

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

September 15, 2010

FINAL

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

- Board:** Hal Fraser, Rosalie Cates, Karl Englund, Daniel Kemmis
- Staff:** Ellen Buchanan, Chris Behan, Kari Nelson, Tod Gass, Lesley Pugh
- Public:** Allyson Weller, KPAX; Dave Shaw, Parks & Rec Dept.; Nate Tollefson, Tollefson Construction; Ed Janacek, 39th St. Apartments; Kent Watson, citizen; Mike Grunow, Trails End; Matt Grunow, Trails End

APPROVAL OF MINUTES

August 17, 2010 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

Reminder: Ice Cream Social on Sept. 30th.

Buchanan said Jamie Lockman is no longer able to serve on the Historic Preservation Commission as MRA's appointee. Buchanan said Lockman recommended Ryan Arthun to be appointed and handed out his resume.

STAFF REPORTS

ACTION ITEMS

39th St. Apartments Project – URD III TIF Request

Behan said Ed Janacek and his family owned land behind Kmart and recently sold it to Tollefson Construction, represented by Nate Tollefson. Tollefson will be developing the land into an 84 unit apartment complex. The project will be done in two equal phases with 42 one and two bedroom units being developed in each phase. There will also be a parking lot constructed with 86 spaces. Behan said the total cost of the first phase is \$2,810,000 and construction of the second phase will begin as soon as 75% of the apartments are leased in the first phase. He said Mr. Tollefson is asking for assistance with demolition and utilities.

Behan reviewed the criteria for projects in URD III and this project fits in with the goals of the URD. He said the Staff recommendation is that the Board approve up to \$108,279 in TIF assistance for eligible items. Behan said Staff has not yet received a final look of the elevations of the apartments, but given the styles they want to emulate and the history of the architect, Ken Smith, they will be good.

Ed Janacek gave a history of the property and said it's been a bit of a puzzle for them because it is in a transitional area. He and his folks wanted to do something positive for the neighborhood and at the same time be sensitive to the needs of the neighborhood. Janacek said he's seen Tollefson's work and can attest that it will be a Grade A project.

Englund asked what will happen to 38th St. Tollefson replied he's talked to the owners around there and started the request process for vacating 38th St. and turning it into a landscaped area.

Kemmis said it does concern him to proceed without seeing any elevations. Cates suggested doing the approval subject to Staff review.

MOTION

CATES: I MOVE THAT WE APPROVE UP TO \$108,279 IN TIF ASSISTANCE FOR ELIGIBLE ITEMS ENUMERATED IN THE TIF APPLICATION FOR THE 39TH STREET APARTMENTS PROJECT, SUBJECT TO THE USUAL VERIFICATIONS AND REIMBURSEMENT PROCESSES OF MRA AND ALSO SUBJECT TO STAFF REVIEW OF THE ELEVATIONS FOR THE PROJECT. Kemmis seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Moe absent.

Milwaukee Trail Funding – URD II TIF Request

Buchanan said it's long been the goal to continue the trail to the west and make the connection between Russell and Reserve Streets. She said Parks & Rec has been looking at how to get a trail through there since the City doesn't own the land along the rail line. Parks & Rec previously engaged WGM Group to negotiate the easements to make the trail complete. Parks used funding from CTEP and two open space bonds for the acquisition. She said WGM Group and Kent Watson, Landscape Architect, have been engaged to design the trail. Parks is asking that MRA pay for the segment that is in URD II, which is a little over two blocks. Buchanan said the request is sizeable and is for \$242,856. She said whatever MRA pays for will free up CTEP money to make enhancements to the rest of the trail outside of URD II. Buchanan said after discussions with Parks and Staff, MRA feels that trail lighting is more important than a lot of the landscaping shown. She said her recommendation is to fund the basic trail and fund lighting the trail in another fiscal year. She said MRA can make a commitment to look at lighting the entire trail as it passes in URD II in subsequent years. Buchanan said she's received two estimates from Parks for trail lighting and ultimately the costs are not yet determined.

Dave Shaw presented the request from Parks & Rec for funding on the Milwaukee Trail in URD II. He said their request to MRA has changed due to conversations and the capacity of this fiscal year. His addendum, included in the packets, is the request he referred to throughout his presentation.

Change tape 1 s1/s2

Shaw said the schedule listed in the packets is optimistic. They are looking to submit final plans in late October and want to bid the project sometime before the holidays to beat the bidding rush. Shaw pointed out that construction will happen across two fiscal years. He said Parks is requesting \$187,038 from MRA in their request.

Fraser asked where Parks would get the money if the engineering fees or something else were to change. Shaw replied they do have contingencies built into the project and that is the first place they would go. However, Shaw said he's confident that they'll be able to do the project within their budget.

Cates asked about the future of the trail lighting. Buchanan said in her first recommendation she suggested that MRA fund the basic trail in FY11 with the anticipation that in FY12 MRA will light that piece of trail and in subsequent fiscal years they will light portions of the trail that have already been constructed. Cates asked if \$131,958 was a number Buchanan was comfortable with. Buchanan said yes, this builds the basic trail components and puts in sleeves for lighting and irrigation. Fraser said he is concerned about the overruns and is in favor of just doing the basics at this point. Englund asked if the whole project will be bid, not just the segment in URD II. Shaw replied yes, their intention is to use the MRA funding along with the CTEP funding and do the whole thing as one project. Buchanan asked if any open space money was available. Shaw replied no.

Change tape 1/tape 2

Englund asked if it affects their bids to do the add alternates. Shaw said it will give them options and shouldn't affect the prices. Cates said she thinks it's hard to work out these things that are technical at the Board level. She said it feels to her like this conversation should happen with MRA Staff and Parks Staff. Buchanan said Staff tried to do that. She said typically these days there are a lot of add alternates and the contractors are accustomed to seeing them.

MOTION

ENGLUND: I MOVE APPROVAL OF \$132,000 TO CONSTRUCT A 10 FT. WIDE ASPHALT TRAIL BETWEEN RUSSELL AND GARFIELD STREETS AS PRESENTED BY THE PARKS DEPARTMENT. Kemmis seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Moe absent.

Englund added that MRA encourages Parks to do the add alternates and communicate with MRA Staff as the bids come in.

Traffic Signal Box Public Art Project – URD III & Riverfront Triangle District Request

Buchanan said there was another call for submittals in this project, which is a multi-year project. There were eight submittals and the Public Art Committee wanted to implement all eight, which they didn't have funding for, so they came back to the MRA and asked for assistance with three of them. Two are located in URD III and one is located in the Riverfront Triangle District. They will be painted the last weekend in September.

MOTION

Buchanan said the Staff recommendation is that the Board approve \$3,000 in funding for three new traffic signal box art projects with the funding coming from URD III initially and \$1,000 being reimbursed to URD III from the Riverfront Triangle URD revenues when they become available later this year.

KEMMIS: SO MOVED. Englund seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Moe absent.

Cates said she noticed that one of the boxes by the Missoulian looks like it has a company logo on it. Buchanan said it shouldn't have one on it. She will check into it.

Silver Park Phase 2 – Amendment to Engineering Agreement – Request for Approval

Behan said this project is going on longer than hoped, but Staff believes Phase 2 will be complete by the end of September. He said TLI has been working through several issues for MRA and would like reimbursement for their time and are requesting \$6,978.88. In addition, Behan said TLI is requesting \$2,056 to provide inspection and administrative work to complete the project and provide documentation that will be essential to Phase 3 work and final design of Phase 4. The Staff recommendation is that the Board approve amending the Phase 2 agreement in the amount of \$9,034.88 to TLI for their work. Behan added that TLI has put in that amount of work and much more to get this project to work for MRA.

MOTION

CATES: I MOVE WE APPROVE AN AMENDMENT TO THE AGREEMENT BETWEEN MRA AND TLI FOR SILVER PARK PHASE 2 IN AN AMOUNT UP TO \$9034.88 TO BE PAID BASED ON INVOICES DETAILING ACTUAL WORK PERFORMED AND MATERIAL USED AT RATES AND COSTS PROVIDED IN THE AGREEMENT. Kemmis seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Moe absent.

Silver Park Phase 2 – Construction Contract Change Order #3 – Request for Approval

Behan said there were some time problems and the contractor had to demobilize for a time and resume work when all permitting was granted. Behan said MRA knew there would be additional change orders when they figured out miscellaneous items including rumble strips on the trail, signs, additional sidewalk, etc. He said the final change order is in the amount of \$7098.89 and Staff is requesting approval for that amount.

MOTION

ENGLUND: I MOVE APPROVAL OF CHANGE ORDER #3 TO THE SILVER PARK PHASE 2 - PARKING LOT CONTRACT WITH WESTERN EXCAVATING IN THE AMOUNT OF \$7098.89. Cates seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Moe absent.

Silver Park Phase 3 – Amendment to Engineering Agreement – Request for Approval

Behan said this is currently out to bid. He said 12 contractors from around the region have picked up plans and seem very interested. He said nobody had any idea how much more work it was going to take to make the plans from Abbotswood Design Group buildable by a local contractor. He said TLI had to almost completely redo them. Behan said TLI has spent a lot of time working on them, for which they will not charge, because they felt like they should have foreseen some of the costs. TLI has requested reimbursement of \$20,326.38 to cover the costs exclusive of what they've already been authorized for including irrigation redesign and electrical system redesign. Additionally, TLI would like to have an irrigation consultant be on site to guide the contractors through installation of parts of the irrigation system. This will cost \$2,000. Behan said TLI does not foresee requesting any additional enhancements to their current agreement. The Staff recommendation is to amend the Engineering Agreement in the amount of \$22,326.38.

Englund asked how MRA's relationship with TLI is working. Behan replied it's going very well. He said TLI got caught up in some requests from Parks & Rec which he wasn't aware of. He said it's partly his fault for not keeping a closer eye on things. Buchanan said she's decided that MRA will no longer design parks. She said MRA will be happy to pay to have Parks do it if it's in a District and the Board approves it. She said it doesn't work and is very expensive when it's MRA's money and it's going to be their park.

MOTION

KEMMIS: I MOVE THAT THE BOARD APPROVE AMENDING THE CTEP CONSULTANT SERVICES AGREEMENT FOR SILVER PARK, CONTROL NUMBER 6664, TO INCLUDE A TOTAL ADDITIONAL COST OF \$22,326.38 FOR WORK ALREADY COMPLETED AND TWO FUTURE SITE VISITS BY THE IRRIGATION SUBCONSULTANT. Englund seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Moe absent..

Trails End Bar – URD II TIF Request

Behan said the Board looked at this in 2008 and after a couple of meetings they ultimately tabled the issue. There are three main buildings on the site that are owned by the Grunow family. One is occupied by the Osprey Nest Lounge and the other two, Trails End and Trails West bars, have been vacant for a few years. The two bars are in poor condition and reduce the value of the property and visuals on West Broadway. Behan said the request has been to assist the Grunows in demolishing the two blighted structures on the property. This will allow them to better market the property.

At this point, Behan said the request is to remove the asbestos in the building, deconstruct the building with the assistance of Home Resource, and remove the foundations for a total of \$33,345. This is \$9,000 less than their former request because of expanded services offered by Home Resource.

Change tape 2 s1/s2

In addition to asking for reimbursement for removing the buildings, the Grunows have added three other items discussed at the previous Board meetings. The first is an offer to guarantee repayment to MRA of one-half of the TIF assistance expended if the property has not been developed or is not under redevelopment construction within three years of completing removal of 1112 and 1120 West Broadway. The second is an offer to solve the Broadway "pinch point" issue by removing the portion of the Osprey Nest projecting into the right-of-way (at MRA's cost) and deed or provide a permanent easement to the underlying land to the City. Behan said the Grunows have agreed that the portion of the Osprey Nest into the right-of-way can be removed at the City's expense. This amount will be \$17,500. The third item is for the Grunows to initiate actions with the City to resolve two other encroachment issues, a remnant of vacated Cedar Street located well within the private parcel and a strip of Hawthorne Street right-of-way traditionally used by this property.

Mr. Grunow thanked MRA for keeping him in the loop and trying to figure out if there can be a resolution. He said they have had several people look at the property. Everyone is in agreement that the two buildings need to go. He said lately the general consensus is that prospective buyers aren't interested in getting involved with the MRA process or the City and it's been a roadblock. Grunow said if he's in a position to work with MRA then he can get some of the problems cleaned up, do some beautification work and enhance the property for sale. He said the people that have looked seem to understand the general vision for the West Broadway Corridor.

Fraser said he thinks one of the situations that was brought up last time is that MRA doesn't want to see a parking lot go in there. He said that's why MRA doesn't want to lose that leverage. He said if there's some way to mitigate that, which could be through the Grunows reimbursing MRA for half of the demolition costs if it's still a parking lot in three years, then MRA would consider it. Grunow said he thinks he presented that incorrectly in the past. He said the only thing he was interested in at that time was anything different than what's sitting there right now. He said his intention is to get the buildings removed, do some beautification/clean up, and move the property to someone that needs to do something with it.

Kemmis asked what kind of leverage the City will likely have if the project does sell. Behan said demolition and maybe sidewalks on one side or two. Buchanan said Staff talked with Grunow about whether they would consider doing some restrictions on the property if and when it's sold that would require the proper type of siding or whatever is on the outside. However, she said this hampers their ability to market the site. Grunow said the general consensus is that anyone that goes in there will probably try to follow the

West Broadway Corridor Vision. Grunow said he doesn't think he can go into it with deed restrictions, but said whoever buys it will be buying it with the intent of fitting into the community. Englund asked Buchanan what kind of restrictions she was thinking about. Buchanan replied that any building would have a build-to line as opposed to a set-back line. Discussion ensued regarding ideas for how MRA can help without losing leverage. Cates was concerned about setting a precedent for other parcels in Missoula. She said the only thing Grunow has that's different for her is the "pinch point".

Englund said it seems to him that there is a redevelopment value in getting rid of the buildings, cleaning up the encroachment issues along Cedar and Hawthorne Streets and getting rid of the "pinch point". If these are taken care of, he said the value is that it will be easier to visualize the lot. He said the question is whether or not there's a way to accomplish those things without giving up all of the leverage.

Change tape 2/tape 3

Buchanan asked Grunow to describe how they're going to take off part of the Osprey Nest. Grunow said he spoke with Western Interstate about doing it because they've done remodel work for him before. He said it's a fairly simple procedure because on that corner of the building is an old walk-in cooler that is now used for storage. Grunow said the only thing Western Interstate questions is the foundation and/or replacing the steps to the exterior door.

Englund suggested getting hard numbers on removing a portion of the Osprey Nest and having Staff look at a "revocable due on sale". Then the whole package can come back for approval with hard numbers. The Board agreed.

This item was tabled until the next meeting. No action was taken on this item.

NON-ACTION ITEMS

Discussion on Fox Site

Behan said Roger Hobbs stopped by MRA to see if the City would do another RFP on the Fox site. He owns several pieces of property Downtown and has also done projects in California. Behan said Hobbs currently has access to funding sources for commercial projects. The Board asked that Hobbs come and talk about his ideas for the site.

COMMITTEE REPORTS

OTHER ITEMS

Old Sawmill District

Cates said she would like an update of where the Old Sawmill District is at this point, including a monetary summary.

Best Place Project

Cates asked if this is still public/private. Buchanan said she's not sure. MRA paid for a month of fundraising, although she's not sure what MRA will be asked to do in the

future. Buchanan said from what she can gather it's being successful, otherwise people wouldn't have stepped up to run it. Kemmis said he would like an update on this project.

Legislature

Kemmis said he'd like to know what MRA thinks is on the horizon with the Legislature in regard to Urban Renewal.

ADJOURNMENT

Meeting adjourned at 2:20 pm.

Respectfully Submitted,

Lesley Pugh
Secretary II