

## MISSOULA REDEVELOPMENT AGENCY

### CONDENSED BOARD MEETING MINUTES

December 19, 2024

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, December 19, 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, Mike Nugent - City Council Ex-Officio Board Member

**Staff:** Ellen Buchanan, Annie Gorski, Annette Marchesseault, Michael Hicks, Jilayne Dunn, Lesley Pugh

**Public:** City of Missoula: Kevin Slovarp, Brandt Dahlen, Tyler Walls; GGLO: Mark Sindell, Josiah Brown; Clint Whittle-Frazier, Katie Fairbanks; MCAT

#### **CALL TO ORDER**

12:00 p.m.

#### **INTRODUCTIONS**

#### **APPROVAL OF MINUTES**

[November 21, 2024 Regular Board Meeting Minutes](#) were approved as submitted.

#### **PUBLIC COMMENTS AND ANNOUNCEMENTS**

Reineking thanked staff for the thorough and accurate meeting minutes.

#### **ACTION ITEMS**

##### **North MRL Triangle Public Engagement Process & Redevelopment Plan (URD III / Ward 4) – Request to Approve Professional Services Agreement & TIF Request (Hicks)**

Hicks said in 2017 Montana Rail Link (MRL) sold a 12-acre property in Urban Renewal District (URD) III to the City of Missoula. The southern four acres were turned into MRL Park. This request focuses on the northern eight acres and is being called "North MRL Triangle". In September 2023, City Council Resolution 8729 committed the City to commencing the master planning process for this property. The City led an environmental remediation process on the property and staff anticipates the site to be approved as safe for residential and commercial mixed-use redevelopment. MRA issued a Request for Proposals (RFP) seeking qualified consulting firms or team of firms to lead a public engagement process and produce a redevelopment plan.

Hicks said 11 proposals were received. After interviews, GGLO emerged as the top qualified firm to conduct the process. GGLO demonstrated an understanding of the sensitivities within the site and have a well-proven ability to unite public engagement with feasibility analysis and professional design. Hicks introduced Mark Sindell and Josiah Brown from GGLO. Sindell said they were thrilled to be present and gave some background on GGLO. They have been around for 40 years and over the last several years have developed a specialty of working with agencies like MRA on projects like this. They also have team members with in-depth experience going through this process and expect to have a successful outcome based on how they've gone about it before.

Hicks said GGLO and team will lead a robust, multi-phase public engagement process over the next nine months. It will culminate in a redevelopment plan to come before the City Council, MRA Board, Midtown Association Board and other key stakeholder groups. The first phase will center on imagining future uses of the eight-acre property. The second phase will gather input on visual plans that are reflective of future uses, and the third phase will focus on the preferred redevelopment option. Hicks said the process aligns with the City's Strategic Plan and Midtown Master Plan as outlined in his memo.

Hicks wanted to clarify that this process is not about determining the future of the Johnson Street Emergency Shelter. It is about exploring how that overall property on which it sits could redevelop in the future.

If approved, this project will be funded with unobligated contingency funds in URD III fiscal year (FY) 2025 budget. Staff is requesting the MRA Board approve funding \$327,577 for GGLO to conduct a public engagement process and prepare a redevelopment plan for the North MRL Triangle property. Hicks said the Brownfields Program funds may contribute up to \$76,950 toward Discovery phase costs contingent on Environmental Protection Agency (EPA) approval which is expected to be determined in February. Buchanan added the amount being requested is for approval of the total amount with the assumption MRA doesn't get EPA funds. It will reduce MRA's expenditure if Brownfields funds are received.

Englund asked what the final deliverable will look like and how detailed it will be. Hicks said part of the idea of this is to make it a better understood property and therefore more desirable for potential developers. GGLO will create a visualized plan that is reflective of what the community is interested in and provide different iterations of what that could look like so there is a framework for moving into the next phase. The idea is not to have a specific site plan where you take it and build off of that. It is to move this property from high-level guidance provided in the Midtown Master Plan (MMP) to the next phase of that with more fine-grained detail. Buchanan said it will also include market feasibility. The thing this prepares the City to do is find a development partner and/or developer groups and facilitate the redevelopment of that, and provide the framework that gives them the certainty it will be a successful plan. There was a lot of information gathered as part of the MMP, but it needs to be looked at from a site-specific standpoint so there aren't pie in the sky aspirations of what might go there. She said there will be recommendations as to what is a good redevelopment model going forward.

Englund asked if this engagement will involve a developer. Buchanan said that is not being done here. Englund asked if that is because of the size of the property. Buchanan said in part it is because this has been delayed until they could get to the part where they knew they could get the environmental clearances needed. The bigger question is how long the property will function as the Johnson Street Emergency Shelter. That is an unknown, so it would be difficult to engage a specific developer at this point in time. Englund asked about the commitment from City Council. Nugent said the Resolution is to master plan the property with a goal of tearing the shelter down in three years. He said the goal of the property was not to serve the purpose that it is serving now and the neighborhood has been feeling that impact. They need some level of commitment from the City that it is working towards the intended long-term use. The other part of that is that if the City is going to continue to use that facility as an emergency shelter, it needs investments beyond what it is getting now. The bathroom facilities can be moved to another place and there needs to be some sort of hard deadline for the City and community to have a longer-term plan for an emergency shelter.

Brock said this is dreaming and planning as a community and hopes it is also healing, re-establishing connections between service providers, City, County and that neighborhood, saying they are heard and now they can talk about what comes next. It has been five years of waiting for what is next. She is excited about GGLO taking that dreaming of a community and putting it into something feasible. She said Hicks has done a great job in pulling together the sensitivities of this project and helping it get to the point it is today. She said Midtown is very excited about it.

Reineking asked if there will be alternatives offered in the plan along the way and if the final will be presented based on community feedback. Hicks said Phase 2 will focus on the options that are generated within the first phase. Then the community will come in and provide input based on the different scenarios. She asked about the final plan going to the various stakeholders for review and asked if City Council will need to approve it as well. Buchanan said MRA takes plans to City Council for approval, like taking the Midtown Master Plan to them for approval as part of the City's Growth Policy. Specific plans like this, for smaller areas, don't typically go for approval because there isn't something for them to approve because MRA can't mandate that it happens. Nugent said he sees it as an opportunity to say this is what the City invests in the property for and the plan gives them the creative to pair with it and find the right person to develop it. Buchanan said the plan will also identify constraints, like inadequate utilities or connectivity. Reineking wanted to know that GGLO has accountability to deliver all of the things MRA is expecting, and wondered if the plan needed to be approved at some level. Buchanan said adoption may be a better word than approved here. She said the design for the Ravara project was the result of a very similar process. The difference was that there was a development partner on the front end. Buchanan said if they end up with a plan that is primarily residential, they're not going to go out and look for commercial developers as part of this.

Brock said when the Midtown Master Plan was finished in July 2023, it said that mixed-use development would be key. She asked if two or three stories makes sense now, or if there is something different. She said this plan could guide other projects throughout Midtown, like the development of Southgate Crossing just five blocks away.

**LAWSON: I MOVE THE MRA BOARD APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH GGLO TO CONDUCT A PUBLIC ENGAGEMENT PROCESS AND PREPARE A REDEVELOPMENT PLAN FOR THE NORTH MRL TRIANGLE PROPERTY IN AN AMOUNT NOT TO EXCEED \$327,577, WITH THE UNDERSTANDING THAT BROWNFIELDS PROGRAM FUNDS MAY CONTRIBUTE UP TO \$76,950 TOWARD DISCOVERY PHASE COSTS, CONTINGENT ON EPA APPROVAL, AND AUTHORIZE THE CHAIR TO SIGN THE NECESSARY AGREEMENTS.**

**Brock seconded the motion.**

Clint Whittle-Frazier, resident of Franklin to the Fort Neighborhood, said he is looking forward to the motion passing to start the process of understanding the property. He has several neighbors who are excited about the potential for the site. Being that Franklin to the Fort is currently one of the underserved neighborhoods in Missoula, this could lead to huge benefits for the community. He is looking forward to this and seeing how it goes.

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

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

**Ravara Community Land Trust Project Traffic Mitigation – Phase 1 Improvements on Scott Street (NRSS URD / Ward 1) – TIF Request (Gorski)**

Gorski said this request is for \$36,000 in TIF funds to support traffic mitigation related to the Ravara Community Land Trust (CLT) project on Scott Street. She said the City requires developers to complete a Traffic Impact Study (TIS) to identify traffic related to development. That was done for the CLT project and \$36,000 worth of impacts to Scott Street and surrounding streets were identified. The City is requesting the Ravara CLT project pay that amount into a pool that will be combined with \$750,000 in additional City funds. Together, they will be utilized to complete Phase 1 of the Scott Street Community Investment Program (CIP) project. The improvements are aimed at better safety and starts at Phillips Street with a roundabout and buffered bike lanes on the Scott Street bridge north to Turner Street. Gorski noted staff are recommending the funding come from unobligated contingency in the FY 2025 North Reserve-Scott Street (NRSS) budget. While there are two bond issuances for this project, the contingency in the bond category has specific criteria related to House Bill 819 and what it can be spent on. Gorski said staff checked in with bond counsel and they recommended it not come from the bond.

Kevin Slovarp and Brandt Dahlen from the City Public Works & Mobility Department were present to answer questions. Reineking asked how they came up with the \$36,000 number. Slovarp said the TIS listed the Ravara development as having a certain percentage of the overall traffic on Scott Street. The CLT portion of the Ravara development is 13%, so they figured out the estimated cost of the improvements and assigned a value of about \$273,000 to Ravara, and 13.3% of that (\$36,000) is the CLT portion. Work is scheduled to begin next summer.

**REINEKING: I MOVE THE MRA BOARD APPROVE THE REQUEST TO USE \$36,000 FROM THE FISCAL YEAR 2025 NORTH RESERVE-SCOTT STREET URBAN RENEWAL AREA BUDGET TO MITIGATE TRAFFIC IMPACTS FROM DEVELOPMENT OF THE**

**RAVARA COMMUNITY LAND TRUST PROJECT AND AUTHORIZE THE DIRECTOR TO SIGN A MEMORANDUM OF UNDERSTANDING WITH THE CITY'S PUBLIC WORKS & MOBILITY DEPARTMENT.**

Brock seconded the motion.

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

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

**Bitterroot Trail Lighting (URDs II & III / Wards 3, 4 & 5) – Request to Enter into Construction Contract & TIF Request (Marchesseault)**

Jones said she had to leave the meeting early and wanted to voice her support for this item.

Marchesseault said there are two memos for this request. The first lays the background and foundation for the project. Staff was waiting for bids to come in on the 16<sup>th</sup> and so the second memo has the bid results and recommendation.

In September 2023, the Board approved funding for design and engineering services with Cushing Terrell for Bitterroot Trail lighting from where the pedestrian bridge crosses Reserve Street to where it connects with the Milwaukee Trail. It is a little over 2.5 miles including 182 light poles and luminaires. Staff hoped to have lighting installed by now so it could be lit this winter, but when the engineers spoke with the Parks & Recreation Department, it became clear there is a long-term vision to widen the trail. Staff worked with MRL to get the easement so lights can be placed in a strategic location and Parks & Rec can widen the trail in the future without impacting the lights.

Marchesseault said the project went out to bid right after Thanksgiving and seven bids were received. The engineer's estimate was approximately \$2.1 million. The low bid received was \$1,489,980 from DJ's Electric. Low bids that substantially low encourage staff to vet it very carefully because sometimes super low bids can indicate the bidder doesn't understand the project or think they will make up the difference with change orders. Cushing Terrell have worked with DJ's Electric over the last 15 years and say they are a quality contractor with sufficient capacity. They spoke with DJ's Electric and their stated reason for the bid price is that they want to keep their crew busy because they have a very large project starting later next year and don't want to lose any staff. They are aware their bid is lower than expected and that is why.

Marchesseault said the staff recommendation is to approve the construction contract with DJ's Electric in an amount not to exceed \$1,489,980. She said MRA has agreed to pay the permit fees and Northwestern Energy service connection fees. Those fees are not in the contract with the contractor. Staff is also recommending the Board approve an additional \$132,250 to cover permit fees, NorthWestern Energy connection and a 5% project contingency. The total TIF request is \$1,622,230. Marchesseault said the cost for this is in the budget and will be split between URD II and URD III. It will be done on a percentage basis, 15% in URD II and 85% in URD III. Buchanan said several years ago MRA adopted the URD II 9-Year Strategic Exit Plan. This was the top priority project to be done, so it is

very exciting to be doing it. She noted there is a gap between the two districts that MRA is paying for using TIF from URD III which is allowed in state law for connectivity.

Reineking expressed her excitement for the project. There was discussion regarding wording of the recommended motion, which ultimately was decided to stay as is in Marchesseault's memo. Brock asked if the poles will be the black ones. Buchanan said it is the standard trail lighting poles you can see now on the Milwaukee Trail. Brock thanked staff for getting this done and said it is a heavily used commuter trail. Right now it is dark on the way home from work, so this is going to increase safety among other things. Englund said the trail is an amazing thing and it is unbelievable the amount of people he sees on it at all times and weather conditions. MRA has put a lot of money into it, and every now and then comes back to it, and it is a reminder of what an amazing thing the City trail system is. It is heavily used and has contributed to development as well. Nugent said the matching lights from Caras Park onto the trail mentally enhances the connectivity and is a cool tie-in and part of the broader vision.

**BROCK: I MOVE THE MRA BOARD AUTHORIZE STAFF TO ENTER INTO A CONSTRUCTION CONTRACT WITH DJ'S ELECTRIC FOR A COST NOT TO EXCEED \$1,489,980 AND AUTHORIZE THE BOARD CHAIR TO SIGN THE CONTRACT. I FURTHER MOVE THE MRA BOARD AUTHORIZE AN ADDITIONAL \$132,250 TO COVER PERMIT FEES, NORTHWESTERN ENERGY CONNECTION FEES AND PROJECT CONTINGENCY, AND AUTHORIZE STAFF TO SIGN PAY APPLICATION REQUESTS.**

Reineking seconded the motion.

No further discussion. No further public comment.

Motion passed unanimously (4 ayes, 0 nays).

#### **NON-ACTION ITEMS**

##### **Workforce Housing Program – Update (Gorski)**

Gorski gave a presentation on the Workforce Housing Program (WHP) and how it has been working since it was adopted by the MRA Board in October 2023. MRA has approved two workforce housing projects since the WHP was approved: Opportunity Place and Ravara Community Land Trust project.

Gorski highlighted some lessons learned since the WHP's inception. Construction costs continue to be a challenge for projects. Average rental rates in Missoula are generally lower than other major markets in the Northwest. Finding available, skilled labor and attainable housing for construction workers is a challenge. The median-priced home is still out of reach for households earning less than \$173,000 (192% Area Median Income (AMI)).

Gorski reviewed a graphic showing funding gaps to build workforce housing. She referred to the online public comment from Bob Oaks, North Missoula Community Development Corporation (NMCDC). Gorski said there is a gap in the middle income range in terms of other programs to support workforce housing, but they know funding is very limited and

competitive. She said the hope is that the MT Legislature will support some new funding in this coming legislative session to support housing construction in the coming year.

Gorski also reviewed highlights from the [Sterling CRE Rental Profile](#) that was prepared in September 2024 and captures that point in time. MRA will likely ask them to review and update the report annually. She also reviewed a building permit data graph.

Gorski said staff is recommending MRA continue the WHP in a pilot phase for at least one more year to learn from implementation and make it as effective as possible. Englund asked Gorski to look into whether or not it needs to be on the agenda for approval for another year since the Board initially approved it as a pilot program for one year. Buchanan said the Board approved it as a pilot program for one year and asked staff to report back after the year.

Englund asked if there was a lesson in MRA's attempt to work with a purely private developer that would cause the WHP to be changed. Lawson said one lesson they've learned is that the size of subsidy per unit to make rental or ownership projects work is bigger than they thought when the program was being designed. Still, two projects were approved this year with 110+ rental and ownership units. He said from an analytical perspective and getting comfortable with the size of the subsidy, it was easier for MRA in the ownership model than in the rental model. The privately-owned, not non-profit rental structure was hard to wrap their heads around with the size of equity investment, appropriate return, time period for income-restriction and ability to give the owner wiggle room to deal with a catastrophic increase in insurances or otherwise was hard. MRA not approving the project and the conditions put on it encouraged that development to walk away because it was not going to work for them. Englund said part of that was just the nature of the project, being entirely privately funded and "for profit". Buchanan said it is also knowing what the checks and balances are and for what time frame. With a "for sale" product it takes care of itself. With rentals it is much harder to understand those nuances. Gorski said the transformational aspect is also something to consider along with AMI and where the Board and City Council want to focus. Right now the direction is that rentals can go up to 140% AMI.

Buchanan said one of the reasons MRA commissioned the Sterling report was to know what market is for new product. What MRA has been using for market is everything that's been built since 1910 to today. Gorski said the only data source MRA has had until now was from the Missoula Organization of Realtors (MOR) which includes older units. MRA asked Sterling to pull out specifically new construction. They looked at the average rental rates for new construction across bedroom size. Gorski said when she looked at the average rental rate it is close to 90% AMI. Sterling also looked at rental rates across the URDs so MRA has that data point now as well. She said 100% AMI and below for rental still seems like a good focus to continue.

Brock asked if there is anything in the upcoming Legislative Session on the docket that will help in this area. Gorski said the Montana Housing Coalition is recommending for a state housing tax credit capitalizing the COAL Trust Fund program which up until now has been loan.

Lawson said he likes the fact that the WHP is flexible and that MRA is still challenged by what the right parameters are. He said that is healthy and good right now. He doesn't think MRA can set up rigid rules right now without more testing/continuing the pilot program.

## **STAFF REPORTS**

### **Director's Report**

Buchanan said Marchesseault and Dunn worked diligently on closing the sale of the Southgate Triangle Property.

### **Ravara Contingency – Update**

Gorski noted there have been no changes since last month.

### **FY25 Budget Status Reports**

## **COMMITTEE REPORTS**

### **OTHER ITEMS**

### **ADJOURNMENT**

Adjourned at 1:21 p.m.

Respectfully Submitted,



Lesley Pugh