

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

February 20, 2008

FINAL

A meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held at MRA Conference Room, 140 W. Pine, Missoula, MT 59802 at 12:00 p.m.. Those in attendance were as follows:

Board: Hal Fraser, Nancy Moe, Rosalie Cates, Karl Englund, Daniel Kemmis

Staff: Ellen Buchanan, Chris Behan, Kari Nelson, Tod Gass, Jilayne Lee, Lesley Pugh

Public: Laval Means, Office of Planning & Grants; Roger Miller, OPG; Rod Austin, MDA; Tim Roberts, WTR Consulting; Justin Metcalf, Rocky Mountain Development Group; Rick Wishcamper, RMDG; Bob Avery, Southgate Triangle Neighborhood

APPROVAL OF MINUTES

January 16, 2008 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

Urban Fringe Development Area Planning (UFDA) Presentation

Roger Millar, Director of the Office of Planning & Grants (OPG), made a presentation regarding a project they're working on called the Urban Fringe Development Area Planning (UFDA). More information can be found on the web at:

<http://www.co.missoula.mt.us/ogpweb/UrbanInitiatives.htm#UFDA>

Tape 1/s2

COMMITTEE REPORTS

Director's Report

Old Sawmill District

Buchanan said they continue to work through the financial structure of the Development Agreement. She said Wetherbee and Mytty are working on bringing the environmental part to closure. Moe asked what the status of the new police headquarters is. Buchanan replied that those discussions are continuing. She said MRA agreed to facilitate the appraisal of the City-owned Riverfront Triangle property and hope to have the appraisal before the end of February. Buchanan said the goal is to take the police headquarters bond to referendum at the November election.

Fraser asked Buchanan how the financing works for the trestle bridge. Buchanan said the working group continues to negotiate with Montana Rail Link (MRL). She said MRL says they'll grant a permanent right-of-way easement under the trestle, but they want it rebuilt now. They'll grant the right-of-way when it's rebuilt. She said the thinking on the part of the City is that it can be financed using the new Transportation Impact Fees because it opens up a new connector that growth is driving. Discussion ensued.

Downtown Master Plan

Buchanan said this project has created lots of interest and enthusiasm. The consultants, Crandall Arambula, will return to Missoula the first week of March.

First Interstate Bank Project

Buchanan said Staff continues to work with the Parking Commission and the Missoula Community Development Corporation (MCDC) to look at the use of New Markets Tax Credits. She said decking out over the existing Riverfront Lot may be unfeasible. Buchanan said she's optimistic they can make something work, but they have to find a solution to the parking. Kemmis asked what the problem was. Buchanan said there were constraints with respect to Northwestern Energy and Mountain Water and their facilities down there. She said it's problematic getting equipment into the substation and it would've pushed the parking lot out into the Park. Kemmis asked if there was any hope of camouflaging the substations. Buchanan replied it's been suggested to plant trees. She said she's not necessarily prepared to give up, but said it's not looking good.

Kemmis asked if MRA could expect to see a proposal from First Interstate soon. Buchanan replied there are so many different alternatives being looked at and those choices will dictate where tax increment money might be spent.

Kemmis said he assumed MRA was going on the assumption that it will be bonding fairly early in the life of the Front Street URD and whatever that bond is will set the cutoff date for the URD. Buchanan said if it's within the first 15 years then MRA can bond again so the life of the URD will extend out from the date the last bond is made.

Safeway/St. Pats/City Shops

Behan said there were 144 truckloads of lead priced at \$5,000/piece that were hauled off the site. He said they're close to being done with the phases of the environmental work. The original budget for environmental remediation was \$241,000. Right now, the projected environmental remediation is \$1.2 million. Behan said St. Pats is still in the game and they have made some limits on what they would spend on environmental remediation before they reopened their agreement with Safeway, which is \$1.5 million.

Change tape 1/tape 2

Lee reviewed the Budget Status Reports for URD II and URD III. Buchanan mentioned there will be a referral from Dave Strohmaier that the West Broadway Corridor Plan be adopted by the City Council in conjunction with the Northside/Westside Neighborhood Plan. Moe asked if the West Broadway Corridor Plan was outside the scope of the Downtown Master Plan. Buchanan replied no and said most of it is within the study area.

Moe asked why the Council would adopt it now if it's going to be revisited in the Master Plan. Buchanan replied that's what the City Council wants to do.

ACTION ITEMS

Wilma TIF – Request to Proceed Without Prejudice

Behan wanted to recognize Rocky Mountain Development Group's (RMDG) willingness to take on a project like the Wilma. Also, he said RMDG is involved in other projects that are having a positive impact on the community. Rick Wishcamper, President of RMDG and Director of the Homeowner's Association and Justin Metcalf, Vice President of RMDG, were present to represent the Wilma.

Behan said the Wilma has always been difficult to deal with in terms of how to establish public benefit for the amount of tax increment money that would have to be invested in the building to make it worthwhile to the owner/developer to affordably take things on. He said in years past, the two pieces of the structure and the property that seemed agreeable to the Council and MRA through the Capital Improvement Project (CIP) were the theater and the exterior of the building. He said interest right down has never been a buyable option for working with owners of the property because it doesn't pencil.

Behan said RMDG has submitted an application for assistance with upgrading the exterior of the building, upgrading the sidewalks and addressing some storefront areas. He said RMDG is currently fixing up the theatre to return it to its landmark status. Future projects may include adding a green roof above the theatre, repointing brick and extending the stage area.

Behan discussed financing mechanisms for MRA's involvement with the project and said Staff recommendation is that the Board allow RMDG to proceed with work included in its application without prejudicing their eligibility for assistance. Also, Behan asked that the Board discuss this project with Staff to give guidance in the type and level of public benefit necessary to take action on façade improvement assistance and also indicate the Board's comfort level in TIF financing mechanisms related to substantial investment in the project. Behan said part of the discussion should include whether or not the Board wants to realize some increment from the improvements in the short term or the District itself.

Moe stated she has a potential conflict of interest in this as an investor in the condominiums and as a member of the Condominium Association. She said she will have a conflict in whatever MRA decides will enhance the value of the building.

Rosalie Cates declared an interest. She said Simba has a loan through MCDC. She said she doesn't think this represents a conflict of interest. Wishcamper said RMDG has two sub-companies they created to do the Wilma. One is called Simba Development, an entity they used to purchase the building, create and sell the condos. The other is called Simba Entertainment which leases the theatre from the ownership group.

Fraser said there's a lot on the plate and the Board may require more information to get into some real substance. He stated that he supports something happening and hoped MRA would be able to help them. Englund agreed and said they could pass the Proceed Without Prejudice. He said it's a very important building and MRA needs to help. Englund asked what MRA programs were available in the Front Street URD. Behan said the request is for tax increment funds. He said tax increment funds were approved for use in the URD by the City Council through the passing of the Ordinance. Discussion ensued. Fraser suggested Staff put together a working paper with numbers and guidance for tax increment. Kemmis agreed and said MRA should pay attention to what's emerging within the District and whether or not particular programs would fit. Kemmis added that he's interested in the larger, long-term benefits that are being created by improvements in the building. For example, he said creating a new class of downtown residential space has benefits that go beyond the building itself.

Change tape 2 s1/s2

Wishcamper and Metcalf spoke about the public benefits of the building including the condos, theatre and restaurant. Cates said doing a note would be a smart use of MRA's money and is interested in seeing that proposal.

MOTION

ENGLUND: I MOVE TO APPROVE THE STAFF RECOMMENDATION TO ALLOW ROCKY MOUNTAIN DEVELOPMENT GROUP TO PROCEED WITH WORK INCLUDED IN ITS APPLICATION WITHOUT PREJUDICING ROCKY MOUNTAIN DEVELOPMENT GROUP'S ELIGIBILITY FOR ASSISTANCE UNDER THE CAVEAT THAT A PROCEED WITHOUT PREJUDICE DOES NOT ASSURE APPROVAL OF ASSISTANCE. Kemmis seconded the motion. 4 ayes, 0 nays. Motion passed unanimously. Moe abstained.

Silver Park – Addenda to Abbotswood Contract – Request for Approval

Nelson said Abbotswood Design Group has completed and provided MRA with a preliminary Master Plan for Silver Park. She said the Plan was presented to the Parks Dept. Board last week and was accepted. Currently, Nelson said Abbotswood is in the process of preparing a final Master Plan for the Park with requested changes from the preliminary Plan.

Nelson said Abbotswood have also provided a preliminary cost estimate. She said now that the work is done they've been able to determine what requirements are needed for their detailed engineering work, particularly electrical and civil. Nelson said the estimate for that work is \$81,000 and it would be in addition to the current agreement of \$93,750, for a total of \$174,750. Nelson said this is approximately 10% of the estimated construction costs, which is keeping with the 15% used by the City for estimating design and engineering costs in similar projects. She said the only thing that will not be included in the \$81,000 is Abbotswood's in-house work for construction administration. Nelson said they have indicated it will be less than \$10,000 for the additional services.

Fraser asked if MRA was expecting this cost. Nelson replied yes and said the original Agreement just included the preliminary Master Plan, cost estimates and some of the more detailed work. Cates asked where the money is coming from. Lee replied it will have to come out of contingency and will be added to the budget for design. Moe asked if the \$10,000 for additional services will be the last request. Nelson replied yes, it should be. Englund asked why MRA was being asked for approval and money now instead of waiting to see what the figure is for their in-house work. Nelson replied Fred Ogram, designer, isn't exactly sure how much it will be until he gets further along. Buchanan said part of the issue is whether or not the construction will have to be phased. Discussion ensued.

MOTION

ENGLUND: I MOVE WE APPROVE ADDENDUM #1 TO THE AGREEMENT FOR DESIGN SERVICES AND CONSTRUCTION DOCUMENTS FOR SILVER PARK WITH ABBOTSWOOD DESIGN GROUP IN AN AMOUNT NOT TO EXCEED \$81,000 AND AUTHORIZE THE CHAIRMAN TO SIGN THE AGREEMENT. Kemmis seconded the motion. 5 ayes, 0 nays. Motion passed unanimously.

NON-ACTION ITEMS

STAFF REPORTS

OTHER ITEMS

ADJOURNMENT

Meeting adjourned at 2:00 p.m.

Respectfully Submitted,



Lesley Pugh
Secretary II