

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

August 27, 2008

FINAL

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

- Board:** Hal Fraser, Nancy Moe, Karl Englund, Daniel Kemmis, Rosalie Cates
- Staff:** Ellen Buchanan, Chris Behan, Kari Nelson, Tod Gass, Jilayne Lee, Lesley Pugh
- Public:** Mike Grunow, Business Owner; Matt Grunow; Amy Rue, Performing Arts Center; Jim Valeo, PAC; Jennifer Anthony, Fearless Engineers; Tim Roberts, WTR Consulting; Steve King, Public Works

APPROVAL OF MINUTES

July 16, 2008 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

Cates reminded everyone they can get a Hal Fraser Bobblehead Doll at the Osprey game on Friday night.

Fraser mentioned the success of this year's River City Roots Festival and acknowledged all the hard work that goes into it.

COMMITTEE REPORTS

Director's Report

Old Sawmill District

Buchanan said Ed Wetherbee is going to try to solicit help from the City or anyone with some pull with the Department of Environmental Quality on the Order of Consent that deals with the groundwater monitoring. She said there are two soils sign-offs that are still needed. Moe asked if the parking was set even though the entire area isn't designed. Buchanan said it's part of Silver Park and DEQ has said it can be built.

Downtown Master Plan

Buchanan said Crandall Arambula will be in Missoula September 2-4 for the next round of meetings.

West Broadway Corridor Vision Plan

Buchanan said City Council is holding off on adopting the West Broadway Corridor Vision Plan until the Downtown Master Plan is completed in the event that there are any modifications that come out of the Master Plan.

First Interstate Bank & Downtown Parking

Buchanan said she met with Mike Hickey and he's been in discussions with the head real estate people at Macy's. She said Hickey feels confident right now that they will be able to purchase the land to use for parking. Fraser asked Buchanan if she knew how many parking spaces or levels there will be. Buchanan replied it will come down to how many they can afford to build, but she hoped around 500 spaces with five or six levels.

Urban Fringe Development Area (UFDA) Update

Buchanan included a draft finding from the Urban Fringe Development Study. She said the allocation of new housing units in Missoula are mostly centered in urban renewal districts.

Presentation of West Broadway Right-of-Way Survey

Gass gave a Power Point presentation on the results of work done by WGM Group for a right-of-way retracement survey of the West Broadway corridor between Orange St. and Mullan Rd. Gass said the West Broadway Corridor Vision Plan calls for 100 ft. right-of-way width, but a 99-ft. right-of-way section may not present a big problem. He said the configurations of the Plan call for a 14-ft. parkway on either side of the street and in discussions with the Public Works Dept. they decided a 14-ft. parkway provides enough wiggle room to redesign a multi-modal roadway system. Gass reviewed maps with pinch points along W. Broadway that present potential roadblocks for redevelopment.

Steve King, Director of Public Works, thanked the MRA for funding the survey. He said it's a fundamental piece of information. He invited the Board to the Environmental Impact Statement Review public hearing on September 24. King said he wanted to reinforce the value of the right-of-way and advocate acquiring areas of right-of-way that work with redevelopment. Englund asked if anything less than 99 ft. would work. King replied they can work with a lot of different circumstances, but the easiest and most economical would be 99-100 ft. He said anything less than that causes things to be dropped, such as landscaping and boulevards. Also, lanes and sidewalks would be narrower. Discussion ensued.

FY08 Budget Status Reports

Lee said there were 30 budget amendments and 10 transfers that she is still working on reconciling. She will email final FY08 reports when she gets them done. Buchanan discussed the confusion over certified taxable values and information the City is getting from the Department of Revenue.

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ACTION ITEMS

Trails End & Trails West Bars – Reconsideration of URD II TIF Request for Demolition

Behan said this project was discussed at the last Board meeting and for there to be further discussions there needs to be a majority vote with a person who voted against the project to bring it back. Behan said there are new circumstances that qualify the project for reconsideration.

MOTION

FRASER: I WOULD, AS CHAIR, MOVE FOR RECONSIDERATION. Moe seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

Behan said the project itself is essentially the same and includes demolition of two of the three structures. Behan said Mr. Mike Grunow, owner of the property, feels that both of the structures are not financially feasible to upgrade to a point where they could be used again and are also detracting from his ability to market the property. Behan said the total cost of Grunow's request for demolition is just under \$35,000.

Behan included two questions in his memo for Grunow to respond to. First, why does the project have to occur now instead of MRA providing a letter for Grunow to give to prospective buyers that states MRA's interest in redevelopment on the site. Second, how can MRA assure that redevelopment will happen. Behan said if the Board considers approval, he recommended it be contingent upon the Grunow's guaranteeing repayment, at least half of the money spent in TIF, to MRA within a few years if the property is not under redevelopment construction. Also, Behan suggested it be contingent on a mutually agreeable mechanism that results in the City or State's ability to utilize portions of Lots 3 and 4 of Block 5 McCormick Addition #2 as West Broadway right-of-way upon redevelopment of the site.

Moe asked if there has been any discussion of increasing right-of-way at the end of Lots 13 and 14 where the width of the street is 98.25'. Behan replied it has not been discussed with Grunow. He said there have been discussions regarding acquiring Lot 47 for right-of-way. Mr. Grunow said this was brought to his attention while he was on vacation and hasn't had a lot of time to talk to the people he needs to. He said he's not there to say there is a solution, but said there more than likely will be, he just doesn't know what it is at this point.

Grunow said he was there to talk about his request for demolition funds to take part of his building down. He referred to the question about why he needs the funding now as opposed to giving a proposed developer some form of guarantee that MRA would be involved and said that never crossed his mind. He said being in the West Broadway corridor he and other property and business owners have endured more than most other business and property owners in Missoula. He said the West Broadway reconfiguration project and a sewer system redesign totally cut his business off from traffic. Grunow also said he's endured bad press from the Missoulian with regard to the blighted area he does business in. Grunow said he sold the Big Sky Drive-In because the West Broadway

reconfiguration drove it to the brink of closing. He said the West Broadway redesign also took its toll on the Trails End and Trails West bars. Grunow said they spent lots of money to redevelop and redesign the Osprey Nest and make it a better looking building. Grunow said the reason it's important for him to demo the Trails End and Trails West is because he still has to continue in business. With the business climate right now, Grunow said it might be a hard sell with the blighted businesses there right now and he'd like to create a different look on the property. He said he's talked with several potential buyers and they've all indicated that the buildings will be demolished at some point because they're not interested in remodeling.

Grunow said he doesn't think giving someone a letter will accomplish what he needs to do to maintain the Osprey Nest. Grunow said getting rid of the two buildings is a step in the right direction and if there is a developer they will be able to see more of what's available than what they can see with the buildings there. Grunow said in the scope of things, \$25,000-\$45,000 is a small price to pay to carry on the vision for the West Broadway corridor.

Grunow referred to the second question in Behan's memo regarding parking. He said he cannot guarantee that a buyer will put buildings back on the property. He said he wouldn't spend the kind of money he'll ultimately receive for the property and just leave it as parking. Initially, Grunow said he went to the City for temporary parking permission for that piece of ground with temporary crushed asphalt overlay so he could utilize it as parking for the time being until he figured something out or someone came along with a plan. Right now, Grunow said he would not tell the Board that he will guarantee that someone will put a building back on there and that MRA's tax increment financing will come back in a higher return of tax dollars. However, Grunow said he'd like to believe that what's going on in Missoula right now indicates that somebody will put something on that piece of property.

Englund asked if the Osprey Nest is using the liquor license from the Trails End and Trails West. Grunow replied his liquor license overlays the whole block so in theory he could put ten bars on that block.

Buchanan said Staff understands that having those buildings gone helps remove blight from the area. Buchanan said a developer is much more likely to come to MRA if it has a piece of money the developer needs and that way MRA can have the ability to influence what goes back in the area and to make sure it complies to the greatest extent possible with the vision for the corridor. She said removing blight is absolutely one of the things MRA tries to do, but then any leverage MRA might have with respect to being able to influence the redevelopment of the site is diminished if not negated. Grunow said that part of the argument is what he doesn't understand because if he were to spend his own money and remove the buildings then MRA would lose complete control of what would happen on the property. Grunow said he came to the MRA Board because he has used MRA funds in the past to demolish buildings and this was never an issue nor did it ever come up. He said he was actually thanked for getting rid of the buildings. He said the only reason he came back to the MRA Board was because he has blighted buildings on

West Broadway, they don't fit into the Vision Plan, they don't fit into the neighborhood and he would like to take them down.

Fraser asked Grunow if the taxes were decreased when he's used MRA funds for demolition in the past. Grunow replied yes. Fraser asked for an example. Grunow said there was a building on that property that he took down with MRA funds and nothing was ever put back in nor was it required. He said it was demolished because it was a fire hazard and it was blighted and dilapidated. He had Rocky Rail demolish it. Grunow said that's initially why he came to the MRA for his new request. Since then, he said it's been brought to his attention that apparently a piece of his property sticks into the West Broadway right-of-way plan. Behan said he'd forgotten about the previous project with Grunow which was for Perugia.

Kemmis asked if Grunow had any response at this point to MRA's suggestions of repayment options. Grunow said he and Behan have discussed it and he meets it with good feelings and felt something could be worked out. Grunow said he firmly believes someone will come and do something with the property. He didn't think repayment would be an issue. He said the repayment is also something he could negotiate with someone in a sale. Fraser asked Grunow how he felt about the time frame. Grunow responded he would like it to be three years instead of two, mostly because of the climate right now.

Cates asked Grunow if he anticipates the Osprey Nest will be demolished as well. Grunow replied he doesn't anticipate that, but doesn't care either. He said the Osprey Nest is a good business and would do even better if the other buildings were gone because it would take away that stigma. Cates asked what part of the block is for sale. Grunow replied the whole block is for sale. Cates asked if the liquor license is for sale. Grunow replied yes, everything on that block.

Tim Roberts from WTR Consulting said having lived in Missoula and knowing the situation of things along the W. Broadway corridor where Missoula is trying to upgrade its urban feel and architectural style, doing something to help with removal of the buildings would be beneficial in that it might help show or demonstrate to other business owners in the same area that Missoula has the desire to step up and improve the look of things.

Grunow said when the corridor was being redesigned he met with several groups of people that own property there and one of the things they kept coming back to was the tremendous amount of taxes they've paid over the years for what they've got. Grunow said it's difficult to make the payments. He said when there's an organization like MRA that uses tax increment funding, people see that as a way to get a little bit of their money back and do something with their property with the benefit of some of the tax dollars they've been paying in year after year. Grunow said he saw his project as an opportunity for MRA to blow its horn on the W. Broadway corridor.

Kemmis asked Grunow if he's open to some kind of an agreement with regard to Lots 3 and 4, enabling the City to acquire right-of-way or an easement. Grunow said he's spoke with Behan about that and said although he needs to talk to those who help him make decisions, he can certainly understand the City's problem.

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Kemmis said the right-of-way is a major threshold issue for MRA. He said in his mind that would need to be part of any agreement. Kemmis asked Behan and Buchanan where this was at right now because the Board doesn't have a negotiated agreement to vote on at this point. He asked if Staff was suggesting the Board give them a sense of direction as to whether to continue to negotiate and bring something back for the Board to vote on. Behan said that's one way to do it or they could vote with the contingencies in his memo.

Kemmis said he wasn't at the earlier discussion, but in his mind this is an opportunity to remove some blight and move the development of W. Broadway a small step forward. He said that only makes sense to him if an agreement can be reached about the right-of-way issue. He said he would also like an agreement about repayment. With that, Kemmis said he would not be philosophically opposed to this investment.

Cates said the right-of-way is a new wrinkle that wasn't in the first proposal. At the last meeting it was established that as attractive as it is to remove blight, over 95% of the time MRA tries to create a context of redevelopment it has impact on. MRA is accountable to deploy tax increment funds to leverage more tax value. She said the right-of-way issue is a new wrinkle, but she didn't think only the removal of blight, based on precedent, was a compelling enough reason to do it. She said she's also interested in the right-of-way but didn't think the Board had enough information to vote today. She said reconsidering it based on the blight removal is not something she's interested in.

Moe said the right-of-way discussion should also include along Lots 5 to 14. She said 1 ¾' might have a minimal impact on development or marketing of the property for Mr. Grunow but may have some impact on the sidewalks and streetscape. Moe asked Grunow if he would demolish the structures if MRA did not provide funds. Grunow replied he thought he would.

Fraser said there's a willingness to hear more information on the right-of-way issue.

No action was taken. Item tabled until the next regular Board meeting.

Silver Park Addendum to Design Contract – Request for Approval

Nelson said the Timber Frame Bench Shelter project is moving along and in order to accommodate the project, the trail portion along the river and the concrete pads have to be completed ahead of the rest of the Silver Park project. Nelson said due to the timeliness of the matter, MRA had to allow the designer, Fred Ogram from Abbotswood Design Group, to prepare some bid documents for that part of the project and it had to be allowed before the next Board meeting was scheduled. She said the amount was above the limit the Director could approve. Nelson said she did send around an email when that

happened to let the Board know what was happening. She said the Addendum #2 to the contract is for \$4,000 for Mr. Ogram to prepare the additional documents. She said the documents have been prepared and went out for bid.

Moe said this is an after the fact and Staff is asking the Board to ratify something they didn't have authority to do. She asked other Board members if MRA should examine its lower limit of what the Staff can approve, which is currently \$2,000. The Board concurred. Englund asked that the Staff bring this back as an Action Item.

MOTION

ENGLUND: I MOVE APPROVAL OF ADDENDUM #2 TO THE AGREEMENT FOR DESIGN SERVICES AND CONSTRUCTION DOCUMENTS FOR SILVER PARK IN THE AMOUNT NOT TO EXCEED \$4,000. Kemmis seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

Silver Park Riverfront Trail – Approve Bid Award

Nelson said the nearest estimate was for \$91,000 and the bid range was between \$59,000 and \$182,000, the latter of which was an anomaly. She said the other bids received were for \$60,000, \$85,000 and \$91,000. Nelson said Staff originally envisioned the trails in Silver Park would be paid for with CTEP money. She said there's \$500,000 set aside for CTEP money for the trails and all the trails in Silver Park will total roughly \$600,000. However, since this piece is broken out ahead of the approval from the State and MDT, CTEP funds cannot be used for this portion and money for it will come out of the general Silver Park line item.

Nelson said Western Excavating was the low bidder for \$59,064.50. The Staff recommendation is that the Board approve this amount for a contract with Western Excavating for the Silver Park Riverfront Trail Phase I. Nelson said this trail does not include a bridge over the ditch. The abutments aren't designed yet, but Ogram is in the process of designing them and Staff hopes to have it out to bid this fall. The rest of the Park will be out to bid after January 1st. Fraser asked if there is a preliminary estimate of what the bridge will cost. Nelson replied she thinks it will be between \$50,000 and \$100,000. Moe asked if CTEP money will be used for that. Nelson replied yes, that's what the plan is, but she has to confirm it. Buchanan said it will not have been bid before the CTEP funding was approved. Moe asked if the payments on these contracts are made after completion. Nelson concurred. Fraser asked if the trail will be paved. Nelson replied yes. She said in order to use CTEP funds the trails must be paved. Buchanan added that Parks & Rec has a Capital Improvement Project (CIP) item to ultimately pave all of the trails.

Kemmis asked if this particular bid would build the trail to California St. Buchanan replied it would go to the irrigation ditch. She said there will need to be a bridge built over the ditch. Kemmis asked if the hope is to be able to do it with CTEP funds. Nelson replied yes, the hope is to do the bridge with that money. Kemmis asked if Staff is anticipating the bridge will be built immediately after the trail segment. Buchanan replied Staff hopes to bring a bid back to the next meeting. The bridge will be pre-fab so

the abutments just need to be poured into place before the weather turns so the bridge can be bolted down.

Moe asked if the requested motion is to accept the bid or refer the low bid to somewhere else. Nelson replied it's to accept the low bid and authorize Staff to enter into a contract with Western Excavating.

MOTION

MOE: I MOVE THAT THE BOARD AUTHORIZE STAFF TO ENTER INTO A CONTRACT WITH WESTERN EXCAVATING. Cates seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

Silver Park Timber Frame Bench Shelters – Request for Potential Fundraising Shortfall

Jennifer Anthony said the project is costing roughly \$200,000. She had \$130,000 of in-kind donations verified before she started and the goal of raising roughly \$65,000. So far, Anthony said she has all but \$7,131 raised and has about \$15,000 total, including the \$7,131, in uncollected funds. She said she's still fundraising and sending letters out. However, Anthony has a deadline with her fiscal sponsor to have all the money raised by September 1. Anthony said she's looking for a guarantee from the MRA that, if needed, she could go to her fiscal sponsor and say the MRA is backing her up and will cover the gap. She said she plans on fundraising until she has all of the money but is just asking the MRA guarantee the money that's not actually in the bank so that her fiscal sponsor doesn't pull out.

Also, Anthony said she just got a call from Dupuis Lumber, the company that's been milling the lumber for the main pavilion. They're done and would like the lumber moved. She said she hasn't been able to get a price on shipping it to Missoula yet, but anticipates it will be under \$2,000. Once it's shipped she'll have it stored at City Shops until Phase II and the large pavilion are ready to be built.

Anthony wanted to remind everyone they're invited on September 25 to a dinner hosted by the Riverfront Neighborhood Council.

Fraser asked Nelson how she suggested MRA should go about this request since MRA doesn't grant loans. Nelson suggested MRA could give her the money, if needed, and request a payback from Anthony when she gets the funds. Buchanan said the Board could agree to up to \$15,000 for this project, if needed.

MOTION

CATES: I MOVE WE AUTHORIZE UP TO \$15,000 IN FUNDS TO PROVIDE BRIDGE FUNDING TO COVER THE TIME GAP THAT JENNIFER HAS IN HER FUNDRAISING FOR THIS PROJECT, TO BE REIMBURSED TO MRA AS THEY RAISE THE MONEY. Moe seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

Riverfront Triangle – City Owned Property RFP – Request for Approval

Behan said the Request for Proposals (RFP) contains mostly descriptions of the site and the area the site is located in. He referred to the Proposal Evaluation Criteria section and said the RFP tries to put as much detail as possible in that section so that important things aren't overlooked. Moe asked who does the evaluation. Behan replied the first cut would be done by a review team including Staff and a few other people. This is to come up with any questions that need to be fleshed out to be able to eliminate proposals that don't meet the basic criteria. That group would then make a recommendation to the MRA Board along with an analysis and recommendation or recommendations.

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Moe asked if it was sufficiently clear that the number that's finally assigned to each project may not be controlling for the project that's chosen. Behan replied no. Moe said she likes the green idea that's part of the criteria.

Cates said the RFP addresses how the Greater Downtown Master Plan and the old Riverfront Triangle Plan are in flux and wondered if people will be able to figure it out. Behan said there will be an ability for them to tag into where the Downtown Master Plan is right now. Cates asked if there was any point to have the old Riverfront Triangle Plan in there. Buchanan replied it's the basis for the zoning and having it all in there will give a potential developer a way to look at the progression of thinking and where it's headed. Discussion ensued.

Moe asked if the earnest money deposit of \$25,000 and the development fee capped at \$100,000, or 1% of the estimated value, were reasonable numbers. Behan said there's no money in the Riverfront Triangle District right now. He said he also understands the housing project on Bonnie Snively's former property is now for sale so that won't be providing any increment at this point. Moe asked if the earnest money will go to MRA. Behan replied yes.

Discussion revolved around the earnest money deposit number. The Board felt it was a small amount given the size of the project. The Board also wanted to change the wording from earnest money deposit to just the word deposit. Moe said the Development Agreement can address the return of the deposit. Englund said the deposit amount needs to be set and describe the deposit as assurance that construction will begin.

Fraser referred to the Development Fee in comparison to the amount of money MRA has spent on the site. He suggested the Fee be \$250,000-\$500,000. It was decided that it would read: "...a one-time development fee of up to one percent (1%) of the construction value based on the building permit of the project proposed in the RFP response will be paid to MRA by developers of the Riverfront Triangle. Such payment from development of all portions of the Riverfront Triangle will not exceed \$500,000."

It was decided that Englund and Moe will review the final wording after Behan makes revisions regarding the deposit and development fee.

MOTION

CATES: I MOVE THAT WE RECOMMEND THAT THE CITY COUNCIL ACCEPT THE REQUEST FOR PROPOSALS TO REDEVELOP THE FOX SITE PORTION OF THE RIVERFRONT TRIANGLE, SUBJECT TO CLARIFICATION OF THE DEPOSIT AND DEVELOPMENT FEE REVIEWED BY KARL AND NANCY, AND THE OTHER ISSUES BROUGHT FORTH.

Kemmis seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

NON-ACTION ITEMS

Brownfields Workshop

Behan said Staff is helping to put on a Brownfields Workshop on September 4. Most of it will be held at 140 W. Pine and in the County building. He said Richard Opper is the keynote speaker and David Lloyd, Director of US EPA Brownfields projects, will be there. There will also be a tour of the Old Sawmill District and a reception afterward above Higgins Alley. Behan said if anyone would like to attend he will send out registration forms.

Plaque for Jennifer Anthony

Englund said it seemed to him that Jennifer Anthony has gone above and beyond with the Timber Framers' Guild and fundraising. It was decided that Staff will work on getting a plaque for her to put at the shelters and also acknowledge her accomplishments at the Neighborhood dinner.

STAFF REPORTS

OTHER ITEMS

ADJOURNMENT

Meeting adjourned at 2:10 pm.

Respectfully Submitted,



Lesley Pugh
Secretary II