

## MISSOULA REDEVELOPMENT AGENCY

### CONDENSED BOARD MEETING MINUTES

SEPTEMBER 21, 2017

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, September 21, 2017 at the Hal Fraser Conference Room, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

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

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

**Public:** Martin Kidston, Missoula Current; Jeremy Keene, WGM Group; Jenni Graff, Missoula Economic Partnership (MEP); Jeff Maphis, JCM Architects; Peter Lambros, Southgate Mall Associates; Tony Moretti, Gavin Hanks Architects; David Erickson, Missoulian; Marie Wilson, In2itive Architecture; Matty Kerr, Bridge Pizza; Joe Jensen, Confluence Construction; Erin McEwen, Bridge Pizza Inc.; Ben Dawson, International Brotherhood of Electrical Workers (IBEW); Bob Moore, Citizen; James Grunke, MEP

#### **CALL TO ORDER**

12:00 p.m.

#### **APPROVAL OF MINUTES**

August 17, 2017 Regular Board Meeting Minutes were approved as submitted.

#### **PUBLIC COMMENTS & ANNOUNCEMENTS**

Bob Moore, citizen, read an excerpt from an article regarding Tax Increment Financing (TIF).

#### **ACTION ITEMS**

##### **Bridge Pizza South – 3000 Brooks Street (URD III) – TIF Request (Behan)**

Behan said this project is going to be located where the former Tower Pizza building is on Brooks Street. He said the people at Bridge Pizza South, LLC would like to make the building into something with a more permanent feel using brick and steel. He said it fits in with the direction MRA would like Urban Renewal District (URD) III to go. Behan said instead of using materials and shapes that reflect the other corporate architecture in the area, this feels like it belongs there and always has. The interior will be completely redone.

Behan said in the back of the building is an alley. He said it's an unpaved alley that acts as a passageway between Grant and Garfield Streets. Behan said the City is insisting that it be paved.

Behan said his memo goes over the various pieces of analysis in terms of increased taxes, job creation, and why it is a good project for this location. He said the location is at the new entrance to Southgate Mall and connects on the new Mary Street all the way to Reserve Street. Behan said it is a very important intersection in terms of visibility and will be at one of the only stop lights within a couple of blocks, therefore people will have to stop there so it needs to be a very well designed, solid building.

Behan said his recommendation is to approve up to \$30,230 in TIF to reimburse for rebuilding and paving the alley and up to \$50,000 in façade improvements under the Façade Improvement Program (FIP).

Joe Jensen, Confluence Construction, said the alley serves a lot more than just the restaurant. He said by City Codes, because there are more than five parking spots, Bridge Pizza South, LLC has to pave the whole thing as part of the project. He said the alley serves at least 50% of the traffic for the auto body store and storage sheds nearby.

Ben Dawson, International Brotherhood of Electrical Workers, asked Bridge Pizza South, LLC if all of the reconstruction that's going on in the area influenced their decision to redevelop this property. Erin McEwen, Bridge Pizza Inc., said yes it definitely influenced their decision.

Reineking asked if all sides of the building will be redone. Tony Moretti, Gavin Hanks Architects, said the addition on the east side does get the same brick and metal treatment as the rest of the façade. He said that part of the façade is not eligible for funding because it is new construction. Moretti added that the existing south wall is getting repainted but the south wall of the new addition will get metal siding.

Reineking said she is glad to hear the developer say that the redevelopment in Midtown has been impactful for them and she is glad that a local business is going into the location.

Englund asked if construction is only \$808,810. Behan replied yes and said in this case the project includes the purchase of the land because Bridge Pizza South, LLC didn't own it before and they wouldn't have done the project without owning the land. Englund said this project is well within the 1:10 public to private ratio guideline for TIF funding.

### **Public Comment**

Moore said he simply does not believe this is the proper expenditure of taxpayer funds. He also said he thought the FIP had been terminated. Englund said that is not correct.

Dawson said he wanted to encourage union labor with the City of Missoula and the people investing in Bridge Pizza South.

**REINEKING: I MOVE APPROVAL OF \$30,230 IN TIF PROGRAM ASSISTANCE TO  
BRIDGE PIZZA SOUTH, LLC FOR THE PROJECT LOCATED AT 3000 BROOKS**

**STREET FOR PAVING THE PUBLIC ALLEY BETWEEN GRANT AND GARFIELD  
STREETS SUBJECT TO PROGRAM CRITERIA AND TRADITIONAL CONDITIONS MRA  
PLACES ON SUCH ASSISTANCE.**

Brock seconded the motion.

Motion passed unanimously (4 ayes, 0 nays).

**REINEKING: I MOVE APPROVAL OF UP TO \$50,000 IN FAÇADE IMPROVEMENT  
PROGRAM GRANT ASSISTANCE TO BRIDGE PIZZA SOUTH, LLC FOR THEIR  
PROJECT LOCATED AT 3000 BROOKS STREET SUBJECT TO PROGRAM CRITERIA  
AND TRADITIONAL CONDITIONS MRA PLACES ON SUCH ASSISTANCE.**

Jones seconded the motion.

Motion passed unanimously (4 ayes, 0 nays).

**Lucky's Market – Southgate Mall (URD III) – FIP Request (Buchanan)**

Buchanan said there is a request from Southgate Mall Associates to utilize the FIP to further improve the renovations and transformation of the former Sears building at Southgate Mall. She said there are a number of elements that are dependent upon the \$50,000 grant application including fabric awnings, stone veneer base treatment and ornamental fencing around the outdoor seating area. Buchanan said what Southgate Mall is proposing to do with this project greatly exceeds what Lucky's Market would require to happen in order for them to locate in the building. She said it's a cornerstone project and will set the tone for other renovations at the Mall.

Buchanan said what Southgate Mall Associates is proposing to do without MRA assistance sets a higher bar than what has existed at the Mall, but the additional elements they want to add with assistance from MRA will further enhance the public realm. She said all of the elements are important as they try to create a more pedestrian environment in URD III and a sense of place. She said right now there's just a monolithic brick façade that has very little in the way of articulation, transparency or scale. She said things like the base on a building is one of the classical architectural elements that give buildings proportionality that make people feel comfortable around them. The awnings do the same thing in breaking up the façade and outdoor seating is always a great pedestrian amenity.

Buchanan said the staff recommendation is that the Board approve a FIP grant of \$50,000 to Southgate Mall Associates. She said there is a huge ratio difference in what they are investing, \$5 million, and what they are asking MRA to help fund. Buchanan said this is a greatly reduced request from what has been discussed in the past where there was a desire to gain reimbursement for some remediation of asbestos in the building and cutting the walls to install windows and doors.

Englund asked how the FIP will work at the Mall. He said if he remembers correctly, Lucky's Market will not be using all of the former Sears building, nor all of the Mall. He said he wondered if MRA will get a series of FIP requests. Buchanan said the way she has responded when asked about that is that the Sears building is a distinct piece of property

that was owned by Sears and has been purchased by Southgate Mall. She said it's in common ownership but there are distinct properties out there – Dillard's and JC Penney own their own buildings. She said the Lucky's Market project takes up about 50% of the former Sears building and her response is that Southgate Mall has one FIP request for the building. She said if other parcels come in and ask for assistance it is something MRA will have to grapple with because the Mall is very different from a free standing commercial building on Brooks Street.

Reineking said if Lucky's Market is using half of the former Sears building and the other half gets developed in the near future she wondered if there will be another request for the other half of the building. Buchanan said her response has been that another ask will not be eligible because there's already been a façade improvement on the building. She said MRA has been consistent in the way it has applied the program; it is to the building. Buchanan said it may be something MRA will want to take up as a policy issue. Englund said he thinks MRA will need to think further about it and what it will mean in the future.

Jeremy Keene, WGM Group, said he thinks when you look at these larger formats, whether it's a big box store or something like the Mall, the cost to do façade improvements and get the kinds of design results desired out of the façade program, the scale is so completely different that it's really challenging to fit within MRA's existing program. He said that is what Southgate Mall Associates struggled with on this project. Keene said the total improvements for the façade on Lucky's Market alone is approaching \$1 million so the \$50,000 is certainly helpful to have, but it's not going to do the whole building. He said he thinks if MRA wants bigger, more transformative projects to happen, the façade program needs to have a way to scale to get the better design results MRA is looking for.

Reineking asked about the fabric awnings being approved as part of the façade program. Buchanan said the policy doesn't address the material of the awnings, but does encourage awnings and canopies. She said with the treatment of some of the fabric awnings they are just about as permanent as metal or other materials.

Moore said he would think, given this situation, that MRA should at least delay approving this until it has established the policy of what MRA wants to do. He said if Dillard's or others want to redo their facades the MRA could be into it millions and millions of dollars. Moore said he thinks this project is improper use of taxpayer money and said it will be finished by Southgate Mall whether they get the \$50,000 or not.

**BROCK: I MOVE TO APPROVE THE STAFF RECOMMENDATION THAT THE BOARD APPROVE A GRANT OF \$50,000 FROM THE FAÇADE IMPROVEMENT PROGRAM FUNDS IN URD III TO SOUTHGATE MALL ASSOCIATES IN ORDER TO PROVIDE FURTHER ENHANCEMENTS TO THE FAÇADE OF THE BUILDING WHICH WILL HOUSE LUCKY'S MARKET WITH THE STIPULATION THAT THE REIMBURSEMENT WILL BE MADE AT THE CONCLUSION OF THE PROJECT UPON SUBMISSION OF LIEN RELEASES AND PROOF OF PAYMENT OF CONTRACTOR INVOICES AND AUTHORIZE THE CHAIR TO SIGN THE DEVELOPMENT AGREEMENT.**

Reineking seconded the motion.

## **Public Comment**

Dawson asked MRA if they think Lucky's Market would be offended if MRA were to take the position that it will proportionally give Lucky's Market up to \$50,000 based on the square footage they are taking of the building, pending the decision on the façade program.

Englund said MRA has been clear that this is it for the former Sears building under the current policy. Buchanan concurred unless MRA established a policy that says differently.

Reineking said she does think the awnings, ornamental fence and stone veneer face treatment that make all of it more pedestrian friendly really is a benefit that the façade improvement program was designed for and she appreciates that.

**Motion passed unanimously (4 ayes, 0 nays).**

## **NON-ACTION ITEMS**

### **Missoula Economic Partnership – Update**

James Grunke, Missoula Economic Partnership (MEP), introduced Jenni Graff, MEP's Director of Economic Development. He said last month MEP was approached by a foreign investor looking to invest in a project in one of the URDs in Missoula. Grunke said Graff put together a package for the foreign investor and he thought it would be a good idea to share the facts and figures MEP uses when they are looking to promote Missoula as an investment opportunity with the MRA. Graff reviewed the presentation and welcomed feedback.

## **STAFF REPORTS**

### **Director's Report**

#### *Legislative Update*

Buchanan said the cities and counties have begun to meet and deal with TIF and the legislature for the upcoming session to be held in one and a half years. She said Behan has been attending the meetings. There have been some discussions at the interim committee level that haven't gotten drilled into great detail yet. She said there will be a one day working session with the various cities and counties that are trying to pull together one voice on the TIF subject at the League of Cities and Towns.

#### *Design Guidelines/Standards*

Buchanan said the consultants, Winter & Co., are in town holding meetings with focus groups. There will be a public presentation tonight at the DoubleTree. She said she thinks the incentive-based aspect of it will be tools for MRA, particularly if it moves forward with refining the façade improvement program. She said the report will be available at missouladesignexcellence.org. Reineking asked if the recommendations are in the report. Buchanan said it's the beginning of the recommendations and the economic analysis is still not part of it.

#### *Hotel Fox/Riverfront Triangle*

Buchanan said they are slowly closing in on all the details for the collateral agreements. It will come to the Board in October.

#### *Mary Avenue West*

Buchanan said this is moving along and is on schedule for October completion.

### *Redevelopment, Housing and Economic Development*

Buchanan said the City is actively working on developing a housing policy for the City. She said Eran Pehan, Director of the Department of Housing and Community Development (HCD), the Mayor and herself have put together a list of people who will be invited to serve on the steering committee. The first meeting is scheduled for late October.

### *Downtown Master Plan Update*

Buchanan said the plan is ten years old now and needs to be looked at again. Some of the elements that were a part of it have been done and some things need to be revisited. She said there will be a request of MRA to participate in funding the update. Buchanan said the Downtown Master Plan has become so important and frequently referenced that the City will be a major contributor to it. Englund said MRA made an informal promise to the neighborhood just off of downtown by Kiwanis Park that in light of all the changes going on down there, if the planning process was going forward MRA would encourage and help it. He asked if that will be part of the update. Buchanan said yes. She said in the current plan that area is earmarked to be a cultural district; she said she thinks it will be completely rethought at this point. She said the general sentiment with the people making this plan happen is that the downtown in general should be the cultural district.

### *Fairgrounds*

Buchanan said the Board should have received a copy of the letter from the County Commissioners asking that MRA amend the boundaries of URD III to include the fairgrounds. Buchanan said it is a major policy issue for the City Council to discuss. She said it has huge policy implications because of the depth of need at the fairgrounds. Englund said the way he recalls the statute is that it's the Council's decision whether to establish a district and to set the boundaries. He said MRA is asked about it, and sometimes asked to staff it and help make the decision, but it's the City Council's decision, not MRA's. Reineking said she agreed with Englund. She said it's also been the City Council that has asked for MRA's opinion and recommendation. Englund said the opinion and recommendation has always been about whether or not it meets the requirements of the statute. He said originally it wasn't included because it's county property and will not generate any increment, as well as the expense of redeveloping it.

Jones asked if there are any similar areas where there's been City/County partnerships like what may be anticipated here. Buchanan replied no, nothing of this magnitude. Behan said MRA has helped the County in several different building and renovation projects including the courthouse. Buchanan said those projects were in an URD. The fairgrounds are in the City limits, but not in an URD. Englund said the history is that it was drawn out of URD III because it wouldn't generate any increment and the needs are so great. URD III was created with the intent of improving that part of town and not to dump it all into the fairgrounds. He said at the time the City Council was very clear about that and the County Commissioners didn't have an issue with it. Behan said he thinks the County understands now that they need a plan and a financing plan to go along with it and that tax increment may be a part of that plan but not the whole thing. Buchanan said the County designated three mills in their budget for the Fairgrounds so there is a revenue source that has nothing to do with MRA. She said they already have the funding together to do the educational building and that with the mills gives them access to about \$14 million.

Martin Kidston, Missoula Current, asked if MRA was a participant in creating the Fairgrounds Master Plan when it was compiled. Behan said he was on the steering committee. Reineking said the MRA Board was not involved in it, nor was City Council.

### **Budget Status Reports**

Dunn said she is still working on the “rainbow reports” and will post them to the website when they’re ready. She handed out an expenditure report for FY18 so the Board could see what’s been expended in the last couple of months.

### **COMMITTEE REPORTS**

#### **OTHER ITEMS**

Behan said he went on a tour with the Police Dept., Parks & Rec, the Conservation Lands manager & crew, and the engineer for the project at the West Broadway Island. He said the conditions down there in terms of criminal activity have skyrocketed over the last year. He said Parks & Rec is cleaning it up once a week and it’s the most expensive piece of land they are taking care of now. Behan said they have asked the engineer to break out something the City can do to improve the area and Parks & Rec will also be working on better sight lines. He said some of the pieces of the development of the island will be moved out of the main project to help alleviate some of the conditions down there.

#### **ADJOURNMENT**

Adjourned at 1:08 p.m.

Respectfully Submitted,



Lesley Pugh