

Missoula Redevelopment Agency



Annual Report



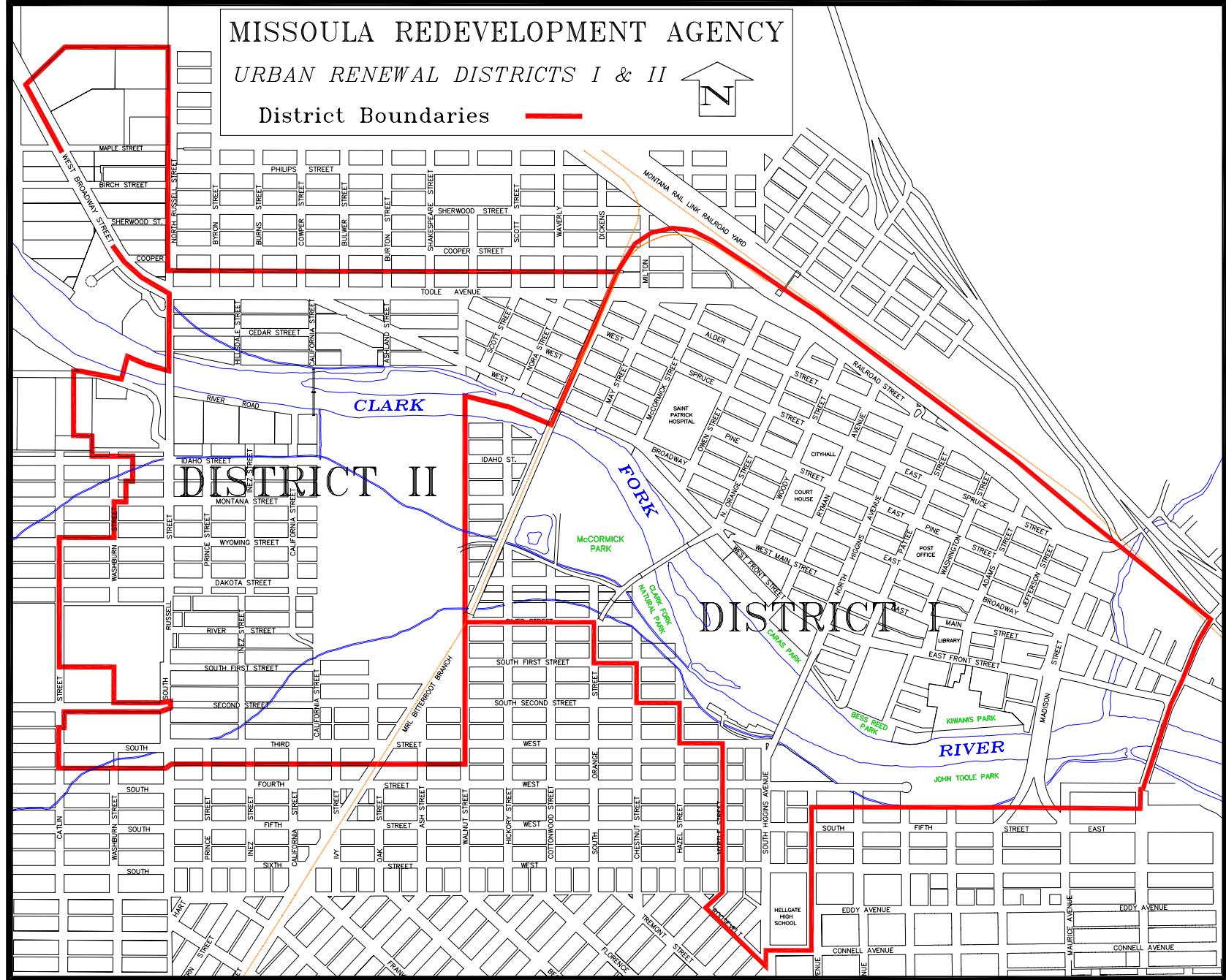
Fiscal Year 2004

MISSOULA REDEVELOPMENT AGENCY

URBAN RENEWAL DISTRICTS I & II



District Boundaries



CITY OF MISSOULA

MAYOR

Mike Kadas

CITY COUNCIL

Ward 1 _____

Heidi Kendall John Engen

Ward 2 _____

Anne Kazmierczak Don Nicholson

Ward 3 _____

Lou Ann Crowley Stacy Rye

Ward 4 _____

Myrt Charney Jerry Ballas

Ward 5 _____

Jack Reidy Bob Lovegrove

Ward 6 _____

Clayton Floyd Ed Childers

MISSOULA REDEVELOPMENT AGENCY 123 West Spruce Street, Missoula MT 59802

BOARD MEMBERS

Harold J. Fraser, Chair
Nancy Moe, Vice Chair
Rosalie Cates
Karl Englund
Daniel Kemmis

STAFF

Ellen Buchanan, Director
Chris Behan, Assistant Director
Kari Lei Nelson, Redevelopment Specialist
Tod Gass, GIS Analyst/Redevelopment
Project Coordinator
Jilayne Lee, Administrative Services
Manager/Redevelopment Project
Coordinator
Lesley Pugh, Secretary II

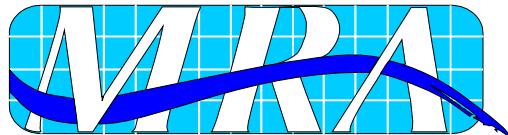
Cover Photos

Large: Architect's Rendition of Completed Civic Stadium
From left to right: Urban Land Institute presentation of
URD III report to City Council; Ditchstone Building;
The Trail Head; Bon Macy's Awning (before refurbishment)

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Missoula Redevelopment Agency

November 26, 2004

Dear Mayor Kadas and Members of the City Council:

We are pleased to present the Missoula Redevelopment Agency's Annual Report for fiscal year 2004. In accordance with State Law, this Report contains a summary of the year's activities and accomplishments, as well as a report of the MRA's financial condition. MRA continues to move forward with its planning and implementation of redevelopment projects in fulfillment of the City's three urban renewal plans.

During fiscal year 2004, the MRA saw a number of projects reach completion and others continue to move forward. One of the largest undertakings to reach a level of completion is the Civic Stadium. While there is still work to be done, the stadium was completed to the point that the Osprey played their first home game there in June and finished the season in their new home. As funds are available, the seating capacity of the stadium will be increased and temporary quarters that were used for the initial season will be replaced with permanent buildings. Most of the MRA funds for this project have been expended with the exception of approximately \$300,000 to be used to finish the trail around the stadium and to acquire property for and/or construct permanent parking.

A number of MRA funded projects have a direct bearing on the quality of life for Missoula residents, being either cultural or recreational in nature. We continued to work with the Missoula Art Museum and their expansion and renovation through funding for design of the historic Carnegie Library. The Board also approved funding to assist the Nature Center in their move from Fort Missoula to the former Big Sky Brewery building near McCormick Park. During FY 2004, MRA, along with Missoula Public Schools and private donors, provided a portion of the funding for a feasibility study for a new performance venue to be located on Front Street next to the Orange Street Bridge.

MRA is a partner in the design and construction of the new aquatics facility in McCormick Park. We are providing funding to two non profit groups for the construction of a skate park in McCormick Park and a natural rock weir in the Clark Fork River in front of Caras Park. The weir project will remove an unsightly and dangerous water diversion weir and replace it with an amenity to be enjoyed by kayakers, tubers, and rafters. We teamed up with the Parking Commission and the City to build trails, parking lots, and landscaping in Kiwanis Park, creating a significant improvement to the area.

Improving the pedestrian and bicycling systems has been a long standing priority for the MRA. FY 2004 saw the beginning of two projects that will have a major impact on the on-street and

off-street networks. Design was begun for the Madison Street bicycle and pedestrian bridge with construction expected to begin the spring of 2005. This will provide a critical link in the trail system, servicing both recreational users and commuters. The other significant project started in 2004 is the downtown traffic and streetscape study, once again, a partnership between the MRA and the Parking Commission. Design of a more pedestrian friendly street and sidewalk system with a unique "downtown look" was funded with completion expected in early FY 2005. This was a very public process that will provide a template for the transformation of streets, intersections, and traffic patterns in the heart of the city.

MRA assistance to a number of private businesses was either approved or completed during 2004. Several projects changed the face of Front Street. These include Pearl's Café, the relocation of The Trail Head, and the expansion and renovation of the Paoli building. Assistance was provided to Sean Kelly's for façade improvements; to the Boone and Crockett Club and the Missoula Federal Credit Union resulting in renovated buildings; and to the Ditchstone project on S 4th Street E resulting in the demolition of blighted buildings and the construction of a new multi-story office building next to John Toole Park.

Efforts to make an impact in the newest Urban Renewal District, URD III, were accelerated during 2004. In FY 2003, the MRA engaged the services of the Urban Land Institute to create a panel of experts in land use development to work with the community, identify and articulate opportunities, and formalize a vision for that part of the City. The ULI plan, "Midtown Missoula", is a broad brush look at the area that proposes a number of development opportunities. These include the development of a retail/entertainment center south of the Mall, a technology based business park, a hotel and conference center adjacent to the fairgrounds, and new mixed use residential development throughout the district. The plan was accepted by both the MRA Board and the City Council and will serve as the guiding document as we determine how best to impact the redevelopment of that area. With the ULI plan as a guide, the staff has put a considerable amount of effort into defining appropriate programs and developing the tools to bring about change in URD III.

Several large projects did not move along as well as hoped in 2004. The City Shops property on Broadway was rezoned and the MRA Board approved a recommendation to the City Council that it declare it an Urban Renewal Project and authorize the issuance of Tax Increment Revenue Bonds. Presumably, this cleared the way for St. Patrick Hospital to purchase the City property, clean up any environmental contamination, and convey it to Safeway for a new grocery store in exchange for the current Safeway property adjacent to the hospital. This would assure the Hospital's ability to expand in their current location and retain a viable grocery store in downtown. Unfortunately, a lawsuit filed by a citizen's group, CALM, has delayed the project indefinitely, potentially jeopardizing the future of URD II. The delay in this project has impacted the development of the Riverfront Triangle property across Broadway since the Safeway property has been the key to meeting the parking requirements for the Hospital. Currently, they are satisfying those needs on the Riverfront Triangle property; consequently, the MRA has not been in a position to move forward with the effort to clean up the site and find a developer. The end result will most likely be that the City and the Hospital will proceed separately with a development that is less comprehensive than hoped.

While there have been significant efforts during FY 2004 to develop the Champion Mill Site property, the issues are so complex that annexation and development appear unlikely in the immediate future. The City was able to obtain an EPA Brownfields Grant, part of which was intended to be used for the development of an environmental assessment and cleanup plan. It is unclear how the cleanup would occur under current ownership and without a concrete plan for development.

The Russell Street and Bridge reconstruction project suffered another delay and work is not scheduled to begin before 2007. This project is critical to the success of URD II and unless the District is able to be extended through the issuance of a bond, the opportunity to use tax increment funds as a catalyst for the redevelopment of that corridor will be lost.

Fiscal Year 2004 was an active year for the MRA. A great deal of effort was directed toward the closing out of the Agency's role in the Downtown district, URD I, and ramping up efforts in URD III. URD II continues to present challenges due to delays on the Russell Street projects, the lack of positive movement on the Champion property, and the pending lawsuit contesting the Safeway/St. Patrick project. FY 2005 will no doubt be equally active as MRA strives to leave the Downtown poised to develop to the next level.

Sincerely,

Harold J. Fraser, MRA Board Chairman
Ellen Buchanan, MRA Director

STAFF ACTIVITIES

MRA remains strongly affiliated with several organizations including the Missoula Downtown Association (MDA), a volunteer-based organization that works for the betterment of Downtown. The MRA Director serves as an ex-officio MDA Board member, and as a result of this relationship, policies, events and problems that arise in Downtown are responded to in a timely, coordinated fashion. MRA also works on a continual basis with the Missoula Parking Commission and other groups providing assistance in the form of coordination, planning and information sharing. These relationships have resulted in several jointly funded projects. Finally, the MRA Director continues to assist a group of local citizens and business people with the development of a new performance venue, which would, among other things, enhance the region's ability to attract quality musical and theatrical groups from outside the area and provide a theater to house the Missoula Symphony and other local performance groups.

During the past year, MRA staff participated in the City's Senior Management Team, Technical Advisory Group, the Administrative Support Team, the "Heart of the City Committee" (for City employees), the Employee Benefits Committee, and the Fit City wellness committee. Also, MRA staff members are frequently asked to participate on recruitment panels for City employees. These activities allow the MRA staff to remain closely linked to the rest of the City organization while contributing their talents to its larger mission.

The MRA staff is also called upon to make presentations at lending institutions, real estate companies, service clubs, school classrooms, neighborhood meetings, workshops and conferences. These activities provide an opportunity to exchange information with the public and special groups who have an interest in MRA's activities.

It is the practice of the MRA to afford its staff opportunities for training and enhancement of professional skills through workshops, conferences and classes. The staff participated in a wide range of these opportunities in areas such as computer skills, communication skills, land use planning, community and economic development, GIS skills and business administration. By keeping current in redevelopment practices and broadening the base of understanding, the MRA staff members are better able to perform their duties on behalf of the community.

MRA PROGRAMS

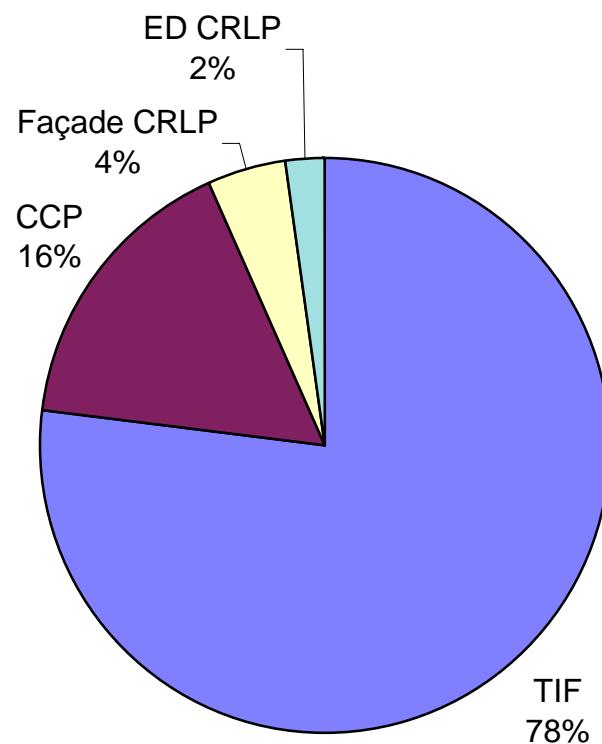
The Missoula Redevelopment Agency (MRA) was created by the City Council to encourage new development and redevelopment pursuant to the three adopted Urban Renewal Plans. Preserving existing public investment, enhancing the tax base, generating employment, and stimulating private investment are the means by which the MRA reclaims urban renewal areas. The MRA encourages infill development, provides for the adaptive reuse of the built environment, and reclaims blighted properties. Through these activities, MRA provides alternatives to urban sprawl outside the existing municipal service boundaries.

MRA uses funds derived from *ad valorem* increases in property tax (tax increment) to finance its projects and programs. The following programs were created to encourage private investment and reinvestment in the urban renewal districts in order to keep them healthy and contributing parts of the community.

Tax Increment Financing (TIF) is utilized by MRA's Urban Renewal Districts (URD) to make public improvements in public and private projects. Two additional programs assist owners and businesses in renovating buildings in the first and second District. The Commercial Rehabilitation Loan Program (CRLP) and the Fire and Building Life-Safety Code Compliance Program (CCP) allow MRA to leverage private investment by creating public/private partnerships that address visual, economic and public safety problems. The CRLP and the CCP are both available in URD I. The Façade Section only of the CRLP (for the repair and renovation of the exterior of buildings) and the Life-Safety Code Compliance Program are available in URD II.

The MRA Board of Commissioners recently approved staff to start accepting TIF applications in MRA's third and newest Urban Renewal District. Because tax increment in this district is limited, MRA intends to examine each application with an emphasis on public benefit and the potential for each project to spur further investment in the area. In addition to individual projects, MRA will focus URD III's funds on high impact public improvements in order to get the best and most visible benefits for the limited resources available.

FY 04 MRA Program Expenditures



■ TIF ■ CCP ■ Façade CRLP ■ ED CRLP

TAX INCREMENT FINANCING

The primary way MRA is able to provide incentive for new construction and redevelopment activities is through the Tax Increment Financing (TIF) program. Costs financed in this way generally include curbs, gutters, sidewalks, street amenities, utility relocation, or demolition of blighted structures. Typically, these items are of long lasting benefit to the public as well as to the private developers.

In fiscal year 2004, MRA participated in eight projects using the TIF program and provided \$452,975 in tax increment subsidies. This is a ratio of approximately one public dollar for every sixteen private dollars invested in redevelopment projects.

TAX INCREMENT FINANCING - FISCAL YEAR 2004

Project	Total Project Cost	TIF Subsidy	Other MRA Amount	Other MRA Type	Total MRA
603 Woody Street	\$ 250,000	\$ 8,700	\$ 2,096	CCP	\$ 10,796
Boone & Crockett Club (250 Station Dr)	\$ 1,110,000	\$ 60,500	\$ 17,800	CCP	\$ 78,300
Ditchstone Project (305 S 4th St E)	\$ 2,856,000	\$ 279,409			\$ 279,409
iConnect Fiber Hotel (110 E Broadway)	\$ 314,000	\$ 18,000			\$ 18,000
L A Design (337 E Broadway)	\$ 570,950	\$ 10,000	\$ 4,626	CRLP	\$ 14,626
Missoula Federal Credit Union (126 W Spruce St)	\$ 533,887	\$ 33,980			\$ 33,980
Paoli Building (259 West Front St)	\$ 1,021,000	\$ 21,836	\$ 14,313	CCP, CRLP	\$ 36,149
Pearl Café & Bakery (231 E Front St)	\$ 750,000	\$ 20,550	\$ 20,294	CCP, CRLP	\$ 40,844
TOTALS	\$ 7,405,837	\$ 452,975	\$ 59,129		\$ 512,104

Number of Projects	8	Average Project Cost	\$ 925,730
Total Project Cost	\$ 7,405,837	Average TIF Subsidy	\$ 56,622
Total TIF Subsidy	\$ 452,975	Average TIF Leverage	1:16
Total Other MRA Amount	\$ 59,129	Average Total MRA Leverage	1:14.5

* Lemer Project (Russell St & Cooper St) Development Agreement was terminated in FY04.

COMMERCIAL REHABILITATION LOAN PROGRAM

Through the Commercial Rehabilitation Loan Program (CRLP), MRA pays a portion of the interest on redevelopment loans. This program allows property owners or businesses to finance improvements by lowering the impact of project debt on their business' cash flow. In addition, MRA participation provides an incentive for banks to extend financing by reducing the risk perceived in redeveloping older buildings occupied by small and start-up businesses.

In Urban Renewal District I, business and property owners may receive CRLP assistance for facade and exterior improvements (Façade Section); or if the project results in the creation of at least five new jobs to Missoula, the CRLP is expanded to assist with interior renovation meeting certain criteria (Economic Development Section). Because a business or property owner may participate in either or both CRLP sections, the program can assist in a wide variety of projects, from providing an attractive business entrance and handicapped accessibility to rehabilitation of an entire structure. In Urban Renewal District II, CRLP assistance is available for facade and exterior improvements only.

Since its inception, the CRLP has provided assistance to 120 individual projects. CRLP interest subsidies provided during that time total \$931,178 and in conjunction with other MRA subsidy amounts have attracted \$27,609,118 in private investment.

In fiscal year 2004, five CRLP Façade subsidies were provided and one CRLP Economic Development subsidy was provided. MRA's \$44,221 of CRLP assistance was instrumental in leveraging \$3,111,950 in private investment, a ratio of approximately one public dollar for every seventy private dollars.

COMMERCIAL REHABILITATION LOAN PROGRAM - FISCAL YEAR 2004

Project	Total Project Cost	CRLP Subsidy	CRLP Type	Other MRA Amount	Other MRA Type	Total MRA
Bob's Sew & Vac (120 W Broadway)	\$ 518,000	\$ 9,273	Façade	\$ 42,663	CCP	\$ 51,936
Janecek Project (133-135 W Main St)	\$ 225,000	\$ 15,285	Econ. Dev.	\$ -		\$ 15,285
L A Design (337 E Broadway)	\$ 570,950	\$ 4,626	Façade	\$ 10,000	TIF	\$ 14,626
Paoli Building (259 West Front St)	\$ 1,021,000	\$ 6,421	Façade	\$ 29,728	TIF, CCP	\$ 36,149
Pearl Café & Bakery (231 E Front St)	\$ 750,000	\$ 7,422	Façade	\$ 33,422	TIF, CCP	\$ 40,844
Sean Kelly's (130 W Pine St)	\$ 27,000	\$ 1,194	Façade	\$ -		\$ 1,194
TOTALS	\$ 3,111,950	\$ 44,221		\$ 115,813		\$ 160,034

Number of Projects	6	Average Project Total	\$ 518,658
Total Project Cost	\$ 3,111,950	Average CRLP Subsidy	\$ 7,370
Total CRLP Subsidy	\$ 44,221	Average CRLP Leverage	1:70
Total Other MRA Amount	\$ 115,813	Average Total MRA Leverage	1:19.5

Breakdown by CRLP type:

<u>Façade Projects</u>	<u>Economic Development Projects (ED)</u>
Number of Loans	5
Total Project Cost	\$ 2,886,950
Total MRA Façade Subsidy	\$ 28,936
Average Project	\$ 577,390
Average Subsidy	\$ 5,787
Number of Loans	1
Total Project Cost	\$ 225,000
Total MRA Econ. Dev. Subsidy	\$ 15,285
Average Project	\$ 225,000
Average Subsidy	\$ 15,285

SUMMARY OF CRLP PROJECTS 1983-2004

Number of Projects	\$ 120	Average Project Cost	\$ 230,076
Total Project Cost	\$ 27,609,118	Average CRLP Subsidy	\$ 7,760
Total CRLP Subsidy	\$ 931,178		

LIFE-SAFETY CODE COMPLIANCE PROGRAM

Many structures in Urban Renewal District I were built prior to building and fire codes and most are now used by businesses much different than those for which the structures were originally designed. This situation has resulted in many violations of current building codes, which threaten the safety of people shopping, living and working in the Downtown. While rectifying life safety violations in older buildings is a priority for the City, the cost of bringing such buildings into compliance with current safety standards is often overwhelming to individual property owners and small businesses. In addition, the presence of code violations within a building may prevent the owner from obtaining a permit for other renovations. In many instances, life safety code violations threaten the viability of Downtown businesses.

The Life-Safety Code Compliance Program (CCP) was created in 1989 to address life-safety code problems in Downtown Missoula's older buildings. The program was expanded to District II in 1999 but is not available in District III. MRA participates in CCP projects by matching private investment to address existing life-safety code violations, most of which are fire code related.

The availability of the CCP has provided incentive to many property and business owners to conduct additional, unrelated repairs and renovation of their buildings. Projects assisted by the CCP result in increased productive life of important buildings and help protect property owners, fire fighters and the public from potential tragedy.

Since its inception, the CCP has assisted in 108 projects and provided a total of \$1,767,205 in subsidies. In conjunction with other MRA subsidy amounts, CCP assistance has attracted \$32,618,083 in private investment and has helped remove many of the most serious life-safety hazards from Downtown and URD II buildings. The CCP has been successful both in providing incentive for owners to undertake larger projects and in providing needed assistance to smaller projects.

During fiscal year 2004, MRA provided seven CCP subsidies in URD I and one CCP subsidy in URD II. In total, \$110,590 of CCP assistance helped leverage \$3,803,803 in private expenditures. This is a ratio of approximately one public dollar for every thirty-four private dollars invested in mitigating life-safety code violations and making other improvements.

CODE COMPLIANCE PROGRAM - FISCAL YEAR 2004

Project	Total	CCP		Other MRA	Other MRA	Total
	Project Cost	Subsidy	Amount	Type	MRA	
603 Woody Street	\$ 250,000	\$ 2,096	\$ 8,700	TIF	\$ 10,796	
Bob's Sew & Vac (120 W Broadway)	\$ 518,000	\$ 42,663	\$ 9,273	CRLP	\$ 51,936	
Boone & Crockett Club (250 Station Dr)	\$ 1,110,000	\$ 17,800	\$ 60,500	TIF	\$ 78,300	
Higgins Ave/Pine St CCP Projects	\$ 24,746	\$ 12,373	\$ -		\$ 12,373	
Morgan Project (1655 S 3rd St W)	\$ 12,000	\$ 4,895	\$ -		\$ 4,895	
Paoli Building (259 West Front St)	\$ 1,021,000	\$ 7,892	\$ 28,257	TIF, CRLP	\$ 36,149	
Pearl Café & Bakery (231 E Front St)	\$ 750,000	\$ 12,872	\$ 27,972	TIF, CRLP	\$ 40,844	
Rockin Rudy's (509 N Higgins Ave)	\$ 118,057	\$ 10,000	\$ -		\$ 10,000	
TOTALS	\$ 3,803,803	\$ 110,590	\$ 134,702			\$ 245,292

Number of Projects	8	Average Project Cost	\$ 475,475
Total Project Cost	\$ 3,803,803	Average CCP Subsidy	\$ 13,824
Total CCP Subsidy	\$ 110,590	Average CCP Leverage	1:34
Total Other MRA Amount	\$ 134,702	Average Total MRA Leverage	1:15.5

SUMMARY OF CODE COMPLIANCE PROGRAM 1989-2004

Number of Projects	108	Average Project Cost	\$ 302,019
Total Project Cost	\$ 32,618,083	Average CCP Subsidy	\$ 16,363
Total CCP Subsidy	\$ 1,767,205		

MRA PROGRAM PROJECTS

MRA Program Projects are projects that received MRA tax increment assistance through one or more of the Agency's redevelopment programs. Often MRA assistance enables a developer to make additional improvements on their property or undertake a larger redevelopment project. As such MRA refers to these projects as Public/Private Partnerships. As discussed on the previous pages, MRA has three established tax increment assistance programs; Tax Increment Financing, the Code Compliance Program and the Commercial Rehabilitation Loan Program. The lists below include public/private partnership projects that were completed or closed out during fiscal year 2004 and those that were in progress. In Urban Renewal District I (URD I) thirteen projects were completed. In Urban Renewal District II (URD II) one project was completed and one was terminated. MRA contributed a total of \$607,787 to leverage \$8,330,640 in private investment, a redevelopment ratio of approximately one public dollar for every fourteen private dollars expended. Ten projects were in progress during fiscal year 2004 and completion of these projects is expected in fiscal year 2005.

PROJECTS COMPLETED

URD I Projects

603 Woody Street

Bob's Sew & Vac (120 W Broadway)

Boone & Crockett Club (250 Station Dr)

Ditchstone Project (305 S 4th St E)

Higgins Ave/Pine St CCP Projects

iConnect Fiber Hotel (110 E Broadway)

Janecek Project (133-135 W Main St)

L A Design (337 E Broadway)

Missoula Federal Credit Union (126 W Spruce St)

Paoli Building (259 West Front St)

Pearl Café & Bakery (231 E Front St)

Rockin Rudy's (509 N Higgins Ave)

Sean Kelly's (130 W Pine St)

URD II Projects

Lemer Project (Russell & Cooper)*

Morgan Project (1655 S 3rd St W)

PROJECTS IN PROGRESS

URD I Projects

Atlantic Hotel (519-521 N Higgins Ave)

BONmacy's Awning (110 N Higgins Ave)

Florence Building (111 N Higgins Ave)

Nature Center (120 Hickory St)

Peak Development (400 W Broadway)

Poverello Center (535 Ryman St)

The Trail Head (221-229 E Front)

Warehouse Mall (725 W Alder St)

URD II Projects

Clark Fork Commons (Cedar St)

McKenzie Project (1144 W Broadway)

* terminated

The majority of projects MRA participates in are located in the original downtown urban renewal district, which is more commercial in nature than URD II. In the past few years URD II has seen more commercial activity along Russell and South 3rd Street West. As URD II is scheduled to sunset in June 2006, MRA is looking for a large project that it could possibly bond for in order to extend the district's tax increment financing funding mechanism. In the fall of 2003, MRA contracted with the Urban Land Institute (ULI) to come to Missoula and study Missoula's third urban renewal district. ULI provided the agency with a report that will help guide MRA's redevelopment strategies in this district in the years to come.

PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS COMPLETED ~

URD I Projects

603 Woody Street

MRA Programs: TIF, CCP



Project Cost:	\$250,000
MRA Assistance:	\$10,796
Leverage Ratio:	1:23

This project added approximately 1,640 square feet of floor space to the existing building by expanding nearly 40 feet to the back (west) of the original structure and a second level on a portion of the new area. MRA assistance included provision for a second exit from the existing basement area and upgrading utilities such as sanitary sewer, natural gas, and storm water drainage to the property.

Bob's Sew & Vac

120 West Broadway

MRA Programs: CCP, Façade CRLP



Project Cost:	\$518,000
MRA Assistance:	\$51,936
Leverage Ratio:	1:10

The building at 120 West Broadway houses the businesses of Bob's Sew & Vac and Jem Shoppe Jewelers. The majority of this project was completed in 2003 with the finishing touches to the façade occurring in 2004. The project included correction of a number of violations of the Uniform Fire Code, especially sprinkling and exiting requirements. Besides code requirements, interior renovation included creation of leaseable space in the upper floor and useable space in the basement for storage rental and Bob's Sew and Vac Service Department. Exterior facade work on the building entailed improvements on both the front and rear in the art deco style of the building.

PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS COMPLETED ~

Boone & Crockett Club

250 Station Drive

MRA Programs: TIF, CCP

Project Cost: \$1,110,000
MRA Assistance: \$78,300
Leverage Ratio: 1:14



For some time, the Boone and Crockett Club has felt the need to provide greater access to its library and its collection of game animal mounts located at its national headquarters in Missoula, MT. Additionally, the current configuration of the building housing the headquarters, the former Milwaukee Railroad Passenger Depot, does not allow for expansion of the staff nor does it meet the current demand of packaging and mailing catalog and information items. The project moved staff from their current offices in the former baggage building to the passenger building. The baggage building was converted to handle mail and shipping services. The building area between those buildings and the attached exterior concrete terrace added in the 1980s was demolished and a reception area, gallery and gift shop replaced it. The design of the new connection between the buildings and removal of the terrace more closely reflect the historical appearance of the two buildings. MRA assistance was for demolition and installation of a fire-suppression sprinkler system throughout the building to remedy current fire code violations.

building area between those buildings and the attached exterior concrete terrace added in the 1980s was demolished and a reception area, gallery and gift shop replaced it. The design of the new connection between the buildings and removal of the terrace more closely reflect the historical appearance of the two buildings. MRA assistance was for demolition and installation of a fire-suppression sprinkler system throughout the building to remedy current fire code violations.

Ditchstone Project

305 S 4th St W

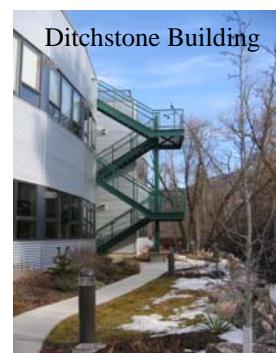
MRA Programs: TIF

Project Cost: \$2,856,000
MRA Assistance: \$279,409
Leverage Ratio: 1:10



A private development company constructed this new professional office building on South Fourth Street East. Aptly named the Ditchstone Building the structure occupies the former site of the Western Montana Monument company and sits adjacent to one of Missoula's irrigation ditches. The three story building houses professional office space on the first floor, the accounting firm

of Boyle, Deveny & Meyer on the second floor and additional office space, a conference room and an employee lounge on the third floor. MRA tax increment assistance was for demolition, site preparation, sidewalks and utility upgrades.



PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS COMPLETED ~

Higgins Ave / Pine St Projects

321-327 North Higgins Avenue

MRA Programs: CCP

Project Cost:	\$24,746
MRA Assistance:	\$12,373
Leverage Ratio:	1:2

Higgins Ave / Pine St Projects



Through the Life-Safety Code Compliance Program MRA assisted four building owners along the west side of the 300 block of North Higgins Avenue. The project resulted in increased water flow capability in order to provide fire-suppression sprinkler systems for the buildings. By cooperating in the project, the owners were able to obtain water from a Mountain Water main line in Pine Street and

install service by way of easements through one another's buildings. The alternative to this effort would have been very expensive and involve individual projects trying to obtain water from a main on the east side of Higgins Avenue.

iConnect Fiber Hotel

110 E Broadway

MRA Programs: TIF

Project Cost:	\$314,000
MRA Assistance:	\$18,000
Leverage Ratio:	1:17

The iConnect Fiber Hotel is a full service internet colocation facility offering Missoula citizens and businesses a secure 24/7 facility and the ability to connect with a variety of internet service providers. Similar facilities exist in Billings, Helena and Great Falls. Initially, the facility will occupy one entire floor of a downtown office building at Higgins and Broadway, but expansion to other floors may occur in time. MRA assisted with demolition of existing improvements to allow installation of electronic equipment that will serve the business and its clients.



PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS COMPLETED ~

Janacek Project

133-135 West Main Street

MRA Programs: ED CRLP

Project Cost:

\$225,000

MRA Assistance:

\$15,285

Leverage Ratio:

1:15



This project was the final phase of a complete renovation of this building. In early 2003, the owner of the building completed the first phase that included historically appropriate façade restoration and compliance with fire code exiting requirements. The current project renovated interior portions of the building for office use and included replacing the entire electrical, mechanical, HVAC and plumbing systems; installation of permanent interior walls; and replacement of doors and windows.

L.A. Design

337 E Broadway

MRA Programs: TIF, Façade CRLP

Project Cost:

\$570,950

MRA Assistance:

\$14,626

Leverage Ratio:

1:39

L.A. Design is located at the corner of Broadway and Adams streets across from the Missoula Children's Theatre. The front portion, which is a separate condominium unit from the rear, houses a successful art gallery and custom framing business. The project involved extensive interior renovations as well as exterior façade work and sidewalk replacement. A window which had previously been boarded over was re-opened for use as display space for more art work and the canvas awning was also replaced. The existing uneven aggregate sidewalk (a type no longer allowed by the Public Works Department) was dangerous and needed to be replaced.

Also the existing landscaping was removed as it had become overgrown and prevented the doors of cars parked on the street from being opened. The refurbished building is a handsome compliment to this eastern area of the Downtown.

L.A. Design



PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS COMPLETED ~

Missoula Federal Credit Union

126 West Spruce Street

Project Cost: \$533,887
MRA Assistance: \$33,980
Leverage Ratio: 1:16

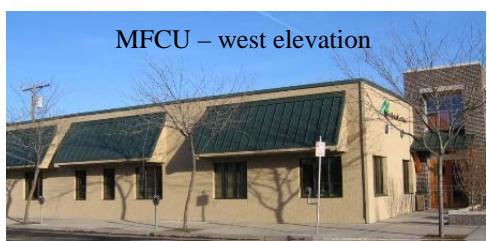
MRA Programs: TIF



MFCU – east elevation

The Missoula Federal Credit Union, following several years of robust growth, found it necessary to remodel and expand its Downtown Branch on Spruce and Ryman Streets. The building received both internal and external improvements, resulting in expanded space for the Credit Union allowing it to better meet the needs of its members. Previous tenants, such as the Missoula County Extension

office, relocated to allow the Credit Union's expansion. The Downtown branch is now able to provide nearly all of the services it offers at any of its other branches. MRA provided tax increment assistance to cover the cost of installing new sidewalks on the property.



MFCU – west elevation



MFCU – south elevation

Paoli Building

259 West Front Street

Project Cost: \$1,021,000
MRA Assistance: \$36,149
Leverage Ratio: 1:28

MRA Programs: TIF, CCP, Façade CRLP

This project expanded the previous one-story building to the south and added a floor, resulting in a two-story structure on Front Street and three stories on the Caras Park elevation. The new building now matches the heights of the buildings to the east and west and its façade is framed in cast iron, reminiscent of historic buildings on Front Street. The building provides professional office space on the upper floors and retail space on the street level. MRA provided assistance for demolition, utility upgrades, fire code upgrades and façade improvements on the original building.



Paoli Bldg - Before (Front)



Paoli Bldg - After (Front)



Paoli Bldg – After (Rear)

PUBLIC / PRIVATE PARTNERSHIPS

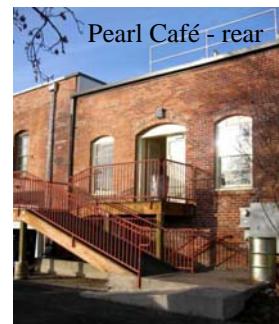
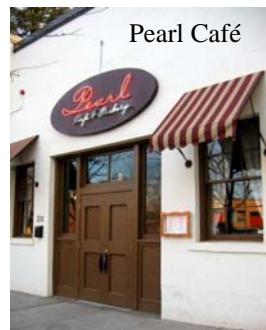
~ PROJECTS COMPLETED ~

Pearl Café & Bakery (previously referred to as Café Madeleine) 231 East Front Street

Project Cost: \$750,000
MRA Assistance: \$40,844
Leverage Ratio: 1:18

MRA Programs: TIF, CCP, Façade CRLP

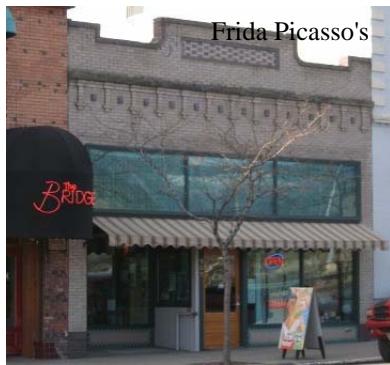
This building was constructed in the mid-1890s as a warehouse for the Missoula Mercantile Company. Although for several years it was leased by the Missoula Children's Theater, the 231 East Front Street space remained in warehouse and storage use since its construction. This project included historically appropriate restoration of the façade and complete interior renovation of the former warehouse. In addition to aesthetic work, the structural, plumbing and electrical systems were upgraded or replaced, and the building was brought into compliance with current fire safety codes. The renovated building houses local chef Pearl Cash's restaurant the *Pearl Café*.



Rockin Rudy's – Frida Picasso's 509 North Higgins Avenue

Project Cost: \$118,057
MRA Assistance: \$10,000
Leverage Ratio: 1:12

MRA Programs: CCP



This project included historically sensitive renovation of this "Hip Strip" retail location along South Higgins Avenue. Previously occupied by an electrical parts distributor, the building renovations included demolition, electrical and plumbing upgrades, construction of new interior walls, ceiling and floors and façade restoration. MRA provided assistance under the Life-Safety Code Compliance Program for a fire suppression sprinkler system, emergency lighting and exiting improvements and related electrical upgrades. The location is now occupied by Rockin Rudy's poster, artwork and framing store *Frida Picasso's*.

PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS COMPLETED ~

Sean Kelly's 130 West Pine Street

Project Cost:	\$27,000
MRA Assistance:	\$1,194
Leverage Ratio:	1:22.5

MRA Programs: Façade CRLP

Roofing is one of single most expensive renovation items on older buildings in the downtown. This project entailed removal of several overlain layers of roofing and installation of a flexible membrane roofing material.

URD II Projects

Lemer Project Russell Street & Cooper Street

Project Cost:	\$0
MRA Assistance:	\$0
Leverage Ratio:	0

MRA Programs: TIF

This project involved construction of a mixed-use two-story building with retail or direct service tenants on the street level and office uses on the second floor. The anticipated cost was \$1,060,000 and MRA pledged \$64,000. Changes in the regional economy for the targeted businesses prevented the owner from completing the project. Therefore, the Development Agreement between the property owner and MRA was terminated in May 2004 due to non-compliance.

Morgan Project 1655 South 3rd Street West

Project Cost:	\$12,000
MRA Assistance:	\$4,895
Leverage Ratio:	1:2.5

MRA Programs: CCP



This building houses two businesses and four residential units. The project included remodeling the entire structure and upgrading it to meet all current codes. In addition to electrical, structural, plumbing, and general remodeling work, the owner installed fire-rated separation between the units, an alarm system, and constructed appropriate emergency egress from all areas. MRA assistance is for the fire code compliance items.

PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS IN PROGRESS ~

URD I Projects

Atlantic Hotel

519-521 North Higgins Avenue

Expected Completion Date: May 2005

Project Cost:

\$65,500

MRA Assistance:

\$25,000

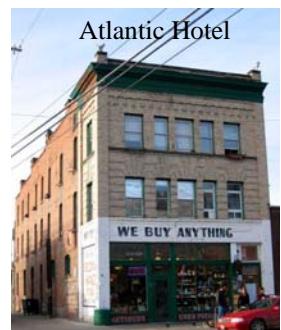
Leverage Ratio:

1:2.5

MRA Programs: CCP



For several years, City Building Officials and the Fire Marshall had been working on a variety of plans to bring this building into compliance with basic fire codes. Formerly a hotel, the three-story building was converted to cooperative rental apartments on the upper floors and street level retail use in the 1980s. In lieu of making a myriad of structural improvements that would change the historic nature of the building's residential sections, the owner opted to install a fire suppression sprinkler system.



BON-macy's Awning

110 North Higgins Avenue

Expected Completion Date: Spring 2005

Project Cost:

\$65,000

MRA Assistance:

\$18,000

Leverage Ratio:

1:3.5

MRA Programs: TIF

This building was formerly the Missoula Mercantile and has the distinction of being the retail establishment with the longest continuous history in Western Montana. This store is also Downtown Missoula's retail anchor. MRA has not undertaken any projects with the BONmacy's store over the years URD I has been active. The MRA Board approved \$28,500 of an estimated \$65,000 project to repair and renovate the copper awning and portions of the entryway clad in copper on the Higgins Avenue façade of the building. The repair project does not fit neatly into any of MRA's programs. However, like many historic elements or art pieces, the awning is unique. In its current condition it allows for infiltration of water and damage to the building. If it is not repaired, it will have to be replaced with a somewhat less than historically appropriate entry. Renovation of the awning and portions of the entry, on the other hand, will preserve an architectural element that is integral to the building's appearance.



Bon-Macy's Awning



PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS IN PROGRESS ~

Florence Building

111 North Higgins Avenue

Expected Completion Date: Spring 2005

Project Cost:

\$3,000,000

MRA Assistance:

\$113,567

Leverage Ratio:

1:26

MRA Programs: TIF, CCP



The Attorneys Liability and Protection Society (ALPS), owner of the Florence Hotel, is undertaking a substantial renovation project in this historic building. Over the years the Florence Hotel was converted to retail space on the ground floor and professional office space on the upper floors. The hotel lobby, walled off from public view for many years, has been restored and reopened for public use. New space created adjacent to the lobby provides additional retail opportunities on the ground floor. The Governor's Room and the McLeod Room have been restored to their original character and will

continue to provide meeting space for large gatherings. The project will also bring the building up to current life-safety codes. MRA has approved TIF assistance for replacing the aging sidewalk along Higgins & Front Streets in the amount of \$51,128 and a CCP grant for a fire-suppression sprinkler system and emergency exiting upgrades in the amount of \$62,439.



Montana Natural History Center

120 Hickory Street

Expected Completion Date: Spring 2005

Project Cost:

\$500,000

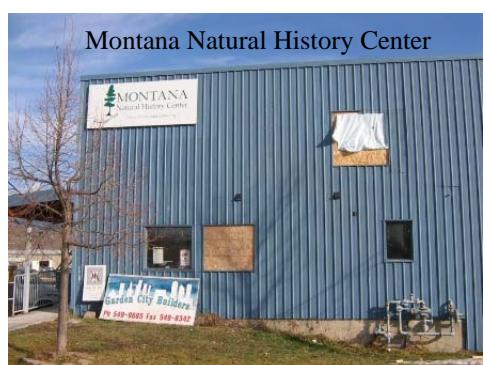
MRA Assistance:

\$16,979

Leverage Ratio:

1:29.5

MRA Programs: CCP



The 120 Hickory Street building was built in the 1950s as a window glass warehouse. After being vacant for nearly 10 years, MRA assisted its renovation into a light manufacturing business in the early 1990s. In 1995, the building was further upgraded to house a brewery. The current project is a renovation of approximately two-thirds of the building to house the collections, programs, and presentations of the Montana Natural History Center. The Center has been located at Fort Missoula for some years and must move to enable it to expand into new educational and presentation programs. MRA assistance is for life-safety code upgrades.

PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS IN PROGRESS ~

Peak Development

400 West Broadway

Expected Completion Date: Summer 2005

Project Cost:

\$1,300,000

MRA Assistance:

\$100,000

Leverage Ratio:

1:13

MRA Programs: TIF

This project includes demolition of a fuel station and vehicle repair shop, removal of fuel tanks, and construction of a new two-story building of approximately 6,750 square feet. The building will be used by retail and service businesses on the street level and residential work/live loft apartments on the second floor. The demolition and tank removal have been completed. The developer is currently trying to lease the spaces before beginning construction.

Peak Development



Poverello Center

535 Ryman Street

Expected Completion Date: Spring 2005

Project Cost:

\$35,580

MRA Assistance:

\$17,790

Leverage Ratio:

1:2

MRA Programs: CCP



Poverello Center

MRA pledged assistance to the Poverello Center for the installation of a much needed fire suppression sprinkler and alarm system. In addition, the Center must install a new four-inch water line from the water main in Ryman or Alder Street in order to charge the system. This is not an unusual requirement in the Downtown where existing water service to older buildings is often inadequate to charge modern sprinkler systems. Given the Poverello Center's mission to feed and shelter the homeless in Missoula, both the sprinkler system and the alarm system improvements are essential to protecting the lives of occupants and staff.

PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS IN PROGRESS ~

The Trail Head

221-229 East Front Street
Expected Completion Date: Fall 2004

Project Cost: \$979,000
MRA Assistance: \$107,600
Leverage Ratio: 1:9

MRA Programs: TIF, CCP

This project at 221-229 East Front Street involves the renovation of the historic Missoula Mercantile Warehouse. The warehouse served as a storage building for the old Missoula Mercantile, storage for The Bon department store, and a performance venue for the Missoula Children's Theater. The owner of The Trail Head purchased the building and will relocate his outdoor sports and recreation business to the site upon its complete renovation. MRA is assisting this project with a tax increment grant for selective demolition and utility upgrades, and a Code Compliance Program grant for installation of a fire suppression sprinkler system and emergency exiting. After a delay in regards to acquiring an alley easement, the project is under construction with an expected completion date of August 15, 2004.



Warehouse Mall

725 West Alder Street
Expected Completion Date: Summer 2004

Project Cost: \$72,000
MRA Assistance: \$25,000
Leverage Ratio: 1:3

MRA Programs: CCP

MRA pledged up to this amount in matching funds to assist the owner of the historic Warehouse Mall in addressing fire code violations within the building. MRA assistance is for the installation of a fire-suppression sprinkler system.



PUBLIC / PRIVATE PARTNERSHIPS

~ PROJECTS IN PROGRESS ~

URD II Projects

Clark Fork Commons

Cedar Street

Expected Completion Date: Spring 2006

Project Cost:

\$3,200,000

MRA Assistance:

\$144,631

Leverage Ratio:

1:22

MRA Programs: TIF



Future Construction Site

North-Missoula Community Development Corporation (NMCDC) proposed this project on Cedar Street in URD II. The project is a 25-unit town home development to be constructed on land acquired from private owners by the Housing Authority and that is currently being purchased by NMCDC. The project is meant to allow low to moderate income citizens to purchase homes. Subsidy methods include a combination of federal, local, and private grants and by NMCDC retaining ownership of the underlying land. Occupants of the houses on the site at the time it was purchased have been relocated and the structures are being demolished.

To permit construction in 2004, the City has accelerated its reconstruction of a major wastewater collector main adjacent to the project site by two years. The total estimated cost of the project is \$3.2 million including an actual construction component of approximately \$2.1 million.

McKenzie Project

1144 West Broadway

Expected Completion Date: Spring 2005

Project Cost:

\$1,900,000

MRA Assistance:

\$85,000

Leverage Ratio:

1:22

MRA Programs: TIF

This project involves construction of a 36-unit condominium and apartment complex on the northern two-thirds of the property. The residential complex will be built around a landscaped interior courtyard with parking along the alley and east end of the site. The pricing of the residential units will be marketed toward moderate-income families. MRA assistance is pledged toward demolition of structures, installation of sidewalk, curb and gutter along Toole and Ashland Streets, paving an alley, and extension of sewer and storm sewer to the site.



McKenzie Project – north elevation



McKenzie Project – south elevation

RECAP OF FISCAL YEAR 2004

REDEVELOPMENT PROGRAM PROJECTS

~ Projects Completed ~

Project Name	Total Cost	Total Ratio	TIF	CCP	Façade CRLP	ED CRLP	Total MRA
<i>URD I Projects</i>							
603 Woody Street	\$ 250,000	1:23	\$ 8,700	\$ 2,096			\$ 10,796
Bob's Sew & Vac (120 W Broadway)	\$ 518,000	1:10		\$ 42,663	\$ 9,273		\$ 51,936
Boone & Crockett Club (250 Station Dr)	\$ 1,110,000	1:14	\$ 60,500	\$ 17,800			\$ 78,300
Ditchstone Project (305 S 4th St E)	\$ 2,856,000	1:10	\$ 279,409				\$ 279,409
Higgins Ave/Pine St CCP Projects	\$ 24,746	1:2		\$ 12,373			\$ 12,373
iConnect Fiber Hotel (110 E Broadway)	\$ 314,000	1:17	\$ 18,000				\$ 18,000
Janecek Project (133-135 W Main St)	\$ 225,000	1:15				\$ 15,285	\$ 15,285
L A Design (337 E Broadway)	\$ 570,950	1:39	\$ 10,000		\$ 4,626		\$ 14,626
Missoula Federal Credit Union (126 W Spruce St)	\$ 533,887	1:16	\$ 33,980				\$ 33,980
Paoli Building (259 West Front St)	\$ 1,021,000	1:28	\$ 21,836	\$ 7,892	\$ 6,421		\$ 36,149
Pearl Café & Bakery (231 E Front St)	\$ 750,000	1:18	\$ 20,550	\$ 12,872	\$ 7,422		\$ 40,844
Rockin Rudy's (509 N Higgins Ave)	\$ 118,057	1:12		\$ 10,000			\$ 10,000
Sean Kelly's (130 W Pine St)	\$ 27,000	1:22.5			\$ 1,194		\$ 1,194
<i>URD II Projects</i>							
Morgan Project (1655 S 3rd St W)	\$ 12,000	1:2.5		\$ 4,895			\$ 4,895
TOTALS	\$ 8,330,640	1:14	\$ 452,975	\$ 110,591	\$ 28,936	\$ 15,285	\$ 607,787

Note: Lemer Project (Russell St & Cooper St) Development Agreement was terminated in FY04.

~ Projects In Progress ~

Project Name	Total Cost	Total Ratio	TIF	CCP	Façade CRLP	ED CRLP	Total MRA
<i>URD I Projects</i>							
Atlantic Hotel (519-521 N Higgins Ave)	\$ 65,500	1:2.5		\$ 25,000			\$ 25,000
BONmacy's Awning (110 N Higgins Ave)	\$ 65,000	1:3.5	\$ 18,000				\$ 18,000
Florence Building (111 N Higgins Ave)	\$ 3,000,000	1:26	\$ 51,128	\$ 62,439			\$ 113,567
Nature Center (120 Hickory St)	\$ 500,000	1:29.5		\$ 16,979			\$ 16,979
Peak Development (400 W Broadway)	\$ 1,300,000	1:13	\$ 100,000				\$ 100,000
Poverello Center (535 Ryman St)	\$ 35,580	1:2		\$ 17,790			\$ 17,790
The Trail Head (221-229 E Front)	\$ 979,000	1:9	\$ 76,000	\$ 31,600			\$ 107,600
Warehouse Mall (725 W Alder St)	\$ 72,000	1:3		\$ 25,000			\$ 25,000
<i>URD II Projects</i>							
Clark Fork Commons (Cedar Street)	\$ 3,200,000	1:22	\$ 144,631				\$ 144,631
McKenzie Project (1144 West Broadway)	\$ 1,900,000	1:22	\$ 85,000				\$ 85,000
TOTALS	\$ 11,117,080	1:17	\$ 474,759	\$ 178,808	\$ -	\$ -	\$ 653,567

PUBLIC PROJECTS

Every year MRA participates in many public improvement projects within the Urban Renewal Districts. MRA is authorized by state law to use tax increment funds for the acquisition, construction and improvement of infrastructure, which includes streets, roads, curbs, gutters, sidewalks, pedestrian malls, parks, alleys, parking lots and off-street parking facilities, sewers, sewer lines, sewage treatment facilities, storm sewers, waterlines, waterways, water treatment facilities, natural gas lines, electrical lines, telecommunications lines, rail lines, rail spurs, bridges, and publicly owned buildings.

During fiscal year 2004, MRA completed five public projects and five public projects that were in the planning phase were terminated. MRA had twenty-one public projects in progress during fiscal year 2004.

PROJECTS COMPLETED/TERMINATED

URD I Projects

301 West Broadway (MHA)*
Bess Reed Park Boat Ramp
DoubleTree River Access Trail*
Evelyn Borg Johnson Park Amenities
First Night Tiles*
McAdams Property Negotiations
Missoula Library
MRL Trestle Pedestrian Bridge*
Orange Street Bridge Amenities

URD II Projects

Shady Grove Trail Enhancements*

*These projects were eventually terminated.

PROJECTS IN PROGRESS

URD I Projects

Badenoch Recognition Project
Caras Park Restrooms
Civic Stadium
County Courthouse Remodel
Downtown St Renovations Phase X - Railroad Street
Downtown Streets & Traffic Project
Kiwanis Park Improvements
Locomotive 1356
Madison Street Pedestrian Bridge
McCormick Park Aquatics Center
McCormick Park Tennis Courts
Missoula Art Museum Remodel & Addition
Performing Arts Center
Riverfront Triangle (Fox Site)
Ron MacDonald Memorial & Trail Map
Skate Park
Van Buren Street Footbridge
Weir Debris/Brennan's Wave

URD II Projects

Modern Plumbing Property & Trail
West Broadway Island Trail

URD III Projects

Brooks/South/Russell Enhancements

~ PUBLIC PROJECTS COMPLETED ~

URD I Projects

Missoula Housing Authority

301 West Broadway

Project Cost: \$0

MRA Assistance: 0%

MRA set aside \$5,000 to match an amount from the Missoula Housing Authority to provide for professional services determining the feasibility of a housing project in Downtown Missoula. Pursuit of this project was eventually terminated by Missoula Housing Authority.

Bess Reed Park Boat Ramp

South Pattee Street at Clark Fork River

Project Cost: \$3,500

MRA Assistance: 100%



Bess Reed Park Boat Ramp

MRA, working in cooperation with the Missoula City Trails Development Manager, Montana Fish, Wildlife and Parks and the DNRC, identified the need for and location of an access ramp from which to load and unload non-motorized watercraft on the Clark Fork River. A site was chosen near Bess Reed Park as being the most suitable. MRA arranged to have the ramp improved by the Montana Conservation Corps based on design work provided by the Trails Development Manager.

DoubleTree River Access Trail

100 Madison Street

Project Cost: \$0

MRA Assistance: 0%

After pursuing this and other related projects, the MRA Board directed staff to reallocate the funds toward the construction of a bicycle pedestrian bridge under the Madison Street Bridge.

Evelyn Borg Johnson Park

Amenities

S 3rd St W & Higgins Avenue

Project Cost: \$4,491

MRA Assistance: 100%

MRA provided funds for the design and construction of a better access to the Ron MacDonald Riverfront Trail System from the Boone & Crockett parking area.

First Night Tiles

Caras Park

Project Cost: \$0

MRA Assistance: 0%

MRA agreed to donate \$1,000 to First Night Missoula for the purpose of placing decorative tiles created by Missoula citizens around the events ring at Caras Park. For several reasons, this project never reached fruition and the MRA funds were reallocated.

~ PUBLIC PROJECTS COMPLETED ~

McAdams Property Appraisal 737 East Front

Project Cost: \$1,736
MRA Assistance: 100%

MRA paid a professional negotiator to work with the McAdams family towards the possibility of acquiring their property along the Clark Fork River in order to develop a primitive riverfront trail. The project would have filled in a portion of the gap in the Ron MacDonald Riverfront Trail System between sections at Goldsmith's Bed & Breakfast and Kiwanis Park. An agreement was not achieved and the negotiations were eventually terminated.

Missoula Library 301 East Main

Project Cost: \$223,371
MRA Assistance: \$63,420

The Missoula Public Library undertook this project to remodel the front entrance of the Library to improve access and to gain much needed room for meetings and Library-related programs. Using funding derived from a voter approved mill levy, the Library matched MRA almost 2:1 in financing these much needed improvements. Now completed, citizens of all ages are finding the Library a more welcoming and useful place.



MRL Trestle Pedestrian Bridge Bitterroot Branch Line across Clark Fork River

Project Cost: \$15,013
MRA Assistance: 100%

This project was in planning, feasibility and engineering phases for over a year. As part of the feasibility phase, structural testing was required of the existing railroad trestle in addition to core drilling and testing in the riverbed. After much consideration, the MRA Board ultimately decided to not pursue this project further. Subsequently, the MRA staff is turning its attention to the possibility of placing a pedestrian bridge underneath the Madison Street vehicular Bridge.



~ PUBLIC PROJECTS COMPLETED ~

Orange Street Bridge Amenities

Orange Street at Clark Fork River

Project Cost:

\$9,774

MRA Assistance:

100%

MRA paid for the cost of casting and installing 38 bronze architectural medallions created specifically for the Orange Street Bridge. When the Bridge was built during 2000-2002, recessed indentations were provided for these medallions. Three different medallion styles were installed including a dated medallion for each side and end of the Bridge and two variations of drawings of bitterroot flowers created by local artist Mary Beth Percival. Her drawings were given to master carvers at the Missoula Carousel who, in turn, carved wooden patterns which were used by a Montana bronze caster to create the medallions. Two interpretive plaques were also cast and installed on and near the Bridge.



Shady Grove Trail Enhancements

Shady Grove section of Riverfront Trail System

Project Cost:

\$0

MRA Assistance:

0%

MRA decided to not pursue this trail enhancement project that included \$203,463 of Federal Community Transportation Enhancement Program or CTEP funds. Originally staff considered requesting the funds be transferred to the MRL Trestle Pedestrian Bridge project, but the MRA Board ultimately voted not to pursue that project. Subsequently the MRA staff turned their attention to the possibility of a pedestrian bridge underneath the Madison Street vehicular bridge. Staff has requested permission from the State of Montana to transfer the CTEP funds to the Madison Street Pedestrian Bridge project.

~ PUBLIC PROJECTS IN PROGRESS ~

URD I Projects

Badenoch Recognition Project East Caras Park

Estimated Project Cost:	\$1,000
Estimated MRA Assistance:	100%

The MRA Board approved the purchase and placement of a plaque for Geoff Badenoch, former MRA Director, in recognition of his twenty-one years of dedication to MRA and the Missoula Downtown.

Caras Park Restrooms Caras Park

Estimated Project Cost:	\$155,108
Estimated MRA Assistance:	\$120,113

It is recognized that the Caras Park restrooms, built in the 1980s, are in serious need of renovation after years of vandalism and heavy use. In addition to renovation, this project will expand the number of fixtures in the women's and men's restrooms and expand the building to provide additional storage for furniture and equipment used at the park. After a generous donation of time by OZ Architects for the design work, the project went to bid in the spring of 2003. The bids were significantly higher than the original budget. In order to address the costs, redesign was undertaken and construction is currently underway. Expected completion date is fall 2004.

Civic Stadium Old Champion Mill Site

Estimated Project Cost:	\$10,000,000
MRA Assistance Pledged:	\$2,000,000

In early 2003 Play Ball requested, and the City Council agreed, to have MRA contribute another \$1 million toward the construction of the stadium. The contribution was to be matched by Play Ball on a 2:1 basis. By the middle of the summer of 2003, construction on the stadium resumed in earnest and was substantially completed by opening day of the 2004 season. Several items still need to be addressed including finishing the public improvements such as trail connections, and finding permanent parking for the stadium. Approximately \$300,000 in MRA funds remain for these items.

~ PUBLIC PROJECTS IN PROGRESS ~

County Courthouse Remodel

200 West Broadway

Estimated Project Cost: \$853,519
Estimated MRA Assistance: \$461,760

Few buildings in the Downtown are as handsome and stately as the Missoula County Courthouse. Designed by famed Missoula architect A.J. Gibson, the Missoula County Courthouse was completed in 1910 and is approaching its 100th anniversary. The Missoula County Commissioners have embarked on a multi-year plan to repair and renovate the building so that on its centennial anniversary, the building looks as grand as it did when it was first built.

MRA agreed that this historic building is a huge attraction for the downtown both for its appearance as well as for being the place where county government is housed and the public's business is conducted. In support of the renovation project, MRA pledged matching funds in the amount of \$551,376 to assist with the installation of a modern fire sprinkler system, substantial repair of the courthouse roof and exterior and refinishing the wood windows. Fire suppression and roof repairs were completed in FY03. Patch, repair and replacement of the terra cotta and granite was completed in FY04.



In May 2004, the County reported they had received a favorable bid for much of the work on the Courthouse resulting in a savings of \$190,616 to MRA. Subsequently the County Commissioners requested a portion of the savings be reallocated to fire alarm upgrades and façade improvements for the Public Defender and Youth Court buildings. In addition, a portion of the savings was also requested to be used to build an ADA accessible corridor from the Courthouse to the Annex building. The MRA Board approved the reallocations, which resulted in an overall savings to MRA of \$89,616 from the original amount approved.

Downtown Street Renovations

Phase X

Railroad Street

Estimated Project Cost: TBD
Estimated MRA Assistance: \$52,000

This is the final Downtown Street renovation project that MRA will undertake in URD I. The City of Missoula Public Works Department is proposing to remove the remaining bricks on Railroad Street and pave this section due to safety and maintenance issues. The City's Historic Preservation Officer has determined it would be feasible to replace and repair some of the bricks and maintain this historically significant street. MRA will contribute up to \$52,000 towards the refurbishment of the historic brick portion of Railroad Street from Ryman Street to Orange Street. The Historic Preservation Commission (HPC) is taking the lead on this project and hopes to secure pro bono services for several project components such as engineering, design and brick cleaning. MRA's commitment is also intended to help HPC secure further financial support for the project from adjacent property owners and others. In the event HPC is not able to forward the restoration of the brick street, this amount would provide for asphalt resurfacing of that section of Railroad Street as requested by the Public Works Department. Scheduled completion date is spring 2005.

~ PUBLIC PROJECTS IN PROGRESS ~

Downtown Streets & Traffic Project North Higgins Avenue	Estimated Project Cost: Estimated MRA Assistance:	\$74,609 \$46,609
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MRA and the Missoula Parking Commission agreed to fund a comprehensive traffic study for Downtown Missoula. Work completed during FY04 included consulting services by WGM, initial public meeting, information gathering, traffic counting and baseline traffic modeling.

Kiwanis Park Improvements Kiwanis Street	Estimated Project Cost: Estimated MRA Assistance:	\$298,304 \$178,304
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MRA and the Missoula Parking Commission agreed to partner in making several improvements to Kiwanis Park. The project includes new parking areas, curbs, gutters, sidewalks, landscaping, and improvements to the Ron MacDonald Riverfront Trail system. Expected completion date is spring 2005.

Locomotive 1356 Market Plaza	Estimated Project Cost: Estimated MRA Assistance:	\$23,900 100%
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This project included removal of all asbestos associated with the boiler and brake system; repair, replacement and repainting of the woodwork; and installation of an iron fence around this historic train engine donated to the City in 1955. MRA plans to install an interpretive sign in FY05 with the remaining funds allocated to this project.

Madison Street Pedestrian Bridge Underneath the Madison Street vehicular bridge	Estimated Project Cost: Estimated MRA Assistance: Proposed CTEP Assistance:	\$1,200,000 \$996,537 \$203,463
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This project involves attaching a pedestrian bridge underneath the Madison Street vehicular bridge. The new bridge would take bicyclists and pedestrians across the Clark Fork River at trail level linking the north and south shore segments of Ron MacDonald Riverfront Trail System. The estimated cost for this project is preliminary as professional design and engineering estimates have not yet been prepared. The project is contingent on approval by the Montana Department of Transportation once a design has been prepared. If approved, funding for this project would come from URD I and reprogrammed CTEP funds from the Shady Grove Trail Landscaping project. Using CTEP funds, MRA would construct this bridge in lieu of a previous proposed project to construct a bicycle/pedestrian bridge across the Clark Fork River on the existing Montana Rail Link trestle near the new Civic Stadium. Work completed in FY04 includes preliminary engineering and a portion of the final design.

~ PUBLIC PROJECTS IN PROGRESS ~

McCormick Park Aquatics Center McCormick Park

Estimated Project Cost:	\$11,100,000
Estimated MRA Assistance:	\$1,500,000

MRA will contribute this amount toward the construction of an aquatics facility in McCormick Park. This amount will be complimented by several million from a bond issue that passed in November 2003 for the improvement of aquatic facilities throughout the City.

McCormick Park Tennis Courts McCormick Park

Estimated Project Cost:	TBD
Estimated MRA Assistance:	\$45,000

Tennis Courts at McCormick Park get high public use and their current playing surfaces are rough, undesirable, and do not meet the conditions required for competitive play. The original amount approved by MRA to rebuild the tennis courts at both Kiwanis and McCormick Park courts was \$100,000. Kiwanis Park tennis courts were rebuilt in spring 2002 and required \$40,000 of MRA's original pledge. In April 2004, at the request of the Parks and Recreation Department, \$15,000 of the remaining \$60,000 of MRA's pledge was reallocated to the Kiwanis Park Improvements project. The Parks Department intends to explore using grant money and other cost saving techniques to augment the remaining \$45,000 in order to rebuild the McCormick Park courts as part of the Park's new Master Plan.

Missoula Art Museum 335 North Pattee

Estimated Project Cost:	\$4,100,000
Estimated MRA Assistance:	\$600,000

The Missoula Art Museum renovation and expansion project is fully underway. The project will increase the safety of the art, staff and citizens. An elevator will be added to comply with ADA requirements, the interior will be rehabilitated and the exterior preserved. Other funding sources include Art Foundations & Grants, City & County Intercap loans and a CDBG grant. As part of its obligation to the project, the Museum will begin development of an endowment fund with an initial goal of \$500,000. FY04 work completed included architectural and engineering services.



Performing Arts Center Riverfront Triangle

Estimated Project Cost:	TBD
Estimated MRA Assistance:	\$27,500

MRA contributed \$12,500 in fiscal year 2003 matching a grant from Missoula School District and private funds to help fund a Needs Assessment for a performing arts center. The Needs Assessment proved to be positive for the current and future need for a regional performing arts center located in Missoula. In fiscal year 2004, MRA again matched Missoula School District and private grant funds for a Feasibility Study for the proposed center to be located in URD I. The second study produced a preliminary building program, initial construction estimates, approximate on-going maintenance costs, as well as a preferred location.

~ PUBLIC PROJECTS IN PROGRESS ~

Riverfront Triangle (Fox Site)

Orange and Front Streets

Estimated Project Cost:

\$1,979,390

Estimated MRA Assistance:

100%

The City has targeted this area for comprehensive redevelopment since the Fox Site was donated to the City in 1984. MRA improvements to the site to date include demolition of the former Fox Theater building in 1990, extension of the Riverfront Trail from Caras Park to the site in 1991, extension of water and sewer to the site and various soils investigations in 1993, acquisition of the adjacent Holiday property in 1999 and acquisition and demolition of the Mustard Seed restaurant in 2001. Consolidation of the site allows the City to now proceed with a plan of comprehensive redevelopment for the area.

Western Montana Clinic land west and north of the Fox Site has been acquired by St. Patrick Hospital. The Hospital and MRA co-sponsored a community planning charrette process in January 2002 to arrive at the basis for comprehensive design, planning and marketing for the entire 9.5 acre triangular area. In 2003, MRA and St. Pats engaged a consultant to prepare an urban design plan for the site. During fiscal year 2004, the City Council approved a special zoning district to guide future development on the site.

Ron MacDonald Memorial & Trail Map

Caras Park

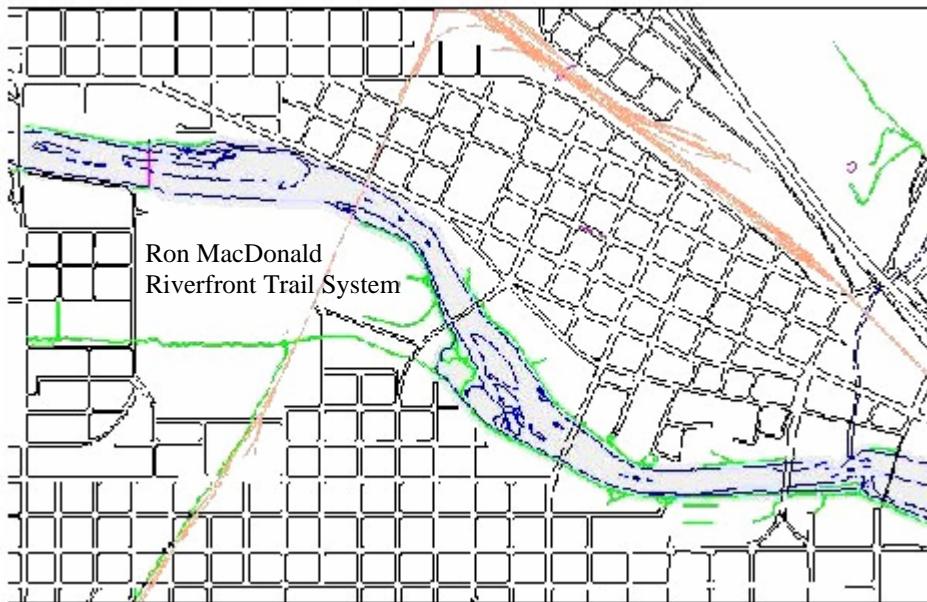
Estimated Project Cost:

\$4,000

Estimated MRA Assistance:

100%

Ron MacDonald served on the MRA Board for over 20 years prior to his passing away in 2002. In recognition of his years of service to the community and his devotion toward the development of riverfront parks and trails, the Missoula City Council passed a resolution in 2002 naming the riverfront trails system the Ron MacDonald Riverfront Trail System. MRA will contribute \$4,000 towards the cost of installing a memorial plaque and Riverfront Trail map in Caras Park in Ron's honor.



~ PUBLIC PROJECTS IN PROGRESS ~

Skate Park McCormick Park

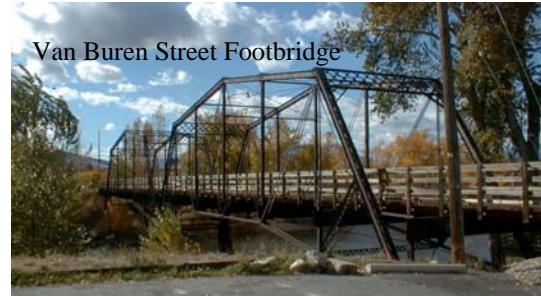
Estimated Project Cost:	\$350,000
Estimated MRA Assistance:	\$100,000

The City of Missoula and the MRA have been approached by local skating enthusiasts with a request to help develop a local skate park. The skate park has been included in the McCormick Park master plan and the project is in the planning and design phase.

Van Buren Street Footbridge Van Buren Street at Clark Fork River

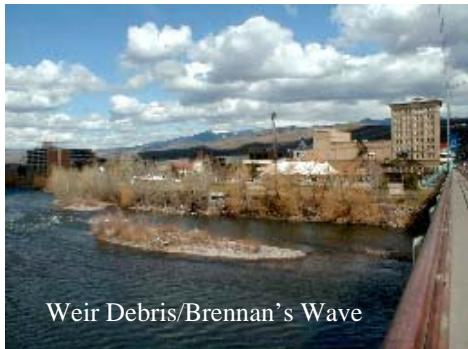
Estimated Project Cost:	\$360,000
Estimated MRA Assistance:	\$30,000

MRA pledged up to this amount as a matching grant to other agencies' contributions to refurbish the Van Buren Street Footbridge. Missoula County is managing this project.



Weir Debris/Brennan's Wave Weir in Clark Fork River at Caras Park

Estimated Project Cost:	\$323,000
Estimated MRA Assistance:	\$189,000



In August 2000, MRA contracted an underwater welder to remove the rebar and other metal attached to the concrete weir in the Clark Fork River west of Higgins Avenue Bridge. The remaining concrete debris and rubble continues to be a safety hazard for people using the river for recreational purposes as well as for rescue workers. This project proposes removal of the weir and replicating the weir's diversion effects through construction of a recreational "play wave" using boulders attached to the river bottom. The project cost is dependent on access to the river; any currently unknown anchoring of the debris and the amount of channel remediation required if water flow modeling indicates an

adverse impact to the bank by removing the debris. Further, environmental review of the effects of removal will have to be undertaken. Response from appropriate environmental and wildlife agencies will be forthcoming. The Missoula Conservation District is currently undertaking the project feasibility. In addition to MRA assistance, private funds and grants are being sought for this project.

~ PUBLIC PROJECTS IN PROGRESS ~

URD II Projects

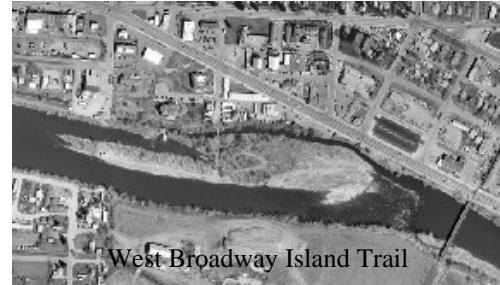
Modern Plumbing Property & Trail Old Champion Mill Site	Estimated Project Cost: Estimated MRA Assistance:	TBD \$212,500
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This project involves obtaining an easement and development of a trail on the south side of the Clark Fork River at the Modern Plumbing property (former Champion Mill site). This project would connect the California Street Bicycle Pedestrian Bridge with the Civic Stadium and would be an essential element in the development of a non-motorized riverfront trail system loop. The \$212,500 amount budgeted is an estimate for trail construction and does not include property or easement acquisition costs.

West Broadway Island Trail Island in Clark Fork River floodplain	Estimated Project Cost: Estimated MRA Assistance:	TBD \$225,000
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Construction of a trail and connections to West Broadway in this area would provide excellent riverfront pedestrian access from Russell Street and the California Street Bridge to a section of West Broadway with improved pedestrian amenities. It also would allow public access to the river itself. The “island”, formed by the river and an irrigation canal, is currently privately held.



Brooks/South/Russell Enhancements (URD III Streetscaping Phase I) Intersection of the above streets	Estimated Project Cost: Estimated MRA Assistance:	\$70,415 100%
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The Urban Land Institute sent a panel of professionals to visit URD III in October 2003. Their final report outlined a number of things they felt should be undertaken as part of the revitalization of the URD III area. Items suggested to undertake in the first five years include streetscape improvements along Brooks from Mount to South. In light of the City's redesign of the Brooks/South/Russell intersection, MRA decided to contribute towards additional landscaping and construction of more pedestrian friendly amenities in the medians and sidewalks, such as stamped colored concrete.

RECAP OF FISCAL YEAR 2004 PUBLIC PROJECTS

TBD: to be determined

~ Projects Completed or Terminated ~

Project Name	Estimated Project Cost	Estimated MRA	Previously Expended	FY04 Expended	Expended To Date	Total MRA Remaining
<i>URD I Projects</i>						
301 West Broadway (MHA)*	\$ 10,000	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000
Bess Reed Park Boat Ramp	\$ 3,500	\$ 3,500	\$ -	\$ 3,500	\$ 3,500	\$ -
DoubleTree River Access Trail*	TBD	\$ 185,000	\$ -	\$ -	\$ -	\$ 185,000
Evelyn Borg Johnson Park Amenities	\$ 9,451	\$ 9,451	\$ 2,991	\$ 1,500	\$ 4,491	\$ 4,960
First Night Tiles*	\$ 4,500	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
McAdams Property Negotiations	\$ 5,000	\$ 5,000	\$ 1,163	\$ 573	\$ 1,736	\$ 3,264
Missoula Library	\$ 223,371	\$ 84,000	\$ -	\$ 63,420	\$ 63,420	\$ 20,580
MRL Trestle Pedestrian Bridge*	\$ 703,463	\$ 500,000	\$ 7,944	\$ 7,069	\$ 15,013	\$ 484,987
Orange Street Bridge Amenities	\$ 8,500	\$ 8,500	\$ -	\$ 9,774	\$ 9,774	\$ (1,274)
<i>URD II Projects</i>						
Shady Grove Trail Enhancements**	\$ 235,000	\$ 31,537	\$ -	\$ -	\$ -	\$ 31,537
TOTALS	\$ 1,202,785	\$ 832,988	\$ 12,098	\$ 85,836	\$ 97,934	\$ 735,054

~ Projects In Progress ~

Project Name	Estimated Project Cost	Estimated MRA	Previously Expended	FY04 Expended	Expended To Date	Total MRA Remaining
<i>URD I Projects</i>						
Badenoch Recognition Project	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000
Caras Park Restrooms	\$ 155,108	\$ 120,113	\$ 111	\$ 119,360	\$ 119,471	\$ 642
Civic Stadium	\$ 10,000,000	\$ 2,000,000	\$ 333,828	\$ 1,367,846	\$ 1,701,674	\$ 298,326
County Courthouse Remodel	\$ 853,519	\$ 461,760	\$ 154,180	\$ 143,442	\$ 297,622	\$ 164,138
Downtown St Renovations Phase X - Railroad St	TBD	\$ 52,000	\$ -	\$ -	\$ -	\$ 52,000
Downtown Streets & Traffic Project	\$ 74,609	\$ 46,609	\$ -	\$ 27,945	\$ 27,945	\$ 18,664
Kiwanis Park Improvements	\$ 298,304	\$ 178,304	\$ -	\$ 10,377	\$ 10,377	\$ 167,927
Locomotive 1356	\$ 23,900	\$ 23,900	\$ 13,792	\$ 8,500	\$ 22,292	\$ 1,608
Madison Street Pedestrian Bridge	\$ 1,200,000	\$ 996,537	\$ -	\$ 40,656	\$ 40,656	\$ 955,881
McCormick Park Aquatics Center	\$ 11,100,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 1,500,000
McCormick Park Tennis Courts***	TBD	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
Missoula Art Museum Remodel & Addition	\$ 4,100,000	\$ 600,000	\$ 8,008	\$ 14,486	\$ 22,494	\$ 577,506
Performing Arts Center	TBD	\$ 27,500	\$ 12,274	\$ 15,226	\$ 27,500	\$ -
Riverfront Triangle (Fox Site)	\$ 1,979,390	\$ 1,979,390	\$ 78,690	\$ 700	\$ 79,390	\$ 1,900,000
Ron MacDonald Memorial & Trail Map	\$ 4,000	\$ 4,000	\$ -	\$ 2,434	\$ 2,434	\$ 1,566
Skate Park	\$ 350,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Van Buren Street Footbridge	\$ 360,000	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Weir Debris/Brennan's Wave	\$ 323,000	\$ 189,000	\$ 14,000	\$ -	\$ 14,000	\$ 175,000
<i>URD II Projects</i>						
Modern Plumbing Property & Trail	TBD	\$ 212,500	\$ -	\$ -	\$ -	\$ 212,500
West Broadway Island Trail	TBD	\$ 225,000	\$ 750	\$ -	\$ 750	\$ 224,250
<i>URD III Projects</i>						
Brooks/South/Russell Enhancements	\$ 70,415	\$ 70,415	\$ -	\$ -	\$ -	\$ 70,415
TOTALS	\$ 30,893,245	\$ 8,863,028	\$ 615,633	\$ 1,750,972	\$ 2,366,605	\$ 6,496,423

* Projects were in planning phase and were eventually terminated and money reallocated.

** Project not pursued & federal transportation funds transferred to Madison Street Bridge project.

*** \$15,000 of this project's funds were reallocated to the Kiwanis Park Improvements project.

URBAN RENEWAL PLANNING

The MRA staff spends a portion of its time on urban renewal planning for each of the districts. Planning can include general research on redevelopment topics; attending professional seminars, classes, conferences and workshops; liaison with other departments, boards or organizations; speaking engagements before groups or the public; and interviews with the media. Planning also encompasses activities such as discussing redevelopment opportunities with clients and distributing redevelopment information before a specific project has been designated. Time spent disseminating information about the urban renewal districts, Missoula or other programs and opportunities is also registered as planning activities. Planning can also relate to specific projects and include activities such as meeting with applicants; reviewing application material; conducting project specific analysis with respect to property, taxes, comprehensive planning and zoning issues, etc.; report writing; drafting correspondence; time spent before City Council and citizen committees and Boards.

URBAN RENEWAL PLANNING PROJECTS

CHAMPION LANDS

Although this property is not within the City of Missoula, it is included in the URD II Urban Renewal Plan due to its proximity to URD I and URD II, deteriorated industrial site conditions, and because development of the property will directly impact both Districts. The old Champion Mill Site has several problems (including complex ownership circumstances) which have inhibited its redevelopment since lumber production ceased on the site in the early 1990s. It has received the federal “Brownfield” designation due to the potential presence of hazardous materials on the site. During FY 2004, MRA, in conjunction with the Mayor’s Office, began working with a potential developer of the Mill Site property. The developer, Mill Site Revitalization Project, L.L.C. (MRP) is nearing completion of an agreement to purchase lease rights to the property and has entered into discussions with the underlying owner to acquire the fee interest in the site. Initial master planning work conducted by MRP indicates a development of a mixed use neighborhood after site acquisition and cleanup along with a large public riverfront park and trails linking the existing riverfront trail system to the California Street Pedestrian Bridge.

MCCORMICK PARK AQUATICS CENTER

In fall 2003, citizens of the City voted for a general obligation bond to build several water related play areas in many community parks, an outdoor water recreation area at Playfair Park on the south side of the City, and an indoor aquatics center at McCormick Park. Prior to the election, the MRA pledged \$1.5 dollars to assist the Parks and Recreation Department in construction of the McCormick Park facility. During 2004, a project design team began work on all of the portions of the aquatics project. A series of public forums, design charettes, meetings, and other discussions were held to inform the design team as to what Missoula citizens had in mind for its facilities. Construction of the McCormick Park Aquatics Center is anticipated in the winter of 2005-2006.

NON-MOTORIZED TRANSPORTATION PLAN

In 2002, the MRA Board identified the task of completing the riverfront trail system as among its highest priorities before URD I sunset. Completing the gaps remaining has not been undertaken to date due to the complexities and expense involved. As the sunset of URD I approaches, the need to problem solve and commit resources to this task becomes more urgent. The two most prominent gaps are between the west end of East Front Walkway near Goldsmith’s Bed and Breakfast and Madison Street Bridge, and between Kiwanis Park and Bess Reed Park.

After determining that it was currently not feasible to extend the north shore trail east from Madison Street to link with the Van Buren Pedestrian Bridge; MRA, in conjunction with Montana Department of Transportation (MDT), began planning a bicycle/pedestrian bridge on portions of the existing Madison Street Bridge piers. This bridge will serve to connect the north side neighborhoods and downtown to the University and adjacent neighborhoods. Because of the

pedestrian disconnect to the east, this bridge does not duplicate the existing facility at Van Buren Street. Additionally, staff began to plan upgrades for Kiwanis Park that would provide additional parking in the area and to provide easy and safe pedestrian access from Bess Reed to Kiwanis Park.

RIVERFRONT TRIANGLE (FOX SITE) REDEVELOPMENT



The area known as the Fox Site includes land given to the City in the 1920s, the former Fox Theater Site given to the City in 1984, and the former Holiday Store and Mustard Seed Restaurant sites purchased by the City within the last few years. In 2002, St. Patrick Hospital and Health Sciences Center acquired the land owned by the Western Montana Clinic adjacent and proximate to the Fox Site. At this time, the Hospital and City own virtually all the land within a wedge-shaped area bounded by West Broadway, Orange Street, and the Clark Fork River. Two other private landowners own parcels in Triangle.

Because of its size, location on two arterial business streets, and position as the last major developable piece of property near the downtown riverfront, it is important that the whole area be developed with great care. In 2002, the St. Patrick Hospital and Health Sciences Center and MRA co-hosted a day-long design planning Charrette to begin the process of master planning the area. In 2003, the Hospital and MRA engaged an urban design consultant to create a development master plan of the area based on the framework from the Charrette. The master plan provides for mixed-use development that benefits from its location on the Clark Fork River and concentrates diverse building programs around a public plaza and streetscape network. The basic land uses of the site include residential, office, commercial, retail, and civic institutions including areas for a potential performing arts complex.

During fiscal year 2004, the City Council approved a special zoning district of the area. The zoning provides guidance to achieve the master plan's basic framework for preferred land-use, maximum building heights and massing, transportation and circulation corridors, architectural principals and guidance, recommended streetscape improvements, and open space frameworks for future development on the site.

URBAN RENEWAL DISTRICT III

During December of 2000 the City Council created a third Urban Renewal District in the area surrounding Southgate Mall taking in the area between and around Brooks Street and the railroad tracks. During mid-October 2003, a panel sent by the Urban Land Institute arrived in Missoula to make observations about the Brooks Street area, to meet with a variety of people from the community about District III, and to provide suggestions and recommendations for guiding development of the area. The panel's report included market potential of the area, planning and design recommendations, redevelopment strategies, and traffic and infrastructure upgrade analyses. The ULI document will serve as a guide to future planning and strategic redevelopment for URD III.

TRANSPORTATION EQUITY ACT for the 21st CENTURY (TEA-21)

On June 9, 1998, President Clinton signed into law the Transportation Equity Act for the 21st Century (TEA-21). TEA-21 builds on the initiatives established in the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991. The new Act “*combines the continuation and improvement of current programs with new initiatives to meet the challenges of improving safety as traffic continues to increase at record levels, protecting and enhancing communities and the natural environment as we provide transportation, and advancing America’s economic growth and competitiveness domestically and internationally through efficient and flexible transportation.*” In order to fulfill its purpose, TEA-21, like ISTE, includes several transportation programs. Following is a description of two TEA-21 programs utilized by MRA for a variety of projects.

Congestion Mitigation and Air Quality (CMAQ) Improvement Program

The CMAQ program continues under TEA-21 and provides a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Eligible activities include transit improvements, travel demand management strategies, traffic flow improvements, and public fleet conversions to cleaner fuels, among others.

Community Transportation Enhancement Program (CTEP)

CTEP is the State version of the Transportation Enhancements (TE) portion of TEA-21 in which funds are set aside for transportation enhancement activities. The City and MRA utilize this program for a variety of transportation related projects. More activities are eligible under TEA-21 than were eligible under ISTE; however, all Enhancement projects must relate to surface transportation. In addition to eligible activities adopted from ISTE (listed below), TEA-21 also provides for safety education for pedestrians and bicyclists, the establishment of transportation museums as well as providing for projects that reduce vehicle-caused wildlife mortality.

TEA-21 Eligible Activities

- Provision of facilities for pedestrians and bicycles
- Acquisition of scenic easements and scenic or historic sites
- Scenic or historic highway programs
- Landscaping and other scenic beautification
- Historic preservation, rehabilitation, and preservation of historic transportation buildings, structures, or facilities (including historic railroad facilities and canals)
- Preservation of abandoned railway corridors (including conversion and use for pedestrian/bicycle trails)
- Control and removal of outdoor advertising
- Archaeological planning and research
- Mitigation of water pollution due to highway runoff

TEA-21 PROJECTS

MADISON STREET PEDESTRIAN BRIDGE

MRA has requested to transfer CTEP funds originally allocated to the Shady Grove Trail Enhancements project to the Madison Street Pedestrian Bridge project. MRA would provide matching funds for the project, which entails the construction and attachment of a bicycle pedestrian bridge underneath the Madison Street vehicular bridge. Total project estimate is \$1,200,000. The CTEP grant amount is \$203,463.

FINANCIAL INFORMATION

Since its creation in 1978, the Missoula Redevelopment Agency has been primarily funded by tax increment. Tax increment is derived from the new tax revenue generated by construction and redevelopment within an urban renewal area.

In the past ten years the Montana Legislature has adopted several tax law changes that have negatively impacted local government's ability to generate tax revenue. In response to the Legislature's intent to "make whole" the taxing jurisdictions affected by these changes, the State has provided mechanisms to reimburse the lost revenue. MRA's first and second urban renewal districts now receive personal property tax reimbursements through House Bill (HB) 20 and Senate Bill (SB) 417 and State entitlement funds through HB 124. Since the creation of URD III occurred after these laws were adopted, it does not receive these types of funds. MRA uses a combination of tax increment, reimbursement, entitlement and federal grant funds to foster redevelopment programs and projects in the three Districts. It is important to note that HB 20 and SB 417 include declining reimbursement schedules so revenue from these mechanisms is decreasing each year and will eventually expire.

Montana State Urban Renewal Law provides redevelopment agencies with the power to bond in order to foster redevelopment. Since the issuance of tax increment bonds in 1990 to build a parking structure in the Downtown District, MRA's URD I tax increment revenue has been deposited into debt service accounts to pay off the bonds. After the bond payments are made, the remaining money is transferred to the URD I development fund for use in redevelopment efforts and/or for disbursement to local taxing jurisdictions. URD I's tax increment bond debt is scheduled to be retired on July 1, 2005 causing the "sunset" or end of Missoula's first Urban Renewal District.

All revenue for URD II and URD III are deposited directly into their respective development funds to foster redevelopment activities in Missoula's second and third Districts.

BALANCE SHEET Governmental Funds

The following table shows MRA's assets, liabilities and fund balances as of June 30, 2004 for all three Urban Renewal Districts. Information for URD I's debt service fund is also presented.

	Major URD I	Major URD II	Major Debt Service	Other Fund URD III	Total Governmental Funds
ASSETS					
<u>Current Assets</u>					
Cash & Investments	\$ 5,376,286	\$ 810,765	\$ 308,786	\$ 53,895	\$ 6,549,732
Taxes/Assessments receivable, net	512,452	29,001	-	10,906	552,359
Other receivables	142	-	-	-	142
Due from other governments	80,747	18,123	-	10,431	109,301
Total Current Assets	<u>\$ 5,969,627</u>	<u>\$ 857,889</u>	<u>\$ 308,786</u>	<u>\$ 75,232</u>	<u>\$ 7,211,534</u>
<u>Noncurrent Assets</u>					
Restricted Cash and Investments	-	-	27,500	-	27,500
Total Noncurrent Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,500</u>	<u>\$ -</u>	<u>\$ 27,500</u>
Total Assets	<u>\$ 5,969,627</u>	<u>\$ 857,889</u>	<u>\$ 336,286</u>	<u>\$ 75,232</u>	<u>\$ 7,239,034</u>
LIABILITIES					
<u>Current Liabilities</u>					
Accounts Payable	\$ 590,940	\$ -	\$ -	\$ -	\$ 590,940
Deferred revenue	291,248	29,001	-	10,906	331,155
Total Liabilities	<u>\$ 882,188</u>	<u>\$ 29,001</u>	<u>\$ -</u>	<u>\$ 10,906</u>	<u>\$ 922,095</u>
FUND BALANCES					
Reserved for debt service	\$ -	\$ -	\$ 336,286	\$ -	\$ 336,286
Unreserved Retained Earnings	5,087,439	828,888	-	64,326	5,980,653
Total Fund Balance	<u>\$ 5,087,439</u>	<u>828,888</u>	<u>\$ 336,286</u>	<u>\$ 64,326</u>	<u>\$ 6,316,939</u>
Total Liabilities and Fund Balance	<u>\$ 5,969,627</u>	<u>\$ 857,889</u>	<u>\$ 336,286</u>	<u>\$ 75,232</u>	<u>\$ 7,239,034</u>

See accompanying Notes to Financial Statements found in June 30, 2004 Audit Report.

Source: Denning, Downey & Associates, P.C. MRA Audit Report for Fiscal Year Ended June 30, 2004

REVENUE & EXPENDITURES

The following table shows MRA's revenues, expenditures on community development (*includes: administration, public works, private rehabilitation, planning and other*), capital outlay and transfers for all three Urban Renewal Districts. Activity for URD I's debt service fund is also presented.

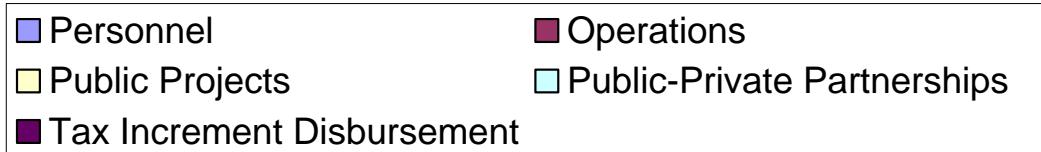
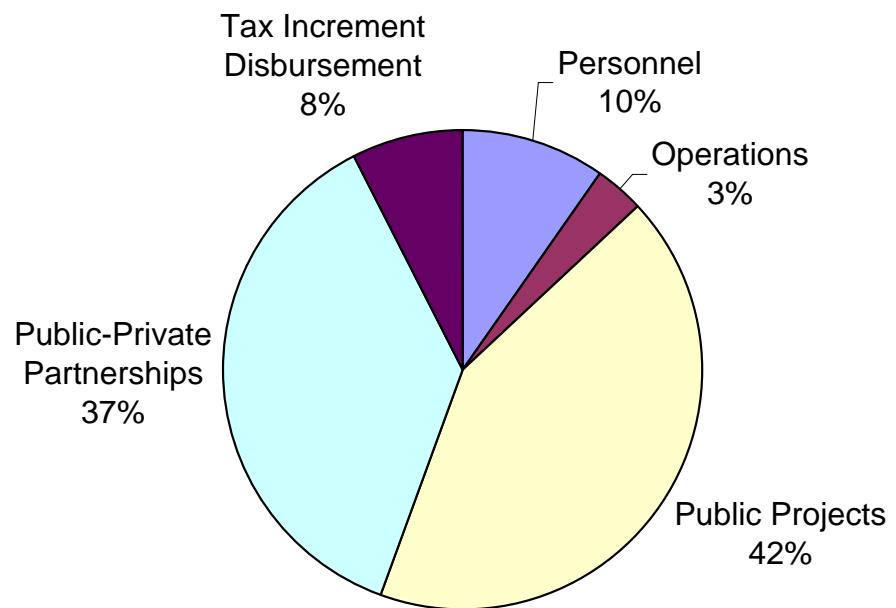
	Major URD I	Major URD II	Major Debt Service	Other Fund URD III	Total Governmental Funds
<u>Revenues:</u>					
Tax Increment Property Tax	\$ 1,632,842	\$ 364,890	\$ 296,463	\$ 145,688	\$ 2,439,883
State Contribution PERS	247				247
State Personal Property Tax Reimbursement	86,482	3,265	-	-	89,747
State Entitlement	1,100,507	33,343	-	-	1,133,850
Miscellaneous	88,471	-	-	-	88,471
Investment Earnings	125,359	15,443	9,738	361	150,901
Total Revenues	\$ 3,033,908	\$ 416,941	\$ 306,201	\$ 146,049	\$ 3,903,099
<u>Expenditures:</u>					
Community Development	\$ 2,436,539	\$ 4,797	\$ -	\$ 110,000	\$ 2,551,336
Debt Service Expense	-	-	293,530	-	293,530
Capital Outlay	758,420	-	-	-	758,420
Total Expenditures	\$ 3,194,959	\$ 4,797	\$ 293,530	\$ 110,000	\$ 3,603,286
<u>Other Financing Sources (Uses):</u>					
Operating transfers in	\$ 157,556	\$ -	\$ -	\$ -	\$ 157,556
Operating transfers out	-	(100,000)	(37,556)	(20,000)	(157,556)
Transfers to other Government	(6,864)	-	-	-	(6,864)
Total other financing sources (uses)	\$ 150,692	\$ (100,000)	\$ (37,556)	\$ (20,000)	\$ (6,864)
Excess Revenues and other sources over Expenditures and other uses (Net change)	\$ (10,359)	\$ 312,144	\$ (24,885)	\$ 16,049	\$ 292,949
Fund Balance July 1, 2003	\$ 5,097,798	\$ 516,744	\$ 361,171	\$ 48,277	\$ 6,023,990
Fund Balance June 30, 2003	\$ 5,087,439	\$ 828,888	\$ 336,286	\$ 64,326	\$ 6,316,939

See accompanying Notes to Financial Statements found in June 30, 2004 Audit Report.

Source: Denning, Downey & Associates, P.C. MRA Audit Report for Fiscal Year Ended June 30, 2004

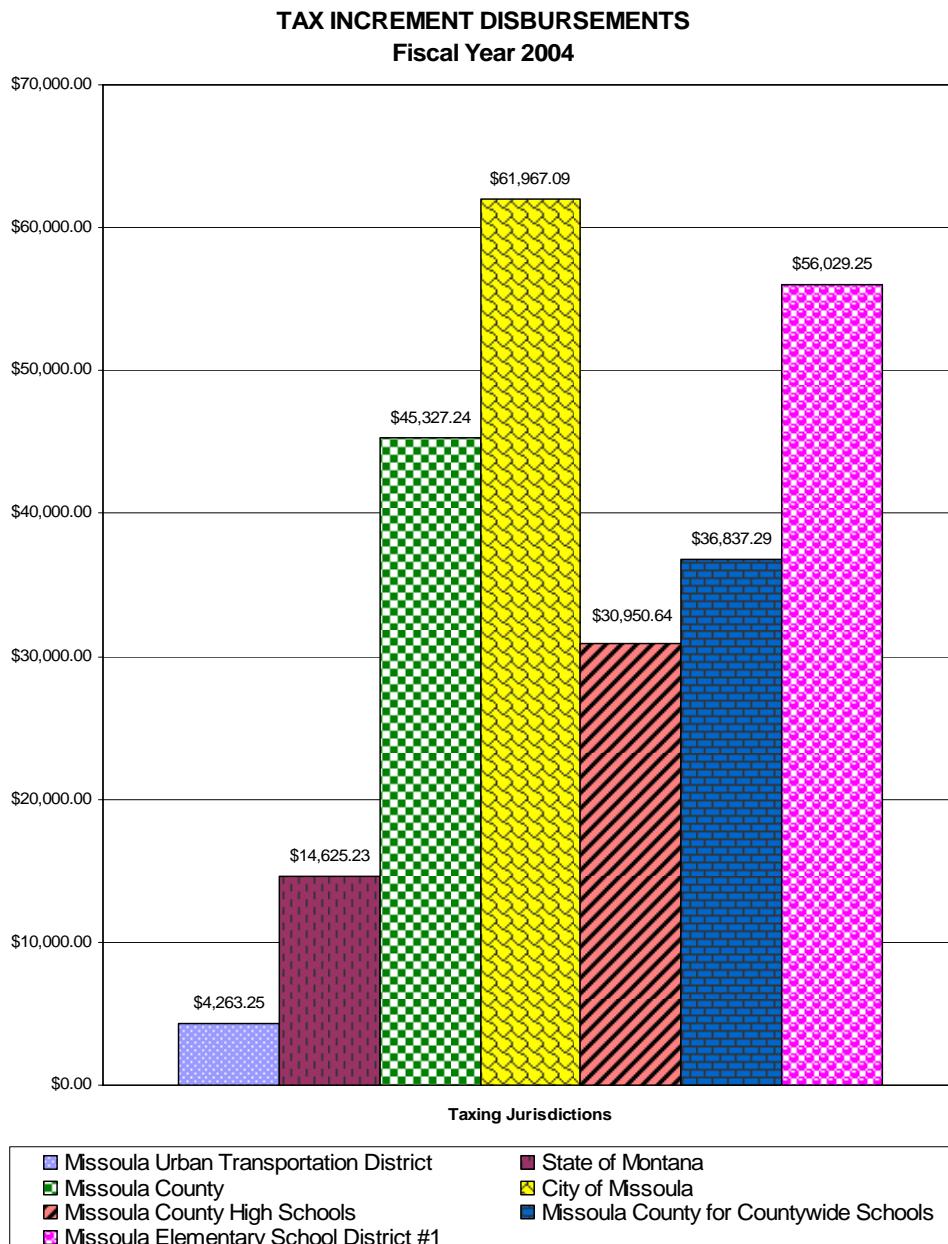
The URD I fund balance at the beginning of fiscal year 2004 was \$5,097,798. At the end of the fiscal year, the balance was \$5,087,439, a net change of (\$10,359). The URD II fund balance at the beginning of fiscal year 2004 was \$516,744. At the end of the fiscal year, the balance was \$828,888, a net change of \$312,144. The URD III fund balance at the beginning of fiscal year 2004 was \$48,277. At the end of the fiscal year, the balance was \$64,326, a net change of \$16,049.

FY 04
Total MRA Expenditure Allocation



TAX INCREMENT DISBURSEMENTS

In accordance with State of Montana Urban Renewal Law, the City Council agreed to remit \$250,000 of MRA's URD I tax increment revenue to the local taxing jurisdictions in fiscal year 2004. The table below illustrates the amount of tax increment distributed to each of the seven taxing jurisdictions.



By law, the City Council makes the decision to disburse tax increment funds to the local taxing jurisdictions on an annual basis. The disbursement, in effect, returns to the taxing jurisdictions a portion of the success created by revitalizing Missoula's Downtown.

AUDIT REPORT

MRA's financial management activities are subject to an annual independent audit by an outside accounting firm. Fiscal Year 2004 was the third year of a three-year engagement with Denning, Downey & Associates, P.C. of Kalispell, MT to perform MRA's financial audit. The audit is conducted in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. In regards to MRA's audit, Denning, Downey & Associates reported, *"In our opinion, the financial statements...present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining funds of the Missoula Redevelopment Agency... as of June 30, 2004...."*

Although MRA often sponsors federally funded transportation projects, this year's audit did not require a Single Audit of all financial statements relating to Federal Awarded Programs.

Denning, Downey & Associates P.C. also conducted a review of MRA's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grants. Denning, Downey & Associates P.C. reported, *"We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses."*

A copy of the entire audit report for fiscal year ended June 30, 2004 is available for review at the MRA office or City of Missoula Clerk's office.

MISSOULA REDEVELOPMENT AGENCY

URBAN RENEWAL DISTRICT III

District Boundary

Not In District

