

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

March 14, 2024

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, March 14, 2024 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, Jilayne Dunn, Maci MacPherson, Lesley Pugh

Public: City of Missoula: Mayor Davis, Mike Nugent, Andy Schultz, Jeremy Keene; Pinion: Jan Schweitzer, Grace McKoy; Missoula Midtown Association: Lauren Hutchison, Mark Bellon; Martin Kidston, Missoula Current; Bill Johnston, First Security Bank; Adam Hertz, Developer; Tim Winger, Southgate Mall; Grant Kier, Missoula Economic Partnership; Bob Moore, Resident; MCAT

CALL TO ORDER

12:00 pm.

INTRODUCTIONS

APPROVAL OF MINUTES

January 25, 2024 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Reineking said it was great to finally break ground on the Ravara project. She thanked everyone involved, particularly Englund and the MRA staff who were involved with getting the Board of Investments (BOI) involved in the project. Englund said the groundbreaking was a great event and staff worked well to satisfy all of the BOI's underwriting requirements.

ACTION ITEMS

Fiscal Year 2023 Audit Report – Request for Acceptance (Dunn)

Dunn introduced Jan Schweitzer and Grace McKoy, Principals with the accounting firm Pinion. She said the action requested from the Board is for acceptance of the audit report. McKoy gave a high-level presentation of the MRA Fiscal Year 2023 Audit Report and said it is important to read the notes to the financial statements. She and Schweitzer are available to answer any questions that may come up while reading through the notes and financials.

McKoy said Pinion provided an Unmodified Audit Opinion, which is the best audit opinion you can get, and MRA's financials are free from material misstatement and in compliance with generally accepted accounting principles. There was an Uncorrected Misstatement in which Missoula County had been incorrectly calculating some of MRA's revenues. As such, it wasn't a significant enough amount that Pinion would require MRA to adjust and report it in this year. Dunn worked with folks at the City and County and was able to get it resolved. MRA will be able to collect those funds in FY24 as opposed to FY23. Although it isn't material, Pinion is required to communicate it.

McKoy said Pinion will no longer be servicing government entities, so this will be their last year auditing MRA. She said it has been a pleasure working with everyone at MRA over the years and thanked the Board and staff for their partnership. They will look forward to engaging out in the community and watching the incredible work MRA does all around Missoula. Schweitzer said it is bittersweet as she and McKoy have been doing this audit for many years in conjunction with Missoula Parking Commission and the City. It isn't something they take lightly and appreciate the partnerships along the way. She wished MRA the best of luck with whoever their next partner is and said they will make that transition as easy and seamless as possible. Englund thanked them for working with MRA all these years.

REINEKING: I MOVE THE MRA BOARD ACCEPT THE FISCAL YEAR 2023 MRA AUDIT REPORT.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

Montana Idaho Water & Sidewalk Project – Phase 2 (URD II / Ward 3) – Request to Award Bid, Authorization to Enter Into a Construction Memorandum of Understanding & TIF Request (Dunn)

Dunn said she has been working with Andy Schultz, Public Works & Mobility (PWM), to pick up the water and sidewalk projects where Tod Gass left off since he retired from MRA. Phase 2 is the final phase for the Montana Idaho Water & Sidewalk project in URD II. Today's request is for approval of the construction bid from Knife River, approval to enter into a Memorandum of Understanding (MOU) with PWM to manage the project since this is their area of expertise, and approval for the use of Tax Increment Financing (TIF) funds.

Dunn said this project was initially brought to the Board through the Community Improvement Projects (CIP) program. She reviewed the various plans and goals this project meets for MRA and the City as outlined in her memo. PWM opened the bids on March 7th and the responsive bidder was Knife River at \$1,052,520. Schultz said City Council has approved a 5% bidder's preference program for organizations that have an accredited apprentice program through the state of Montana. If the project is over an engineer's estimate of \$500,000, the bidder's preference is activated. There are a number of construction companies in town that have the apprentice program, as well as those that don't. When PWM evaluates the bids, they give those with the apprentice program a 5%

credit on their bid. He said Knife River was initially the second highest bidder, but when they evaluated it with the apprentice program 5% credit, they became the low bidder. Schultz said the confusing part is that the City will actually pay them their bid amount. He said it doesn't happen all that often, but is occurring more frequently that the bids swing based on the apprentice program. Englund asked how long the apprentice program has been around. Schultz said said it's been in place for at least four years.

Dunn said construction is slated to begin this spring or summer. A 100-day completion period is specified. The staff recommendation is to approve the bid be awarded to Knife River in an amount not to exceed \$1,052,520, approve the use of TIF funds in that amount, and authorize MRA to enter into a MOU with PWM. Brock asked how many sidewalks are left in URD II as part of the Exit Plan. Buchanan said primarily what is left is north of the river. Dunn showed a map that was created by Gass of the water and sidewalk networks.

Mayor Davis thanked MRA for funding infrastructure like this and thanked Schultz for describing the apprenticeship program so well. It is a great program, and the efforts happening at the state level as well as locally to incentivize apprenticeship for labor makes us all better off. She said while they are not taking the very lowest bid as per usual for public procurement requirements, certainly it is within the bids that were offered and they're able to select a contractor that is able to have a professional apprenticeship program. Mayor Davis said when she was with Homeword they developed the Sweetgrass Commons Apartments and for those living adjacent to this neighborhood, the sidewalks will be a great benefit for that neighborhood and the Old Sawmill District.

BROCK: I MOVE THE MRA BOARD APPROVE THE STAFF RECOMMENDATION TO APPROVE THE MONTANA IDAHO WATER AND SIDEWALK PROJECT PHASE 2 CONSTRUCTION CONTRACT BE AWARDED TO KNIFE RIVER IN AN AMOUNT NOT TO EXCEED \$1,052,520, APPROVE THE USE OF TAX INCREMENT FINANCING FUNDS IN AN AMOUT NOT TO EXCEED \$1,052,520 TO PAY FOR THE PROJECT AND AUTHORIZE MRA TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH PUBLIC WORKS AND MOBILITY TO COMPLETE THE PROJECT.

Reineking seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

Washburn-Idaho-Montana-Catlin (WIMC) Water & Sidewalk Project (URD II / Ward 6) – Request to Engage Consultant, Authorization to Enter into a Memorandum of Understanding for Engineering Services & TIF Request (Dunn)

Dunn said there is a desire to develop property in this area. Several people have approached MRA about developing here, but one of the barriers is that there is not adequate water for fire suppression or to service the properties. Staff has also been working with Schultz in PWM on this project. The requested action of the Board is to approve entering into a Professional Services Agreement with IMEG for the design and engineering of this project, along with TIF funding for that. IMEG will design both the water

portion and the surface of the sidewalk portion of the project. Staff is also requesting approval for MRA to enter into another MOU with PWM.

This project is located in URD II and the River Road Neighborhood. Dunn referred to the City's Strategic Initiatives and said this project will create safe neighborhoods and drinking water for residents. It prioritizes people and place through environmentally and economically responsible development. In partnering with PWM for these improvements, it frees up funds they have available for infrastructure improvements in other neighborhoods.

Dunn said there are about 1900 linear feet of water improvements included in this project. The cost to install water mains in this area have been prohibitive to developers because of the cost. MRA provided sidewalks in this area in an earlier project, except for along Washburn Street. The proposed installation of sidewalk is for about 600 linear feet. If approved by the Board today, the schedule is for it to be designed over the summer and the project will go out to bid this fall. IMEG is on PWM's approved consultant list. Schultz said PWM will bring back an amendment to IMEG's contract for approval of construction administration.

Adam Hertz, developer and co-owner of 320 N. Washburn, said there is an existing single-family home on that site. They acquired the property last year and temporarily leased it to a tenant that was in the process of building a new home. Right before they were planning to move out of 320 N. Washburn, the existing well had a catastrophic failure. Several companies looked at it and the only option was to drill a new well. Hertz said that didn't make much sense since the property was going to be redeveloped. It is currently being rented out as a shop to a plumber. Hertz said no design work has been done because they thought this water and sidewalk project was further out than it appears to be. They are planning to do a mix of 20-21 relatively affordable apartment units. If today's request is approved, Hertz said he will get right to starting design. He said interest rates are challenging right now, so he doesn't know how soon they could start on the project, but most certainly can't start vertical construction until the water main is in place because they can't have combustibles on site unless a fire hydrant is there. This project would be important in spurring growth in the area and Hertz said he's spoken with other property owners who also plan on doing various types of development there in the future. Englund asked Hertz if it helps that he will be designing at the same time the sidewalk is being designed. Hertz said he thinks it will because his engineering firms and architects can work with IMEG.

JONES: I MOVE THE MRA BOARD APPROVE ENTERING INTO A PROFESSIONAL SERVICES AGREEMENT WITH IMEG FOR THE WASHBURN-IDAHO-MONTANA-CATLIN (WIMC) – WATER & SIDEWALK PROJECT IN AN AMOUNT NOT TO EXCEED \$79,465, APPROVE THE USE OF TAX INCREMENT FINANCING FUNDS IN AN AMOUNT NOT TO EXCEED \$79,465 TO PAY FOR THE PROJECT, AND AUTHORIZE MRA TO ENTER A DESIGN & ENGINEERING MEMORANDUM OF UNDERSTANDING WITH PUBLIC WORKS & MOBILITY.

Reineking seconded the motion.

Buchanan noted the MRA Board made the decision a number of years ago to build out the sidewalks in both URD II and URD III. The Board later made the decision to build out the water mains. It will leave these areas in the best position possible for reinvestment. Englund said it will be neat to see the developer and the City work to make this as efficient as possible.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

Southgate Triangle Property – Due Diligence (URD III / Ward 4) – TIF Request (Buchanan)

Mayor Davis congratulated MRA and the City, along with private partners, on today's groundbreaking on the Ravara property in the North Reserve-Scott Street (NRSS) URD. She said this request is also very exciting to bring forward. Mayor Davis said she comes to the City with over two decades of experience being an affordable housing provider and developer. The old White Pine Sash property in NRSS URD and the Southgate Triangle property have been talked about for decades, so to see today's groundbreaking and the fact that the City is looking to get Southgate Triangle under contract is really amazing. She said when she first took office in November and sat down with Dale Bickell, Chief Administrative Officer, and knew that this opportunity had real potential, she was shocked because it has been talked about for so long. The efforts of MRA and Missoula Economic Partnership (MEP) to have successful negotiations with two separate land owners and be able to put this 10 acres of land under contract is substantial. Had either of the owners sold outside of this overarching purchase, the City would have lost the opportunity to create significant connectivity in Midtown. As Buchanan's memo states, this project hits on decades worth of community planning, not only in URD III but also all of the other plans when it comes to housing strategy, long range transportation plans, climate plans, etc. Many efforts have been put forward by the community on this project site. Mayor Davis said these parcels have been identified as high opportunity and high density areas by several different plans so there is the opportunity to look at different housing types, commercial, connections, open space and a catalyst project for Midtown Missoula. She said she appreciates the opportunity to have MRA help fund due diligence as necessary. The City will not be purchasing the property if they end up finding something that would make it infeasible. The due diligence will undertake all of the necessary pieces including environmental and appraisal to make sure the City is using public money wisely.

Lastly, Mayor Davis said it is important to note employees of the City have to work on things that are right in front of us every day like pressing needs and some of the matters addressed today like putting in water and sidewalks. Other matters include the work the City is doing on helping folks that are unsheltered and figuring out ways to give people a safe place to sleep at night. She said the City also has to keep these long-range plans moving forward. When opportunities like this come up the City has the ability to take advantage of it because it does plan. The City has MRA in place, there is an URD, and the City has community partners that have weighed in on what these opportunities mean for Missoula. She said the City won't take its eye off existing obligations, while at the same time taking advantage of opportunities like this is absolutely necessary.

Mike Nugent, City Council, spoke very much in favor of this. He said he was excited when Mayor Davis told him this was a real possibility. He said Ravara is a perfect example of a project that wasn't going to happen in the best possible way for the community unless everyone worked together and he sees this as another one of those. There exists the opportunity to grid this out and unlock all of the different parcels that have private development opportunities and public development opportunities with the addition of park space to an underserved area. Nugent has a master plan for the area from 2002 to illustrate they have been waiting for a long time for the private sector alone to solve this, but there are opportunities where the private and public sector need to work together on these things. Nugent said he is a business owner of a business in URD III on the other side of this property. They have never received TIF money, but nonetheless can speak to the benefits of TIF investments in this district to their business, property and community. For all of those reasons, he wanted to speak in support of this because it is something that can really transform the city.

Buchanan said her memo goes through the history of the property. The big picture pieces, as stated by the Mayor and Nugent, are that the City has been planning this property for decades. The various plans, that weren't necessarily related to each other, pointed out that this is a transitional area where high density and high intensity of use should be anticipated. She said staff is requesting the Board approve up to \$75,000 for due diligence. Due diligence will include an appraisal of the property as is, and an appraisal with an overlay that was taken out of two plans that were done is included in her memo. That will give the City an idea of its worth now and what it would be worth if it is developed. Marchesseault noted the City is verifying there is easement between the Mary Avenue roundabout south to connect into the property. Buchanan said the request for funding for due diligence is a little higher than what has normally been brought to the Board with respect to buying properties. The two appraisals require that. The environmental will be covered under Brownfields funding in Phase 1, and Phase 2 may be as well. Jones asked if the appraisal is being done to position the City to get ready to start infrastructure development on the property. Buchanan said initially it is to justify what the City is paying for the base property and what it will be worth when it is developable because today it is not developable. Buchanan said MEP partnered with MRA and the City to discuss acquisition of the property with the owners and Grant Kier, MEP, developed the relationship with the owners and is a big part of the reason this is happening. Grant Kier, MEP, said he has been a part of some of the efforts over the years to see what this property could be. He said this will be money well spent on due diligence to figure it out.

Brock said this is incredibly exciting and she is so grateful for all of the partners. If this comes back to the Board for purchase of the property, she asked for an explanation of financing with cash rather than bonding as Buchanan stated in her memo. Buchanan said there is a significant amount of cash in URD III that is unencumbered. Depending on how long due diligence takes, this may very well span into Fiscal Year 2025. It makes sense to purchase with cash rather than bonding and having to pay interest rates, etc., and encumbering that much more of the bonding capacity in URD III. Staff is trying to hold bonding capacity for matching funds for some of the big projects that may need it.

Brock asked if the process of forging ahead will be similar to the Former Library Block where once the infrastructure is in, MEP will be leading a Request for Proposals from developers

with public comment on what things will be. Buchanan said the process the City will use is to be determined, which is unique with every opportunity because none of them are exactly the same. They need to get through due diligence and understand that they are in fact going to purchase the property if that is the result of this. Then they need to outline a program for getting it developed. There is another piece of property on Johnson Street in URD III that is due a public process which will be undertaken this year. That will take priority over this property behind Bob Ward's.

Kier acknowledged the Beach family for making this possible by coming to the table and reaching an agreement with the City. This property is a really important insurance policy for the future of their ownership and management of really important business. They are trusting the City to keep helping them in the process to move forward by releasing this property, and they are doing that because they appreciate what the community is struggling with as far as housing. They've seen it on the front lines of their business and know this is a big opportunity for the community. Kier said MEP is already trying to find interest and whatever process is appropriate to take those interested parties and bring them along at the appropriate time, they will work on agreements with whoever needs to be at the table. They want to move as fast as they can to keep it moving forward towards productive ground that meets the community's needs.

Englund asked if due diligence and Phase 1 Environmental Assessment will be occurring at the same time. Buchanan said Phase 1 and 2 will need to be completed before the due diligence. Englund asked if that will be done with Brownfields money. Buchanan said the Phase 1 Assessments will be done with Brownfields money, and they are hoping it will pay for Phase 2 although they don't know the magnitude of that yet. Englund asked if this property was part of the old mill. Buchanan said it was part of the lumberyard. Because of the nature of the business, they don't believe there is anything toxic there. There was a Phase 1 done in 2006 and it was clean. Enough time has passed that there needs to be another Phase 1. Englund asked why there would need to be a Phase 2 if Phase 1 says the property is clean. Buchanan said they may take it at face value, or want to make sure it's clean. Englund asked if there is a notion that there are several feet of sawdust. Marchesseault said yes, and that is another reason the City will likely move forward with a Phase 2 and determine how much there is.

REINEKING: I MOVE THE MRA BOARD APPROVE AN AMOUNT NOT TO EXCEED \$75,000 TO CONDUCT THE DUE DILIGENCE INVESTIGATION NECESSARY FOR THE CITY COUNCIL TO MAKE A DETERMINATION ABOUT THE PURCHASE OF THE PROPERTY DESCRIBED IN EXHIBITS A & B OF THIS MEMO AND AUTHORIZE THE DIRECTOR TO APPROVE ELIGIBLE EXPENDITURES.

Brock seconded the motion.

Bill Johnston, Community Relations Officer for First Security Bank, read a statement on behalf of Scott Burke, President and CEO of First Security Bank, who was unable to attend the meeting. First Security Bank has a long history in Midtown and are currently making a major investment to redevelop their property and facilities in this neighborhood. Their investment reflects their commitment to and belief in the strength of this community now and in the future. They are happy to see MRA investing resources into due diligence for

purposes of accelerated potential use of the land to meet much needed demands for housing that Missoulians can afford and commercial space to allow our community businesses to grow and prosper. Notably, developing this site is consistent with the newly developed Midtown Master Plan, with the purposes of creating this urban renewal district, and with the City's overall desire to focus inward and accommodate growth by utilizing existing landholdings within City limits. They encourage the investment of these funds to complete due diligence and fully vet a purchase that appears to have much potential to move important goals forward for Missoula.

Reineking acknowledged the letter MRA received from the Missoula Midtown Association (MMA) in support of this. She appreciates them taking the time to provide comments and is looking forward to the groundbreaking on this. Lauren Hutchison, MMA President, read the [letter of support](#) on behalf of the MMA for the due diligence expenditure and purchase of the parcels south and west of Bob Ward's. Mark Bellon, MMA member, business and property owner in Midtown, said they are really excited to see this public/private partnership. He said the Midtown Master Plan helps facilitate and point to the direction with all of the other good planning in the community that something needs to be done there. He thanked MEP and MRA for their work and said MMA is excited to show their support. Buchanan wanted to acknowledge Jeremy Keene, Director of PWM, for bringing this transaction together. He has worked closely with all parties and was instrumental in helping to make this happen.

Jones asked when this might come back to the Board for purchase. Buchanan said once a decision is made that it makes sense for the City to purchase the property, staff will bring a request to fund the purchase and make a recommendation to City Council for them to approve and accept the purchase.

Martin Kidston, Missoula Current, asked if a purchase price has been negotiated and if the City expects redevelopment to occur sooner than it did on the Scott Street property. Buchanan said MEP commissioned an opinion of value from a commercial realtor. That value came back at \$15/square foot and is in the purchase and sale agreements to be verified by an appraisal. Part of the due diligence is to have some survey work done which will then give precise square footages and acreages. She said they hope it goes faster than Scott Street. Jones asked if the planning done in the past might aid in the speed at which this might be redeveloped. Buchanan said it will in terms of setting goals and understanding what they may want to do with infrastructure. The market will be the big thing along with finding someone who will make an investment.

No further discussion. No further public comment.

Motion passed unanimously (5 ayes, 0 nays).

NON-ACTION ITEMS

Special Board Meeting – Discussion for March 26th or other date

Board and staff set a date of March 26th at 12:00pm for a Special Board Meeting to discuss a Workforce Housing Program request.

STAFF REPORTS

Director's Report

Buchanan said Downtown SAM have identified their working group which consists of 18 people and has a broad representation of voices at the table. The grant is still being looked at and they hope it is approved this summer. Then the City can hire a consultant team to finish everything up.

Buchanan said she and Marchesseault just got back from a trip where they looked at bus rapid transit (BRT) systems in similar communities in Colorado, Oregon and Washington. Travelers included members of City Council, business owners, Mountain Line, HDR and Montana Department of Transportation. They learned a lot and have come back with a lot of ideas they wouldn't have had if they didn't make the trip. Marchesseault said in addition to learning about BRT and land use, the relationship building was also important. The people in the communities they visited were very generous with their time and resources. She said they are tapping the breaks here just a little bit and while they're not abandoning the center running BRT, they are saying they need to look at other options. Some systems they visited had hybrid systems with center running for a portion of it and in-lane for another portion. They are going to ask HDR, the consultants, to add to their scope and look at other potential hybrids.

Marchesseault said Montana Rail Link (MRL) Triangle received a letter of completeness from Department of Environmental Quality (DEQ) accepting the cleanup plan. The 30-day public review period was just completed. The cleanup plan and action can begin this summer. Buchanan said the bathroom models are currently being built on site at the Johnson Street Shelter. They are looking for May completion on that. MRA funds have not yet been tapped into, they are still using the funds raised by MEP.

Communications Update

MacPherson highlighted that the last couple of months, staff has been engaged in a lot of public outreach. Staff has participated in Scott Street/Ravara updates, Local Government Academy and outreach on the Former Library Block.

FY24 Budget Status Reports – [January](#) | [February](#)

Staff Activities Reports (9/23/23 – 12/16/23)

Jones asked where the audit work fits into the reports. Dunn said it is logged into the Administration category. Jones asked how long the audit report is worked on. Dunn said it starts in October and ends in January, so approximately four months. Jones wanted to acknowledge the amount of work it takes to do the audit. She said it is really impressive and is a valuable piece of historical documentation in addition to it serving a purpose.

Englund commented on the clean audits MRA receives year after year. Dunn said state law under urban renewal law requires MRA to have an annual report including activities and financial documents. There are three pieces of that: The Annual Report that MacPherson puts together, the independent audit that was accepted today, and a requirement of the state that component units have an annual financial report which is due six months after the end of the fiscal year. Dunn said the Revenue Interim Committee is looking at all of those things and MRA just received a request from the state to report on what the TIFs are doing to meet the requirements. She wanted the Board to be aware that is what staff does.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:39 p.m.

Respectfully Submitted,



Lesley Pugh