

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

May 15, 2013

FINAL

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

Board: Karl Englund, Nancy Moe, Daniel Kemmis (Skype), Rosalie Cates, Ruth Reineking

Staff: Ellen Buchanan, Chris Behan, Jilayne Lee, Tod Gass, Juli Devlin

Public: Melissa Matassa-Stone, WGM Group; Ezra Williams, CTA Architects & Engineering, Kraig Erickson, Woodbury Corporation; Anthony Thompson, University of Montana Student; Ed Wetherbee, Millsite Revitalization Project; Cindy Weese, YWCA; Peter Walker-Keleher, DJ&A, P.C.

CALL TO ORDER

12:05 p.m.

APPROVAL OF MINUTES - None

PUBLIC COMMENTS & ANNOUNCEMENTS

Behan said there would be a brief gathering that afternoon to recognize the Missoula College students who worked with the Silver Park project. He said he would attend the recognition ceremony and represent MRA.

ACTION ITEMS

Cedar Street Triangle Public Improvements (URD II) – Professional Services Agreement (Gass)

Gass said the Board approved the selection of Territorial Landworks, Inc. (TLI) as the project engineer and also approved staff to work with TLI to begin the preliminary design in conjunction with the new Poverello Center and the YWCA expansion project. He said the goal of this project is to transform Cedar Street into a pedestrian friendly street with adequate street lighting which maximizes on street parking. He said the

project will also include an urban planning component which TLI will subcontract to CTA Architects and Engineering. Gass said staff recommends the Board authorize MRA to enter into an Agreement for Professional Services with TLI for design, engineering, and contract administration services for the Cedar Street Triangle Public Improvements Project for a cost not to exceed \$85,584 and authorize the Board Chairman to sign the agreement.

Reineking asked if this amount was budgeted in the FY14 budget. Gass said the first couple payments would most likely come from the FY13 budget and would carry over to the FY14 budget. He said construction would begin either early spring or summer of 2014.

Moe asked if the design was complete and when construction would begin. Gass said the design was not complete. He said the Board of Adjustments will meet on Thursday, May 23 to consider the Poverello Center's request for a parking variance and their decision could affect the design. Buchanan said the Poverello Center has requested a variance for on-site parking. She said if the Poverello Center is granted this variance, then they will be able to dedicate 2-4 feet of land to the City along Cedar Street so there is adequate space for two rows of 90-degree angle parking on the street. This will provide more total parking for public use as well as for the Poverello Center. She said if the variance request is denied, the large court yard to be used by Poverello Center clientele, which is a priority of the neighboring properties, would be greatly reduced in size.

Moe asked if the amount being requested would be drawn from the contingency funds. Gass said yes.

CATES: I MOVE TO APPROVE THE STAFF RECOMMENDATION.

Moe seconded the motion. No further discussion. Motion passed unanimously. (5 ayes, 0 nays) Kemmis on Skype.

YWCA Secret Seconds (URD II) – TIF Request (Gass)

Gass said during the April Board meeting the YWCA request to proceed without prejudice on their Secret Seconds store expansion project was approved. He said the second building will provide an additional 5,890 square feet to be used to sell items donated to the store. Gass said a requirement of the building permit for the project is new curb and sidewalk along West Broadway and Burton Street and new curb in the alley between West Broadway and Toole Avenue. He said the improvements in the public right-of-way are eligible for tax increment funding and are items MRA typically funds in public/private partnerships on redevelopment projects. Gass said the YWCA's total investment for the project is \$633,528 which includes \$15,895 for required curb and sidewalk improvements in the public right-of-way and \$7,773 for the irrigated landscape improvements in the right-of-way. Gass said staff recommends the Board approve the YWCA tax increment financing request for reimbursement of the cost for

curb, sidewalk, and landscaping improvements in the public right-of-way related to the Secret Seconds expansion project on West Broadway and Burton Street in an amount established at the conclusion of the project, based upon submission of paid contractor invoices, but not exceeding \$23,670.

REINEKING: I MOVE TO APPROVE THE STAFF RECOMMENDATION.

Moe seconded the motion. No further discussion. Motion passed unanimously. (5 ayes, 0 nays) Kemmis on Skype.

South Crossing – 3620 – 3630 Brooks Street (URD II) – Request to Proceed Without Prejudice & TIF Request (Buchanan)

Buchanan said she and Behan had met with Woodbury Corporation and discussed their efforts for redevelopment of the old Kmart site located on Brooks Street. Woodbury Corporation has wanted to redevelop that area for the past several years but was unable to do so because of a long term lease agreement with Kmart. She said Woodbury was recently able to buy out and terminate the Kmart lease so they are now in a position to redevelop the property. Buchanan said MRA has discussed options for the frontage on Brooks Street with Woodbury Corporation. She said the original site plans were very similar to what is there today. She said Woodbury has since changed their site plan and have agreed to develop outparcels on Brooks Street with parking located to the rear and sides of the buildings with very little parking on Brooks, creating a more urban streetscape. The plan is to tear down the Kmart building and demolish the parking lot. Buchanan said the building which formerly housed Montana Homefitters will be renovated for lease to two new businesses. She said two new buildings will replace the old Kmart building and will house two retail stores. Buchanan said the tenants that will be on the Brooks Street frontage are currently unidentified. She said this project is on a fast track and said the pad for one of the major retail stores may be delivered by the end of July 2013. Buchanan said the project is not far enough along to tell what the cost is going to be for improvements which MRA could typically fund in the public realm. She said she proposed to Woodbury that they bring the project to the Board in phases and, at this point in time, ask permission from the Board to proceed without prejudice for work other than the demolition. Buchanan said staff recommends the Board approve Woodbury's request to proceed without prejudice and approve an amount not to exceed \$565,543 for demolition of the Kmart building and parking lot with the stipulation that Woodbury enter into a development agreement with MRA.

Moe asked if there was a commitment for landscaping. Buchanan said there is a commitment for landscaping and it will be established along Brooks Street and Dore Lane.

Buchanan introduced Kraig Erickson, Woodbury Corporation, and said he has been working with a local design firm. She said MRA's FY14 budget reflects \$2.5 million in uncommitted funds. She said this project may be eligible for tax increment financing in the amount of just over a million dollars. Buchanan said since MRA has or will have the

available funds, it would be hard to justify bonding. She said if the Montana Department of Transportation (MDT) accepts a warrant study at the Dore Lane intersection which finds that a signal is warranted, MRA will be asked to help with those costs.

Erickson said he is grateful to be working with MRA and appreciates the Board's time and consideration. He said Woodbury would like to redevelop the corner area off of Brooks Street and Dore Lane but currently holds lease obligations. He said that two large retail tenants have signed letters of intent with Woodbury. He said one of the tenants would like to open their store in spring of 2014 and the other would like to open fall of 2014. Erickson said Woodbury has been in contact with a few other tenants who have shown interest in the old furniture building (Montana Homefitters).

Ezra Williams, CTA Architects & Engineering, said this new plan intends to maximize landscaping. He said this site will be a green site; not just for parking.

Cates asked why a development agreement is being requested. Buchanan said there would be a development agreement regardless but she said she would like the development agreement between Woodbury and MRA to include language that ensures the outparcels will be developed on Brooks Street.

Cates asked about the increment and tax ratios for this particular project since it would be done in phases. Buchanan said the total investment is expected to be about \$4.5 million and Woodbury would be asking for about \$1 million. She said Urban Renewal District (URD) III is a healthy district.

Cates said the plans for this project look great with landscaping and trees but asked what the possibility is of losing some of the trees. Williams said he's trying to remain as optimistic as possible and said work on Brooks Street will be done in coordination with MDT. He said the parking lot design is extremely efficient with no wasted space. He said if a handicap space needs to be added or moved then that might result in the loss of a tree or two. Buchanan said because of the safety concerns on Brooks Street and Dore Lane, MDT has to come up with something to slow down traffic. Lining Brooks Street with trees is a great way to accomplish this.

Moe asked if the plan for the development adjacent to Brooks Street was going to be constructed with the intention of having future tenants. Erickson said that was correct. Erickson said the existing buildings which are owned by Woodbury currently have lease agreements in place. He said the Mayor and MRA staff have expressed interest in demolishing these buildings and replacing them with new buildings. He said if Woodbury did replace the buildings there would be the option of having a national restaurant such as a Texas Roadhouse or an Olive Garden. He said the restaurant would then hold a ground lease. Erickson said Woodbury does not anticipate selling buildings or land.

Erickson said the first large retailer will start their construction around the first of the year (2014) and he would like to start construction on the corner during the same time

frame. He said the preference is to have signed lease agreements before construction begins but if not, he feels very confident there will be no issues in filling those lease agreements. He said Woodbury has received a number of letters of intent for these three new outparcels.

Englund asked why there is so much interest in this area. Erickson said when there is a project of this magnitude, and there is development opportunity within walking distance of large anchor stores that expect to employ 467 people; it's very intriguing. He said the South Crossing is also close to two major streets in Missoula; Brooks Street and Reserve Street.

Moe said she is pleased with the plans and with the outparcels but the Board does not have a completed project to review today, which is what the Board reviews. She asked if Williams could explain more about the state of the art irrigation system. Williams said it's a very efficient system and effective materials are used. He said the irrigation system is neither affected by the wind nor are there over watering issues. Moe asked MRA staff if the development agreement with Woodbury could include any public right-of-way, who would be maintaining the landscaping, what the future development entailed (that wasn't already talked about in the memo), any provisions for maintenance, and if any additional buildings are going to be torn down and replaced. She said this is a crucial project for the whole corridor and it's good to keep this all in mind for the future. Erickson said Woodbury wants to provide the needs and wants of MRA, the City of Missoula, as well as the tenants. He feels that Woodbury is working towards that goal by beautifying the area with landscaping and developing buildings near the street.

Kemmis said he understands the proposal is to approve an amount for demolition with the demolition being contingent on a development agreement. He also understands that Woodbury would like to move forward with strong assurance from the Board. Kemmis asked since the Board has to approve the development agreement, then why isn't it part of this proposed package. Buchanan said typically when the Board approves a project and authorizes staff to create a development agreement; the agreement document does not come back to the Board for approval especially if it is only for demolition. She said on the more complex projects the development agreement does come back to the Board for approval. Kemmis said he thought the demolition was part of a larger project development agreement which the Board would then approve. Buchanan said her intent in the recommendation was to make sure Woodbury would commit to providing outparcels in the development agreement. Buchanan said there will be additional requests in the future for this project but as of now, cost figures can't be identified. Kemmis said his concern is if the Board approves the \$565,543, demolition proceeds, and there's still no development agreement that the Board is satisfied with, then what happens. He said he wants to make sure MRA has strong assurances of what is proposed before moving forward but he said if the other Board members are comfortable with what's being presented today, then he will follow. Kemmis asked Buchanan if she was confident with this project moving forward. Buchanan said yes. Erickson said Woodbury is very committed and has already invested in the project.

CATES: I MOVE THE BOARD APPROVE WOODBURY'S REQUEST TO PROCEED WITHOUT PREJUDICE ON THE SOUTH CROSSING PROJECT LOCATED AT 3620-3630 BROOKS STREET.

Moe seconded the motion. No further discussion. Motion passed unanimously. (5 ayes, 0 nays) Kemmis on Skype.

CATES: I MOVE THE BOARD APPROVE AN AMOUNT NOT TO EXCEED \$565,543 FOR DEMOLITION OF THE CURRENT KMAR BUILDING AND PARKING LOT WITH THE STIPULATION THAT WOODBURY ENTER INTO A DEVELOPMENT AGREEMENT WITH MRA THAT COMMITS WOODBURY TO PROVIDE OUTPARCELS ALONG BROOKS STREET WHICH WILL RESULT IN AT LEAST THREE NEW BUILDINGS WHICH DO NOT HAVE PARKING LOCATED BETWEEN THE BUILDINGS AND THE SIDEWALK AND FURTHER ASSURES MRA THAT THE LAND WILL BE PLANNED AS PRESENTED AND COMPLETED, AND THAT INCLUDES REIMBURSEMENT FOR ELIGIBLE COSTS WHEN THOSE ACTIVITIES OCCUR UPON RECEIPT OF PROOF OF PAYMENT AND LIEN WAVERS AND AUTHORIZE THE BOARD CHAIR TO SIGN THE DEVELOPMENT AGREEMENT.

Reineking seconded the motion. No further discussion. Motion passed unanimously. (5 ayes, 0 nays) Kemmis on Skype.

Milwaukee Trail Lighting – Phase 3 – Russell Street to Catlin Street (URD II) – Additional TIF Request (Behan)

Behan said the Board approved a financing method for lighting Milwaukee Trail from Russell Street to Catlin Street. He said MRA received pricing for this phase which was higher than anticipated but is still reasonable. The higher cost is mainly due to the highly constrained work space. He said two alternates have been added to the cost which include running a spare conduit in the trench that could be used in the future for electrical items and the second alternate includes concrete mow strips around the base of the light poles to minimize hand mowing. The adjacent owner has volunteered to maintain the trail. He said an amount not to exceed \$115,660 is being recommended to the Board for their approval and if approved, construction would start within the next couple of weeks.

REINEKING: I MOVE THAT THE BOARD APPROVE AN ADDITION TO THE TIF ASSISTANCE FOR THE MONTANA APARTMENTS PROJECT FOR MILWAUKEE TRAIL LIGHTING IN AN AMOUNT NOT TO EXCEED \$115,660.

Cates seconded the motion. No further discussion. Motion passed unanimously. (5 ayes, 0 nays) Kemmis on Skype.

Silver Park – Phase IV Change Order #2 (URD II) – Request for Approval (Behan)

Behan said Missoula College students have been working on the Silver Park site producing soil that measures approximately 80% of what's necessary for the entire park. He said the students finished their work last week. Behan said the contractor (Quality Construction) will finish the remaining soil work. He said the Missoula College Heavy Equipment Operation Program is not capable of performing certain work items and are not allowed to haul excess soil and waste to offsite locations. Behan said the excess work that still needs to be completed could be as much as \$86,000. He said Territorial Landworks, Inc. is doing surveying today so staff will have a better cost figure but Behan said some of the Silver Park work is time sensitive therefore wanted to present the change order with a not to exceed amount during today's Board meeting.

MOE: I MOVE THAT THE BOARD APPROVE SILVER PARK PHASE IV CHANGE ORDER #2 FOR THE REMAINING SOIL WORK, ITEMS THAT THE CONTRACTOR HAS TO PURCHASE, BREAKING UP UNEXPECTED SUBGRADE CONCRETE FOUNDATIONS AND AN ADDITIONAL ADA SIDEWALK FOR STADIUM ACCESS IN AN AMOUNT NOT TO EXCEED \$86,000 WITH A FINAL COST TO BE REPORTED TO THE BOARD AT ITS NEXT MEETING.

Cates seconded the motion. No further discussion. Motion passed unanimously. (5 ayes, 0 nays) Kemmis on Skype.

Wyoming Street – Change Order #2 (URD II) – Request for Approval (Buchanan)

Buchanan said the Wyoming Street change order to reconfigure the Hickory Street and Clegg Lane intersection permanently was discussed and approved at the last Board meeting. She said upsizing the water line in Hickory Street from a 6" water line to a 10" water line was also discussed. Buchanan said the cost figures for replacing the section of water line were unknown at the last meeting and have now been priced at \$14,304.40. Buchanan said she recommends the Board approve this amount for replacing the water line now before the reconstruction of the Hickory Street and Clegg Lane intersection is complete and because a 6" water line is not adequate for the proposed multistory buildings in the Old Sawmill District.

MOE: I MOVE APPROVAL OF THE STAFF'S RECOMMENDATION.

Reineking seconded the motion. No further discussion. Motion passed unanimously. (5 ayes, 0 nays) Kemmis on Skype.

Wyoming Street – Sidewalk Pavers (URD II) – TIF Request (Buchanan)

Buchanan said the sidewalk pavers along Wyoming Street have been discussed at previous MRA Board meetings. She said one of the bid alternates for Wyoming Street, requested by the Millsite Revitalization Project (MRP), included the use of brick pavers for the full width (14 feet) of the sidewalk on the two blocks of Wyoming Street between

the proposed new streets of Clearwater Lane and Moose Creek Trail. The five feet of sidewalk immediately behind the curb is already planned as pavers since it is essentially a utility strip. Buchanan said she and the City Engineer, Kevin Slovarp, have expressed their concerns with using brick pavers for the high use pedestrian areas. She said after correspondence between the City Engineer and WGM Group, Slovarp reluctantly approved the use of the brick pavers only in the two blocks with the condition that MRP assume the responsibility of enforcing the proper installation of the pavers in the final sections of sidewalk. Buchanan said she does not recommend the Board approve brick pavers in the sidewalk where there is heavy pedestrian traffic. She said MRA is building a City street and adding a number of enhancements to the street. She said if the installation of brick pavers in next five feet of sidewalk is approved then her recommendation is that MRP pay for the difference between what it would cost to use brick pavers verses concrete.

Ed Wetherbee, MRP, presented a slide show showing the use of brick pavers all over the world including Caras Park in Missoula. He said brick has about four to five times the life span of concrete, requires less maintenance than concrete, is durable, provides lasting color, and is ADA compliant. Wetherbee said it's easier to access utility lines with the use of brick pavers. Wetherbee said MRP's request is that the City pay for 10 feet of brick pavers and MRP will pay for the final four feet of brick pavers once development occurs.

Kemmis said his thoughts are to maintain a strong partnership with MRP to produce a high quality development. He said he understands Buchanan's concerns and agrees this may be beyond what MRA might typically do but MRA has been intent on moving forward with this project and maintaining and encouraging a high quality development. Kemmis said he does not have the same level of reluctance and he would be in favor of splitting the difference for the use of brick pavers. Reineking said the savings for long term maintenance would be a good reason to move forward with brick pavers.

Moe asked Wetherbee what the time frame is before development will occur. She said she was concerned with MRP's commitment to provide brick pavers for the final four feet if there are no buildings being constructed. Wetherbee said the initial construction of Wyoming Street and the ten feet of sidewalk should start this summer (2013). He said the final four feet of sidewalk wouldn't be complete until the buildings were up so that sidewalks weren't being torn up during the construction of those buildings. He said there's interest in this development site and he hopes to close on the financing for a couple of projects in late fall of 2013. Wetherbee said as a result, construction could begin late fall 2013 or spring of 2014.

Moe said she understands MRP is requesting MRA pay the total amount for the 10 feet of sidewalk and asked Wetherbee what his thought was about splitting the cost of the brick pavers for the middle five feet of sidewalk. Wetherbee said MRP has committed to paying for one-third (final four feet) of the sidewalk but will do what it takes to build the entire two blocks of sidewalk with brick pavers.

Cates asked Wetherbee if the architectural pictures that were shown during his presentation were similar to what the buildings might look like. Wetherbee said MRP paid architects to draw the pictures so that MRP could show the Board what the future development may look like. Cates asked Wetherbee who the developer is. Wetherbee said the requests made today were on behalf of MRP. He said in the near future he may approach the Board as the developer. He said MRP is pushing for condos and apartments with the encouragement of third party investors.

Cates asked Wetherbee what MRP's density goals were. Wetherbee said the area would be very dense with three to four story buildings. He said most areas would have shared parking but since there are tight parking restrictions, MRP plans for underground parking which he said may be a challenge.

Buchanan asked Wetherbee if MRP plans on developing student housing. Wetherbee said he has talked with student housing companies and recently attended the annual student housing conference in Austin, TX. He said the desire from most student housing companies is to finance something institutional in size so the option to flip the product in the future is feasible. Wetherbee said in order for that to happen, the building would have to provide approximately 600 beds. He said MRP's goal is to work and develop the land with industry leading architects and industry leading property management firms.

Cates asked why the City Engineer was reluctant to approve brick pavers. Buchanan said one reason is because of the brick pavers used in Caras Park. She said the brick pavers in Caras Park have been an ongoing trip hazard. She said the Missoula Downtown Association (MDA) is in the process of paying to replace the bricks in some areas of Caras Park. She said there is a pending lawsuit against the City because of a recent tripping accident in Caras Park. Cates asked Buchanan what her reluctance is in approving brick pavers. Buchanan said there is the financial aspect but more so there needs to be a delineation between what the City allows with the use of public tax dollars for Wyoming Street and what MRP's goal is for sidewalks. She said the City uses a common baseline when building other City sidewalks. She understands the desire for an urban feel in the Old Sawmill District but feels that MRA has provided that with the use of a brick strip behind the curb. Buchanan said the use of brick is great for this section because of low pedestrian traffic, the ease of locating utility lines, and for adding future enhancements without tearing up the sidewalks.

Wetherbee said he understood Slovarp and Buchanan's concerns but asked if there were other projects where the developers were actually paying for part of the sidewalk project. He said a question earlier was whether MRP would be willing to split the cost of brick pavers for the middle five feet. Wetherbee said something could be worked out but said MRP was already contributing one-third of the sidewalk costs.

Reineking asked the Board what their spending comfort level was with the additional cost for the use of brick pavers. Kemmis said he is in favor of paying half of the additional cost of the middle five foot section but was not making a motion to do so.

Wetherbee said MRP is required to pay for the construction of the remaining four feet or 30% of sidewalk. He said the total cost for brick pavers in the 10 feet of sidewalk is \$54,414 per Buchanan's memo. He asked the Board if they would be interested in splitting the total cost of MRP's 30% and the \$54,414. There were no comments.

THE REQUEST FAILED FOR LACK OF A MOTION.

South Avenue Right-of-Way – TIF Request (Buchanan)

This agenda item was tabled since neither the Mayor nor the CAO were available.

NON-ACTION ITEMS

The 2013 summer Board meeting dates were discussed and scheduled for June 20, July 16, and August 15.

STAFF REPORTS

Director's Report

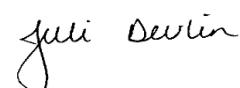
Buchanan said the Poverello Center bids for demolition came in and the lowest bid was \$38,000. The Board had previously approved up to \$119,000. She said she recently met with Peter Lambros and the Southgate Crossing project is moving forward.

Budget Reports

ADJOURNMENT

Meeting adjourned at approximately 2:05 p.m.

Respectfully Submitted,



Juli Devlin