

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

March 16, 2023

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, March 16, 2023 in the Hal Fraser Conference Room, 140 W. Pine St., and via Microsoft Teams at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Tasha Jones, Ruth Reineking, Melanie Brock, Jack Lawson

Staff: Ellen Buchanan, Annie Gorski, Annette Marchesseault, Tod Gass, Jilayne Dunn, Maci MacPherson, Lesley Pugh

Public: First Security Bank: Scott Burke, Tessa Burke, Lauren Hutchison, Kevin Wilkerson; Dick Anderson Construction: Cameron Fox, Toby Krutz; City of Missoula: Morgan Valliant, Andy Schultz; AE Design: Levi Thane; Trout Unlimited: Rob Roberts; MCAT

CALL TO ORDER

12:00 pm.

INTRODUCTIONS

APPROVAL OF MINUTES

[February 16, 2023 Regular Board Meeting Minutes](#) were approved as submitted.

[February 23, 2023 Mountain Line/MRA Board Meeting Minutes](#) were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Melanie Brock was reappointed to the MRA Board by City Council on Monday, March 13, 2023 for another four-year term.

ACTION ITEMS

Flynn-Lowney Ditch Restoration Project – URD II Strategic Exit Plan (Wards 1 & 3) – TIF Request (Buchanan)

Buchanan said the Flynn-Lowney Ditch Restoration Project is one of the top priorities identified in the Urban Renewal District (URD) II 9-Year Strategic Exit Plan. This project encompasses many things and the opportunity was triggered in large part by the City's ability to acquire the Flynn-Lowney Ditch a couple of years ago. It focuses on bank

stabilization and riverbed improvements between the trestle and California Street Bridge. There is severe bank erosion behind the baseball stadium that is starting to threaten the trail there. The project may also create some new and safer recreational opportunities while improving access to and from the boat ramp in Silver Park. It provides ADA (American's with Disabilities Act) access to the river, protects MRA's investment in the West Broadway Island, and ties Downtown Lion's Park to the river and island. Buchanan said the Flynn-Lowney Ditch Restoration Project accomplishes a whole myriad of things that are important along that stretch of the river.

Buchanan said this project has created the opportunity for new partnerships with Trout Unlimited. Rob Roberts, Trout Unlimited, is going to manage this project. He filled the same role for the City when the Upper Rattlesnake Dam was taken down after the City acquired the water system. The City needs funding to issue a Request for Proposals or Request for Qualifications (RFP/RFQ) to hire a consulting team to put the project together and identify funding sources and a conceptual plan. Staff is asking the Board approve a Tax Increment Financing (TIF) allocation of up to \$300,000 to take this first step. Buchanan said as part of the request, staff thinks \$300,000 is adequate to do this first step, but would like to reserve the right to come back to the Board if this amount is found to be inadequate to accomplish what they want to. She said it is a huge step in doing things MRA wants to in URD II, not the least of which includes addressing missing trail connections on the north side of the river. The projects identified in the URD II Strategic Exit Plan will not happen without the availability of TIF funding, and MRA has until 2031 to accomplish those goals.

Morgan Valliant, Parks & Recreation, said City staff along with Fish, Wildlife & Parks (FWP) got together two years ago and started talking about this. He said it is a very complex project and takes a comprehensive look at this stretch of river, which is what really needs to be done rather than small, independent projects. Valliant said this project ties into half a dozen adopted Master Plans, but there are also components that need to be discussed further like whether or not to do recreational features in the river. Valliant said they don't know what they are going to get, nor if there is a design firm with all of the skill sets to do it all. Starting big and narrowing down the project scope to move forward with engineering and design is really important. He said there is a large amount of funding opportunities that could come in from other sources for this project once they have it scoped. It is really hard to get money to do this type of planning upfront, and Valliant said he sees this investment as seed money to help build the project. As someone who has spent a lot of time chasing grant funds and donations to pull off projects, Valliant said the hardest thing is getting through this first big step. He thanked the MRA Board for allowing them to be there and entertain the proposal.

Rob Roberts, Project Manager with Trout Unlimited, said he collaborated with the City on the removal of the Lower Rattlesnake Dam. Their primary interest in the site starting off was dealing with the fish entrainment issue in the Ditch. That was alleviated when the City bought the water company. He said this is a really exciting opportunity because they are looking at the whole area. It opens up possibilities to integrate recreation, restoration and flood resiliency in the downtown corridor. He echoed Valliant's comments that it is a complex project and will be difficult to bring together the right people that can conceptualize and visualize how it will work. Roberts said they have a draft RFQ written. They will put out a call for professional services for someone to put the team together that can integrate

engineering, river hydrology, landscape architecture with woodland and revegetation services, and everything in between. Roberts said he anticipates firms teaming up and multiple different entities coming together to offer a suite of services that fits there. They would like to collect enough data and do enough analysis in the initial phase to work through the concepts, figure out which ones have viable alternatives and what those look like and how they fit together, and get it to a point where the concept makes sense on paper and is identifiable and can be taken into engineering and design.

Roberts said this is a great time to be doing this kind of project. He hopes to have topographical survey data on the river and associated lands done this summer and fall. Valliant said Parks & Rec has a signed Memorandum of Understanding (MOU) between the City, FWP and Trout Unlimited to move forward with this, recognizing Roberts as the Project Manager. He was also Project Manager on the Rattlesnake Dam removal and is helping the City deal with dams in the Rattlesnake Wilderness. Valliant said having that non-profit partnership is really critical to helping the City gain capacity and bring in the funding.

Reineking said she is glad it is being looked at as one comprehensive project with so much coordination between departments and agencies going on. She asked if they will be including the tribes. Valliant said they have not yet, although they do have a good working relationship with them and sought their guidance on the Rattlesnake Dam removal project. He said they have capacity issues just like the City and he doesn't want to waste anyone's time until they have a real project that is moving forward. They will bring in other partners and viewpoints at some point during this first step. Reineking said she appreciates the staff recommendation stating there is a possibility MRA might have to expand the amount spent to get the scope of services desired. She said she prefers to do that rather than reduce the scope of services because this project is a big deal. Brock asked if Three Rivers Collaborative will be a partner. Valliant said staff will be taking this to them in April to let them know it is moving forward. City staff also plans on facilitating space for public dialogue for this.

REINEKING: I MOVE THE MRA BOARD APPROVE UP TO \$300,000 TO FUND THE PROFESSIONAL PLANNING WORK REQUIRED TO ALLOW PROJECT PARTNERS TO BEGIN FINAL ENGINEERING, PERMITTING AND FUNDING TO IMPLEMENT FOR THE FLYNN-LOWNEY DITCH RESTORATION PROJECT, WITH THE UNDERSTANDING THAT THIS ESTIMATE MAY NOT BE ADEQUATE AND ADDITIONAL FUNDS MAY BE NEEDED TO COMPLETE THIS INITIAL PHASE CAUSING STAFF TO COME BACK TO THE BOARD WITH A REQUEST FOR ADDITIONAL FUNDING, AND AUTHORIZE THE DIRECTOR TO ENTER INTO AND SIGN ANY INTERNAL AGREEMENTS WITH OTHER CITY DEPARTMENTS.

Brock seconded the motion.

Reineking asked for semi-regular updates as this project progresses. Valliant said they will work to do that.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

First Security Bank – 2500 Garfield Street & 1704 Dearborn Avenue (URD III / Ward 4) – TIF Request (Gorski)

Gorski wanted to note projects like this generate tax increment that MRA can use to reinvest back into public infrastructure projects that benefit the community like parks, trails and infrastructure to support housing. The water line project being presented by Gass after this one is a perfect example.

Gorski showed a [Power Point Presentation](#) for the First Security Bank (FSB) project located in URD III. Last summer FSB came to the Board with a request to Proceed Without Prejudice for deconstruction of an obsolete building along Garfield Street. That building came down in August. The request today includes deconstruction of that building, as well as the branch building at 1704 Dearborn which will not come down until their new facility is constructed and operational. The new facility will be at the corner of Dearborn and Garfield. FSB is also requesting funding for public infrastructure surrounding the site, specifically boulevard sidewalks, street trees and utility undergrounding. Gorski showed a rendering of the significant landscaping being added to the site, including in the parking areas and right-of-way (ROW).

FSB is proposing construction using Cross-Laminated Timber (CLT). This construction method uses significantly less waste. Wood members are pressed together to create strength, which can be used rather than steel and concrete to get the strength to build a multi-story building. There are also significantly less finishes like drywall and paint that are needed. FSB is intending to seek LEED (Leadership in Energy and Environmental Design) Silver certification for the building, acknowledging the sustainability aspects of it.

The total TIF request is for \$711,083. It includes \$380,355 for deconstruction of two buildings and \$330,728 for public improvements in the ROW. Gorski said the property taxes on the property are expected to triple compared to existing. Therefore, the payback on MRA's \$711,083 investment is likely to occur in two to three years, which is considerable.

Gorski said this project is in alignment with the City's Strategic Plan. It meets the City's Sustainable Growth Initiatives including redeveloping a site in Midtown and this primary node close to transit, as well as adding boulevard, sidewalks and trees. The CLT construction type also reduces non-renewable materials. Gorski said businesses like FSB have a choice when it comes to where they make their investment and staff is happy they are making it within the City limits as well as within URD III so the tax increment generation can go back into other public improvements in the URD.

Gorski said there are several alignments with this project and the Urban Renewal Plan for URD III. It creates a vibrant commercial area typified by architectural excellence and compatibility. The consultant team told Gorski this is the first multi-story CLT built structure in western Montana, and possibly all of Montana. FSB is also using innovative design and site layout with sustainable materials, aligning with the City's Design Excellence. There is also significant growth in the number of trees in the ROW as well as the site surrounding the building, aligning with encouraging the use of landscaping in all URD public and private projects and facilities. Gorski said the staff recommendation is that the MRA Board approve

the request from FSB in the amount of \$711,083 for deconstruction, public ROW improvements and utility undergrounding within the public ROW.

Scott Burke and Kevin Wilkerson, FSB, gave a brief [presentation](#). Burke said FSB was founded approximately 50 years ago and has gone through several ownership changes over the years. In 1996, Glacier Bank bought FSB and that is how it remains today. Since being purchased by Glacier Bank, FSB has created a sense of culture revolving around community. They have over 200 employees and 20% of each of their performance reviews are based on community service. Burke was proud to say there are very few non-profit entities or community organizations in Missoula that haven't benefitted from FSB's time and significant financial investment.

Burke reviewed the history of the building on the site. He said it was originally a cement plant and has gone through several ownerships and remodels over time. They are at the point where they can't do anything more with it. It's been a challenge and has forced them to acquire adjacent properties over the years as they continue to grow and serve Midtown. Having multiple properties there isn't the best and most efficient way to run business, which led them to the point they are today in looking at a new facility. FSB looked at several locations because they own several other properties around town. What brought them back to where they started was that it is in an Urban Renewal District, which Burke said would allow them to build what the City and Midtown deserves. He said they are very excited and committed to Midtown and feel it deserves a facility like this. Buchanan said this is seen as a catalytic project for the implementation of the Midtown Master Plan (MMP).

Wilkerson spoke to the innovative approach of CLT. He said it is starting to be seen more and more in the US over the last 10 years. It will be one of the first in Montana. The steel structure is replaced with the CLT, which is pieces of wood adhered together in five to seven layers. It eliminates the use of steel and replaces it with the use of a renewable resource. It also gives a beautiful finish. These buildings are fabricated off-site and then assembled on-site, which dramatically reduces time and the amount of waste produced by construction debris. Wilkerson said one of the reasons FSB picked CLT is that they wanted to stick with the Missoula, MT heritage with wood elements throughout the building. Construction sustainability and other building aspects including HVAC (Heating, Ventilation, and Air Conditioning) efficiency, irrigation system, etc. go into them getting LEED certification.

Levi Thane, AE Design, spoke about the site improvements and the areas in and around the building. He noted that CLT is also carbon-sequestering, so it directly addresses climate change and presents a new way of building that provides a greater good to all occupants and the planet in general. Thane said when AE Design starting working with FSB it was clear they were interested in something that would contribute much more to the greater good. It wasn't just about their business, it's about the community, the planet and the environment. The improvements being made throughout the site as well as in the public ROW are intended to go much further than what would be minimum code requirements. They aim to create the best built environment they can both within and beyond the property line.

Thane said the traffic for the teller area is segregated and away from pedestrian crossings. To the extent possible, AE Design have also limited any places for pedestrians to have to

cross areas of vehicle traffic. The sidewalk areas will be greatly enhanced with boulevard landscaping. Within the ROW, there has been considerable effort to create the best pedestrian experience between the sidewalk and the building. Landscaping includes raised planting areas and native landscaping with drought tolerant plant species in areas that separate the sidewalks from the building as well as in areas that separate the sidewalks from parking.

Reineking asked what FSB's plan for recycling is within their business. Burke said they plan on doing the same thing they have in the past by having recycling bins throughout the facility. He said they conducted an employee survey/focus to see what they wanted in the new building and recycling came out very high in ranking, so FSB will follow through with it. Reineking asked if they've considered putting in childcare. Burke said they have not. Reineking said she saw several FSB employees at a Missoula Midtown Association (MMA) luncheon and appreciates their involvement with that organization.

Lawson said this is a major and meaningful improvement to the site and area. The return on investment seems obvious in terms of improvement of property tax base. He applauded FSB on its commitment to environmental performance. As stated earlier, FSB had choices about where and whether to invest, and we're living in a time where fewer and fewer banks are making physical commitments to communities, so he wanted to applaud that as well.

Brock said the Southgate Triangle section of Midtown is emerging in the MMP effort as the top place for commercial redevelopment. In meeting with commercial property owners they are hearing all of the reasons why it is so hard to reinvest in commercial property redevelopment when "if it's not broke, don't fix it". Brock said they are very excited about this project in Midtown and hope it spurs many more projects.

Jones said the culture in Missoula is to deconstruct buildings in a sensitive and responsible way and then to build projects in a way that keeps the public in mind. One of the greatest achievements of TIF funding is that the public really has a seat at the table at the deconstructive phase, design phase and on the construction phase that truly benefits the public. She said some would argue that large banks or other big development should somehow be considered differently and she is firmly opposed to that because the public needs a seat at the table. Especially at a location like this that is so important to the overall goals in URD III. Jones said she fully supports this project and it is so rewarding to see how thoughtful FSB has been in the deconstruction and planning to really keep the public in mind and to have those plans in place so the Board can be very comforted in approving a project like this.

Brock said outside of bus benches there is no public seating in this section of town. FSB's plaza concept with safe, clean spaces is very exciting and she hopes to see more of it in the neighborhood.

Englund asked if they have to bring people in who have done the CLT concept before. Wilkerson said Dick Anderson Construction has some experience with it. A lot of the work is being done by people on the west and east coast and Canada. FSB will self-perform the installation of it because they see it as the future of buildings and want to be part of that and

do it themselves. Englund asked where the product comes from. Wilkerson said a lot of it will be coming from Canada. They will make the product there and ship it here.

Englund asked if the \$115,364 for design, engineering and construction oversight is a fair number. Buchanan said it also goes into deconstruction. Thane noted the overall design component for this project is approaching \$2 million, so \$115,364 is a small portion of that and it relates to design, engineering, construction oversight, deconstruction, and ROW sidewalks and additional landscaping.

LAWSON: I MOVE THE MRA BOARD APPROVE THE REQUEST FROM FIRST SECURITY BANK IN THE AMOUNT OF \$711,083 FOR DECONSTRUCTION, PUBLIC RIGHT-OF-WAY IMPROVEMENTS AND UTILITY UNDERGROUNDING WITHIN THE PUBLIC RIGHT-OF-WAY, AND AUTHORIZE THE BOARD CHAIR TO SIGN THE DEVELOPMENT AGREEMENT. REIMBURSEMENT FOR ELIGIBLE COSTS WILL OCCUR FOLLOWING RECEIPT OF PROOF OF PAYMENT AND LIEN WAIVERS.

Brock seconded the motion.

Englund said the size of the project, quick payback and jobs created along with it being a neat looking building is pretty cool for Midtown. Jones asked whether FSB will be consolidating its operations within the space. Burke said the building they own to the north of this facility will be transferred to their holding company. Across the street is another branch and he will entertain some purchasers on that. They will all be within the new building. Jones said it sounds like this will stimulate redevelopment of some other spaces that are very close in proximity. Burke said it will.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

URD III Water Network Program – North Avenue Water Main (Ward 6) – Request for Authorization to Enter into a Design Memorandum of Understanding (Gass)

Gass said last June the Board approved the creation of a Water Network Program for URD III in the Capital Improvement Projects (CIP), similar to the URD II Water Network Program created in 2021. The goal of the programs is to remove barriers to redevelopment such as physical access to City municipal water and help provide adequate fire flows to the water delivery system to support higher density development in underutilized areas of an URD.

Gass said staff has been working with Missoula Water to identify deficient areas in URD III and start prioritizing building out the water network. The focus for this summer is installing a water line in North Avenue between the railroad tracks and Johnson Street on the north edge of the City-owned Johnson Street property acquired from Montana Rail Link (MRL). MRA's investment in this infrastructure brings water to the site and enhances fire flows for future redevelopment. It also includes the installation of an additional fire hydrant at the south end of Grant Street. This investment will further MRA's efforts in supporting affordable housing by removing this cost that would otherwise be passed on to a developer/property owner/resident.

Gass said timing-wise this project will work well with the City's street paving schedule. The Streets Department will mill and overlay this section of North Avenue by this fall, so staff is wanting to get this work done before that happens. Missoula Water will manage the project and MRA will provide TIF funding through a MOU. Missoula Water has selected IMEG Corp. as the project engineer and they have given a scope of services and budget for design, engineering and construction administration at a cost not to exceed \$68,665. Staff is recommending the Board approve that amount and authorize MRA to enter into a MOU with Missoula Water.

Reineking asked if there are currently plans to develop affordable housing on the property on either side of North Avenue. She said there is probably an expectation of housing that people can afford being built on the City-owned property. Buchanan concurred and said the City is still in the midst of finalizing environmental assessments on the site.

BROCK: I MOVE THE MRA BOARD AUTHORIZE MRA TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH MISSOULA WATER TO PROVIDE TIF FUNDING FOR THE IMEG PROFESSIONAL SERVICES RELATED TO THE NORTH AVENUE WATER MAIN PROJECT AS DESCRIBED IN THIS MEMO IN AN AMOUNT NOT TO EXCEED \$68,665 AND AUTHORIZE THE MRA DIRECTOR TO SIGN THE MOU.

Reineking seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

NON-ACTION ITEMS

STAFF REPORTS

Director's Report

2023 State Legislative Session

Lawson asked about any updates to the 2023 Legislative Session. Buchanan said there was a bill in the last session (2021) that said voted mill levies don't become part of the TIF financing package, which is absolutely the right thing to do. However, Buchanan said the language was unclear enough that different counties were interpreting it different ways in terms of how far back that went. There is a new bill out to clarify the 2021 bill.

Sleepy Inn

Gorski said the property was listed for sale last week. The realtor has had interest and is planning to keep the listing open for 60 days initially, and asking that interested parties submit proposals. After 60 days it will be decided whether or not that needs to be extended. Gorski said when the asbestos work began on the building a couple of weeks ago, the contractor realized there was another wall, meaning there will be twice the abatement because a lot of the wall material contains asbestos. Staff will likely bring a contract amendment to the Board, but it will not impact the MRA-funded portion of the project.

FY23 Budget Status Reports

Dunn said staff is working hard to close out projects before the end of the fiscal year. Buchanan said the Front Street URD has a fair amount of bond issues and debt service and projects not coming completely onto the tax rolls because they are “in process”. She said when staff entered into an agreement to fund the Union Block restoration and Wren Hotel there were conditions on both of those that they might not be reimbursed upon Certificate of Occupancy if there wasn’t significant revenue available in the URD. Buchanan was happy to report that staff is able to close both of those projects out upon their completion and there is still \$1 million in discretionary funds.

COMMITTEE REPORTS

TIF Workforce Housing Working Group

Gorski thanked Reineking and Lawson for being a part of the working group. They have had two meetings and a third is planned. They are developing some recommendations and have come to a consensus on what the Area Median Income (AMI) range may be in terms of defining workforce housing. They are also working on the length of affordability that might be tied to any new investment in workforce housing using TIF. At the next meeting they plan to bring in developers that are working on workforce housing projects right now to talk about the level of subsidy. Gorski said they know right now there is a significant gap between the workforce housing income range and the amount those units can be sold or rented for versus the market rent. On top of that there are high interest rates and construction costs, so making these projects pencil is very challenging right now. They hope to bring some recommendations to the Board in the coming months.

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:02 p.m.

Respectfully Submitted,



Lesley Pugh