so there is some type of buffer there and will wait until they have more direction from the City. Behan said there is a disagreement on what Rodgers Street would be in the future: an arterial street, commercial street, or truncated/neighborhood street. He said the direction its going is for it to be a neighborhood street. Each time MRA has worked with Edgell they have done the curb and sidewalk on that side. He said it can't be made a neighborhood street until there is a way to push the trucks and other industrial users off of Rodgers Street and onto another route. At this time, Turner Street near the north side of the former White Pine buildings will be opened up and it will be a truck route. It will intersect the Montana Rail Link (MRL) ROW and then move over toward Cemetery Road. That will have two streets going north, Bulwer and Burns. Behan said as this area starts to develop, particularly with the Scott Street property to the south of this development, there will be other ROWs and they'll be able to work on Rodgers Street and make it what it was originally intended to be in terms of a neighborhood street.

Moe asked if there is a vision for the sidewalk going to the east to be a sidewalk to somewhere. Behan said yes. There is a plan in the NRSS Master Plan for a trailway along the east side of Scott Street that will end up circling down to hit the public trails along the railroad.

**JONES: I MOVE THE MRA BOARD APPROVE UP TO \$74,469 IN TIF ASSISTANCE FOR ELIGIBLE ITEMS WITHIN EDGELL BUILDING, INC.'S SCOTT STREET VILLAGE PHASE 3 PROJECT LOCATED AT 1315 RODGERS STREET AND AUTHORIZE THE CHAIR TO SIGN A DEVELOPMENT AGREEMENT TO DOCUMENT THE APPROVAL UNDER THE STANDARD CONDITIONS TO INCLUDE:**

- 1. REIMBURSEMENT SHALL BE MADE BASED ON ACTUAL COSTS OR APPROVED ELIGIBLE ITEMS AS EVIDENCED BY PAID INVOICES.**
- 2. THE DEVELOPMENT AGREEMENT SHALL INCLUDE A PROVISION THAT A RIGHT-OF-WAY LANDSCAPING PLAN BE APPROVED BY MRA STAFF.**

**Moe seconded the motion.**

Englund thanked Edgell for their good work on Phases 1 and 2 and said the same will happen with Phase 3. Edgell thanked the Board and said they will get moving as soon as they get building permits. Behan added that the Edgell's have TIF down and have participated in projects in URD II and the NRSS District. They are eyeing properties in other Districts as well as those two Districts again, so MRA will see them in the future on other projects.

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**500 Block of Burton Street – Improvements (URD II) – TIF Request (Behan)**

Behan showed a map of the project area. Over the course of several years, MRA purchased the Broadway Island property and eventually hired Morrison-Maierle who worked with MRA for the better part of a decade to try to get the West Broadway Island project rolling. The Island project was in two different parts. One was the Island core mission of the project to upgrade the bridge at the end of Burton Street, build a new bridge at the east

end, build a trail in between and remove non-native species to make the area a part of the viable riparian habitat in an urban area, and be able to start changing the culture in that area by increasing the number of public down there to reduce illegal campers and illegal activity. As it turned out, the pandemic started about the time the area was opened up and a lot of things were going on. Ultimately, a lot of folks ended up camping along the riverfront here and out by Reserve Street. Behan said the City has done an amazing job of trying to get some of those people into housing, but it is still an issue. The culture change did not happen as hoped. The City has now stopped all activity there and is doing a remediation of sanitary and other potential hazards on the Island.

Behan said at the same time MRA was working on the trail and bridges, Alex Subrayan came to MRA and received funds for demolition and sidewalk replacement to build a new apartment building. It was completed a few months ago and the area is quite pleasant. The original plan included a sidewalk/trail in the blue area shown on the map. The green areas are landscaping. It did not really fit with where the Parks Dept. wanted to go right there. They wanted to put most of the trail users onto Burton Street and make it a travel street for pedestrians. The sidewalk will be about 12 inches away from the fence there, making it also about 8-12 inches away from the apartment building windows. Subrayan worked with City Engineers, Parks Dept., and Craig Schaeffer from Morrison-Maierle to see if there was a solution to that. The plan will continue as shown on the map. Behan said it is a shame that they couldn't figure out a better way to do it, but it is moving forward.

Behan said to be able to make a few changes in that area in terms of drainage and make sure the parking lot works well, they will need engineering assistance. Morrison-Maierle is extremely familiar with the area and have estimated \$9,200 to be able to put together a new plan and make sure all staking and drainage is done properly. Schaeffer has worked with Brian Hensel at Public Works & Mobility (Streets Dept.). Hensel will come in after the sidewalk and curbing is put in and do final paving for the cost of materials. Staff is hoping the \$57,750 allotted to Subrayan's project for sidewalk and trail improvements is enough to put them in. All in all, Behan said it will be substantially less than what the bid amount was for this area several years ago. Behan said there are a lot of things going on in that small area.

Englund asked if the sidewalk work was part of the original grant. Behan said it was. The original design as part of the Island project included the sidewalk. MRA used the opportunity to do it as part of Subrayan's project rather than a separate project. The sidewalk as shown on the map is part of Subrayan's obligation with TIF money that has already been allotted to his project. Englund asked how this fits within MRA's policy that people don't come back for a second bite. Behan said he doesn't think there is a second bite now. This is one of those things where MRA uses the private development to further the trail and public realm a little more than usual. As far as materials, that was never part of Subrayan's obligation. Buchanan said the obligation to put in curb, gutter and sidewalk with boulevard was part of Subrayan's project that was approved by the MRA Board for funding along with deconstruction and some other things. That is within the scope of the Development Agreement that MRA has with him today. Now MRA has said that Burton Street needs to be resurfaced and the Streets Department said they will do it if MRA pays for materials. She asked Behan if it was correct that building curb, gutter, sidewalk and boulevard are still part of Subrayan's project that has already had funding approved for it,

and that additional design work will be done so that it includes the street repaving and drainage associated with that. Behan said that was correct. Buchanan said anything that will come back to the Board as a request would be the materials cost to City of Missoula Streets Department for them to go in and pave that street, which was never part of Subrayan's obligation. Behan said that was correct. Englund said the request today has to do with design work that incorporates both the street and sidewalk. Behan said it is primarily making sure the public improvements out there all work. The original design for this sidewalk was taken from the West Broadway Island plan which Morrison-Maierle allowed them to do. It includes making sure the topographic areas out there, and changes from one side of the street to the other, can be dealt with. Schaeffer said it has been since about 2014 that Morrison-Maierle was out there collecting the base information for that plan. Everyone is on board with this with the exception of the sidewalk potentially being too close to the building as Behan mentioned. The City has also made a few design modification requests through their review process, so everybody knows what that plan needs to look like. Schaeffer said Morrison-Maierle's thought was that they need to check out where the building is to see if anything has changed since 2014 and now, which is the information they drew the plan on. The contract does include effort to get the project through construction and final approval with City Engineering.

**BROCK: I MOVE THE MRA BOARD APPROVE UP TO \$9,200 IN URD II TIF FUNDS TO COMPENSATE MORRISON-MAIERLE FOR ENGINEERING WORK RELATED TO RIGHT-OF-WAY IMPROVEMENTS TO COMPLETE THE BURTON STREET ENTRANCE TO THE WEST BROADWAY ISLAND AND THE SUBRAYAN PROJECT SIDEWALK.**

**Jones seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**FY22 Capital Improvement Projects (CIP) – Request for Approval (Gass)**

Gass said Staff prepared three items for the FY22 CIP budget. They include URD II Dakota & River Streets Sidewalk Project, URD III Schilling, 34<sup>th</sup> & 36<sup>th</sup> Sidewalk Project, and URD II Water Network Program. Gass said today's request doesn't necessarily approve any projects or TIF requests. If approval of these CIP items happens today it will create a placeholder in the FY22 City Budget. These projects will then come back before the MRA Board at a later date as TIF requests.

Gass gave a synopsis in his memo of where MRA is in the URD II Sidewalk Program. MRA has invested \$4 million and constructed over 4.5 miles of sidewalk in the District. MRA is on track to complete the sidewalk network in the next seven years. Gass said the URD II Dakota & River Streets Sidewalk Project will go out for a Request for Proposals (RFP) in July or August for design, engineering and contract administration. The area is shown in blue on the map attached to Gass' memo. The red lines show the remaining sidewalk segments to be constructed.

MRA has invested \$5.8 million in the URD III Sidewalk Program and constructed over 11 miles of sidewalk. The sidewalk network is on track to be completed in the next few years.

The URD III Schilling, 34<sup>th</sup> & 36<sup>th</sup> Sidewalk Project is located at the southern end of the District. It is shown in blue lines on the map. This project will also go out for RFPs in July or August.

Gass said the FY22 CIP items also include what staff is calling the URD II Water Network Program. Several areas in URD II are undeveloped and/or deficient in City water delivery infrastructure as shown in blue lines on the map. The lack of water mains is often shown to be an impediment to redevelopment in URD II. It is also a safety issue due to lack of readily available fire suppression water flows and that can also be an impediment to development of more dense, urban housing in these areas. Over time in the District, MRA has been a good partner in extending water mains as they relate to private redevelopment projects. At this point in the District, staff feels that URD II has reached a level of tax increment generation to support a program to build out the water delivery system over time, similar to what MRA had done with the sidewalk program. Staff has been working with Missoula Water to identify these water main deficient areas in the District and develop a cost estimate to build out that water network.

Gass said the URD II Water Network Program would be to phase in the construction of water mains in deficient areas by allocating \$500,000 per year over the next 10 years to construct these water mains. Staff feels this is a reasonable and responsible approach to addressing the water main deficiency problem. This program will complete the process of having basic urban infrastructure and leave a legacy of removing impediments to redevelopment in the District that will reach far beyond the sunset of URD II. Staff anticipates working with Missoula Water to try and augment any plans they may have of water main extensions in URD II and also try to seek any federal or state infrastructure assistance available to help enhance the impact of the TIF investment. If approved today as a CIP item in the FY22 Budget, staff would continue to work with Missoula Water to refine the parameters of the program and priorities for phasing in construction.

The staff recommendation is that the Board move to approve the MRA FY22 CIP items identified in Gass' memo and recommend to the City Council that they approve the CIP items for inclusion in the FY22 City Budget.

Moe said she likes the idea of the water network program. She asked if part of the cost of the projects will also be part of the Missoula Water budget. Gass said not necessarily at this point. MRA hasn't gotten that far down the road with them. He said they are enthusiastically in support of this program to build out the water lines. It is something MRA would explore with them to figure out what their plans are in those areas and/or if they have plans to install or extend water mains. If so, MRA would try to augment that with TIF funding. If not, they may be stand alone projects funded with URD II TIF funds, working in conjunction with Missoula Water, similar to how the sidewalk projects are funded with MRA funds and MRA works closely in conjunction with City Engineering and Development Services in gaining design approval for those projects. Gass said that is what he sees happening at this point and MRA will explore if they have any plans or budget for water mains in URD II.

Moe referred to the blue lines on the map for the URD II Water Network Program. She asked if the water mains that are marked for the program are anticipated to be finished in

the next fiscal year. Gass said those are the lines that would be constructed over the next ten years. Moe asked how many phases there would be with this Program and if they would cover all of the blue lines. Gass said the phases cover all of the blue lines, but staff has not laid out a priority for phasing them at this point. Staff anticipates roughly ten phases over the next ten years costing \$500,000 per year. Staff will identify the highest priorities and do those first. Moe asked if this District can afford \$500,000 per year, considering its potential for resources coming in. Gass said that is the plan at this point. Staff will look at the budget on an annual basis and decide if \$500,000 fits into it each year or whether it needs to be adjusted or not. Right now the consensus is that there is adequate TIF funding in URD II to support this Program.

Buchanan said this District has nine years left in it. Staff will look at the deficiencies and priorities in terms of being able to catalyze higher-density development and phase it in a manner as MRA can afford it. In URD II, combined TIF for this past year was in excess of \$3 million and there is no reason to think that is going to go down. One of the main motivations for wanting to do this is that the way the City handles this sort of thing as a general rule is as a development comes in and they need additional water capacity for fire protection, or it doesn't have any at all, that cost is put on the development. One of the things the MRA Board has been historically sensitive to is trying to improve the neighborhoods in low-income areas in a way that does not gentrify the area and does not overburden the current property owners and/or tenants. If the City is going to put the cost of utilities on a project order to do a 60-unit apartment development it just pushes the cost of those apartments up. Today that is even more pressing than when MRA first started talking about this. If MRA can provide the framework that allows the higher-density development to go in and still have quality of life in these neighborhoods through the provision of sidewalks, parks and utilities that aren't on the back of the tenants or developers then MRA can create opportunities for some of the service workers to continue to live in Missoula. Buchanan said she is fearful that will not be the case in Missoula much longer without intervention by agencies like the MRA.

Behan said this is a project near and dear to his heart. He thinks this is the perfect legacy for MRA. The lack of water in this area was part of the Urban Renewal Plan for the District in 1990. MRA has come a long way, but water is really expensive to extend and it adds up really quickly. MRA has had four or five different groups in the last couple of years that own pieces of land with a house on it and right now they are eligible on their land to put in a duplex because they are on a well. A larger building has to have fire flows. They want to build more and have the ability to do that, but can't afford extension of a water main. Once it's there he thinks those things will fall into place. He also wanted to recognize that this is all very possible right now because of the work MRA did with Garden City Harvest. While they were trying to get their water line in, Missoula Water came in and put water from Dakota Street all the way to the Russell Street Bridge and Russell Street, which never had it before. Now, not only could MRA go up to Garden City Harvest, but it is possible to go onto Wyoming and Idaho Streets and other streets where it would not have been possible in the past.

Reineking said she appreciates Behan's comments. It does help MRA achieve two of its missions: eliminating blight and providing opportunity for economic development. She said it meets both of those criteria. She asked about identifying the blue line areas and

wondered if it would complete URD II if all of them were done. Gass said that was correct. She asked if Missoula Water or the City has done that city-wide. Gass said he did not know. She wondered if the City has a strategic plan city-wide for continuing to improve the water connections in the city. Buchanan said she thinks there is such a plan that exists within Public Works & Mobility water system and with the wastewater system. MRA has plucked out URD II to see where the deficiencies are.

Jones said the proximity to the Clark Fork River is another very important reason why the mains need to be extended in these areas, to protect the River and also often times it is not possible for development to obtain wells and permits. She said that would environmentally be a bad idea and its not even a possibility. It serves a very important community goal here to extend the mains in these areas given concerns about the River. Buchanan said that is a great point and one reason they want to look at the wastewater system in that area. Jones said any time you are extending main there should be a concerted effort to fill in gaps for wastewater and stormwater at the same time. One of the primary arguments made in favor of Municipal ownership of the water company was to centralize and allow for the greatest degree of coordination in the extension of these services in areas of need, given affordability. Englund asked if that means MRA is not doing this as comprehensively as it should, that the map should also show where there are no sewer lines and MRA should be looking at those areas first. Behan said unfortunately, in the 1980s and 2000s there were two big efforts to put sewer or wastewater in most of these low-income neighborhoods, starting at the point where River Road hits Russell Street and extending west all the way to McCormick Park and further. A lot of it got sewer in the 1980s and 1990s, but they did not include water at the same time. He said Jones' point was exactly right, there is an opportunity to do both and they should. Reineking said that may be part of the Development Agreement when the RFP goes out. Buchanan said there may be a subsequent CIP item or request from staff to look at wastewater needs, just like today they're looking at water needs. One reason for starting with the water is architecture. It was staff's decision to start with water because of the life-safety issues. Staff will come back to the Board after they've had time to work with Public Works & Mobility and Wastewater to see what's needed in that arena and bring back a similar suggestion if staff thinks there is capacity financially in the District to do it. Jones said even in areas where there is technical municipal sewer that has been extended, there are always opportunities to look for upgrades or expansion of service. This is a great opportunity to participate with funding and/or planning and coordination of other City departments to maximize what is being done in an area of great need.

Englund asked if MRA can do sewer or wastewater at the same time as water if it isn't in the CIP. Buchanan said they can. The CIP puts folks on notice what MRA's intentions are. There have been projects in the CIP that were there for decades that never got done. Gass said MRA can add it into future CIP items. Englund said Jones raised an excellent point that if the area is being dug up for water then sewer ought to be put in at the same time. Gass said he's looked at the sewer map and it is more complete than the water network in URD II. There will be some opportunities to extend the sewer here and there, but it is much more complete looking at the City utility map. Moe said as a continuation of Englund's comment, she asked if there are other Districts that should be reviewed for the same kind of Water Network Program. Buchanan said it is staff's intention to come back to MRA for URD III since the clock is ticking in that District as well, but staff wanted to get the master

planning effort for the Fairgrounds and the Brooks Corridor piece more defined before coming back with something in URD III. There is a plan in the NRSS Master Plan. Front Street URD is basically done and Riverfront Triangle URD will generate its own needs depending on how the development plays out. The big ones are URD II and URD III. Reineking said as with the sidewalks, this creates a placeholder in the City's budget. As individual projects come to MRA over the years they can certainly look at those in conjunction with sewer at the same time. Buchanan said not being in the CIP does not preclude MRA to replace or improve or add a sewer line in conjunction with a water line extension.

Jones said it would be a great time for a discussion about services lines too. She said any time you're extending water mains you're digging up the street and it is an opportunity to upgrade service lines which are technically the obligation of homeowners, but can be a very burdensome project for individuals, especially in low-income neighborhoods. She would be so excited to see MRA begin a discussion of service lines, especially when there are opportunities in relation to other projects.

**REINEKING: I MOVE THE MRA BOARD APPROVE THE MRA FISCAL YEAR 2022 CIP ITEMS IDENTIFIED IN THE MEMO AND RECOMMEND CITY COUNCIL APPROVE THE CIP ITEMS FOR INCLUSION IN THE FISCAL YEAR 2022 CITY BUDGET.**

**Jones seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**FY22 Budget – Request for Approval (Dunn)**

Dunn reviewed the FY22 Preliminary Budget for each District. She said MRA's budget is always preliminary until taxable values come in August and mill levies in October. She uses last year's revenue projections until the new taxable values and mills are received. All of the projects that are ongoing from a prior fiscal year are carried over to the next fiscal year and the Board and public have an opportunity to see the status of those projects on the monthly Budget Status Reports (Rainbow Reports) that are presented at the Board meetings and that are also out on the MRA website for review at any time. Projects that are completed by June 30<sup>th</sup> of every year (or have paperwork that can be turned in within 45 days) are not carried over to the next fiscal year because the work has been completed in the prior fiscal year and MRA's budget is on a modified accrual basis, so those expenses are recognized in the fiscal year they occurred. Dunn said the CIP items presented by Gass are included in the Preliminary Budgets for URD II and URD III.

Dunn said the Legislature passed House Bill 303, adjusting the Class Eight Business Equipment Exemption. It increases it from the first \$100,000 in market value to the first \$300,000 in market value. It does include a reimbursement clause for the tax increment districts through the entitlement program. It should not have an impact, or MRA will see an increase in its entitlement share coming from the City.

Dunn said the assessment year of January 1, 2020 is for the 2021-2022 cycle. Typically MRA doesn't see many changes from one assessment year to the next other than appeals. The appeals usually impact the second year of the cycle. Dunn said her home property taxes increased so she is not sure what MRA will see this year.

As MRA moves through the next few months the Rainbow Reports will be for both FY21 and FY22. MRA has expenses coming in for FY21 for several months and when MRA gets taxable values and mill levies for FY22 the Rainbow Reports are updated as well. When there is a change, Dunn will come back and ask the Board to approve the updated version of the Budget.

Reineking asked if the amount MRA committed to the Affordable Housing Trust Fund (AHTF) shows up as "Housing Policy Implementation" in the various Districts. Buchanan said no, that is a three-year allocation MRA committed to to help fund a position in Housing & Community Development. Reineking asked how the AHTF commitment shows up. Buchanan said MRA has a commitment of \$1 million per year that goes to the AHTF. If there is a project like Villagio that comes in, the NRSS URD committed \$1.3 million, it is \$1 million of the AHTF commitment and another \$300,000. Staff could not figure out a way to allocate from every URD, so it is not as formal of an arrangement. It will be flexible and fluid and can be used to buy property to be used for affordable housing or fund a specific affordable housing project being done by another entity. Reineking said she understands the money cannot be transferred among Districts. She said there is a recorded commitment to providing \$1 million per year and there is a desire on the part of the Board to solve the housing problem in Missoula. She asked how many ways MRA can inform the public that MRA is helping with the crisis. She said it won't show up in the budget, but wants people to know that MRA is helping. Buchanan said the folks implementing the AHTF and MRA need to make sure they are communicating where the TIF dollars are being spent that support affordable housing. Right now, MRA is pretty far ahead of the curve, particularly if all or part of the Sleepy Inn property develops as affordable housing. Englund said MRA also committed to the idea of \$500,000 to extend water mains to areas that are underserved. Reineking said it is a communication challenge MRA has. Englund said Reineking's point is well taken for the next time MRA gets to talk about the Communications Plan.

**REINEKING: I MOVE TO APPROVE THE FY22 PRELIMINARY BUDGET.**

**Moe seconded the motion.**

Reineking thanked Dunn for doing the budget so well and for going through the explanations.

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

## **NON-ACTION ITEMS**

### **Midtown Master Plan (URD III) – Informational Presentation (Emily Brock, Director of Missoula County Fairgrounds, and Melanie Brock, Brock Development, LLC)**

Emily Brock, Director of Missoula County Fairgrounds, shared her screen to present the Midtown Master Plan as an informational item. She said in 2020 in the middle of the pandemic, due to the unprecedented and exhilarating growth in Midtown and in anticipation of more changes to come, the Missoula Midtown Association adopted strategic goals calling for the creation and implementation of a Midtown Master Plan. The Association wanted to recognize the pressing need for cohesion around a vision that embraces Midtown's character, encourages equitable development and promotes healthy urbanism. They created a white paper committee to lay out a path to make the Master Plan a reality. The committee is made up of Midtown board members and leaders who convened virtually and met with community leaders last summer to do a feasibility analysis.

Link to Midtown Master Plan presentation:

<https://www.ci.missoula.mt.us/DocumentCenter/View/56978/MMP-MRA-1-3>

Emily Brock said they created a foundation to accept tax-deductible donations to the Midtown Master Plan through the Missoula Midtown Foundation. Their goal is to raise \$550,000 by the end of this summer so they can hire and engage the consultant team this fall. She said they do plan on asking for a contribution from MRA in the future and wanted to have this at the front of the Board's minds.

The Board thanked Brock for her presentation. Englund said Melanie Brock has been upfront about her involvement with this and she will recuse herself from any Action Item requests.

Reineking thanked Emily Brock for her impressive presentation and said it looks like an impressive project. She is not surprised because there are a lot of impressive people working on it including Emily Brock and Melanie Brock. She thanked them and said Midtown deserves the attention that it is finally getting.

Gwen Jones, City Council and member of the Midtown committee, said a huge amount of thought and work has gone into it. Looking through her City Council lens, by having this comprehensive planning process they clearly need a lot more connectivity in this area and all of that connectivity leads into the City being able to follow its Climate Action Plan for the City. She said one of the biggest issues she is hearing is affordable housing and to make this investment in this planning process at this point in time is going to benefit Midtown short-term and long-term. Short-term it will create the pathway for more development more quickly that will help with housing issues which Missoula desperately needs. She doesn't want to lose sight of the fact in this heightened era of having quality development that it leads to good quality of life because reactionary development may solve a problem short-term, but creates a lot of problems long-term. Gwen Jones said she is keen on this planning effort at this point in time as being very crucial to solve both short-term and long-term to address the issues of facilitating development that will be multi-use that will create more residential as well as more commercial. And also in doing it in such a way that it is a really livable place that contributes to a good experience in Missoula. She is doing her best to not lose sight of that in a very heightened era.

Englund asked when this will come back to the Board. Melanie Brock said they are hoping August at the latest because they will be issuing the RFP by September at the latest. Going after an interdisciplinary team of consultants means they will definitely need the money committed by then. They have identified a pipeline for about half of the funds they are going to need for this project. They just formed the Midtown Foundation and don't have a Business Improvement District to pull from, so MRA and URD funding will hopefully make up the difference. They are shooting to raise \$200,000-\$250,000 before coming back to MRA. They have a request in for a Big Sky Trust Fund Planning Grant and there are at least \$50,000-\$65,000 of asks out there right now and they will find out about those before they come back. Melanie Brock said this is super exciting, especially after spending so many years together talking about Midtown and URD III. She was also on the Mountain Line Urban Transit District Board and all eyes have been on Midtown for so long so this is really exciting to get one Plan to bring all the pieces together and have the community roll up their sleeves and take part. She thanked Buchanan and Marchesseault who have been very involved with the Technical Advisory Committee and the writing of the RFP. URD III is the key piece to all of this.

Emily Brock introduced Lauren Hutchison as the new president of the Missoula Midtown Association. Mark Bellon was the former president.

## **STAFF REPORTS**

### **Director's Report**

Buchanan said MRA participated in a test using directional horns at the Railroad Quiet Zone at the Madison Street Crossing. It turned out to be extremely successful as opposed to doing more gates and modifying that intersection so the trains don't have to blow their horns. With the directional horn technology the sound is directed to where it needs to be instead of all over half of Missoula. People in the lower and middle Rattlesnake neighborhood could not hear the horns when the train came through during demo. It is the direction the City will go in with that improvement at that crossing. There will be a request for TIF funding at an upcoming meeting.

Staff continues to work with multiple developers on the Riverfront Triangle. One is particularly interested in residential and office buildings, which the City does not own the land under. There is a different assortment of folks that are interested in the three acres the City owns that Logjam was looking at. Hopefully there will be something definitive coming to the Board in the next few months.

Staff will be bringing a request next month for improvements to Caras Park that are being piggybacked on the stormwater project. It is a second phase of a stormwater project that MRA helped fund years ago. The North Riverside Parks & Trails Plan laid out a vision for east Caras and Bess Reed Parks. Because the stormwater plan impacts a portion of Caras Park, particularly where the amphitheater-type seating is, they can get economy of scale if it is done in conjunction with the stormwater project. The Missoula Downtown Partnership has taken on the task of raising \$1 million for the improvements. The plan is to start construction in October.

## **FY21 Budget Reports**

### **COMMITTEE REPORTS**

#### **OTHER ITEMS**

Englund touched base on meeting in person. Buchanan said there are no assurances because the City is getting new technology and software. City Council is still not meeting in hybrid format. There was a test of a system that will allow hybrid rather than strictly virtual. City Council and Committee meetings will lead the way for these hybrid meetings. Other Boards and Commissions will continue to meet virtually until they have perfected technology and are comfortable putting a number of people in a confined space like the Hal Fraser Conference Room. Buchanan said she suspects MRA will end up having Board meetings in Council Chambers if they want to meet in person, but she does not know that for sure yet. Gwen Jones said the technology is a work in progress. They had one test run meeting with Councilors and it did not go very well because there was far too much feedback from the different microphones. Her understanding is in the last few days the City Clerk and Information Technologies pulled together a second plan and they did a small run through and it went a lot better. Now they need to have more City Councilors come in and give it another shot. She said the goal to be hybrid means the public can be in person or online. Another goal is to have that as an option for City Councilors.

Englund asked if it is City policy that dictates how the meetings are done. Gwen Jones said it may be more of a City Attorney issue. She said for City Council, under the state constitution they have to be in person and the public needs to be able to view them. With the pandemic, the Attorney General issued a legal opinion that they could use this alternative way of meeting. That is still the law, but as a matter of being practical, if they can be in person they are looking at doing that. If the Attorney General comes down at some point and eliminates that option it will further steer this.

Englund said it sounds like MRA can't do anything other than see what happens. His personal preference is that everyone gets to have their personal preference, and he would prefer that as many as can gather in one place can do that.

#### **ADJOURNMENT**

Adjourned at 2:48 p.m.

Respectfully Submitted,



Lesley Pugh