

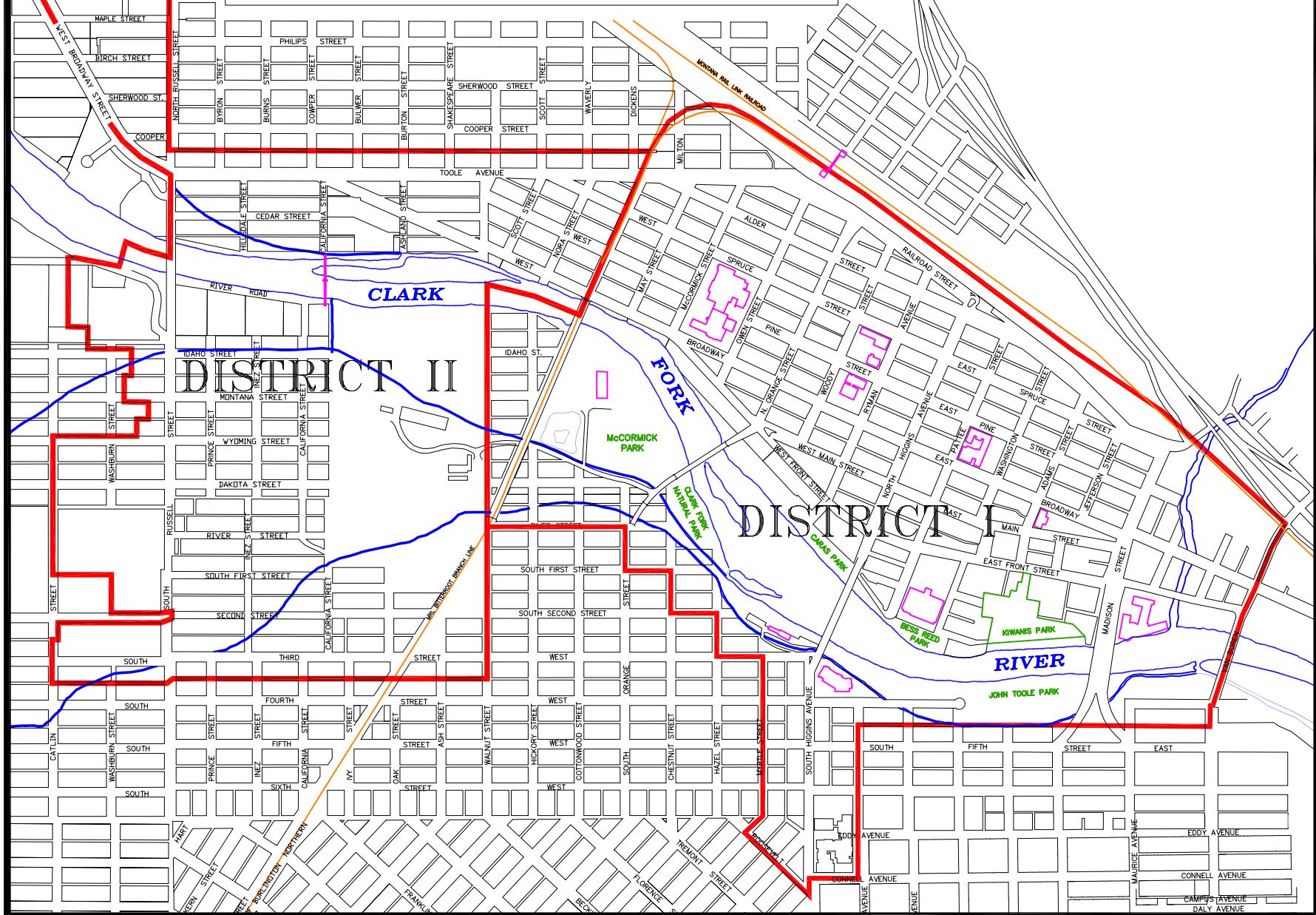


# Missoula Redevelopment Agency

**Annual Report**

**Fiscal Year 2002**

MISSOULA REDEVELOPMENT AGENCY  
URBAN RENEWAL DISTRICTS I & II  
DISTRICT BOUNDARIES  



## **CITY OF MISSOULA**

**MAYOR**  
Mike Kadas

## **CITY COUNCIL**

**Ward 1** \_\_\_\_\_

Lois Herbig                    John Engen

**Ward 2** \_\_\_\_\_

Anne Kazmierczak            Jim McGrath

**Ward 3** \_\_\_\_\_

Lou Ann Crowley            John Torma

**Ward 4** \_\_\_\_\_

Myrt Charney                    Jerry Ballas

**Ward 5** \_\_\_\_\_

Jack Reidy                    Scott Morgan

**Ward 6** \_\_\_\_\_

Clayton Floyd                    Ed Childers

## **MISSOULA REDEVELOPMENT AGENCY**

### **BOARD MEMBERS**

Harold J. Fraser, Chair  
Rosalie Cates  
Karl Englund  
Ron MacDonald  
Nancy Moe

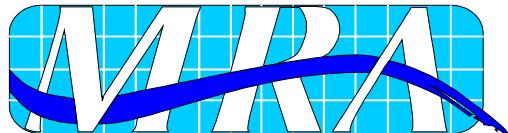
### **STAFF**

Geoff Badenoch, Director  
Chris Behan, Project Manager  
Kari Lei Nelson, Redevelopment Specialist  
Tod Gass, Redevelopment Technician  
Jilayne Dunn, Office Manager  
Rhonda Howell, Receptionist

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## ***Missoula Redevelopment Agency***

October 1, 2002

Dear Mayor Kadas and Members of the City Council:

We are pleased to present the Missoula Redevelopment Agency's Annual Report for fiscal year 2002. 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 moving forward with its planning and implementation of redevelopment projects in fulfillment of the City's three urban renewal plans as reported herein.

During fiscal year 2002, work was completed on two very significant Downtown projects: the St. Patrick Hospital and Health Sciences Center Broadway Building and the Millennium Building complex. The Hospital's project was dedicated on March 17th of this year and also became the new home of Western Montana Clinic. The Clinic's relocation created a tremendous new redevelopment opportunity associated with the City's Fox property. A charrette involving over 70 community citizens was conducted in January of this year and yielded strong, imaginative visions for a site of nearly eight acres on Missoula's riverfront. In the coming year, MRA will be working to finalize its development relationship with St Patrick Hospital.

The public portions of work on the Millennium Building project—the Bank Street Parking Deck and Pedestrian Mall—were completed this year and a dedication of those two facilities was held on May 17, 2002. The 152 space parking deck added much needed long-term and short-term parking inventory to Downtown. The pedestrian mall, which includes an outdoor water feature, benches and extensive landscaping, converted a former alley into a place of delight for pedestrians.

Work was also completed on the Evelyn Borg Johnson Park at South Third Street and Higgins Avenue. This project was prompted by neighborhood residents who wanted to see a long-neglected parcel of City property cleaned up and improved. In addition to the landscaping and trail improvements made in the park, a new stairway to the riverfront trail system was also erected allowing for the removal of an older, less safe stairway that had existed for nearly 40 years. The park was named in honor of long-time Missoula resident Evelyn Borg Johnson who devoted many hours of personal effort in beautifying this area.

Nutritional Laboratories Incorporated of Missoula completed renovation of a former furniture store on South Third Street as the firm's new manufacturing facility and corporate headquarters. This firm, which manufactures pharmaceutical grade nutritional supplements, is a rapidly growing business employing a professional and production staff of sixty. In selecting this site for their firm, the corporate officers sited its location on the community's trail system as a very

important aspect of their consideration. MRA's partnership – along with MAEDC and others – with Nutritional Laboratories demonstrates the efficacy of public-private collaboration in local economic development.

In June of 2005, MRA will retire the tax increment bonds issued to finance the construction of the Central Park parking structure. At that time, the authority to collect and spend tax increment will expire and MRA will end its work in the original Urban Renewal District (URD I). In anticipation of that event, a letter was sent to district property owners inviting suggestions for projects to be undertaken prior to sunset of the district. In addition, MRA has set completing the Riverfront Trail System as one of its highest priorities.

Late this summer the Montana Supreme Court at long last delivered a unanimous opinion to the appeal of the lawsuit contending that the City had improperly acted in its role of developing a civic stadium with a local non-profit, Play Ball Missoula. This lawsuit hung a cloud over efforts to raise private money for the project and seriously impeded progress on the construction which began over a year ago. With the Supreme Court's ruling in hand, Play Ball is moving forward energetically to complete the project and the related fund-raising. Once the City has certified Play Ball Missoula's success in raising \$4 million, MRA's pledge of \$1 million in assistance for related improvements can be released. It is possible that additional funds from MRA will be requested for the project, but that request has not been made as of this date.

Due to staff commitments in the other districts and declining tax base, development of redevelopment strategies in the third Urban Renewal District has not progressed as desired. This remains a top priority for MRA and progress will be made in this area in FY 2003.

Finally, shortly after the close of the reporting period, the MRA Board and staff were saddened by the death of one of its members, Ron MacDonald. Ron MacDonald served the community as a member of the MRA Board since 1981 and his focus, insight and vision for what Missoula could become were as inspirational as they were essential to what MRA accomplished over the past twenty years. His wisdom, perspective and easy laugh will be greatly missed.

We are proud to be part of an energetic and dynamic municipal organization that is working effectively on behalf of the citizens of Missoula. We look forward to applying our energies and resources in fulfillment of the City's strategic directions of sensibly managing growth, keeping our community affordable and balancing the needs of neighborhoods with the community at large.

Sincerely,

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Harold J. Fraser, MRA Board Chairman

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Geoffrey T. Badenoch, 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. To fulfill the Agency's liaison function with the Missoula Downtown Association, the MRA Director serves as an ex-officio MDA Board member. As a result of filling this role, 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. Finally, the MRA Director continues to assist a group of local citizens and business people with the complex planning and public policy issues surrounding the development of a civic stadium, which will be used, among other things, for minor league professional baseball.

During the past year, MRA staff participated in the City's 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 two 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 core in order to keep it a healthy and contributing part 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 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 staff is currently gathering information about the redevelopment opportunities of the third and newest Urban Renewal District. Through this research, staff hopes to establish redevelopment programs that best address the needs of Missoula's southwest commercial core.

## **COMMERCIAL REHABILITATION LOAN PROGRAM**

Through the Commercial Rehabilitation Loan Program (CRLP), MRA may pay a portion of the interest on redevelopment loans. This 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, CRLP is expanded to assist in interior renovation projects meeting certain criteria (Economic Development Section). Because a business or property owner may participate in either or both CRLP options, the program can assist in a wide variety of projects, from providing an attractive business entrance or 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 111 individual projects. CRLP interest subsidies provided during that time total \$863,655 and in conjunction with other MRA subsidy amounts have attracted \$21,817,168 in private investment.

In fiscal year 2002, three CRLP Façade subsidies were provided and zero CRLP Economic Development subsidies were provided. MRA's \$7,661 of CRLP assistance was instrumental in leveraging \$237,710 in private investment, a ratio of approximately one public dollar for every thirty-one private dollars.

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## COMMERCIAL REHABILITATION LOAN PROGRAM - FISCAL YEAR 2002

Project	Total Project Cost	CRLP Subsidy	CRLP Type	Other MRA Amount	Other MRA Type	Total MRA
124 West Pine Street (Kosena)	180,000	5,099	Façade	2,132	CCP	7,231
Meadowsweet Herbs	35,000	505	Façade	1,298	CCP	1,803
Monte Dolack Gallery	22,710	2,057	Façade	-		2,057
<b>TOTALS</b>	<b>237,710</b>	<b>7,661</b>		<b>3,430</b>		<b>11,091</b>

Number of Projects	3	Average Project Total	79,237
Total Project Cost	237,710	Average CRLP Subsidy	2,554
Total CRLP Subsidy	7,661	Average CRLP Leverage	1:31
Total Other MRA Amount	3,430	Average Total MRA Leverage	1:21

***Breakdown by CRLP type:***

<u>Façade Projects</u>	<u>Economic Development Projects (ED)</u>
Number of Loans	3
Total Project Cost	237,710
Total MRA Façade Subsidy	7,661
Average Project	79,237
Average Subsidy	2,554

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## SUMMARY OF CRLP PROJECTS 1983-2002

Number of Projects	111	Average Project Cost	196,551
Total Project Cost	21,817,168	Average CRLP Subsidy	7,781
Total CRLP Subsidy	863,655		

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## **LIFE-SAFETY CODE COMPLIANCE PROGRAM**

Many structures in Urban Renewal District I and II 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 Districts. While rectifying fire 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. The presence of code violations within a building may prevent the owner from obtaining a permit for other renovations. The cost of correcting the violations threatens the viability of District businesses. The CCP was created in 1990 to address life-safety code problems in Downtown Missoula's older buildings. MRA participates in CCP projects by matching private investment designated to address existing life-safety code violations, most of which are fire safety 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 94 projects and provided a total of \$1,513,071 in subsidies. In conjunction with other MRA subsidy amounts, CCP assistance has attracted \$21,400,280 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 2002, both CCP subsidies provided were in URD I. In total, \$3,430 of CCP assistance helped leverage \$215,000 in private expenditures. This is a ratio of approximately one public dollar for every sixty-three private dollars invested in mitigating life-safety code violations and making other improvements.

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## CODE COMPLIANCE PROGRAM - FISCAL YEAR 2002

<b>Project</b>	<b>Total Project Cost</b>	<b>CCP Subsidy</b>	<b>Other MRA Amount</b>	<b>Other MRA Type</b>	<b>Total MRA</b>
124 West Pine Street (Kosena)	180,000	2,132	5,099	CRLP	7,231
Meadowsweet Herbs	35,000	1,298	505	CRLP	1,803
<b>TOTALS</b>	<b>215,000</b>	<b>3,430</b>	<b>5,604</b>		<b>9,034</b>

Number of Projects	2	Average Project Cost	107,500
Total Project Cost	215,000	Average CCP Subsidy	1,715
Total CCP Subsidy	3,430	Average CCP Leverage	1:63
Total Other MRA Amount	5,604	Average Total MRA Leverage	1:24

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## SUMMARY OF CODE COMPLIANCE PROGRAM 1989-2002

Number of Projects	94	Average Project Cost	227,663
Total Project Cost	21,400,280	Average CCP Subsidy	16,097
Total CCP Subsidy	1,513,071		

## 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.

Recognizing the connection between the condition of neighborhood housing stock and neighborhood health, MRA contracted with the District XI Human Resource Council (HRC) to perform a neighborhood housing study in URD II. The study considered both the condition of housing units as well as the condition of public infrastructure and income of neighborhood residents. From the data it collected and analyzed, HRC recommended a housing renovation assistance program to MRA. In April 2000, the MRA Board adopted the URD II Residential Rehabilitation Program and allocated \$36,000 per year for this program, which will extend through fiscal year 2003. Area owners would be required to invest \$1,000 (through the HRC low-income home investment loan program) toward improvements to their homes and if eligible, they could receive a matching grant of up to \$3,000 from this program. Eligible MRA-funded improvements include demolition (but not the removal or disposal of hazardous material), sewer hook-ups as well as curb, street and sidewalk construction and repair. Unfortunately, there were no Residential Rehabilitation Program projects in fiscal year 2002.

In fiscal year 2002, MRA participated in three projects using the TIF program and provided \$2,271,824 in tax increment subsidies. This is a ratio of approximately one public dollar for every twenty-six private dollars invested in redevelopment projects.

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### TAX INCREMENT FINANCING - FISCAL YEAR 2002

Project	Total Project Cost	TIF Subsidy	Other MRA Amount	Other MRA Type	Total MRA
Millennium Building	5,150,000	327,529			327,529
Nutritional Laboratories Incorporated	3,000,000	53,000			53,000
St. Patrick Hospital & Health Sciences Center	51,000,000	1,891,295			1,891,295
<b>TOTALS</b>	<b>59,150,000</b>	<b>2,271,824</b>	<b>0</b>		<b>2,271,824</b>

Number of Projects	3	Average Project Cost	19,716,667
Total Project Cost	59,150,000	Average TIF Subsidy	757,275
Total TIF Subsidy	2,271,824	Average TIF Leverage	1:26
Total Other MRA Amount	0	Average Total MRA Leverage	1:26

## **PUBLIC / PRIVATE PARTNERSHIPS**

The following public/private projects were successfully completed during fiscal year 2002. There were five projects completed in Urban Renewal District I, and one completed in Urban Renewal District II. MRA contributed \$2,282,915 to leverage \$59,387,710 in private investment. This is a redevelopment ratio of approximately one public dollar for every twenty-six private dollars expended.

### **URD I Projects**

124 West Pine Street (Kosena)

Meadowsweet Herbs

Millennium Building

Monte Dolack Gallery

St. Patrick Hospital & Health Sciences Center

### **URD II Projects**

Nutritional Laboratories, Inc.

The following public/private projects were in progress during fiscal year 2002. Completion of these projects is expected in fiscal year 2003.

### **URD I Projects**

Civic Stadium

While the number of projects completed and underway in fiscal year 2002 is lower than in prior years, the dollar value of projects is larger than at any other time in MRA's history. Three projects alone—the Civic Stadium, the Millennium Building and the St. Patrick Hospital project—total over \$64 million in value. As the first Urban Renewal District approaches sunset, the number of both public and private projects left to be done is diminishing. MRA has recently undertaken a marketing program to inform all downtown business and property owners of URD I's impending sunset. MRA hopes to address any remaining code compliance violations and assist existing property and business owners in the redevelopment of their downtown investments before the District's sunset in July 2005. Also, the Missoula Downtown Association has convened a committee to provide input on projects to undertake prior to sunset.

In URD II, private sector activity over the years has centered on assistance to private not-for-profit projects. These projects assist in the provision of important "social infrastructure" in the course of redeveloping the district, but do little to boost the tax base. In 2002, MRA provided assistance to an important and growing business in Missoula, Nutritional Laboratories Incorporated (NLI). NLI relocated to Missoula's second district from Lolo, MT and their successful redevelopment of a vacant furniture warehouse is a prime example of the second urban renewal district's potential.

# **PUBLIC / PRIVATE PARTNERSHIPS**

## **~ PROJECTS COMPLETED ~**

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### ***URD I Projects***

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#### **Kosena Project**

124 West Pine Street

Project Cost:	\$180,000
MRA Assistance:	\$7,231
Leverage Ratio:	1:25

MRA Programs: CCP, Façade CRLP

Historically appropriate renovation of the interior and exterior of this building expanded the usable floor space allowing commercial tenants to use space on both the ground and second floors. The exterior received restoration to near-original 1925 appearance. Off-street parking was added to the rear of the building.



#### **Meadowsweet Herbs**

180 South 3<sup>rd</sup> Street West

Project Cost:	\$35,000
MRA Assistance:	\$1,803
Leverage Ratio:	1:19

MRA Programs: CCP, Façade CRLP



This project involved changes to the building to allow increased use of the second floor. It also allowed the ground floor business to make full use of the basement for storage and product packaging.

# PUBLIC / PRIVATE PARTNERSHIPS

## ~ PROJECTS COMPLETED ~

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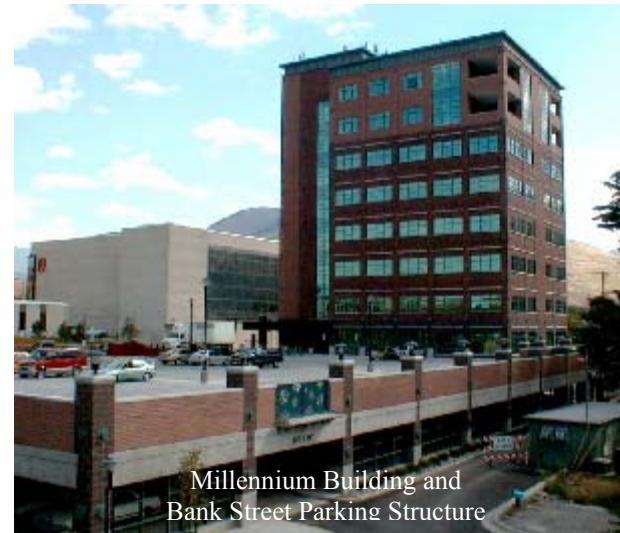
### **Millennium Building**

125 Bank Street

MRA Programs: TIF

The Millennium Building was the first new office building constructed in the Downtown since construction of Riverfront Place in the 1990s. In fiscal year 2002, MRA and the Missoula Parking Commission completed construction of the public portions of the project with the dedication of the Bank Street Parking Deck and Pedestrian Mall in May 2002. This project is a good example of how intensifying uses in the community's core can offer a sound alternative to sprawl.

Project Cost:	\$5,150,000
MRA Assistance:	\$327,529
Leverage Ratio:	1:16



Millennium Building and  
Bank Street Parking Structure

### **Monte Dolack Gallery**

139 West Front Street

MRA Programs: Façade CRLP

Project Cost:	\$22,710
MRA Assistance:	\$2,057
Leverage Ratio:	1:11



Monte Dolack Gallery

This project demonstrated how thoughtful design and a small budget can yield remarkable results. The improvement to the park side façade of this building used paint and window treatments to create a stunning new look for what was an otherwise ordinary looking building.

# **PUBLIC / PRIVATE PARTNERSHIPS**

## **~ PROJECTS COMPLETED ~**

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**St. Patrick Hospital &  
Health Sciences Center**  
500 West Broadway

Project Cost: \$51,000,000  
MRA Assistance: \$1,891,295  
Leverage Ratio: 1:27

MRA Programs: TIF



Completed in 2002 after nearly two and a half years of construction activity, the new “Broadway Building” of St. Patrick Hospital and Health Sciences Center houses offices, diagnostic and treatment facilities as well as a medical library, meeting space and underground parking garage. As part of the project development agreement, the Hospital guaranteed that nearly \$28,000,000 in construction value will remain on the local tax rolls in perpetuity. MRA financed the demolition of the old

Broadway building and assisted with relocating and upgrading utilities and making improvements to public infrastructure.

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### ***URD II Projects***

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**Nutritional Laboratories Inc.**  
1001 S 3<sup>rd</sup> Street West

MRA Programs: TIF

Nutritional Laboratories Inc. (NLI) renovated this 50,000 square-foot former furniture store to accommodate its dietary supplement and over-the-counter pharmaceutical drug manufacturing business. The project allowed NLI to more than double its production capability in order to accommodate its rapid international sales growth. Also, it will allow the company to expand into new products. NLI will create 35 - 40 new job positions over the next three years.

Project Cost: \$3,000,000  
MRA Assistance: \$53,000  
Leverage Ratio: 1:57



# PUBLIC / PRIVATE PARTNERSHIPS

## ~ PROJECTS IN PROGRESS ~

### *URD I Projects*

#### **Civic Stadium**

Old Champion Mill Site

Expected Completion Date: Summer 2003

Project Cost:

\$7,900,000

MRA Assistance:

\$1,000,000

Leverage Ratio:

1:8

MRA Programs: TIF

After surviving a municipal referendum, a challenge in District Court and an appeal to the Montana Supreme Court, this project finally got underway. By fall of 2001, the major excavation work for the Stadium was completed and nearly all the structural steel piles had been driven. Work on fund-raising and construction were stalled through most of fiscal year 2002 although subsequent publicly bid units of work will be undertaken to allow completion of the Civic Stadium by summer of 2003. By late summer 2002 the Montana Supreme Court ruled unanimously in favor of the project sponsors and momentum was renewed. MRA's expenditures, except for the acquisition of land for parking will not be undertaken until the project sponsor, Play Ball Missoula, Inc. provides evidence that it has raised a minimum of \$4 million in pledges grants or other financing. Once that threshold is passed, MRA will undertake design and construction of a variety of public improvements related to, but separate from the Civic Stadium including street access, trails, utility upgrades, etc.



Civic Stadium – Construction Site

## RECAP OF FISCAL YEAR 2002

### PUBLIC / PRIVATE PARTNERSHIPS

~ Projects Completed ~

Project Name	Total Cost	Total Ratio	TIF	CCP	Façade CRLP	ED CRLP	Total MRA
<b><i>URD I Projects</i></b>							
124 West Pine Street (Kosena)	180,000	1:25		2,132	5,099		7,231
Meadowsweet Herbs	35,000	1:19		1,298	505		1,803
Millennium Building	5,150,000	1:16	327,529				327,529
Monte Dolack Gallery	22,710	1:11			2,057		2,057
St. Patrick Hospital & Health Sciences Center	51,000,000	1:27	1,891,295				1,891,295
<b><i>URD II Projects</i></b>							
Nutritional Laboratories, Inc.	3,000,000	1:57	53,000				53,000
<b>TOTALS</b>	<b>59,387,710</b>	<b>1:26</b>	<b>2,271,824</b>	<b>3,430</b>	<b>7,661</b>	<b>-</b>	<b>2,282,915</b>

~ Projects In Progress ~

Project Name	Total Cost	Total Ratio	TIF	CCP	Façade CRLP	ED CRLP	Total MRA
<b><i>URD I Projects</i></b>							
Civic Stadium	7,900,000	1:8	1,000,000				1,000,000
<b><i>URD II Projects</i></b>							
(none)							-
<b>TOTALS</b>	<b>7,900,000</b>	<b>1:8</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>

**Note:** A project at Watercolor Computer Training was in progress during FY 2002 but the owner/developer decided not to undertake the work. Subsequently, the original development agreement with MRA was officially terminated.

## **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 2002, MRA completed eleven public improvement projects. The Bank Street Pedestrian Mall was MRA's flagship public project for the year. This project was MRA's first experience with design and construction of a truly urban public space.

### **URD I Projects**

Bank Street Pedestrian Mall  
City-County Health Department  
Downtown Alleys  
Downtown Streets - Phase VIII  
Evelyn Borg Johnson Park  
Fox Site (Mustard Seed demolition)  
Kiwanis Park Tennis Courts  
Kiwanis Park Trail  
MUTD-Transfer Center Public Art  
Northside RR Crossing Enclosure  
Streetscape Amenities

### **URD II Projects**

None

MRA had five public projects in progress during the past fiscal year. The most prominent of these public projects is the Orange Street Bridge.

### **URD I Projects**

DoubleTree Riverfront Trail & Connections  
MRL Trestle Pedestrian Bridge  
Orange Street Bridge  
Weir Debris Removal

### **URD II Projects**

West Broadway Island Trail

# ~ PUBLIC PROJECTS COMPLETED ~

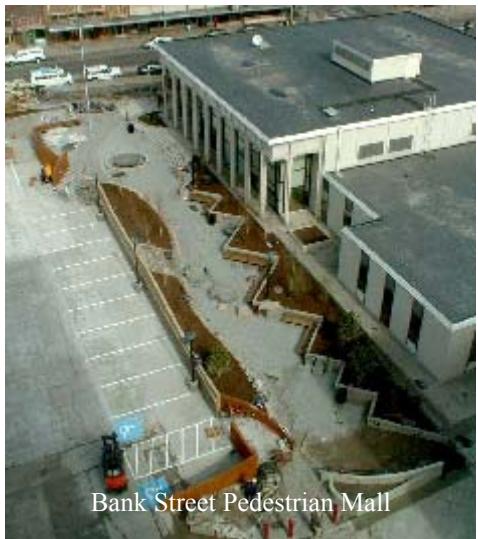
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## *URD I Projects*

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### **Bank Street Pedestrian Mall**

125 Bank Street



Project Cost: \$622,292  
MRA Assistance: 100%

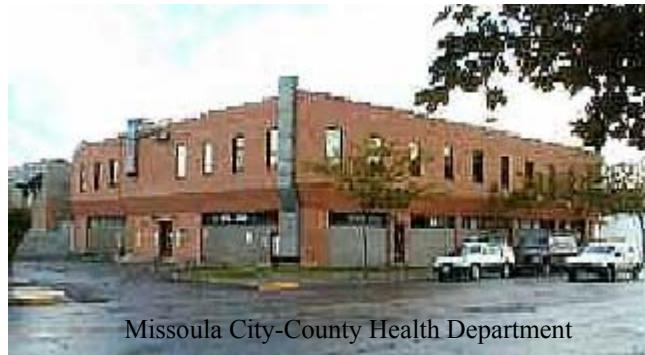
This project converted the block-long Bank Street into a landscaped pedestrian mall complete with benches, lighting and a water feature. Stairs from the Mall lead to a new walkway to Caras Park beneath the Higgins Avenue Bridge. The Pedestrian Mall links the new Bank Street Parking Deck and the rest of Downtown. The park's amenities and landscaping offer a welcome respite in the midst of the traffic and business of Downtown. The themes of the pedestrian space center on Missoula as a place, its history, and its land and water features. Its central element, a fountain made of an eight-foot granite disc, serves as the ultimate "You Are Here" sign including the exact latitude and longitude of the space. Many of the materials used in the construction of the park are both natural and durable; acknowledgements of the beauty of stone and wood, as well as the need for the park to withstand the abuse urban spaces receive.

### **City-County Health Department**

301 West Alder

The MRA Board agreed to assist the City-County Health Department with several accessibility and life safety code issues related to the remodel of the City-County Health Building. Other improvements to the building allow the City-County Health Department staff to serve public health needs more efficiently and more comfortably. While the total project cost was nearly \$400,000, MRA's final contribution amounted to \$56,618. The project was substantially complete by the fall of 2001.

Project Cost: \$400,000  
MRA Assistance: \$56,618



## ~ PUBLIC PROJECTS COMPLETED ~

### Downtown Alleys

Four alleys reconstructed

Project Cost:  
MRA Assistance:

\$130,000  
\$60,781

A 1994 survey of alleys in Downtown (north of the Clark Fork River) revealed that most alleys were in very poor condition. Since that time, MRA has entered into seven reconstruction project partnerships with property owners and the City Public Works Dept. The four alleys completed in FY 02 include: 100 block of West Pine and West Spruce; 100 block of West Pine and West Broadway; 300 block of North Higgins and Pattee Street; and 100 block of West Alder and West Spruce. MRA has found that the alley reconstruction projects have significantly improved vehicle and delivery access to businesses and reduced the need for street front delivery, which disrupts traffic flow. Reconstruction has also provided safer and more comfortable foot and bicycle traffic through the alleys and encourages development of "backdoor" businesses. It also allowed utility companies the opportunity to upgrade their underground services. In a confined space, like an alley, it is difficult to configure asphalt to drain properly. Concrete gives the alley superior wear life, is relatively easy to repair and maintain, and helps prevent damage to adjacent structures resulting from poor drainage.



Downtown Alley Reconstruction

### Downtown Streets

Phase VIII - West Spruce Street

Project Cost:  
MRA Assistance:

\$49,988  
100%

For twelve years MRA has contributed tax increment funds to the City of Missoula toward the repair, resurface and repaving of Downtown streets. Through the program, TIF funds often supplement property owners' expenses in sidewalk and utility service replacement. MRA's participation also helps the City address disability access in the Downtown and frees up City General Fund and Gas Tax monies to be used throughout the rest of the community. In FY 02, milling and repaving of a four-block segment of West Spruce Street between Orange Street and Montana Rail Link's Bitterroot Branch line was completed.

## ~ PUBLIC PROJECTS COMPLETED ~

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### **Evelyn Borg Johnson Park** South 3<sup>rd</sup> Street West & Higgins Ave

Project Cost: \$176,000  
MRA Assistance: 100%

Several years of planning and design work culminated with the construction of the Evelyn Borg Johnson Park (formerly called South Third Street Park). The new park is just west of the south ramp of the Higgins Avenue Bridge between the Boone and Crockett building and South Third Street. Although small, the park is a highly visible gateway to both the Historic Southside Neighborhood and Downtown. The property has been owned by the City since 1981. The new park incorporates colorful urban landscaping along Third Street with natural, meadow-like plantings and flowers on the lower portions of

the steep site. The park also includes a trail that addresses better pedestrian accessibility between Third Street and the more gently sloped portion of Station Drive. The trail meanders to achieve the necessary accessibility grade and also acts as a transition between the two primary vegetation schemes. Along with the project an elevated stairway was constructed from Third Street near the Higgins Avenue Bridge to provide safer, more convenient access to and from the Riverfront Trail System. In addition, the sidewalk along Third Street was widened to increase pedestrian comfort and two on-street handicapped parking places were added.



The City of Missoula has named the park for Evelyn Borg Johnson. Ms. Johnson is a long-time resident of the neighborhood adjacent to the park. She has been a key member in many Missoula community organizations, including being a 30-year member and officer in the Missoula Rose Society and instrumental in the development of Rose Park. For many years, she administered the Missoula Senior Citizens Center's Mini-Bus, Home Chores, and drug programs. For nearly 20 years, Ms. Johnson consistently provided vision and energy toward transforming the City's property along the 100 block of South Third Street West into an "area of color and beauty," often working alone or persuading her friends and neighbors to maintain flowers and shrubs planted by the neighborhood. Although circumstances have led Johnson out of the immediate neighborhood, she exerted a quiet but firm guidance throughout the planning and construction of the park.

Evelyn Borg Johnson Park was dedicated July 19, 2002. Although substantially complete by the dedication ceremony, a few construction elements had to be addressed in the early part of FY 03. Final landscaping issues will be resolved by spring 2003.

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## ~ PUBLIC PROJECTS COMPLETED ~

### Fox Site – Mustard Seed demolition 419 West Front Street

Project Cost: \$21,348  
MRA Assistance: 100%

Following the disillusion of an agreement between the City of Missoula and a developer to redevelop the Fox Site, the MRA acquired the Mustard Seed restaurant on Front Street. The acquisition coincided with the restaurant's consolidation into an expanded location at Southgate Mall. Acquisition of the Mustard Seed makes the adjacent City-owned land much more marketable for private redevelopment by improving access to the street network and expanding visibility of the overall site. During September of 2001, the MRA demolished the deteriorating former restaurant building. The entire property was included with adjacent and nearby former Western Montana Clinic land as the subject of a January 2002 Charrette to guide comprehensive redevelopment of the triangular shaped area bounded by West Broadway, the Clark Fork River, and Orange Street.



Fox Site – Mustard Seed Restaurant Demolition

### Kiwanis Park Tennis Courts Kiwanis Park

Project Cost: \$47,220  
MRA Assistance: \$40,000



Kiwanis Park Tennis Courts

A few years ago the MRA granted a \$100,000 pledge to the City's Parks and Recreation Department to reconstruct five tennis courts in URD I. Two of the courts in Kiwanis Park were completed near the end of fiscal year 2002. Reconstruction of the remaining three courts, located in McCormick Park, has been delayed pending the outcome of a new master plan for the park. MRA's remaining pledge will be budgeted until the project is completed or until June 2005.

## ~ PUBLIC PROJECTS COMPLETED ~

### Kiwanis Park Trail

Kiwanis Park

The Kiwanis Park Trail is a significant part of the Riverfront Trail System on the north shore of the Clark Fork River. Over the years other sections of the Trail System on the north shore had been paved, leaving this section as the last unpaved portion. This project involved paving the top of the levee along the river in addition to a dirt path that had been worn by many years of pedestrians traversing diagonally across the park. Kiwanis Park Trail brings continuity to the north portion of the Riverfront Trail System especially in terms of walking surfaces that can be enjoyed by Missoulians using varying methods of recreation and mobility. In July of 2001, a contract was entered into with AAA Construction for the paving of the Trail. In order to take advantage of in-house expertise and cost savings, the project was designed by personnel in the City Engineer's office. Project management and inspections were also conducted by Engineering Department staff.

Project Cost:

\$14,435

MRA Assistance:

100%



Kiwanis Park Trail

### MUTD – Transfer Center Public Art

Corner of Ryman and Pine Streets

Project Cost:

\$30,000

MRA Assistance:

\$15,000



"Proper Shoppers"

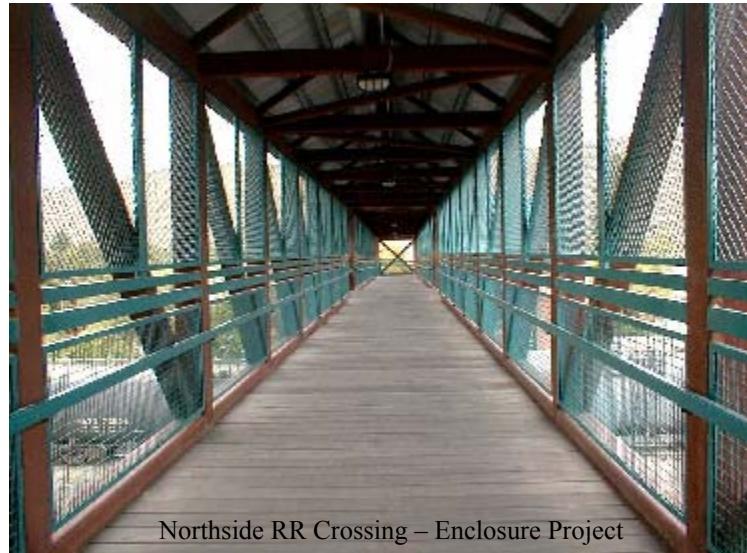
The Missoula Urban Transportation District (Mountain Line) was granted a pledge of matching MRA TIF funds to solicit, commission and install a piece of public art for the new Transfer Center. MRA's pledge of \$15,000 was matched by Mountain Line funds and privately raised funds to purchase the sculpture "Proper Shoppers" by local artist Tom Rippon. The selection and coordination of the installation was assisted greatly by the Mayor's Advisory Committee on Public Art. The bronze piece stands near the foyer of the Transfer Center building greeting riders coming and going from Downtown.

## ~ PUBLIC PROJECTS COMPLETED ~

### **Northside RR Crossing Enclosure** Termini at Owen & Grand Streets

Project Cost: \$33,960  
MRA Assistance: 100%

At the time of construction of the Northside Railroad Crossing, concern was expressed by Montana Rail Link (MRL) that debris and other objects may be thrown down onto the tracks from the structure above. However, because they were unable to be certain this would be the case, MRL agreed to allow the open construction of the structure with the stipulation that if significant incidents occurred, the City would agree to enclose the structure. In spite of great efforts by the neighborhood, law enforcement and the railroad itself, people continued to throw debris from the crossing, compelling MRL to make a formal request of the City to enclose the structure. HDR Engineering designed an enclosure system and in November of 2001 a contract for construction was entered into with Sirius construction. In order to minimize the feeling of being closed-in, small diameter green mesh was used. Engineering cost \$8,696 and construction was completed for \$25,264.



Northside RR Crossing – Enclosure Project

### **Streetscape Amenities** Downtown Missoula

Project Cost: \$53,261  
MRA Assistance: 100%



Southeast corner of Pine and Adams Streets (looking

In June of 2001, a snowstorm struck Missoula which damaged many trees in the Missoula area, including a significant amount of Downtown Street Trees. Recognizing this unexpected burden on the City and specifically the Parks and Recreation Department, MRA contracted with Ibey Sprinklers & Landscape, Inc. to replace the severely damaged trees. A total of sixty-one trees were removed and replaced with Sky Line honey locust trees.

# ~ PUBLIC PROJECTS IN PROGRESS ~

## *URD I Projects*

### **DoubleTree Riverfront Trail & Connections**

Project Cost:  
Estimated MRA Assistance:

TBD  
TBD

As connections between the Riverfront Trail System sections are gradually completed, the notion of constructing a pedestrian trail on the north shore of the Clark Fork river near the DoubleTree Hotel is repeatedly revisited. Issues such as the floodplain, property ownership, etc. continue to pose challenges. However, as time goes by and conditions change, new opportunities arise. In June 2002, MRA contracted with Land & Water Consulting to prepare a preliminary feasibility analysis of connecting the Kiwanis Park portion of the Riverfront Trail System with the Goldsmith's portion. Land & Water identified several trail alternatives and two Rattlesnake Creek crossing alternatives in their analysis. Each alternative involves varying degrees of cooperation from the DoubleTree Hotel and adjacent landowners on the east side of Rattlesnake Creek. In order to facilitate discussions with the DoubleTree and other landowners, the MRA is in the process of entering into a contract with American Public Land Exchange and Associated Agency.



DoubleTree Hotel

### **MRL Trestle Pedestrian Bridge**

Bitterroot Line Trestle across Clark Fork River

Project Cost:  
Estimated MRA Assistance:

TBD  
\$300,000



MRL Bitterroot Branch Line Trestle

A north to south shore bicycle/pedestrian trail connection somewhere between Van Buren Street Bridge and California Street Bridge would be an important link in the Riverfront Trail System. As residents living south of the river desire to get to Downtown and as more recreational facilities are located south of the river, the need for a bicycle/pedestrian crossing increases. Over the years, the Montana Rail Link (MRL) Bitterroot Branch Line trestle has been trespassed upon daily by Missoulians desiring to get to get across the river near Downtown and McCormick Park. MRL recognized this ever increasing desire and expressed an interest in addressing the illegal crossing issue. In December 2001, the MRA

Board authorized a preliminary engineering investigation of the MRL Bitterroot Branch Line trestle.

## ~ PUBLIC PROJECTS IN PROGRESS ~

The engineer's report revealed that the existing bridge piers may be adequate to support a bicycle/pedestrian walkway addition to the structure. A geotechnical investigation and underwater pier inspection would need to be conducted to determine this feasibility with any certainty, prior to actual design of such a structure. In July of 2002 a request for proposals for the MRL Trestle Bicycle/Pedestrian Bridge project was advertised and four proposals were received. Proposals included geotechnical analysis, design, and construction administration. Preliminary structure analysis has continued and Staff is in the process of negotiating an agreement with Montana Rail Link to cover all the complex issues of this ground-breaking project.

### Orange Street Bridge

Downtown Missoula

Project Cost: \$7,330,632

MRA Assistance Pledged: \$879,500



Orange Street Bridge

Work on the Orange Street Bridge was substantially completed in fiscal year 2002. Its expansion and return to service has had a positive impact on traffic and circulation in and out of Downtown. More importantly perhaps, the new Bridge will greatly upgrade bicycle and pedestrian facilities making them safer and more pleasant to use. MRA made a commitment of \$800,000 to the Orange Street Bridge project and \$79,500 to the Orange Street

Bridge Pedestrian Underpass change order, which allowed a bicycle/pedestrian thoroughfare to be installed under the Bridge's south terminus. Citizens using the Riverfront Trails System may now continue their travel under Orange Street instead of through McCormick Park.

### Weir Debris Removal

Clark Fork River near Caras Park

Project Cost:

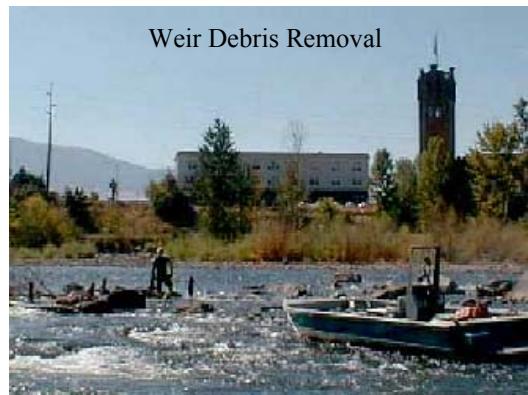
TBD

Estimated MRA Assistance:

\$40,800

Only a few years ago, the MRA became involved in discussions regarding the future of the concrete weir located in the Clark Fork River just west of the Higgins Avenue Bridge at Caras Park. The metal and concrete debris is associated with an irrigation weir constructed in the 1960s. The protruding metal had caused deep concern for the safety of rafters and others using the river. So, in fiscal year 2001 MRA contracted with an underwater welder to remove the rebar and other metal attached to the concrete weir.

During FY 01, the MRA was also a participating sponsor with the Montana Department of Natural Resources and



## ~ PUBLIC PROJECTS IN PROGRESS ~

Conservation, the Missoula Conservation District, and Missoula Whitewater Association in a feasibility, conceptual design and cost study of upgrading or replacing the dilapidated irrigation structure along with removal of the concrete debris.

During FY 02, based on the study findings, a local group of private citizens was working on a plan to replace the material with a safe, functional irrigation diversion that includes a kayak “play wave”. MRA has budgeted FY 03 funds to assist this effort should it come to fruition and is accepted by the City and other affected parties.

### *URD II Projects*

#### **West Broadway Island Trail**

Project Cost:	TBD
Estimated MRA Assistance:	\$225,000



In fiscal year 2001 the MRA began investigating the feasibility of constructing a pedestrian trail along a low lying peninsula off the north shore of the Clark Fork River near the 1100 and 1200 blocks of West Broadway. Although the area is within the 100-year floodplain, it appears feasible to provide at least seasonal public access. During FY 02 MRA held discussions with owners to determine the best method of City acquisition. Acquisition, design and construction scheduling will depend on estimated costs and funding sources.

# RECAP OF FISCAL YEAR 2002 PUBLIC PROJECTS

## ~ Projects Completed ~

Project Name	Total Project Cost	Estimated MRA	Previously Expended	FY 02 Expended	Expended To Date	Total MRA Remaining
<b><i>URD I Projects</i></b>						
Bank Street Pedestrian Mall	622,292	399,999	308,042	314,250	622,292	(222,293)
City-County Health Department	400,000	63,220	-	56,618	56,618	6,602
Downtown Alleys	130,000	100,000	-	60,781	60,781	39,219
Downtown Streets - Phase VIII	49,988	49,988	-	49,988	49,988	-
Evelyn Borg Johnson Park	176,000	80,000	3,645	147,020	150,665	(70,665)
Fox Property (Mustard Seed demolition)	21,348	21,348	-	21,348	21,348	-
Kiwanis Park Tennis Courts	47,220	40,000	-	40,000	40,000	-
Kiwanis Park Trail	14,435	20,000	-	14,435	14,435	5,565
MUTD-Transfer Center Public Art	30,000	15,000	-	15,000	15,000	-
Northside RR Crossing Enclosure	33,960	40,000	-	33,960	33,960	6,040
Streetscape Amenities	53,261	125,000	-	53,261	53,261	71,739
<b><i>URD II Projects</i></b>						
(none)						
<b>TOTALS</b>	<b>1,578,504</b>	<b>954,555</b>	<b>311,687</b>	<b>806,661</b>	<b>1,118,348</b>	<b>(163,793)</b>

## ~ Projects In Progress ~

Project Name	Total Project Cost	Estimated MRA	Previously Expended	FY 02 Expended	Expended To Date	Total MRA Remaining
<b><i>URD I Projects</i></b>						
DoubleTree Riverfront Trail & Connections	TBD	TBD	-	4,130	4,130	-
MRL Trestle Pedestrian Bridge	TBD	300,000	-	2,944	2,944	297,057
Orange Street Bridge	7,330,632	879,500	166,727	571,810	738,537	140,963
Weir Debris Removal	TBD	40,800	6,000	-	6,000	34,800
<b><i>URD II Projects</i></b>						
West Broadway Island Trail	TBD	225,000	750	-	750	224,250
<b>TOTALS</b>	<b>7,330,632</b>	<b>1,445,300</b>	<b>173,477</b>	<b>578,884</b>	<b>752,361</b>	<b>697,069</b>

TBD: to be determined



## 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 and conferences, 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.

During fiscal year 2002 the MRA staff, in conjunction with St. Patrick Hospital, sponsored a community charrette to explore citizen ideas for the redevelopment of the Fox and Hospital property. Nearly 80 citizens gave their time to the day-long process of identifying issues and helping flesh out community values for the future of a nearly nine acre Downtown site. The results of the charrette will form the basis of a master planning exercise to be used to guide the site's ultimate redevelopment.

# **URBAN RENEWAL PLANNING PROJECTS**

## **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 May 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 in a triangle whose edges are West Broadway, Orange Street and the Clark Fork River.

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. It is also in the best interest of both the City and medical campus that redevelopment of the area be planned comprehensively. In January 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. The session was attended by 60 Missoula citizens with a wide variety of backgrounds and interests. Work for the day was structured in such a way as to arrive at a guide to subsequent planning and marketing of the area.

The Charrette provided MRA, the Hospital, and the City of Missoula with a framework to guide strategies of development design and uses within the Riverfront Triangle. The Hospital and MRA have committed to use the Charrette results as a base for formulating future development strategies for the Riverfront Triangle.

During fiscal year 2003, the MRA and Hospital will master plan the Triangle based on the Charrette summary report along with notes and drawings produced by Charrette participants. The master plan will provide private developers with guidelines as to site design, building massing, location of private and public space, and uses. The MRA and St. Patrick Hospital and Health Sciences Center will also begin marketing the property for development during fiscal year 2003.

## **NON-MOTORIZED TRANSPORTATION PLAN**

The MRA Board identified the task of completing the riverfront trail system as among its highest priorities in 2002. 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.

In conjunction with Montana Rail Link (MRL), MRA staff has begun preliminary investigations to determine the feasibility of suspending a bicycle/pedestrian bridge on the MRL Bitterroot Branch Line railroad trestle that spans the Clark Fork River.

## **REDEVELOPMENT VACANCY MARKETING PROGRAM**

In fiscal year 2001, the MRA restarted the highly successful 1990s program that marketed available commercial space called the Redevelopment Vacancy Marketing Program (REVAMP). The program is now an internet-based list of commercial spaces available for lease or sale within the three urban renewal areas. The list is attached to MRA's section of the City's web page. The purpose of REVAMP is to give potential clients and property agents or owners an opportunity to find each other. New features are added regularly to assist potential clients in finding a place to do business in an urban renewal district. It also gives them a chance to learn about MRA assistance programs.

## **URD II HOUSING PROGRAM**

At the time Urban Renewal District (URD II) was created, a need for rehabilitation of existing housing stock was identified. In response to that need, the MRA Board approved a housing program recommended by the Human Resource Council (HRC) and the City Council created the MRA URD II Housing Rehabilitation Program in June of 2000.

Promotion and eligibility for the program is handled through HRC whereby applicants have to be eligible under their low-income home improvement loan program. Once eligibility is determined by HRC, the applicant is referred to MRA to determine which activities are eligible for MRA participation. To date no applications for use of this program have been received. Fiscal year 2003 will be the final year this program is funded.

## **CHAMPION LANDS**

During fiscal year 2002 a private developer undertook a serious but ultimately unsuccessful attempt to acquire the former Champion mill site. The mill site has several problems (including complex ownership circumstances) which have inhibited its redevelopment. It is also considered a "Brownfield" due to the suspected presence of hazardous materials on the site. Although the property is not even technically in the City of Missoula, its proximity to URD I and URD II nonetheless makes it a property whose future MRA continues to show interest in.



## URBAN RENEWAL DISTRICT III

URD III has been broken down into sub-areas or corridors due to its large size of over 500 acres. The first of these areas to be concentrated on is the South Avenue Corridor. The City currently has two projects underway including reconfiguration of the intersection of Brooks, South and Russell Streets and reconstruction of South Avenue between Johnson and Reserve Street. Because these projects will have significant, direct impacts on the South Avenue area in terms of traffic circulation, traffic density, ingress and egress from buildings, and transportation improvements such as curbs, gutters and sidewalks, the South Avenue Corridor is the logical place to begin MRA's redevelopment focus.

MRA staff is coordinating with the City Engineering Department as they engage in transportation planning for the area in and around this new Urban Renewal District. The initial focus is the South Avenue area and a list of property owners has been compiled to use as a resource to aid in planning and redevelopment efforts. Also, as property owners become aware of the MRA's Redevelopment Vacancy Marketing Program (REVAMP), URD III properties that are for lease or sale are included on the REVAMP list.

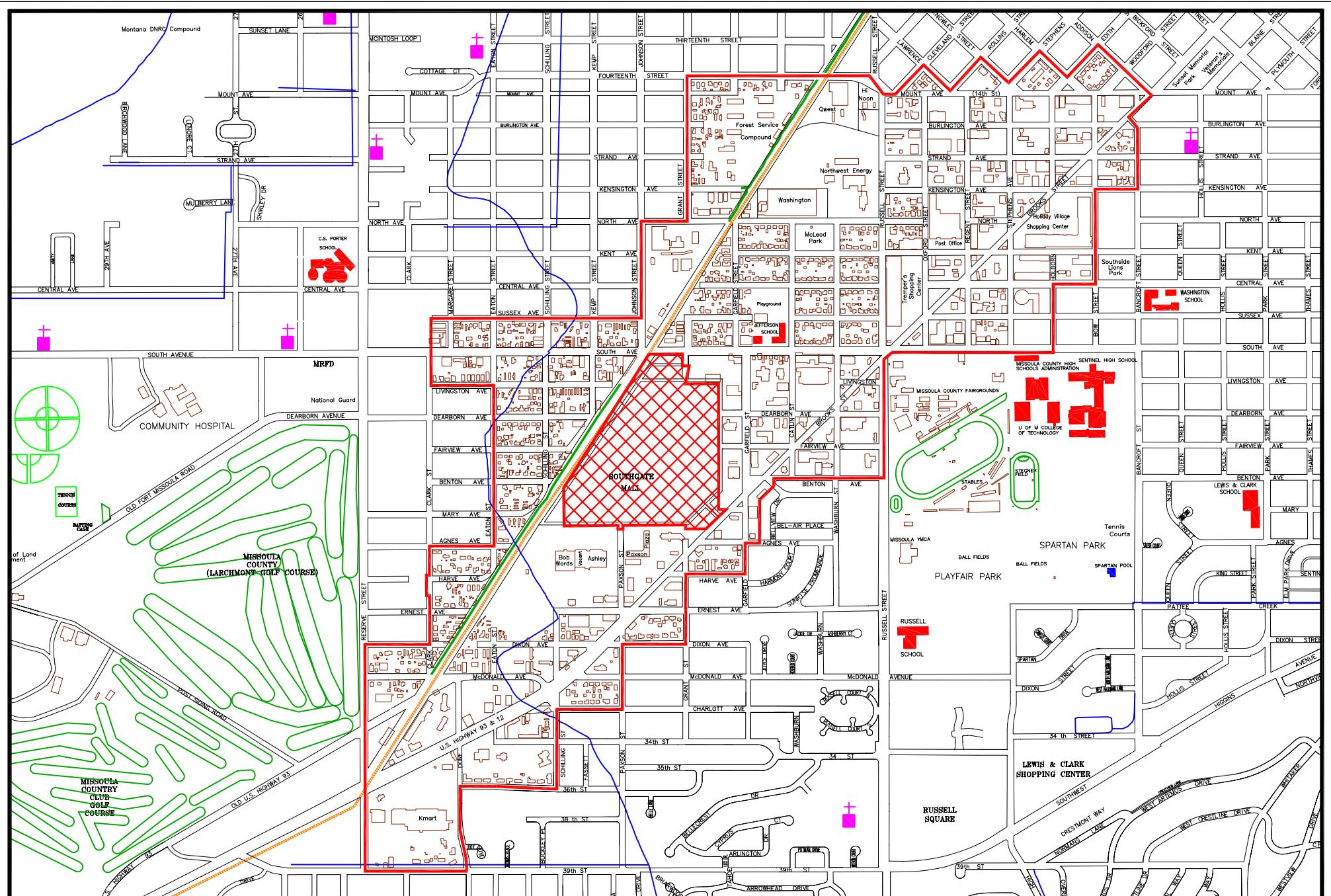
Recognizing information is very important to determine the current and future needs of URD III; MRA Staff is assembling a database regarding the District including the following:

**Building Permits** - Knowing current building activity and monitoring all future building activity within the District helps inform the MRA about what type of programs may be necessary to foster private investment through public/private partnerships. MRA staff has acquired knowledge about the systems involved in tracking building permits and can produce reports and maps of building permits within the District on a regular basis.

**Business Licenses** - The MRA's interest in Business Licenses is to know how many businesses are within the District and how many of those businesses own their own buildings and property as opposed to those who lease their place of business. The needs of both types of businesses may differ and require specific redevelopment strategies. Upon completion of gathering the business license data, the MRA staff will undertake a field investigation to verify those properties housing more than one business.

**Traffic Counts** - Knowing traffic counts in the new District facilitates MRA's decision making process when designating funds for public works projects. In addition, traffic counts assist businesses in planning for their future in term of access, traffic circulation and exposure. Over the past year, Staff gathered traffic count data for the District and continues to coordinate with the Office of Planning & Grants Transportation Planning staff. A Transportation Plan Update is underway and new counts will be available as a part of that Plan in the winter/spring of 2003.

**Urban Cover Types** - Through aerial photography with field verifications, MRA staff has determined the various types of ground coverage within the URD III. An approximate distinction can be made between structures, landscaping, pavement, and weeds. This information will be useful for planning redevelopment programs that target issues such as underutilization, parking and insufficient landscaping.

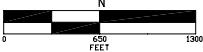


Area Map For:

MRA Urban Renewal District III

Missoula Redevelopment Agency  
Date December 18, 2000  
Prepared by: Tod Goss

MAP SOURCES: Missoula Co. Surveyor, City of Missoula Engineering, Missoula Redevelopment Agency. NOTE: The information on this map has not been field verified by MRA.



## **TRANSPORTATION EQUITY ACT for the 21<sup>st</sup> CENTURY (TEA-21)**

On June 9, 1998, President Clinton signed into law the Transportation Equity Act for the 21<sup>st</sup> 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. A description of two TEA-21 programs utilized by MRA for a variety of projects follows.

### **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**

### **CALIFORNIA STREET BRIDGE ENHANCEMENTS**

It is anticipated that the Community Transportation Enhancement Program (CTEP) funding portion for this project will be transferred to the MRL Trestle Pedestrian Bridge project. The decision to transfer the funds is attributable to the limited tax increment resources in URD II and a change in project priorities for the District.

## FINANCIAL INFORMATION

Since its creation in 1978, the Missoula Redevelopment Agency has been primarily funded by tax increment. Tax increment is the new tax revenue resulting from 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 HB 20 and 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. 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.

In response to the increasingly complicated process of determining revenue, MRA contracted with Elmore & Associates, P.C. to conduct an analysis of recently enacted laws affecting tax increment districts. Elmore & Associates' report dated January 2002 provides a methodology for staff to follow when trying to predict revenues. MRA uses a combination of tax increment, reimbursement, entitlement and federal grant funds to foster redevelopment programs and projects in the three Districts.

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 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 Urban Renewal District II and Urban Renewal District III are deposited directly into their respective Development Funds to foster redevelopment activities in Missoula's second and third Districts.

## REVENUE

In fiscal year 2002, Urban Renewal District I received \$939,696 in tax increment revenue, \$121,075 in State Personal Property Reimbursements and \$1,100,507 in State Entitlement revenue. When combined with investment earnings, grants and miscellaneous revenue, URD I's total revenue amounted to \$2,413,495. Urban Renewal District II had \$191,445 in tax increment revenue, \$4,750 in State Personal Property Reimbursements and \$33,343 in State Entitlement revenue. When combined with investment earnings, grants and miscellaneous revenue, URD II's total revenue amounted to \$241,989. Urban Renewal District III's total revenue was \$84,814 consisting of \$83,332 in tax increment revenue and \$1,482 in investment earnings.

## EXPENDITURES

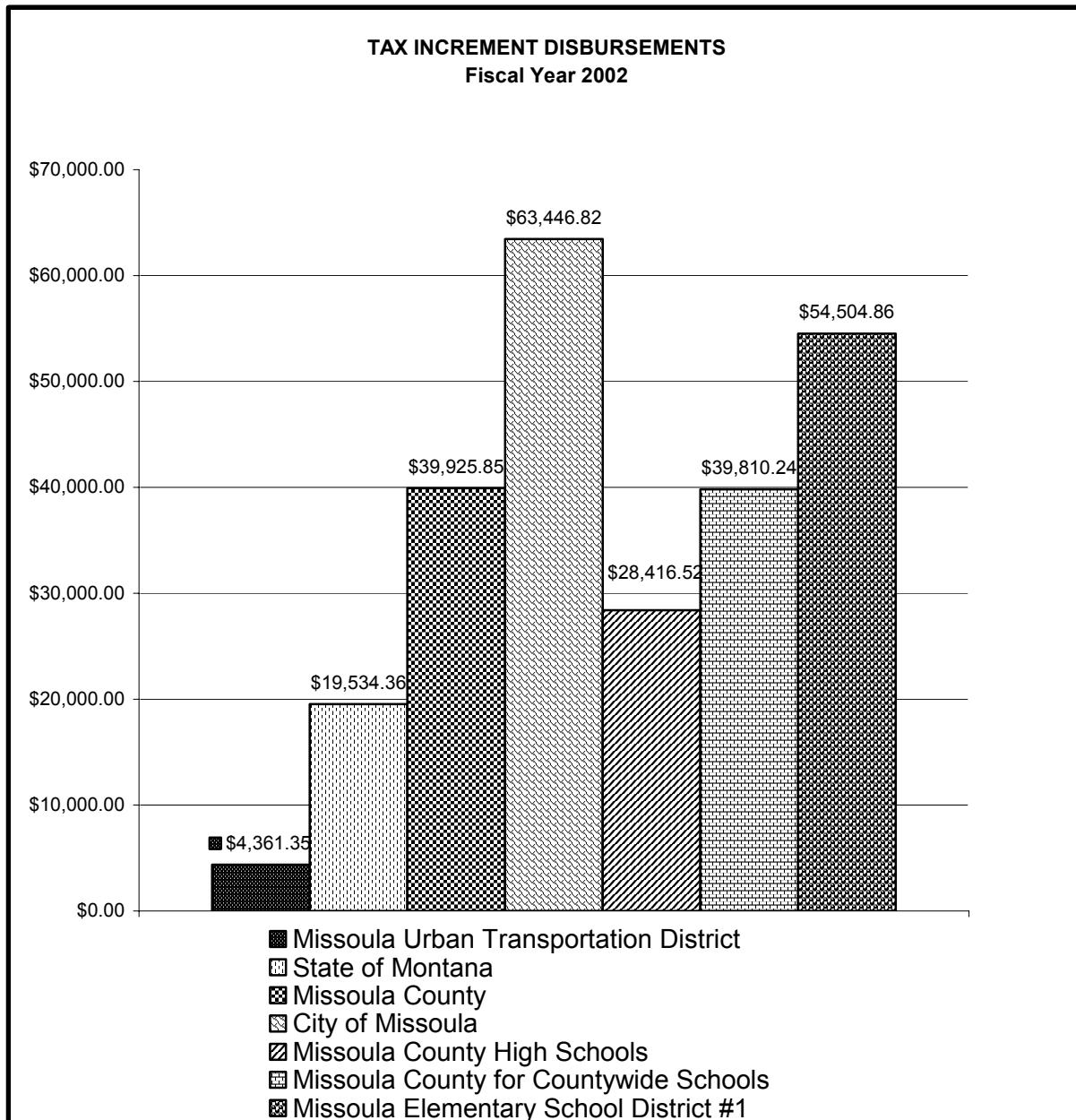
The following table shows MRA's expenditures on current operations (*administration, public works, private rehabilitation, planning and other*), capital outlay and transfers for all three Urban Renewal Districts. Activity for URD I's debt service fund is also presented.

<u>Type of Expenditure</u>	<u>URD I</u>	<u>URD II</u>	<u>URD III</u>	<u>Debt Service Funds</u>
<u>Current Operations</u>				
Community Redevelopment	1,594,413	53,000	\$6,500	
<u>Distributions to Other Governments</u>				
Tax Increment Reimbursements	250,000			
<u>Capital Outlay</u>				
Community Redevelopment	619,999			
<u>Debt Service</u>				
Principal				240,000
Interest & Fees				53,280
<u>Other Financing Uses/(Sources)</u>				
Transfers In	(126,747)			
Transfers Out		53,384	68,363	
Transfers to Other Governments	\$109,190			
<b>Total Expenditures</b>	<b>\$2,446,855</b>	<b>\$111,384</b>	<b>\$74,863</b>	<b>\$293,280</b>
<b>Net Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>	<b>(\$33,360)</b>	<b>\$130,605</b>	<b>\$9,951</b>	

The total URD I adjusted fund balance at the beginning of fiscal year 2002 was \$4,255,485. At the end of the fiscal year, the balance was \$4,222,125. The total URD II adjusted fund balance at the beginning of fiscal year 2002 was \$154,849. At the end of the year, the balance was \$285,454. As a new district, URD III's fund balance at the beginning of fiscal year 2002 was \$0. At the end of the fiscal year, the balance was \$9,951.

## TAX INCREMENT DISBURSEMENT

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 2002. Below is a table of the tax increment distributed this past year to the local 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 2002 was the first 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 general purpose financial statements...present fairly, in all material respects, the financial position of the Agency as of June 30, 2002...."*

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. The California Street Enhancement Project was the only federally assisted project MRA was working on during the past year, but because the \$300,000 expenditure threshold was not met, the Single Audit was not required.

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, *"The results of our tests disclosed no instances of noncompliance..."* and *"We noted no matters involving the internal control over the financial reporting and its operation that we consider to be material weaknesses."*

***Denning, Downey & Associates, P.C.***  
**CERTIFIED PUBLIC ACCOUNTANTS**

1740 U.S. Hwy 93 South - Suite 101 Kalispell, MT 59901

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**INDEPENDENT AUDITOR'S REPORT**

Director and Board of Commissioners  
Missoula Redevelopment Agency  
Missoula County  
Missoula, Montana

We have audited the accompanying general purpose financial statements of Missoula Redevelopment Agency, Missoula County, Montana, a component unit of the City of Missoula, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The general purpose financial statements of the Missoula Redevelopment Agency as of June 30, 2001, were audited by other auditors whose report dated August 23, 2001, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2002, and the results of its operations the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2002, on our consideration of the Missoula Redevelopment Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Denning, Downey & Associates, P.C.***  
***CERTIFIED PUBLIC ACCOUNTANTS***

*1740 U.S. Hwy 93 South - Suite 101 Kalispell, MT 59901*

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Missoula Redevelopment Agency, taken as a whole. The additional information on pages 19 through 22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of basic financial statements, and, accordingly, we express no opinion on it.

*Denning, Downey and Associates, CPA's, PC.*

September 3, 2002

**MISSOULA REDEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE CITY OF MISSOULA**  
**COMBINING BALANCE SHEET**  
June 30, 2002 and June 30, 2001

	<b>GOVERNMENTAL FUNDS</b>						Totals (Memorandum Only)			
	<b>SPECIAL REVENUE FUNDS</b>			Debt Service Funds	General Long-Term Debt Account Group					
	Urban Renewal District I	Urban Renewal District II	Urban Renewal District III							
<b>ASSETS</b>										
Cash and Investments	\$ 4,919,319	\$ 334,562	\$ 6,962	\$ 458,553	\$ -	\$ 5,719,396	\$ 4,582,563			
Tax Increment Receivable	- 18,815	18,815	7,407	163,624	- -	189,846	116,876			
Other Receivables	- - -	- - -	- - -	- - -	- - -	- - -	1,318			
Due From Missoula County	- - -	- - -	- - -	- - -	- - -	- - -	581,886			
Due From Other Funds	27,591	- - -	- - -	- - -	- - -	27,591	572,669			
Grants Receivable	- - -	- - -	- - -	- - -	- - -	- - -	11,624			
Amount Available in Debt Service Funds	- - -	- - -	- - -	- - -	458,553	458,553	454,553			
Amount to be Provided to Retire Long-Term Debt	- - -	- - -	- - -	- - -	376,879	376,879	610,283			
<b>TOTAL ASSETS</b>	<b>\$ 4,946,910</b>	<b>\$ 353,377</b>	<b>\$ 14,369</b>	<b>\$ 622,177</b>	<b>\$ 835,432</b>	<b>\$ 6,772,265</b>	<b>\$ 6,931,772</b>			
<b>LIABILITIES AND EQUITY</b>										
Accounts Payable	\$ 711,442	\$ 53,000	\$ -	\$ -	\$ -	\$ 764,442	\$ 315,191			
Accrued Payroll	10,703	- - -	- - -	- - -	- - -	10,703	9,572			
Due to Other Funds	- - -	- - -	- - -	27,591	- - -	27,591	572,669			
Due to Other Governments	2,640	- - -	- - -	- - -	- - -	2,640	- - -			
Deferred Revenue	- 14,923	14,923	4,418	136,033	- - -	155,374	104,617			
Compensated Absences	- - -	- - -	- - -	- - -	45,432	45,432	34,836			
Bonds Payable	- - -	- - -	- - -	- - -	790,000	790,000	1,030,000			
<b>TOTAL LIABILITIES</b>	<b>\$ 724,785</b>	<b>\$ 67,923</b>	<b>\$ 4,418</b>	<b>\$ 163,624</b>	<b>\$ 835,432</b>	<b>\$ 1,796,182</b>	<b>\$ 2,066,885</b>			
<b>FUND EQUITY</b>										
Fund Balances	\$ - - -	\$ - - -	\$ - - -	\$ 458,553	\$ - - -	\$ 458,553	\$ 454,553			
Reserved for Debt Service	\$ 2,661,816	\$ 14,740	\$ - - -	\$ - - -	\$ - - -	\$ 2,676,556	\$ 3,409,371			
Designated for Future Projects	1,560,309	270,714	9,951	- - -	- - -	1,840,974	1,000,963			
Unreserved	\$ 4,222,125	\$ 285,454	\$ 9,951	\$ 458,553	\$ - - -	\$ 4,976,083	\$ 4,864,887			
<b>TOTAL EQUITY</b>	<b>\$ 4,946,910</b>	<b>\$ 353,377</b>	<b>\$ 14,369</b>	<b>\$ 622,177</b>	<b>\$ 835,432</b>	<b>\$ 6,772,265</b>	<b>\$ 6,931,772</b>			
<b>TOTAL LIABILITIES AND FUND EQUITY</b>										

See accompanying Notes to Financial Statements

**MISSOULA REDEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE CITY OF MISSOULA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Years Ended June 30, 2002 and June 30, 2001

	GOVERNMENTAL FUNDS				TOTALS		
	Urban Renewal District I	Urban Renewal District II	Urban Renewal District III	Debt Service Funds	(MEMORANDUM ONLY)		Variance
					2002	2001	
<b>REVENUES</b>							
Tax Increment Property Tax	\$ 939,696	\$ 191,445	\$ 83,332	\$ 263,110	\$ 1,477,583	\$ 1,645,255	\$ (167,672)
State Personal Property Tax Reimbursement	121,075	4,570	-		125,645	868,111	(742,466)
State Entitlement	1,100,507	33,343	-		1,133,850	-	1,133,850
Investment Earnings	249,529	12,226	1,482	34,170	297,407	291,319	6,088
Grants and Miscellaneous	2,688	405	-	-	3,093	7,632	(4,539)
<b>Total Revenues</b>	<b>\$ 2,413,495</b>	<b>\$ 241,989</b>	<b>\$ 84,814</b>	<b>\$ 297,280</b>	<b>\$ 3,037,578</b>	<b>\$ 2,812,317</b>	<b>\$ 225,261</b>
<b>EXPENDITURES</b>							
Community Development	\$ 1,594,413	\$ 53,000	\$ 6,500	\$ -	\$ 1,653,913	\$ 962,295	\$ 691,618
Distributions to Other Governments	250,000	-	-	-	\$ 250,000	250,000	\$ -
Debt Service	-	-	-	293,280	293,280	289,505	3,775
Capital Outlay	619,999	-	-	-	619,999	810,476	(190,477)
<b>Total Expenditures</b>	<b>\$ 2,464,412</b>	<b>\$ 53,000</b>	<b>\$ 6,500</b>	<b>\$ 293,280</b>	<b>\$ 2,817,192</b>	<b>\$ 2,312,276</b>	<b>\$ 504,916</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (50,917)</b>	<b>\$ 188,989</b>	<b>\$ 78,314</b>	<b>\$ 4,000</b>	<b>\$ 220,386</b>	<b>\$ 500,041</b>	<b>\$ (279,655)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	\$ 126,747	\$ -	\$ -	\$ -	\$ 126,747	\$ 100,000	\$ 26,747
Transfers Out	-	(58,384)	(68,363)	-	(126,747)	(100,000)	(26,747)
Transfers to Other Governments	(109,190)				(109,190)	(24,422)	(84,768)
<b>Total Other Financing Sources</b>	<b>\$ 17,557</b>	<b>\$ (58,384)</b>	<b>\$ (68,363)</b>	<b>\$ -</b>	<b>\$ (109,190)</b>	<b>\$ (24,422)</b>	<b>\$ (84,768)</b>
<b>Excess (Deficiency) of Revenues and Other Sources</b>							
<b>Over Expenditures and Other Uses</b>	<b>\$ (33,360)</b>	<b>\$ 130,605</b>	<b>\$ 9,951</b>	<b>\$ 4,000</b>	<b>\$ 111,196</b>	<b>\$ 475,619</b>	
<b>Fund Balance, July 1, 2001</b>	<b>\$ 4,255,485</b>	<b>\$ 154,849</b>	<b>\$ -</b>	<b>\$ 454,553</b>	<b>\$ 4,864,887</b>	<b>\$ 4,389,268</b>	
<b>Fund Balance, June 30, 2002</b>	<b>\$ 4,222,125</b>	<b>\$ 285,454</b>	<b>\$ 9,951</b>	<b>\$ 458,553</b>	<b>\$ 4,976,083</b>	<b>\$ 4,864,887</b>	

See accompanying Notes to Financial Statements

**MISSOULA REDEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE CITY OF MISSOULA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2002**

	Urban Renewal District I		Urban Renewal District II		Urban Renewal District III	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES</b>						
Tax Increment Property Tax	\$ 2,148,503	\$ 939,696	\$ 208,732	\$ 191,445	\$ 88,963	\$ 83,332
State Personal Property Tax Reimbursement	-	121,075	37,389	4,570	-	-
State Entitlement		1,100,507		33,343		
Investment Earnings	150,000	249,529	8,000	12,226	-	1,482
Grants and Miscellaneous	1,000	2,688	205,924	405	-	-
<b>Total Revenues</b>	<b>\$ 2,299,503</b>	<b>\$ 2,413,495</b>	<b>\$ 460,045</b>	<b>\$ 241,989</b>	<b>\$ 88,963</b>	<b>\$ 84,814</b>
<b>EXPENDITURES</b>						
Community Development	\$ 4,541,133	\$ 1,594,413	\$ 345,720	\$ 53,000	\$ 20,600	\$ 6,500
Distributions to Other Governments	250,000	250,000	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital Outlay	1,655,650	619,999	210,000	-	-	-
<b>Total Expenditures</b>	<b>\$ 6,446,783</b>	<b>\$ 2,464,412</b>	<b>\$ 555,720</b>	<b>\$ 53,000</b>	<b>\$ 20,600</b>	<b>\$ 6,500</b>
Excess (Deficiency) of Revenues over Expenditures	\$ (4,147,280)	\$ (50,917)	\$ (95,675)	\$ 188,989	\$ 68,363	\$ 78,314
<b>Other Financing Sources (Uses)</b>						
Transfers In	\$ 126,747	\$ 126,747	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	(58,384)	(58,384)	(68,363)	(68,363)
Transfers to Other Governments	(234,952)	(109,190)	-	-	-	-
<b>Total Other Financing Sources</b>	<b>\$ (108,205)</b>	<b>\$ 17,557</b>	<b>\$ (58,384)</b>	<b>\$ (58,384)</b>	<b>\$ (68,363)</b>	<b>\$ (68,363)</b>
Excess (Deficiency) of Revenues and Other Sources						
Over Expenditures and Other Uses	<b>\$ (4,255,485)</b>	<b>\$ (33,360)</b>	<b>\$ (154,059)</b>	<b>\$ 130,605</b>	<b>\$ -</b>	<b>\$ 9,951</b>
Fund Balance, July 1, 2001		4,255,485		154,849		-
Fund Balance, June 30, 2002		<b>\$ 4,222,125</b>		<b>\$ 285,454</b>		<b>\$ 9,951</b>

See accompanying Notes to Financial Statements

**MISSOULA REDEVELOPMENT AGENCY**  
**A COMPONENT UNIT OF THE CITY OF MISSOULA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - DEBT SERVICE FUNDS AND TOTALS - ALL GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2002

	Tax Increment Debt Service Fund		ALL GOVERNMENTAL FUNDS TOTALS (Memorandum Only)	
	Budget	Actual	Budget	Actual
<b>REVENUES</b>				
Tax Increment Property Tax	\$ 297,105	\$ 263,110	\$ 2,743,303	\$ 1,477,583
State Personal Property Tax Reimbursement	-	-	37,389	125,645
State Entitlement	-	-	-	1,133,850
Investment Earnings	-	34,170	158,000	297,407
Grants and Miscellaneous	-	-	206,924	3,093
<b>Total Revenues</b>	<b><u>\$ 297,105</u></b>	<b><u>\$ 297,280</u></b>	<b><u>\$ 3,145,616</u></b>	<b><u>\$ 3,037,578</u></b>
<b>EXPENDITURES</b>				
Community Development	\$ -	\$ -	\$ 4,907,453	\$ 1,653,913
Distributions to Other Governments	-	-	250,000	250,000
Debt Service	293,105	293,280	-	293,280
Capital Outlay	-	-	1,865,650	619,999
<b>Total Expenditures</b>	<b><u>\$ 293,105</u></b>	<b><u>\$ 293,280</u></b>	<b><u>\$ 7,023,103</u></b>	<b><u>\$ 2,817,192</u></b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b><u>\$ 4,000</u></b>	<b><u>\$ 4,000</u></b>	<b><u>\$ (3,877,487)</u></b>	<b><u>\$ 220,386</u></b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	\$ -	\$ -	\$ 126,747	\$ 126,747
Transfers Out	-	-	(126,747)	(126,747)
Transfers to Other Governments	-	-	(234,952)	(109,190)
<b>Total Other Financing Sources</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (234,952)</u></b>	<b><u>\$ (109,190)</u></b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b><u>\$ 4,000</u></b>	<b><u>\$ 4,000</u></b>	<b><u>\$ (4,112,439)</u></b>	<b><u>\$ 111,196</u></b>
<b>Fund Balance, July 1, 2001</b>		<b><u>454,553</u></b>		<b><u>4,864,887</u></b>
<b>Fund Balance, June 30, 2002</b>		<b><u>\$ 458,553</u></b>		<b><u>\$ 4,976,083</u></b>

See accompanying Notes to Financial Statements

**MISSOULA REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF MISSOULA)  
MISSOULA, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2002

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the Component Unit's significant accounting policies:

**A. Reporting Entity**

Missoula Redevelopment Agency (MRA) was established in 1978 by the City of Missoula (the City) as a separate legal entity in accordance with state urban renewal laws (Section 7-15-4201 MCA). MRA has the authority to renovate property within blighted areas legally designated as urban renewal districts, but the authority to exercise the power of eminent domain, acquire and resell property and to issue tax increment bonds remain with the City. The City has established three urban renewal districts: District I in 1978, District II in 1991, and District III in 2000. The five member governing board is appointed by the Mayor and approved by City Council. Due to the control exercised by the City, MRA is considered a component unit of the City.

Urban Renewal District I is located entirely within the Missoula School District No. 1. Urban Renewal District II is located partially in Missoula School District No. 1 and partially in Hellgate School District No. 4. Urban Renewal District III is located entirely within the Missoula School District No. 1

MRA has no authority to levy taxes. However, under the City's Urban Renewal Plans, incremental property taxes which result from increases in the taxable value of property within an urban renewal district are designated for urban renewal purposes and provide the primary funding source for MRA.

State law provides that the tax increment provisions applicable to a renewal district established prior to 1980 be terminated seventeen years after enactment or when all tax increment bonds have been retired. Because the tax increment provision for District I were enacted on December 18, 1978, MRA was scheduled to terminate on December 18, 1995. However, the City issued tax increment bonds on December 15, 1989, as permitted by state law. The issuance of these bonds extends the tax increment provisions for the term of the bonds, whose final maturity date is July 1, 2005. District II is scheduled to terminate in 2006, as required by State law, which amended the term of urban renewal districts to fifteen years after enactment. District III is scheduled to terminate in December 2015.

The accompanying general-purpose financial statements include all funds, account groups, agencies, boards, commissions, and authorities which meet the criteria of Statement No. 14 for inclusion in the Component Unit's financial report.

**MISSOULA REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF MISSOULA)  
MISSOULA, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2002

**B. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The accounts of the Agency are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

MRA has the following fund types and account groups:

**Governmental funds** are used to account for the Agency's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Real and personal property tax increment taxes (excluding motor vehicle taxes) and interest earnings are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received and are recognized as revenue at that time. The Agency recorded real and personal property tax increment for the current year as revenue. Taxes and assessments receivable remaining unpaid at year-end and not expected to be collected soon enough thereafter to be available to pay obligations of the current year were recorded as deferred revenue, with a corresponding reduction in revenues, as required by generally accepted accounting principles. In addition, prior period delinquent taxes and assessments collected in the current period were recorded as revenue in the current period as required by generally accepted accounting principles. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**MISSOULA REDEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE CITY OF MISSOULA)  
MISSOULA, MONTANA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2002

Governmental funds include the following fund types:

The **special revenue funds** account for revenue sources that are legally restricted to expenditures for specific purposes.

The **debt service funds** account for the servicing of general long-term debt for which the Agency is obligated in some manner for payment.

**Account Groups.** The **general long-term debt account group** is used to account for general long-term debt and certain other liabilities.

## **C. Budgets and Budgetary Accounting**

### **1. Budget Process**

An annual appropriated operating budget is adopted each fiscal year for the Special Revenue Funds and Debt Service Fund on the modified accrual basis of accounting. Revenues (except for property taxes) are budgeted in the year they are measurable and available. Expenditures are budgeted in the year they are expected to be incurred. As required by Montana law, the full amount of property taxes levied for the fiscal year is included in the City's budget.

As required by State statute, the Agency follows these procedures to develop their annual budget:

- (a) On or before June 10, department heads and supervisors file with the City Council detailed and itemized estimates, both of the probable revenue from sources other than taxation and of all expenditures required by the office or department for the next fiscal year.
- (b) The City finance department prepares a tabulation showing the complete expenditure program of the Agency for the current fiscal year and the sources of revenue by which it is to be financed.
- (c) On or before the fourth Monday in July, the City Council shall make any revisions considered advisable.
- (d) Public hearings are held.
- (e) By the second Monday in August, the City Council adopts the final budget.

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Budget appropriation transfers may be made between the general classifications of salaries and wages, maintenance and operation and capital outlay. Reported budget amounts represent the originally adopted budget as amended by resolution of the City Council. It is management's responsibility to see that the budget is followed to the budgetary line item.

The City Council may amend a final budget when shortfalls in budgeted revenues require reductions in approved appropriations to avert deficit spending; when savings result from unanticipated adjustments in projected expenditures; when unanticipated state or federal monies are received; or when a public emergency occurs which could not have been foreseen at the time of adoption. The procedure to amend the budget in total can be made only after the City prepares a resolution, notice is published of a public hearing, and a public hearing is held in accordance with state law.

**D. Memorandum Only--Total Columns**

Total columns on the general-purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position and results of operation in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budget Variances**

Budget variances are primarily due to conservative budgeting or budgeted projects not completed in fiscal year 2002.

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**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Cash and Cash Equivalents**

The Agency's cash is held by the City Treasurer and pooled with other City cash. There is no regulatory oversight for the City's investment pool, and participants' equity in the pool approximates the fair value of the underlying investments.

Interest earned on pooled investments is distributed to each contributing entity and fund on a pro rata basis. Authorized investments allowed by Section 20-9-213, MCA, include savings or time deposits in a state or national bank, building or loan association, or credit union insured by the FDIC or NCUA located in the state; repurchase agreements; and the State Unified Investment Program. Further, Section 7-6-202, MCA, authorizes investments in U.S. government treasury bills, notes, bonds, U.S. Treasury obligations, treasury receipts, general obligations of certain agencies of the United States, and U.S. government security money market fund if the fund meets certain conditions.

The City's investment portfolio as of June 30, 2002, consisted of treasury obligations, government securities, and the State Unified Investment Program (STIP).

The Agency does not own specific identifiable investment securities in the pool; therefore, is not subject to categorization. Information regarding investment risk, collateral, security, and market values is available from the City of Missoula Treasurer's office.

**2. Receivables**

Property tax levies are set on or before the second Monday in August, in connection with the budget process. Real property (and certain attached personal property) taxes are billed within ten days after the third Monday in October and are due in equal installments on November 30 and the following May 31. After those dates, they become delinquent (and a lien upon the property). After three years, the County may exercise the lien and take title to the property. Personal property taxes (other than those billed with real estate) are generally billed no later than the second Monday in July (normally in May or June), based on the prior November's levies. Personal property taxes, other than mobile homes, are due thirty days after billing. Mobile home taxes are billed in two halves, the first due thirty days after billing; the second due September 30. The tax billings are considered past due after the respective due dates and are subject to penalty and interest charges.

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Taxable valuations for each Urban Renewal District and the corresponding tax increment amounts for November 2001 property tax billing were as follows:

	<u>Taxable Value</u>	<u>Increment Value</u>
Urban Renewal District I	\$7,836,474	\$1,862,487
Urban Renewal District II	\$2,177,431	\$317,608
Urban Renewal District III	\$7,139,712	\$135,366

**B. Interfund Receivables and Payables**

The composition of interfund balances as of June 30, 2002, were as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
URD I	Debt Service Fund	\$27,591

Due to/from primary government and component Units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
City of Missoula	URD I	\$2,640

**C. Operating Transfers**

The following is an analysis of operating transfers in and out during Fiscal Year 2002:

<u>From</u>	<u>To</u>	<u>Amount</u>
URD III	URD I	\$ 68,363
URD II	URD I	\$ 58,384
URD I	City of Missoula – Tennis Courts	\$ 40,000
URD I	City of Missoula – Art Project	\$ 15,000
URD I	City of Missoula – Downtown Projects	\$ 49,988
URD	City of Missoula – Administrative Transfers	\$ 4,202

**D. Fixed Assets**

Fixed assets purchased by MRA are owned by the City of Missoula and accordingly are reported as City assets in the City's General Fixed Asset Account Group.

**E. Operating Lease Commitments**

MRA is bound by one lease commitment for office space which is renewed annually. The lease is considered for accounting purposes to be an operating lease. Minimum lease payments for the fiscal year ended June 30, 2002, amounted to \$19,942.

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**F. Long-Term Debt**

MRA reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group.

*Changes in Long-Term Debt Liabilities* - During the year ended June 30, 2002, the following changes occurred in liabilities reported in long-term debt:

	Balance July 1, 2001	Additions	Reductions	Balance June 30, 2002
Refunding Tax Increment Bonds	\$1,030,000	\$ -	\$ 240,000	\$ 790,000
Compensated Absences	<u>34,836</u>	<u>10,596</u>	<u>-</u>	<u>45,432</u>
<b>Total</b>	<b><u>\$1,064,836</u></b>	<b><u>\$ 10,596</u></b>	<b><u>\$ 240,000</u></b>	<b><u>\$ 835,432</u></b>

*Tax Increment Bonds* – The bonds are payable solely from and are secured by a first lien and pledge of tax increment revenues from District I. The bond resolution requires, among other things, that all of District I's tax increment revenues be deposited in a Debt Service fund as required to pay principal and interest on the bonds when due, and to provide certain reserves for future bond payments. After all required amounts have been deposited in the accounts, the remaining tax increment funds may be used to pay costs associated with construction of other urban renewal projects within District I, which may include returning a portion of the tax increment revenues to the taxing jurisdictions located within District I, as provided by state law. In 2002, the City Council returned \$250,000 of District I's tax increment revenues to the respectable taxing jurisdictions.

The bond resolutions include various restrictive covenants. The more significant covenants require that cash be restricted and reserved for current and future debt service. The Agency was in compliance with applicable covenants as of June 30, 2002.

Purpose	Origination Date	Interest Rate	Bond Term	Due Date	Bonds Amount	Annual Payment	Balance June 30, 2002
Parking							
Structure	1997	4.2-5.3	20 yrs	2005	\$1,880,000	varies	<u>\$790,000</u>

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***Compensated Absences Payable***

It is the City's policy and state law to permit employees to accumulate a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from City service. Employees are allowed to accumulate and carry over a maximum of two times their annual accumulation of vacation, but no more than 90 days into the new calendar year. There is no restriction on the amount of sick leave that may be accumulated. Upon separation, employees are paid 100 percent of accumulated vacation and 25 percent of accumulated sick leave. The liability associated with governmental fund-type employees is reported in the general long-term debt account group.

***Requirements to Amortize Debt***

The annual requirements to amortize all long-term debt outstanding, except Compensated Absences, as of June 30, 2002, were as follows:

For Fiscal <u>Year Ended</u>	Tax increment <u>Bonds</u>
2003	\$291,105
2004	293,355
2005	<u>289,575</u>
Total	<u>\$874,035</u>

Principal	\$790,000
Interest	<u>84,035</u>
Total	<u>\$874,035</u>

***Advance Refunding of Long-Term Debt***

In prior years, MRA defeased certain tax increment bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Agency's financial statements. At June 30, 2002, the outstanding balance of the 1989 defeased bonds is \$1,095,000.

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**G. State-Wide Retirement Plans**

All full-time Agency employees are covered under the Montana Public Employees Retirement System (PERS). The plan is established by State law and administered by the State of Montana. The plans are cost-sharing multiple-employer defined benefit plans that provide retirement, disability and death benefits to plan members and beneficiaries, with amounts determined by the State.

Contribution rates are required and determined by State law. The contribution rates, expressed as a percentage of covered payroll for the fiscal year ended June 30, 2002, were:

	<u>PERS</u>
Employer	6.70%
Employee	6.80%
State	.10%

Publicly available financial reports that include financial statements and required supplementary information may be obtained for the plans by writing or calling:

Public Employees Retirement Division, P.O. Box 200131, Helena, Montana  
59620-0131 Phone: 1-406-444-3154

The Agency's contributions for the years ended June 30, 2000, 2001, and 2002, as listed below, were equal to the required contributions for each year.

	<u>PERS</u>
2000	\$27,301
2001	\$28,459
2002	\$29,847

**H. Post Employment Benefits**

Terminated employees may remain on the City's health insurance plan for up to 18 months if they pay the monthly premiums. This benefit is required under the federal COBRA law. Retirees may remain on the City's health plan to age 65, provided they pay the monthly premiums. State law requires the City to provide this benefit. No cost can be estimated for the above benefits, although there is the probability that there are higher medical costs for retirees which would result in additional costs to the insurance program.

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**I. Restricted Cash/Investments**

The following restricted cash/investments were held by the Agency as of June 30, 2002. These amounts are reported within the cash/investment account on the Combined Balance Sheet.

<u>Description</u>	<u>Amount</u>
Reserve account-future debt payments	\$79,000

**J. Fund Equity**

Reservations of equity show amounts that are not appropriate for expenditure or are legally restricted for specific uses. Designations of equity are used to show the amounts within unreserved equity which are intended to be used for specific purposes but are not legally restricted.

Reserved and designated fund balances at June 30, 2002, consisted of:

<u>URD I</u>	
Capital and Community Development Projects (Designated)	\$2,661,816
<u>URDII</u>	
Capital and Community Development Projects (Designated)	\$ 14,740
<u>Debt Service Fund</u>	
Reserve account-future debt payments (Reserved)	\$ 458,553

**K. Risk Management**

The Agency faces considerable number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, (c) professional liability, i.e., errors and omissions, (d) environmental damage, (e) workers' compensation, i.e., employee injuries, and (f) medical insurance costs of employees. Commercial policies transferring all risks of loss, except for relatively small deductible amounts are purchased for property and content damage, employees torts, and professional liabilities. And, given the lack of coverage available, the Agency has no coverage for potential losses from environmental damages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

MISSOULA REDEVELOPMENT AGENCY  
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June 30, 2002

**L. Pending Litigation**

There was no pending or threatened litigation or unasserted claims or assessments against the Agency at June 30, 2002.

**MISSOULA REDEVELOPMENT AGENCY**  
**(A Component Unity of the city of Missoula)**

**Schedule of Expenditures - Budget and Actual - Urban Renewal District I**  
**For the Year Ended June 30, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Administration			
Personnel	\$ 293,456	\$ 282,329	\$ 11,127
Other	350,802	322,195	28,607
Total Administration before capital outlay	<u>\$ 644,258</u>	<u>\$ 604,525</u>	<u>\$ 39,733</u>
Administration Capital Outlay			
Computers	\$ 10,650	\$ 11,139	\$ (489)
Total Administration capital outlay	<u>\$ 10,650</u>	<u>\$ 11,139</u>	<u>\$ (489)</u>
Total Administration including transfers to other City funds & Tax Increment Remittance	<u>\$ 654,908</u>	<u>\$ 615,664</u>	<u>\$ 39,244</u>
Less transfers to other City funds	\$ (12,952)	\$ (4,202)	\$ (8,750)
Less Tax Increment Remitted to Taxing Jurisdictions	(250,000)	(250,000)	-
Total Administration	<u>\$ 391,956</u>	<u>\$ 361,462</u>	<u>\$ 30,494</u>
Acquisition of Property			
Contingency	\$ 200,000	\$ -	\$ 200,000
Total acquisition of property before capital outlay	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Acquisition of Property Capital Outlay			
Civic Stadium	\$ 246,500	\$ -	\$ 246,500
Total Acquisition of Property capital outlay	<u>\$ 246,500</u>	<u>\$ -</u>	<u>\$ 246,500</u>
Total Acquisition of Property	<u>\$ 446,500</u>	<u>\$ -</u>	<u>\$ 446,500</u>
Public Works			
Bank Street Pedestrian Mall	\$ 10,000	\$ 11,499	\$ (1,499)
Caras Park Improvements	7,500	-	7,500
City-County Health Department	63,220	56,618	6,602
County Renovation	228,500	-	228,500
Downtown Street Renovations	100,000	49,988	50,012
Lenox Flats	700	-	700
Millennium Project	36,029	47,623	(11,594)
MUTD - Transfer Center Public Art	15,000	15,000	-
Northside RR Crossing Enclosure	9,000	8,696	304
Orange Street Bridge	713,783	571,810	141,973
St. Patrick Hospital - Ambulatory Services	394,781	382,402	12,379
S 3rd Street Triangle Park	7,355	13,478	(6,123)
Tennis Courts	100,000	40,000	60,000
Weir Debris Removal at Caras Park	34,800	-	34,800
Contingency	1,026,384	-	1,026,384
Total Public Works before capital outlay	<u>\$ 2,747,052</u>	<u>\$ 1,197,114</u>	<u>\$ 1,549,938</u>
Public Works Capital Outlay			
Bank Street Pedestrian Mall	\$ 175,000	\$ 301,285	\$ (126,285)
Caras Park Improvements	42,500	-	42,500
Caras Park Trail Replacement	46,500	-	46,500
Civic Stadium	750,000	-	750,000
Downtown Alley Rehabilitation	100,000	60,781	39,219
Kiwanis Park Trail	20,000	14,435	5,565
Northside Bridge Modifications	31,000	25,709	5,291
S 3rd Street Triangle Park	70,000	133,541	(63,541)
Streetscape Amenities	125,000	53,261	71,739
Total Public Works capital outlay	<u>\$ 1,360,000</u>	<u>\$ 589,012</u>	<u>\$ 770,988</u>
Total Public Works including transfers to other city funds	<u>\$ 4,107,052</u>	<u>\$ 1,786,126</u>	<u>\$ 2,320,926</u>
Less transfers to other city funds	\$ (215,000)	\$ (104,988)	\$ (110,012)
Total Public Works	<u>\$ 3,892,052</u>	<u>\$ 1,681,138</u>	<u>\$ 2,210,914</u>

MISSOULA REDEVELOPMENT AGENCY  
(A Component Unity of the city of Missoula)

Schedule of Expenditures - Budget and Actual - Urban Renewal District I  
For the Year Ended June 30, 2002

Rehabilitation Loans/Grants				
124 West Pine Street (Kosena)	\$ -	\$ 7,231	\$ (7,231)	
139 West Front Street (Monte Dolack Gallery)	2,500	2,057	443	
325 East Broadway (Watercolor Computer Training)	20,136	-	20,136	
Meadowsweet Herbs	-	1,803	(1,803)	
Contingency	255,417	-	255,417	
Total Rehabilitation Loans/Grants	\$ <u>278,053</u>	\$ <u>11,091</u>	\$ <u>266,962</u>	
Planning and Management				
Fox Site	\$ 40,000	\$ -	\$ 40,000	
Millennium Building	-	2,078	(2,078)	
MRL Pedestrian Bridge	-	2,944	(2,944)	
Non-motorized Transportation Services	10,000	-	10,000	
Office of Planning and Grants	5,000	-	5,000	
Riverfront Trail System	-	4,130	(4,130)	
Contingency	50,000	-	50,000	
Total Planning and Management	\$ <u>105,000</u>	\$ <u>9,151</u>	\$ <u>95,849</u>	
Clearing and Demolition				
County Renovation	\$ 170,000	\$ -	\$ 170,000	
Mustard Seed Restaurant	1,500	1,500	-	
St. Patrick Hospital - Ambulatory Service	130,222	130,222	-	
Contingency	750,000	-	750,000	
Total Clearing and Demolition before capital outlay	\$ <u>1,051,722</u>	\$ <u>131,722</u>	\$ <u>920,000</u>	
Clearing and Demolition Capital Outlay				
Mustard Seed Restaurant	\$ 38,500	\$ 19,848	\$ 18,653	
Total Clearing and Demolition capital outlay	\$ <u>38,500</u>	\$ <u>19,848</u>	\$ <u>18,653</u>	
Total Clearing and Demolition	\$ <u>1,090,222</u>	\$ <u>151,569</u>	\$ <u>938,653</u>	
Total Expenditures	\$ <u>6,203,783</u>	\$ <u>2,214,412</u>	\$ <u>3,989,371</u>	
Total Transfers to Other City Funds	\$ <u>227,952</u>	\$ <u>109,190</u>	\$ <u>118,762</u>	
Total Remitted to Taxing Jursidictions	\$ <u>250,000</u>	\$ <u>250,000</u>	\$ <u>-</u>	
Grand Total of Expenditures, Transfers and Remittance	\$ <u>6,681,735</u>	\$ <u>2,573,602</u>	\$ <u>4,108,133</u>	

MISSOULA REDEVELOPMENT AGENCY  
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Schedule of Expenditures - Budget and Actual - Urban Renewal District II  
For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Administration			
Transfers to Other Funds	\$ 58,384	\$ 58,384	\$ -
Total Administration	\$ <u>58,384</u>	\$ <u>58,384</u>	\$ <u>-</u>
Public Works			
Nutritional Laboratories Inc.	\$ 53,000	\$ 53,000	\$ -
Residential Rehabilitation Program	36,000	-	36,000
West Broadway Island Trail	27,000	-	27,000
Contingency	130,510	-	130,510
Total Public Works	\$ <u>246,510</u>	\$ <u>53,000</u>	\$ <u>193,510</u>
Rehabilitation Loans/Grants			
Contingency	\$ 75,000	\$ -	\$ 75,000
Total Rehabilitation Loans/Grants	\$ <u>75,000</u>	\$ <u>-</u>	\$ <u>75,000</u>
TEA-21 Activity			
California Street Bridge Enhancements	\$ 25,000	\$ -	\$ 25,000
TEA-21 Activity - Capital Outlay			-
California Street Bridge Enhancements	210,000	-	210,000
Total TEA-21 activity	\$ <u>235,000</u>	\$ <u>-</u>	\$ <u>235,000</u>
Total Expenditures	\$ <u>614,894</u>	\$ <u>111,384</u>	\$ <u>503,510</u>

MISSOULA REDEVELOPMENT AGENCY  
 (A Component Unit of the City of Missoula)

Schedule of Expenditures - Budget and Actual - Urban Renewal District III  
 For the Year Ended June 30, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Administration			
Southside Collaborative	\$ 6,500	\$ 6,500	\$ -
Transfers to Other Funds	\$ 68,363	\$ 68,363	\$ -
Total Administration	\$ <u>74,863</u>	\$ <u>74,863</u>	\$ <u>-</u>
Public Works			
Contingency	\$ 14,100	\$ -	\$ 14,100
Total Public Works	\$ <u>14,100</u>	\$ <u>-</u>	\$ <u>14,100</u>
Total Expenditures	\$ <u>88,963</u>	\$ <u>74,863</u>	\$ <u>14,100</u>

***Denning, Downey & Associates, P.C.***  
**CERTIFIED PUBLIC ACCOUNTANTS**

1740 U.S. Hwy 93 South - Suite 101 Kalispell, MT 59901

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Director and Board of Commissioners  
Missoula Redevelopment Agency  
Missoula County  
Missoula, Montana

We have audited the general purpose financial statements of Missoula Redevelopment Agency, a component unit of the City of Missoula, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Missoula Redevelopment Agency's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Missoula Redevelopment Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Director and Board of Commissioners, management, the Montana Department of Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Denning, Downey and Associates, CPA's, P.C.*

September 3, 2002

***Denning, Downey & Associates, P.C.***  
**CERTIFIED PUBLIC ACCOUNTANTS**

*1740 U.S. Hwy 93 South - Suite 101 Kalispell, MT 59901*

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**REPORT ON OTHER COMPLIANCE, FINANCIAL, AND INTERNAL ACCOUNTING  
CONTROL MATTERS**

Director and Board of Commissioners  
Missoula Redevelopment Agency  
Missoula County  
Missoula, Montana

There were no other compliance, financial, or internal accounting matters.

*Denning, Downey and Associates, CPA's, P.C.*

September 3, 2002

***Denning, Downey & Associates, P.C.***  
***CERTIFIED PUBLIC ACCOUNTANTS***

*1740 U.S. Hwy 93 South - Suite 101 Kalispell, MT 59901*

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**REPORT ON PRIOR AUDIT REPORT RECOMMENDATIONS**

Director and Board of Commissioners  
Missoula Redevelopment Agency  
Missoula County  
Missoula, Montana

The prior audit report contained no prior recommendations.

*Denning, Downey and Associates, CPA's, P.C.*

September 3, 2002

# MISSOULA REDEVELOPMENT AGENCY

## Urban Renewal District III

District Boundary

Outside District

