

MISSOULA REDEVELOPMENT AGENCY
CONDENSED BOARD MEETING MINUTES

August 17, 2023

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, August 17, 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, Melanie Brock, Tasha Jones, Jack Lawson

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

Public: Edlen & Co.: Jill Sherman, Dean Pape; Missoula Economic Partnership: Julie Lacey; MCAT

CALL TO ORDER

12:00 pm.

INTRODUCTIONS

APPROVAL OF MINUTES

[July 20, 2023 Regular Board Meeting Minutes](#) were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

There were no public comments or announcements.

ACTION ITEMS

[Montana/Idaho Water & Sidewalk Network – Phase 2 \(URD II / Ward 3\) – Request to Amend Project Design Memorandum of Understanding \(Gass\)](#)

Gass said staff is requesting to amend the Memorandum of Understanding (MOU) for the Montana/Idaho Water & Sidewalk Network project. The MRA Board approved a 2-Phase project and MRA entered into a MOU with Missoula Water back in September of 2021. The MOU listed Missoula Water as the project owner with TIF funding from MRA. It included preliminary design of the entire project area and professional services for the completion of Phase 1. Gass said IMEG was the project engineer selected for Phase 1 by Missoula Water. It included installation of a water main in Idaho Street and curb and sidewalk

improvements on Idaho and River Streets. That work is expected to be complete in the next few weeks.

Phase 2 includes installation of a water main in Montana Street and curb and sidewalk improvements on Montana and Dakota Streets. IMEG submitted an amended scope of services and budget with two schedules. Schedule A includes installation of the water main for \$48,470. Schedule B includes construction of the curb and sidewalk improvements for \$82,570. The total professional services budget amendment is \$131,040. Gass said the amended MOU will provide the necessary TIF funding to complete the work. The staff request is that the MRA Board move to authorize MRA to amend the October 21, 2021 MOU with Missoula Water to include the Phase 2 items.

Jones asked what was left to do in URD II. Gass said this area is pretty much done, so they will move north of the river to work on segments there. Englund asked if those will be done all at once. Gass said it is currently sectioned into three phases.

LAWSON: I MOVE THE MRA BOARD AUTHORIZE MRA TO AMEND THE OCTOBER 1ST, 2021 MEMORANDUM OF UNDERSTANDING BETWEEN MRA AND MISSOULA WATER TO PROVIDE TIF FUNDING IN AN AMOUNT NOT TO EXCEED \$131,040 FOR THE ADDITIONAL IMEG PROFESSIONAL SERVICES NECESSARY TO COMPLETE THE FINAL PHASE OF THE MONTANA/IDAHO WATER & SIDEWALK PROJECT.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

URD III Water Network Program – Dearborn/Kemp (Ward 5) – Request to Enter into Design Memorandum of Understanding (Gass)

Gass said this project includes installation of a water main in Dearborn Avenue in URD III and construction would begin next year. Gass said it was included in this year's Community Investment Program (CIP) and will help further MRA's goals of providing access to the city's water system and provide fire flows necessary to support redevelopment. He said this project became a priority when staff was made aware of a potential housing project on Dearborn Avenue. In talking with the developer, the timing was such that the City could get ahead and build it out under the Water Network Program and relieve the developer of those requirements. It will allow for redevelopment of the residential area with adequate fire flows.

MRA will structure this the same as the Montana/Idaho project. Missoula Water will be the project owner and MRA will provide TIF funding through an MOU with them. IMEG has been selected by Missoula Water as the project engineer from the list of prequalified engineering firms with the City. IMEG has provided a scope of services and budget to complete design, engineering and construction administration in an amount not to exceed \$71,875. Staff recommends approval of this request to enter into an MOU with Missoula Water to provide TIF funding for this project.

Jones asked if the housing project was in short order. Gass said staff has not been in touch with the developer since the initial conversation. He said IMEG also happens to be the civil engineer for the housing project so there should be good coordination there. Jones asked if staff has a sense of what might happen at the corner of Kemp and Livingston Streets. Gass said there might be some talk of redeveloping the north side of the cul-de-sac there.

JONES: 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 DEARBORN/KEMP WATER MAIN PROJECT AS DESCRIBED IN THIS MEMO IN AN AMOUNT NOT TO EXCEED \$71,875 AND AUTHORIZE THE MRA DIRECTOR TO SIGN THE MOU.

Lawson seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

NON-ACTION ITEMS

Introduction of Payne Block Development Team (Gorski)

[Staff Power Point](#) | [Developer Power Point](#)

Gorski introduced Edlen & Co. as the selected team for redevelopment of the Payne Block/former library block. Jill Sherman and Dean Papé were present to represent Edlen & Co. Gorski said the Payne Block/former library at 301 East Main Street was donated to the City in 2019 by the Payne family. The City's plan is to redevelop the site into a multi-use/multi-purpose space, following the Downtown Master Plan (DMP) and public's interests. Edlen & Co. will work closely with the City and do outreach and engagement to make sure the priorities outlined in the DMP are still relevant. They will also do market analysis and due diligence to identify what is viable from a market perspective and come back and share their findings.

Gorski said in July 2022 the MRA Board approved a contract with Missoula Economic Partnership (MEP). Part of their scope of work was to identify development partners for the Payne Block and do due diligence and vetting of those. MEP identified 16 teams. Julie Lacey, MEP, said they wanted the process to be efficient and reputable. They shared a development brief form with developers and used their network to share the information. Of the 16 teams, they had a series of conversations and looked at their prior work. They held a series of meetings to understand how they delivered on projects and what experience they had with public/private partnerships. MEP asked the firms to submit their work and those that had the experience, capacity and aligned goals were then brought to the City. Six teams were interviewed and Edlen & Co. was selected. Gorski said Edlen & Co. are mission driven, not only have they done deed affordable projects, but also have experience with middle income/workforce housing. Environmental sustainability is another big focus of theirs and they have done some impressive projects. They also have experience partnering with non-profits on the service provider side as well as housing.

Gorski said the next steps include local partner introductions and Edlen & Co. are meeting with several partners while they are in town. They are currently working through an agreement to negotiate, which will give the City and Edlen & Co. the next several months to focus on due diligence of the site. They will focus on market analysis, information gathering and meet with community partners. The next phase is to do a Development Agreement which formalizes the development program. Staff expects to come back to the MRA Board and City Council to share an update on the process later this year.

Sherman and Papé reviewed example projects to show they type of work Edlen & Co. does and the approach they will bring to the Payne Block redevelopment. Their firm focuses on projects in the Pacific Northwest including Oregon, Washington and Idaho. This is their first project in Montana. Their focus is mixed-use projects including affordable, subsidized, middle-income/workforce and market-rate housing. Sherman said she and Papé have worked together for many years and have done a number of joint venture partnerships. They are very focused on projects that benefit communities and do a lot of public/private partnerships. By working together with the public sector, they are able to accomplish a lot of things that neither of them could have accomplished on their own. They recognize those projects and partnerships come with some additional time and layers of agreements with a more robust public process. Sherman said Edlen & Co. have additional partners, staff and employees who will be involved in the project throughout. That said, she and Papé will continue to be the main points of contact and very engaged throughout the process.

Papé said their approach is really an engagement process with the community. They come to the table with a blank slate and work with the community to figure out what is best for the community. He said the hardest project is the first project in a community which takes a lot of time and energy on their part as well as the community's part to work through the trust factor. Their intent is to hopefully continue to do more projects in the community. Papé reviewed several slides in their [Power Point](#) of various projects Edlen & Co. has done in various communities across the Pacific Northwest.

Lacey said several of Edlen & Co.'s projects in Idaho and Washington have workforce housing and asked if those states have laws that allow TIF to be used for workforce housing. Papé said Idaho is very specific on how funds can be used for development and it has to be for public function, while Washington is a little more flexible. Englund asked if Edlen & Co. keeps ownership or sells the properties. Papé said if the right buyer came along they would sell, but some have ownership requirements. Jones asked if it was true that regardless of what Edlen & Co.'s long-term strategy is, the community's needs are preserved. Sherman and Papé concurred. Lawson asked if the decision to do ground floor commercial is based more on what they hear from the community as a need or to activate tax credits and other funding. Papé said it is decided on a case by case basis. Sherman said it is usually a requirement of entitlements that there be some ground floor active use. In general, the retail typically can support the residential above and it is an amenity to the residents. Dunn inquired about childcare facilities in their projects. Papé said they are currently working with a local YMCA that is doing a 10,000 sq. ft. child development center on the ground floor of one of their projects. Sherman added they have some affordable projects they are working on right now that are looking at incorporating childcare into the program. She said the state of Oregon has recently put out some funding to help make that

work because often what happens is the childcare provider cannot pay the market rent for new construction.

Sherman referred to environmental performance on one of their buildings and Lawson asked how often they are able to get to net zero. Sherman said net zero is hard to get to and a lot of the more urban locations don't have space to put the solar to get to net zero, so those might be targeted as "net zero ready". Edlen & Co.'s office building is a Living Building Challenge building and is net zero energy waste and water built with a mass timber structure. It is aggressive sustainability. Sherman said all of their projects in the Power Point are certified at a Leadership in Energy and Environmental Design (LEED) gold or higher rating. Each of them has been through a process to look at energy and water use reduction and/or air quality, etc. Environmental performance is a big part of what Edlen & Co. does.

Buchanan asked if Edlen & Co. has ever partnered with a redevelopment agency and proactively went out and looked for locations for a project. Sherman said the City of Boise went through a process that identified a handful of developers that had experience in the types of developments the city was looking for. Based on resources and how well any particular opportunity meets their priorities, the city weighs those and decides how best to spend money. Sherman said in Beaverton, OR they did a Request for Qualifications (RFQ) for a master developer. Edlen & Co. was chosen and over a five to eight year period there were projects where the city didn't have to go through another process because Edlen & Co. had already been selected. For the city it was efficient.

For next steps, Sherman said they will be working on meeting community stakeholders and starting to understand who the different players are. They will be back in September to do more of that. They will also dig into the market to better understand what is needed and what will work, pick an architect and general contractor to work with. They will then create a development concept and do some underwriting to figure out costs, gaps and tools to fill the gaps. There will also be a process to understand what the public/private partnership will look like with different options and ways to prioritize. Englund asked where in the process does it open up to the public with an open house, charette, etc. Sherman said the initial meetings will be with stakeholders that were already involved with the DMP and property owners around the site. She said when they have a concept they will have an open house or something with the public. Sherman said they want to have a lot of public involvement and also recognize that a lot of engagement went into the DMP that has articulated goals and objectives for the downtown generally and this site specifically. She said they don't want to start all over, they want to use the DMP as a jumping off point. Buchanan said one of the keys is reexamining and verifying that the goals that were set forth in the DMP are still valid. Sherman said they want to know if those are valid, and if they are they want some prioritization. Englund said Montana has a constitutional open government with public comment on everything at every meeting. People have come to expect that, as they have a right to. He cautioned Edlen & Co. to not get to a point where they have really solid ideas and drawings that go out to the public and then have a bunch of people saying no one ever asked them and they didn't have a chance to give input. Papé said they respect that and said as early and often as possible they want to be able to engage. What they don't want to do is send out a blank canvas because work has already been done. Buchanan said Missoula is a very engaged community. Gorski said they will have to be thoughtful about

what that is in the agreement, with a deliverable that has milestones around outreach in the community.

Lawson asked what Edlen & Co. is most excited about and most worried about with this opportunity. Papé said interest rates and construction costs are a concern. Sherman said being able to come up with something that pencils and accomplishes enough of what everyone wants to accomplish for the project. Papé said the ability to work with public agencies in a very collaborative effort is exciting. He said they can bring tools, but there is always going to be something they don't know about in terms of what public entities can do. Englund asked if there is a piece that was available in other places that is missing in Montana. Sherman said she understands MRA is working on a program to be able to use TIF for workforce housing. They have definitely used that in Oregon and Washington. The property tax abatement programs have also been important.

STAFF REPORTS

Director's Report

Buchanan said City Council Committee discussed the Emergency Winter Shelter transitioning to a year round shelter. That discussion will continue. There is a hearing going on with the County Health Department and the City has asked for a variance to be able to use portable toilets again this winter until a better solution can found. Depending on the outcome of that, the picture around the ability to fund an operation on a long-term basis becomes clearer. There will likely be an ask from MRA for building improvements in the future.

Englund asked what the remittance will be. Buchanan said MRA is looking at a \$6.2 million remittance with \$1.3 million directly infused into the City's general fund for funding public safety equipment. She said it is painful, but this Agency has been successful in the districts and is in a position to do this without having to shut down. Lawson asked how many remittances there have been. Buchanan said when Central Park Parking Structure went in several decades ago and bonds were issued, part of the agreement of being able to issue those bonds was that MRA would do an annual remittance from URD I every year until the District sunset. It was a small amount totaling \$250,000 that went to the various taxing jurisdictions. In more recent years, this will be the third remittance MRA will do and is much larger than the previous two. Buchanan said she doesn't see MRA not doing a remittance in the future unless there is a change in the tax structure of the state. She said the City is not overspending. Jones said there is a lack of education that they can't just ask MRA for money and it go only to the City. They get \$0.30 on the \$1.00. Some may think this is an easy grab, but don't understand when MRA remits it remits to all of the taxing jurisdictions. It can decimate opportunity for what is really a band-aid to the City's budget issues.

Communications Update

MacPherson highlighted what she's been up to over the summer. She started "City Chats in the Parks" and looks forward to continuing those next spring. She plans on collaborating with other City departments over the winter to create more of these opportunities for the community. In regards to today's conversations about housing and how TIF will be used in housing projects, she is creating a Housing page on MRA's website under "Major Projects". It will specifically highlight all of the housing projects with current updates of what is happening.

FY23 Budget Status Reports

Dunn said the numbers are still in flux as she closes out the FY23 budgets.

FY24 Proposed Budget 8-7-23 Update

Dunn said this is an updated version from what was approved a couple of months ago. The numbers will tighten as she closes out FY23. The revenue numbers are going to be FY23/last year's numbers because staff wanted to be conservative and not anticipate a larger jump in value. Englund suggested highlighting URD II, or putting it in a separate spreadsheet, to keep reminding people how much MRA needs to spend to accomplish what was set out in the 9 Year Strategic Exit Plan that was approved. Buchanan said staff received the feasibility report back on the Montana Rail Link (MRL) Trestle and it looks like it is doable, maybe for under \$1 million. Staff is also working on narrowing down the firms to design the lighting for the trail.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:33 p.m.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Lesley Pugh".

Lesley Pugh