

**MISSOULA REDEVELOPMENT AGENCY**  
**CONDENSED BOARD MEETING MINUTES**

**January 25, 2024**

**FINAL**

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, January 25, 2024 in the Hal Fraser Conference Room, 140 W. Pine St., and via Microsoft Teams at 12:30 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, Jilayne Dunn, Maci MacPherson, Lesley Pugh

**Public:** Jeff Smith, WGM Group; Jacob Owens, KECI; Ravara  
Redevelopment Project: Kiah Hochstetler, Derek Hitt, Brandon Colwell; MCAT

**CALL TO ORDER**

12:30 pm.

**INTRODUCTIONS**

**APPROVAL OF MINUTES**

December 1, 2023 Regular Board Meeting Minutes were approved as submitted.

**PUBLIC COMMENTS AND ANNOUNCEMENTS**

There were no public comments or announcements.

**ACTION ITEMS**

**[Scott Street/Ravara Redevelopment Project \(North Reserve-Scott Street URD / Ward 1\) – Updated TIF Request & Request to Approve MRA Director Project Specific Change Order Threshold \(Gorski\)](#)**

Gorski reviewed the arrangement the City has with Ravara and how it is unique from the typical way MRA works with a developer on a Tax Increment Financing (TIF) project. Ravara is essentially serving as the City's development agent on this project. The City selected the Ravara team in 2021 and have a Letter of Intent (LOI) for how Ravara can meet the City's and community's goals on the project. Ravara is not taking a development fee or making profit on this development. They are asking reimbursement for some staff

time spent to put the project together over the last two years. This project would not happen but/for the TIF investment the Board took action on last month.

Gorski said since the Board meeting in December staff have continued to refine the construction budget and put an application together to the Montana Board of Investments (BOI) for the Housing Infrastructure Revolving Bond program. MRA is the first in the state to apply for the program. BOI will be presenting this to their loan committee in early February and if approved, they will purchase half of the Series A bond which is the bulk of the infrastructure costs for the project. By purchasing half of that bond, MRA will save considerable interest rate on that bond because BOI's participation is 1.7% which is significantly below market.

Gorski shared updates on the project since it was presented in December. Staff did not include approval for bond issuance costs nor was staff aware at that time that BOI would require a debt service reserve on the Series A side of the bond. Those are now accounted for and staff is requesting additional funding for those. She said the issuance cost is across both the Series A (infrastructure) and Series B (workforce housing) bonds. The other piece is the debt service reserve requirement. BOI is requiring MRA set aside one year of debt service on the Series A bond. Gorski said in addition to including the prior design fees of \$360,000 that have been incurred for this, they also included in the bond issuance the prior master planning for the site which is \$226,160. Including that in the bond issuance helps to free up cash in the North Reserve-Scott Street Urban Renewal District (NRSS URD) that can be spent on other projects in the future.

By continuing to work with a consultant team and Ravara, Gorski said they have reduced some items in the construction budget. Mainly it is coming from anticipated savings on the earthwork side. In December, staff brought to the Board a worst case scenario for the earthwork. Staff continued to work on that and are still committed to doing that. In the last month they learned, by having TetraTech on site to do geotechnical samples of the soil, that it is likely that only a minimum of three inches of that soil will need to be scraped off as opposed to the initial estimate of one foot. Gorski said this is based on samples and they won't know exactly until work begins. Based on the samples, the amount of unsuitable material in that soil is less than 5%. That means the amount that can be usable and spread on site for both the road bases and Community Land Trust (CLT) site is significantly more than originally anticipated. Gorski said they are not anticipating having to haul soil to Republic Services at this time. They have talked about worst case scenario, and if there is still unusable material it could be ground up and placed in a berm on the back nine acres of the City's parcel. Gorski said the plan is for earthwork to begin after City Council considers the bonds for this project, and before selling the bonds, so they can be sized appropriately. Another thing identified since the December meeting is the cost for extension of main lines, electric and gas in the right-of-way which will come out of the earthwork contingency. Overall, there is an increase in bond costs of just under \$400,000 for a total bond issuance not to exceed \$9,800,000.

Reineking said she appreciates what is being done to reduce the earthwork costs. Brock asked if moving forward staff expects the BOI will be involved on all projects. Buchanan said if MRA has other projects and goes after BOI money to take advantage of the grant program, then yes. However, not every project will qualify.

**MOTION 1**

**LAWSON: I MOVE THE MRA BOARD RECOMMEND THAT CITY COUNCIL APPROVE A BOND RESOLUTION TO ISSUE BONDS FOR THE RAVARA INFRASTRUCTURE AND WORKFORCE HOUSING PROJECT IN AN AMOUNT NOT TO EXCEED \$9,800,000. THIS INCLUDES ISSUANCE COSTS AND A DEBT SERVICE RESERVE FOR THE BOARD OF INVESTMENTS PORTION OF THE SERIES A BOND.**

**Reineking seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

Gorski said the second part of her recommendation has two options and relates to approval for change orders on this project. Staff would like to avoid delays on the project to keep construction moving because delays could add costs. Currently, the MRA Director has authority to approve up to \$5,000 in expenditures without Board approval. There are two options provided in her memo to expand MRA Director authority, either with approval of the Board Chair or Vice Chair, or at the Director level. Buchanan said it is not unlike what was done when Silver Park was being built. Staff kept coming to the Board for approvals and the Board finally asked staff to create a contingency that is large enough and have the Director approve it so the Park can get built. Englund asked what the increase was. Buchanan said it was raised to \$10,000. Buchanan said most of those change orders were small. This project has the magnitude to be larger.

Gorski said with either of the scenarios, staff will present to the Board a monthly report of the change orders. Englund said as he understands, this idea came up because the Director's threshold of approval is \$5,000 and that is not realistic on this project. Jones questioned whether the Board Chair should sign off too, and Englund added it could be the Chair or Vice Chair that signs off. Lawson asked if it is procedurally difficult to get Board Chair or Vice Chair approval in conjunction with the Director. Buchanan said it is not challenging, but there needs to be an either/or for the Chair/Vice Chair depending on their availability. Lawson said he was comfortable with it as long as there is a monthly report.

Englund asked what the anticipated change order amounts might be. Kiah Hochstetler, Ravara, said realistically the magnitudes could be in the \$50,000-\$100,000 range. Brock said the Board did approve a budget with a 20% contingency for this project, so she figures it has already been approved. Buchanan said at the end of the day they are dealing with a 2<sup>nd</sup> or 3<sup>rd</sup> generation construction site and they don't know what they will find until things start moving. Reineking said she agrees with Brock and has run into this with other budgets. It is a lot of money and does give her pause. Part of her thinks it would be good to have the Chair or Vice Chair eyes on it, but at the same time she wondered what they would do other than track where it is going and give other Board members a heads up. Buchanan said at the end of the day, if the Board isn't going to approve a change order on a project of this nature, the option is to stop the project and walk away from it. Jones said she is comfortable with this and having the Board Chair or Vice Chair sign will provide another level of oversight that would be beneficial to MRA processes, because as she understands

it there has not been a level of discretion for changes up to these numbers. Jones doesn't think anyone will be in a position to say no to the change orders, and there has to be a more timely response in the field, otherwise they increase the cost of the project by virtue of delay.

## **MOTION 2**

**BROCK: I MOVE THE MRA BOARD AUTHORIZE THE MRA DIRECTOR AND MRA BOARD CHAIR OR VICE CHAIR TO APPROVE CHANGE ORDERS FOR THE PROJECT, IF NEEDED, TO ADDRESS UNANTICIPATED PROJECT EXPENSES IN AMOUNTS NOT TO EXCEED \$780,000 FOR EARTHWORK AND \$948,898 FOR INFRASTRUCTURE CONSTRUCTION.**

**Lawson seconded the motion.**

Buchanan wanted to clarify that the \$948,848 is strictly a percentage of the bid prices they have for infrastructure and construction. The \$780,000 really peels apart the different scenarios that could happen with disposal of the dirt and the number is a worst case scenario.

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

### **[Transform Brooks – Connect Midtown Planning Study \(URD III / Wards 3, 4, 5\) – Funding Request for Tour of Bus Rapid Transit \(BRT\) Systems in Peer Cities \(Marchesseault\)](#)**

Marchesseault said the Transform Brooks-Connect Midtown RAISE (Rebuilding American Infrastructure with Sustainability and Equity) Grant Planning Study is at its halfway point. This study, previously referred to as the Brooks Street BRT/TOD (Bus Rapid Transit/Transit-Oriented Development), was kicked off in May of 2023. There was a public open house in November that was well attended.

Marchesseault said the consultants, HDR Inc., are starting to dig into specific designs. Staff has been advised that it would be helpful and very beneficial to the community to take a delegation of folks to tour peer communities that have similar BRT systems as what Missoula is looking at. In working with HDR Inc., staff has identified three communities they can gather a lot of information from. Those include Fort Collins, CO which is a little larger city but similar size and climate as Missoula, Vancouver, WA which has a segment of their system that just opened up with brand new technology, and Eugene, OR which was one of the first BRT systems in the United States. Marchesseault said it is advantageous to visit these cities to speak with them about lessons learned, find out what they would do differently and find out how they evolved into their BRT systems. The Federal Transit Administration (FTA) has advised this sort of activity as you're developing a project to see what other communities are doing and establish relationships.

Marchesseault said this is an allowable expense under the RAISE grant, but the RAISE grant is committed to consulting fees. There is a potential for Federal Highway Administration (FHWA) funds, but that is still being traced down by City staff. Staff would

like to take the field trip sooner than later so they have information they can use to inform as they get into specific designs and are looking at a trip in early March. Attendees would include about 12 people from Missoula delegation, as well as a couple of folks from the Montana Department of Transportation (MDT) Helena office. Staff is requesting authorization of up to \$25,000 to cover travel expenses. Mountain Line will be cost sharing for some of their expenses and staff is looking for other funding opportunities. In the interest of being able to plan with definition and take the trip in a timely manner, staff is requesting this approval.

Buchanan said one of the other things they will be looking at closely, in particular with the communities that have had a system in place for a while, is what kind of land use investment impact it has had on those corridors. Staff would like to see what the before and after photos and taxable values look like and see what impact it has on the ground. She said Fort Collins was deliberate about their intentions with that system that it transform an area, not just move people up and down a corridor faster. Marchesseault said BRT is the conveyance for a lot of things they're trying to accomplish with this project including economic development, safety improvements, transportation options and stitching Midtown back together across Brooks Street.

Englund said it is important that Midtown leadership participates in this so that voice and those concerns are taken into consideration. Marchesseault said they don't want to exclude Midtown because it is important and has reached out to City Council members who also represent that neighborhood, and she and Buchanan both sit on the Midtown Association Implementation Committee. She said they can certainly make more room for another person or two if there is a strong feeling there should be more representation. Englund said part of what was learned through the Midtown planning process is to engage people as early as possible with as much information as possible to prevent surprises. He said this is a huge project and money well spent. Brock added that the BRT project started with a group going to the Sonoran Institute and having a similar experience getting out of the valley, coming together and being inspired, and coming back with great ideas. She is happy to hear that City staff is putting time towards looking at the future of Brooks Street.

Lawson asked if there was any precedent in spending TIF money in this kind of way. Buchanan said any time MRA sends someone to a conference is the same kind of thing. Reineking noted this doesn't come out of the travel budget, but rather planning.

**BROCK: I MOVE THE MRA BOARD APPROVE THE REQUEST FOR UP TO \$25,000 IN TIF FUNDS TO COVER TRAVEL EXPENSES FOR A SMALL LOCAL DELEGATION TO TOUR BRT SYSTEMS IN PEER COMMUNITIES TO GATHER INFORMATION AND ESTABLISH RELATIONSHIPS THAT WILL BE BENEFICIAL TO THE TRANSFORM BROOKS – CONNECT MIDTOWN PLANNING STUDY.**

**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](#)**

Buchanan said the City is currently taking applications for the Downtown SAM Working Group through the end of the month and are trying to get a broad spectrum of folks. She asked the Board to encourage anyone they know who has an interest to apply.

#### **[FY24 Budget Status Reports](#)**

### **COMMITTEE REPORTS**

### **OTHER ITEMS**

#### **Executive/Closed Session – MRA Director Performance Appraisal**

The MRA Board and Director entered into Executive Session at 1:18 PM to do a performance appraisal.

### **ADJOURNMENT**

Adjourned at 2:20 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Lesley Pugh".

Lesley Pugh