

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

March 16, 2011

FINAL

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

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

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

Public: Mayor John Engen; Joe Thompson, Southgate Animal Hospital; Jim Decker, Decker Architecture; Jeremy Keene, WGM Group; Josh Paffhausen, Elbow Room; Wayne Paffhausen, Elbow Room; Aaron Hanks, Gavin-Hanks Architects

APPROVAL OF MINUTES

February 16, 2011 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS

Behan passed around a photo of the Silver Park pedestrian bridge that was put in place this morning. The trail is moving along ahead of schedule.

Buchanan reported that the City Council unanimously approved the renaming of the MRA Conference Room to the Hal Fraser Conference Room.

STAFF REPORTS

Director's Report

Director's Report was moved to the end of the Agenda.

ACTION ITEMS

Southgate Animal Hospital - URD III FIP Request

Nelson introduced the project. The developer is asking for assistance Under the Façade Improvement Program.

Joe Thompson, the owner of the Southgate Animal Hospital is purchasing the property at 2405 Brooks Street to renovate into a veterinary hospital. Mr. Thompson's veterinary hospital is currently located just a few blocks away at 2500 Garfield Street.

The building was formerly the location of a Burger King restaurant and has been vacant for approximately 9 years. Joe plans to remodel the building into a state of the art veterinary hospital. Renovations to the exterior of the building will involve removing the aged brick and replacing it with wainscoting of cultured stone with the upper portion being Hardiplank siding. The façade work will include the east, south and west sides of the building, all visible from Brooks Street. The airlock doors, overhang, and drive-thru will be removed from the south side of the building. A new covered entryway will be added to the front of the building.

The cost of the interior work is estimated to be \$225,042 with the cost of the exterior work to be \$50,370. The Applicant is requesting consideration of a grant of \$50,000 under the façade improvement program for the work on the exterior of the building.

Nelson reviewed the project in terms of the Façade Improvement Program criteria. She said the staff recommendation is for approval of the request.

Joe Thompson commented on his application. He said the Burger King building has been vacant for about nine years. He passed around some renderings of his proposed project. He started his practice in 1989. He is moving to the new location to expand his business. The north side of the building will not be renovated as it doesn't have much visibility. Thompson elaborated on the landscaping plan. He would remove jersey barriers and fencing. They would add landscaping back in. Thompson said the drive-thru would be removed and landscaped and the sidewalk would be extended. The blacktop and some concrete would be removed and grass and trees added back in.

Englund asked about landscaping and how it applies to the Façade Improvement Program since we don't pay for it but encourage it or want it included in these projects. Buchanan explained the thought at the time was to not include paying for landscaping on private property due to its temporary status. Discussion ensued. Board directed Staff to look at what could be done to improve the program to encourage more landscaping since URD III is very landscaping deficient.

Kemmис said it's difficult to make a judgment on Façade Program applications without good graphics to review. This project has some but he felt MRA should require better graphic renderings in the future. He said it will be more expensive but he felt it is necessary with this type of program. Kemmis said that since we are relooking at this Program in respect to the landscaping, in addition he'd like the Staff to look into requiring better graphic representations of proposed projects.

Thompson said he'd be happy to provide additional graphics for the Board to review. Kemmis said he isn't suggesting holding up this project for better graphics but to do so going forward.

**ENGLUND: I MOVE APPROVAL OF EXPENDITURE OF FAÇADE
IMPROVEMENT PROGRAM FUNDS IN AN AMOUNT NOT TO EXCEED,
\$50,000 FOR THE REHABILITATION OF THE EAST, SOUTH AND WEST**

FAÇADE OF THE BUILDING LOCATED AT 2405 BROOKS STREET WITH THE UNDERSTANDING THAT THE FINAL MRA COSTS UP TO THE MAXIMUM AMOUNT APPROVED WILL BE ESTABLISHED AT THE CONCLUSION OF THE PROJECT UPON SUBMITTAL OF PAID CONTRACTOR INVOICES DETAILING WORK PERFORMED AND MATERIALS USED SUBJECT TO STAFF APPROVAL OF A LANDSCAPING PLAN.

Cates proposed an amendment to the Motion for submission of a final drawing showing materials to be used. Englund accepted the Amendment. Cates seconded the motion. Motion approved unanimously.

Special Presentation

Mayor John Engen presented Kari Nelson with Monte Dolack's Zoo City print and thanked her for her years of service. Kari is retiring after more than 20 years of service with the City. Her last day at MRA will be Friday, April 1, 2011. The Board thanked Kari for her service. Nelson said she appreciated working with the Board.

Ashlyn Place – Ken Ault (155 North California Street; former Metalworks of Montana) - URD II Request to Proceed Without Prejudice

Behan introduced the project, which is off of Dakota, California and Wyoming Streets. Ken Ault bought the property a few years ago. His first plan was to put in some condos but the recession has caused him to change his project to apartments instead.

Apartments will be designed and built so they could become condos in the future. Mr. Ault had started some work (work not eligible for assistance) when he found he couldn't complete the work due to its close proximity to a power line. Behan passed around drawings of the proposed project. Very recently, Mr. Ault was able to negotiate the movement of the power line so he can proceed. He is asking for permission to proceed without prejudice. The application will include assistance primarily for sidewalks and for costs to move the power line.

Behan said the old Milwaukee Railroad used to be powered by electricity so that's why the big power line is there. Moe asked if the 67-unit apartment project has been approved by zoning. Behan said yes. The parking lot will exit onto Wyoming. In the future, there is a traffic light planned for the corner of Wyoming and Russell. Behan reviewed site plans with the Board. The Milwaukee trail will be along the southern edge of this development. It will be approximately a \$6 million project.

CATES: I MOVE TO APPROVE THE REQUEST TO PROCEED WITHOUT PREJUDICE FOR THE PROJECT DESCRIBED.

Englund seconded the motion. Motion passed unanimously.

Draught Works – Doug Stewart (800 Toole Avenue) – Proceed Without Prejudice Request

Behan introduced the project, which is for the building located between Toole Avenue and Spruce Street in URD II. It is adjacent to the Meadowgold project.

The owners, led by Doug Stewart who is from Billings, have owned the building for some time. It used to be occupied by a recycling center and other light manufacturing-type businesses.

One of the primary proposed tenants is Draught Works and they want to put in a new brew pub and tasting room. Additional tenants are being negotiated with right now for the other vacant space. The two tenants on the Spruce Street side intend to stay. There are several Fire Code violations and so the Code Compliance Program will come into play. They will also make requests under the Facade CRLP and the TIF.

They intend to make improvements to the Trail that is developed all the way to Safeway except for a half block section that will be unimproved between Toole and Safeway. There will be ADA and parking issues to address due to elevation differences. They have resolved some ownership issues with Montana Rail Link regarding some right-of-way. They are asking to be able to proceed without prejudice.

KEMMIS: I MOVE THAT WE APPROVE THEIR REQUEST TO PROCEED WITH WORK CERTAIN PROJECT ITEMS AT 800 TOOLE AVE WITHOUT THEM BEING PRECLUDED FROM BEING INCLUDED IN A FUTURE APPLICATION.

Cates seconded the motion. Motion passed unanimously.

Elbow Room Tavern & Restaurant (1800 Stephens Ave) – TIF Request

The developer, Paffhausen & Sons Construction, has worked on this project for several years. Behan directed the Board to the renderings in his memo. The first phase they are proposing is construction of a restaurant, tavern and casino. The second phase would be a venue for music. The project is moved as close to Stephens as zoning would allow. Entry will be off of Kensington and parking will be in the rear of the building. When the Tire-Rama lease is up and they move, the developer is proposing to construct an office building there.

They are requesting assistance for sidewalks and power line relocation. The Paffhausens have worked with Northwestern Energy to get the cost to relocate the power line down from \$195,000 to \$125,000. The power line is heavy and droops low as it hangs from short poles and it runs down the alley. The line is so low that it interferes with service deliveries. According to Northwestern Energy it's not a significant enough of a problem for them to participate in a significant way. Behan said he'd keep working with them. A similar request came to MRA from Flanagan's car dealership. The difference is the

monetary amount proposed to be invested. MRA has undergrounded power lines before but there have been situations where assistance was denied.

Behan said Wayne and Josh Paffhausen are here to present their project and answer any questions. Aaron Hanks from Gavin Hanks Architecture introduced himself and said he's been working with Wayne and Josh for several years.

Mr. Paffhausen introduced himself and his son Josh. They purchased the Elbow room about three years ago. The building itself is dilapidated. Mr. Paffhausen tried to buy the Tire-Rama building but eventually got a long term lease on the property. They negotiated to buy the south side of the block in exchange for a lease on north side until December 2012. He said Tire-Rama is probably going to leave, which will allow them to build an office building.

They are proposing to build a new sports bar with an outside patio. The second phase would be an events center with approximately 9,000 square feet to seat approximately 1,200 people. They have made a substantial investment in the property and architectural work.

Mr. Paffhausen said he is currently involved in the Canyon River development and the Palmer Professional Park. He concurred that landscaping is important. He said most of the time he drills a well for his projects so he can maintain his landscaping. He felt it would be great if MRA had a program for funding landscaping.

Mr. Paffhausen said he felt the most important piece of this project is the power line relocation. He said it is a main feeder line that runs from one side of town to another. He said it hangs really low and is terrible looking. He said they would use a large power pole to raise it up and then underground it until it comes back up on the other side of the Stephens. He said that at one time Northwestern Energy used to work with you but they are being tough on them. They have come down some on the cost but would appreciate any assistance MRA could provide.

Mr. Paffhausen spoke a little about the design. They are trying to make it nice and an improvement to the neighborhood. So far they've invested over \$2,000,000. Discussion ensued. The developer had looked at other properties in the area. Kemmis asked about the lease and if there is an option to purchase. Mr. Paffhausen said they do have a purchase option.

Moe asked about the funding request. Buchanan said this project will bridge two fiscal years and currently URD III brings in \$1.8 Million in annual revenue into that district.

Behan summarized the request amounts:
\$88,485 for curbs, gutters and sidewalks
\$140,403 for demolition, site clearing
\$125,000 for powerpole relocation & utility upgrades
\$353,888 Total TIF Request

Cates asked if their financing in place. Behan said yes it is. The tax generation return is predicted to be about 5-7 years.

Englund asked about Beach Transportation. They feel they have a great location since they are in the center of town. Mr. Paffhuasen feels that unless someone comes in with a lot of money, they will stay there.

Englund asked about timing of Phase II. Mr. Paffhuasen said he'd like to start right after Phase I. They anticipate 8-9 months of construction for Phase I. They will be doing some underground work for Phase II when they do Phase I. Mr. Paffhuasen said he intends to do irrigated landscaping. Hanks said the drawing is not specific to the required landscaping. Mr. Paffhuasen said the parking lot will be lighted.

Kemmis said this is a great project and a good step to redeveloping this area. He inquired about Mr. Paffhuasen's thoughts on the location. Mr. Paffhuasen said they are close to the University and downtown. They will also use buses to bring and take home patrons. He also felt the events center phase will be a big draw.

Buchanan asked what the plans are for the proposed office building where Tire-Rama is and how it will address the street. Mr. Paffhuasen explained their plans. Hanks said they've worked with Public Works on the design of that building. They are encouraging it to be located as close to Stephens as possible and to integrate the parking. Buchanan said from a design perspective, MRA doesn't want parking on the corner. Mr. Paffhausen said if MRA makes their assistance contingent on a certain design for parking, then they would follow that directive. Buchanan said something could be put into the development agreement.

CATES: I MOVE WE APPROVE UP TO \$353,888 IN TIF ASSISTANCE FOR ELIGIBLE ITEMS IN THE TIF APPLICATION FOR THE ELBOW ROOM PROJECT WITH THE BOARDS UNDERSTANDING THAT BOTH THE LANDSCAPING REQUIREMENTS AND PARKING ON THE ADDITIONAL PROPERTY AT THE EXISTING TIRE-RAMA BUILDING WILL BE COVERED IN THE DEVELOPMENT AGREEMENT.

Kemmis seconded the motion. Motion passed unanimously.

URD III Commercial Corridor Curb & Sidewalk Project – Phase 2 - Request to Amend Professional Services Agreement with WGM Group, Inc.

In July 2009, MRA contracted with WGM for Phase 1 of the Brooks Street Commercial Corridor sidewalk project. WGM has worked to negotiate easements for the City or vacation of ROW in exchange for the permission to build sidewalks. In the end, there are still two gaps on Brooks Street; The Gold & Silver Exchange and Papa John's. MRA is hopeful that the owners will change their minds

It has been discussed several times that retro fitting curb and sidewalks in established neighborhoods and streetscapes is a challenge and requires a lot of time making field adjustments. Last year Public Works personnel provided a considerable amount of inspection and oversight relating to the sidewalk projects. Moe asked for more clarification on why this was necessary. Gass said it really has to do with specific situations that come up; sometimes it comes down to a $\frac{1}{2}$ inch adjustment to make water flow the right way. Gass said the choice is whether we want to put a lot of money into the front end with detailed surveying versus just dealing with certain issues as they come up.

Jeremy Keene added that they have done a lot more field engineering than office engineering for these projects. Last year the City had staff out on the project a lot approving design changes, etc. The City has said they don't have the staff to be available to the project in this coming year.

Buchanan added that with any construction project we pay for contract administration but with these sidewalk projects, a fair amount of that cost has been offset because there wasn't a lot of work going on in Engineering and they could be out there. With the sidewalk projects there is a fair amount of retro-fitting and tweaking so there needs to be someone out there who can make decisions and not hold the job up.

ENGLUND: I MOVE THE BOARD APPROVE AN AMENDMENT TO THE MRA-WGM PROFESSIONAL SERVICE AGREEMENT FOR THE URD III COMMERCIAL CORRIDOR CURB AND SIDEWALK PROJECT IN AN AMOUNT NOT TO EXCEED \$20,500 AND AUTHORIZE OUR ACTING CHAIR TO SIGN THE AMENDMENT.

Cates seconded the motion. Motion passed unanimously.

URD II Western Curb & Sidewalk Project - Request for Approval of Professional Services Agreement with Territorial Landworks, Inc.

As part of MRA's effort on-going effort to complete the curb & sidewalk infrastructure in URD II, MRA advertised a Request For Proposals from engineering firms to provide design development and construction administration services for the URD II Western Curb & Sidewalk Project. The project area is defined on the attached map. MRA received 4 proposals for the Project. At the January 19, 2011 regular MRA Board meeting, Staff recommended Territorial Landworks, Inc (TLI) as the engineer for the curb & sidewalk project and the Board agreed.

MRA and TLI have developed a scope of work and an Agreement For Professional Services for a three phase project to complete the curb & sidewalk gaps between Russell St and the western URD boundary. TLI's initial work will involve preliminary design over the entire project area and include final design and construction administration for Phase 1 of the Project. The extent of Phase 1 is yet to be finalized, but will most likely be a continuation of curb & sidewalk along Catlin St. and include a portion of Idaho St. TLI's initial work will be at a cost not-to-exceed \$100,299. Phase 1 design development will begin this spring and construction will take place this summer. Phase 2 & Phase 3 of the Project are tentatively

scheduled for subsequent years. Continuation of the sidewalk work may be deferred contingent upon URD II revenues and potential demands on URD II funds.

TLI provided an estimate of \$114,331 for completing the final design and contract administration for Phases 2 and 3 of the Project for a total projected professional services budget of \$214,630. TLI has a high level of confidence in their projected budget as the estimates are based on their current sidewalk work in URD III. However, since the Professional Services Agreement will be in place over a three year period or potentially longer, the Agreement allows TLI to adjust their cost estimate of future phases of the Project to account for changes in their overhead and administrative billing costs, provided the need for the adjusting the projected costs are satisfactorily demonstrated to MRA. The final cost of Phases 2 and 3 will be agreed upon when the schedule for each subsequent phase is established, and the professional services budget may be amended at that time if conditions warrant.

Moe asked if the language in the Agreement also includes that the budget will go down if costs go down. Gass said we set a not-to-exceed amount but we pay for the hours billed to the project, then the savings comes to the MRA.

Englund questioned the amount for only about nine blocks of sidewalk. Discussion ensued regarding the cost and the scope. Englund was surprised it cost that much. Buchanan said there will have to be some negotiation for right-of-way too.

Moe asked about the construction costs. Gass said MRA anticipates spending \$200,000-\$250,000 per year depending on funding availability. Buchanan said it could be \$1,000,000 to get them all done west of Russell Street. Moe asked about road work. Gass said the Street Department would come in to request assistance to overlay the streets in conjunction with this project.

Cates asked about the timeframe. Gass said it could be two to three years before all Phases are completed. Cates asked about the accelerators in the agreement. Gass said TLI is pretty comfortable with these numbers since they were just working on the URD III Residential sidewalks. Gass said if TLI gets close to going over their total budget, they will have to come back and ask for more money.

ENGLUND: I MOVE WE AUTHORIZE THE AGREEMENT FOR PROFESSIONAL SERVICES WITH TERRITORIAL LANDWORKS, INC. FOR DESIGN DEVELOPMENT OF THE URD II WESTERN CURB AND SIDEWALK PROJECT AREA AND FINAL DESIGN AND CONSTRUCTION ADMINISTRATION SERVICES FOR PHASE 1 – 3 FOR AN AMOUNT NOT-TO-EXCEED \$214,630.

Kemmis seconded the motion. Motion passed unanimously.

URD III Sidewalk Needs Assessment - Request for Approval to Enter into Professional Services Agreement with WGM

Gass said this work would identify and map the remaining needs for sidewalk in the district. This would allow a phasing strategy for funding and completing the work. Four proposals were received for the RFP. The Selection Committee met on March 8th and recommended WGM Group to do the Needs Assessment. Staff is recommending the Board authorize MRA to enter into a Professional Services Agreement with WGM Group for the Needs Assessment and probable cost of construction report.

Moe asked if design was involved in this work. Gass said no. Moe asked how probable cost of construction is accomplished if there is no design phase. Moe asked whether MRA would be paying for the same type of cost estimate twice. Discussion ensued. Gass said it is more of a cost magnitude versus an exact cost.

Buchanan discussed the sidewalk projects in the larger picture. Staff has brought the idea of bonding for completing the sidewalks in URD III in order to get all of the infrastructure improvements completed before sunset in 2015. A needs assessment is necessary in URD II because MRA has the latitude of time in that district.

KEMMIS: I MOVE THE BOARD AUTHORIZE THE STAFF TO NEGOTIATE AND ENTER INTO A PROFESSIONAL SERVICES AGREEMENT WITH WGM GROUP FOR AN URD III SIDEWALK NEEDS ASSESSMENT AND PROBABLE COST OF CONSTRUCTION REPORT.

Cates seconded the motion. Motion passed unanimously.

NON-ACTION ITEMS

Fox Site – Request for Proposals Review

Behan said at the last meeting, the MRA Board directed staff to prepare an RFP for the Fox Site for Council to approve but they wanted to see it first. Behan has prepared a Draft RFP for the Board to review. He reviewed the areas that take a different approach from the last RFP. He's emphasized finding someone who is qualified and experienced and to not make them prepare, present and hold them to a specific design. Behan suggested MRA work with the selected qualified developer to get an approved design. He also asked the Board to look at the deposits and escrow section as that is also different from the last time.

Director's Report

Buchanan reported that on the Front Street Parking Structure, they are planning on changing the agreements with Holiday Inn to move the entrance/exits to Pattee Street. Pedestrian connectivity is improved and we get back some spots that were given to the Holiday Inn in perpetuity. The new design will give the south side a much nicer look. It will also save about \$200,000 because a large crane won't have to be brought in. Construction is anticipated to start in April with the last pour of concrete in November 2011 hopefully before cold weather sets in.

Kemmis asked about an easement between the Trail Head and the structure. Gordon Construction doesn't want to get too close to The Trail Head's building and undermine

the cobblestone foundation. The easement will not be an alley and will be closed off at each end.

Silver Park is moving forward and so are the improvements at Caras Park. Buchanan said they hope to be done with the Caras Park Band Shell improvements by the Garden City Brewfest on May 7th.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Meeting adjourned at 2:00 pm.

Respectfully Submitted,

Jilayne Lee