

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

January 17, 2019

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, January 17, 2019 at the Hal Fraser Conference Room, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Nancy Moe, Ruth Reineking, Melanie Brock, Tasha Jones (teleconference)

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

Public: Grace McKoy, Anderson-Zurmuehlen; Andrew Oberg, OTherapy Wellness Center; William Parnell, Anderson-Zurmuehlen; Cindy Weese, YWCA; Colin Lane, MMW Architects; Bob Giordano, Free Cycles; Jason King, Dover, Kohl & Partners; Missoula Community Access Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

December 20, 2018 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

ACTION ITEMS

FY18 Audit Report – Request for Acceptance (Dunn)

Grace McKoy, Anderson-Zurmuehlen, said she and William Parnell were part of the audit team that conducted the FY18 audit this year. She thanked Dunn, Buchanan and the MRA staff for helping to make their audit extremely transparent and a seamless process. McKoy reviewed the FY18 Audit Report for the Missoula Redevelopment Agency (MRA). She stressed the importance of the Management Discussion and Analysis (MD&A) section which is extremely thorough and gives a strong understanding of the organization, all of the projects, all of the year's activity, and debt financing. McKoy said when Anderson-Zurmuehlen does an audit they are not just looking at the financial statements. She said they are also looking at internal controls and compliance as required by government auditing standards. McKoy said there were no findings in the audit. Dunn added that state

law requires MRA to report on the tax increment financing activities of the agency and MRA is using the MD&A to fulfill that requirement.

REINEKING: I MOVE THE MRA BOARD ACCEPT THE FY18 AUDIT REPORT.

Moe seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

OTherapy Wellness Center – 2148 and 2126 Dixon Avenue (URD III) – Request to Proceed Without Prejudice (Behan)

Behan said Wild Rockies Properties, LLC is owned by Karen and Andrew Oberg. They purchased two adjacent properties last year in URD III at 2148 and 2126 Dixon Avenue. The parcels contain an office building and a single-family rental house. Behan said the Oberg's would like to remove the single-family residence building and expand the office building to two stories as well as to the north and south. They will then move a series of medically-oriented businesses into the building. Behan said because of the current environment with contractors, the Oberg's are asking to move ahead with deconstruction of the single-family residence building prior to submitting a formal application for assistance. Behan said the staff recommends that the Board approve the request to Proceed Without Prejudice (PWOP) from Wild Rockies Properties, LLC. Behan said the direction the property is going fits into the Urban Renewal Plan, Urban Land Institute (ULI) Study, and a lot of other thinking that has gone into URD III.

Andrew Oberg said he and his wife closed on the property at the end of July last year. Their intentions were to move the business into the residence, but because of the condition of the residence he said it was hard to assess the building to see if it was worth it to do that. He said when they finally got into the building it was obvious that it needed much more money than they were willing to put into it. He said it is hard to line up contractors very quickly right now. They are just trying to move ahead with it and that is why they are asking for a PWOP right now.

Moe asked for an explanation of how this project works with the Design Excellence Standards and if they will be promoted with this project. Behan said the standards must be promoted. He said the Board said they want the Design Guidelines to be applied to projects that are in an URD that may not be subject to the Design Standards which are along the corridors. He said in this case the nearest corridor would be Brooks Street. This is right on the edge. Behan said there is no procedure yet on how MRA might do that, nor does Development Services have a set procedure yet on how they will handle things. MRA staff will be meeting with Development Services soon to start working things out. He said staff wants to be sure that if it is doing some analysis it is consistent with what Development Services is requiring before the application comes to the MRA Board. Moe asked if the Guidelines will be applied. Behan concurred. He said there are two parts to it. One is Design Standards that are talked about in the overlays associated with zoning. The second is the Design Guidelines and is a more in-depth look at how things might happen in different areas of town. Staff will be applying the Guidelines.

Reineking asked if the rental is currently occupied. Oberg said it is not. She asked Oberg when he anticipates coming before the Board for approval. Oberg said they have engaged an architecture firm and they are starting on plans for the office spaces and different treatment spaces. He said they hope to have something to review soon and will likely come back in a few months. Reineking said she hopes the plans will include landscaping. Oberg said the Design Excellence Standards require landscaping.

Oberg said the facility will primarily be used for treating youth with disabilities. It will include occupational therapy, physical therapy and speech therapy. He said it is an integrated therapy business and the idea is to make it look somewhat like what the children's museum would look like on the outside. They want to project the idea that it is a fun place for kids to be, which will help them. Oberg said they want to have a garden space for the kids to do treatment outside as well.

MOE: I MOVE THE BOARD APPROVE THE REQUEST FROM WILD ROCKIES PROPERTIES, LLC TO PROCEED WITH WORK ON CERTAIN PROJECT ITEMS WITHOUT PRECLUDING THOSE ITEMS FROM BEING INCLUDED IN A FUTURE ASSISTANCE APPLICATION FOR A PROJECT AT 2126 AND 2148 DIXON AVENUE.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Jones entered the meeting via teleconference.

YWCA Facility Expansion – 1800 South 3rd Street West (URD II) – TIF Request (Behan)

Reineking said her husband has been working with the YWCA on this project for several months now. She said while he is working in a volunteer capacity and there is no financial gain for her or her husband, she wished to avoid the appearance of a conflict of interest because she isn't sure it would be apparent to everybody going down the road, and this could be a longer project than the Board is seeing right now. Reineking said she will not be voting on this and understands it may not actually be a conflict of interest, but wants to avoid that appearance.

Behan said he is a volunteer for Family Promise who is an operational partner in this. He said he has nothing to do with their operations or policies.

Behan said the Young Women's Christian Association (YWCA) has purchased a piece of property at 1800 South 3rd Street West. Behan included a map with his memo that outlined the property. He said he accidentally included the adjacent pet store, but it is not actually part of the property.

Behan said there are as many as 50 families and 100 children on the street at any given time in Missoula. He said some organizations, like the Poverello Center and Salvation Army, are handling some of the adults. Watson's Children's Center can handle some of the

children. Family Promise can take on some families, but that is about it for keeping families together. Behan said families stay with relatives, friends, co-workers, etc. He said most of them are homeless and working. Behan said the new YWCA facility will hold the growing need for housing for families and help for domestic violence victims.

Behan said MRA has a long history with the YWCA that goes back to 1998 when it first provided TIF assistance to the Secret Seconds store on West Broadway. In 2013 MRA assisted with right of way (ROW) improvements to the Secret Seconds store. MRA also participated in façade improvements to the YWCA Secret Seconds store at 920 Kensington in 2017. Behan reviewed his analysis of the project. He said it is an exciting project and the requested TIF amount of \$142,404 will be well spent in trying to make the \$10 million project happen.

Behan reviewed the maps and renderings that were attached to his memo. He said there have been discussions between the YWCA and Sussex School so that everyone understands what the programs are and to alleviate any outstanding security concerns. Behan said the property will have two play areas, parking on the west side and underneath the building. It will shelter up to 44 families and victims of domestic violence. The campus is open and friendly and will be a positive presence for the neighborhood and passers-by.

Regarding financing, Behan said any tax-exempt project like this is incredibly complicated. He said there are several primary sources including New Markets Tax Credits (NMTC) (pending), City (in place) and State (pending) Community Development Block Grant (CDBG) funds, YWCA equity (in place) and capital campaign funds (currently 61% committed). Cindy Weese, YWCA, said they are running a \$7 million capital campaign and have a little over \$4.5 million raised. Weese said the state CDBG timeline will delay construction and they are hoping to start mid-July.

Moe asked if this project is required to follow Design Excellence Standards. Colin Lane, MMW Architects, said they went through a conditional-use permit process in November and December. That process concluded before the Design Standards were adopted so those standards do not apply to the project. However, he said they did look through the Standards and know how they would treat this facility. Moe asked if there was anything helpful in the Design Standards that they were able to use. Lane said what they found is that this project would have had to go in front of the Design Review Board. He said some of the reasons are around glass, privacy and security because they are very important in this facility. He said they already had a lot of the principles in their design.

Moe asked for clarification on the number of units. Weese said there are 31 units for family housing and 13 for domestic violence victims. The total units will be 44. Reineking referred to the Impact Assessment section in Behan's memo and wondered if there were any environmental concerns. Behan said there are none. He said whoever takes out the sump and grease separator needs to be careful and aware of it, which they are. The Health Department has inspected it.

Englund asked about the language in the motion stating "Prior to any reimbursement the YWCA shall provide MRA with evidence of grants, loans, investments, etc. sufficient to complete the project pursuant to the design and usage plans presented to the MRA Board."

Behan said that language is very common in non-profit things and that similar language can be found in MRA's assistance with homeWORD, Western Montana Mental Health Center (WMMHC), and Garden City Harvest. Behan said it's stated that way so that MRA knows the project is financed. He said it's common language in the Development Agreement. Reineking said while MRA typically doesn't pay until the end of a project she asked if the YWCA could be reimbursed based on the assurance of those grants. Behan said yes and payments can also be phased.

Jones said she has had direct communications with the Family In Transition (FIT) Coordinators in schools. She said they are the people in the schools who deal with homelessness that affects children. She said there has been a serious need for additional housing for families in Missoula for a long time. Jones said she is pleased to see this project and to be in support of it.

BROCK: I MOVE THE MRA BOARD APPROVE TIF ASSISTANCE IN AN AMOUNT UP TO \$144,404 FOR THE DECONSTRUCTION, DEMOLITION AND SITE CLEARING, AND PUBLIC RIGHT OF WAY IMPROVEMENTS DESCRIBED HEREIN AND AUTHORIZE THE BOARD CHAIR TO SIGN THE RELATED DEVELOPMENT AGREEMENT. PRIOR TO ANY REIMBURSEMENT THE YWCA SHALL PROVIDE MRA WITH EVIDENCE OF GRANTS, LOANS, INVESTMENTS, ETC. SUFFICIENT TO COMPLETE THE PROJECT PURSUANT TO THE DESIGN AND USAGE PLANS PRESENTED TO THE MRA BOARD. FURTHER, REQUESTS FOR REIMBURSEMENT MUST MEET THE STANDARD CONDITIONS FOR MRA ASSISTED PROJECTS INCLUDING BEING MADE BASED UPON COPIES OF PAID INVOICES FROM CONTRACTORS AND VENDORS SHOWING THE ACTUAL ELIGIBLE WORK COMPLETED ON ELIGIBLE ITEMS ALONG WITH COPIES OF CONTRACTOR PAYMENT LIEN RELEASES AND THE PASSING OF ANY REQUIRED INSPECTIONS.

Moe seconded the motion.

Behan pointed out that the amount of TIF assistance should actually be \$142,404 (not \$144,404).

BROCK: I AMEND MY MOTION TO APPROVE \$142,404.

Moe accepted the amendment.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays, 1 abstention (Reineking)).

Reineking said she is proud of the Board for approving this project. She said the ratios on it are phenomenal and she is sorry MRA can't do more to help. She said she is a fan of the YWCA and is excited for the project. She said the transportation that goes by there including Mountain Line and the nearby trail make it a great location. Englund said he agreed with Reineking and added that the rules for recusing oneself are tied to monetary gain, but avoiding the appearance of that is important.

Jones exited the meeting.

MRL Park – 1930 South Avenue (URD III) – Request to Reallocate Professional Services Fees (Marchesseault)

Marchesseault said the Board has approved the budget for Montana Rail Link (MRL) Park. There was a fee for the consultants, a fee for the construction manager and the overall project budget. The Board also approved a fee for construction survey and staking as well as construction inspection services which were added to the initial consultant fee.

Marchesseault said the project is 89% complete and what remains to be done is tree planting, benches, public art and other amenities. She said the project is under budget and the construction manager has done a fabulous job at keeping costs down and working with the sub-contractors to get really good prices. Given that, Marchesseault said there is enough construction budget to add some amenities that they weren't sure they were going to be able to add. One of those is the park benches patterned after utility carts that MRL uses on the rails. Also, Marchesseault said the entire fee for construction inspection services or survey and staking services was not used. She said they anticipate a small amount of that might be needed for the spring work. Therefore, staff is requesting approval to move those fees from those categories into the general design fees so that the designers have adequate fee capacity to detail the benches and for some monumental signage for the Park. She said the funds have already been approved, they are just in separate columns and were approved separately.

Reineking asked what monumental signage means. Marchesseault said one of the pieces that MRL donated to be installed in the Park was a cantilevered truss. She said it will be cantilevered over the trail and it is proposed to hang the Park name from it. They also want to put the name of the Park in lettering on the bumper stops that are on the Johnson Street side. Monumental means the letters will be 12"-18". Marchesseault said MRL is very thrilled at this opportunity.

Moe asked what the dollar amount is for this request. Marchesseault said it is a little over \$8,600. Moe asked if it includes the seamless integration of the public art piece. Marchesseault said yes.

REINEKING: I MOVE THE BOARD APPROVE THE STAFF'S RECOMMENDATION TO REALLOCATE DHM DESIGN'S UNUSED CONSTRUCTION SURVEY/STAKING AND INSPECTION/TESTING FEES TO GENERAL DESIGN AND CONSTRUCTION ADMINISTRATION TASKS.

Moe seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

NON-ACTION ITEMS

Downtown Master Plan Update – Presentation by Dover, Kohl & Partners

Jason King, Design Team Lead for Dover, Kohl & Partners, presented their work to date on the Downtown Master Plan Update. They will be making a presentation at the Wilma on

Friday at 4:00pm to show everything they heard from the public in their “first pass” at all of the ideas. Buchanan urged the Board to attend the presentation. King said they hope to have the final plan complete in the fall and have it adopted before the end of the year.

STAFF REPORTS

Director's Report

Buchanan said staff is making progress on closing out projects. She said the bonds on Stockman Bank should be done in the next month or so. There is also the possibility of closing The Merc out. She said she talked with Dick Anderson Construction, who incidentally won Business of the Year at the Missoula Downtown Association (MDA) annual awards, and they are finishing some final items on The Merc. Marriott Hotels are conducting training and they plan to have rooms occupied in early February.

Budget Reports

Dunn said the FY18 audit is complete so the beginning fund balances are up to date on the budget status reports. Revenues are recorded through December 31, 2018. Buchanan said she has been in contact with the Department of Revenue (DOR) regarding valuations on The Merc. She said they have finally unraveled why the revenues for the Front Street District are so anemic for this year. She said it was ultimately about timing. Buchanan said money was lost on the seven lots where the Levasseur Street Townhomes went in and what was constructed of The Merc at the time was terribly undervalued compared to what she thought it would be. She said it was valued as one floor and there was more than one floor built on January 1, 2018. Buchanan said staff now knows what it will be valued at and MRA is in great shape with respect to bonding capacity. Englund asked what this means in terms of the City's budget. Buchanan said the City's budget was primarily impacted by appeals. She said hopefully things have leveled out and will smooth out now.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:35 p.m.

Respectfully Submitted,



Lesley Pugh