

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

August 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, Daniel Kemmis, Ruth Reineking

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

Public: Matt Smith, PCI, Inc.; Andy Mefford, PCI, Inc.; James Grunke, Missoula Economic Partnership; Brigitte Miranda-Freer, Missoula Economic Partnership

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

July 16, 2013 Regular Board Meeting Minutes approved.

PUBLIC COMMENTS & ANNOUNCEMENTS - None

ACTION ITEMS

URD III Grant Street Curb & Sidewalk Project – Request to Approve Project Engineer and Negotiate Professional Services Agreement (Gass)

Gass said MRA will be moving forward with the URD III Curb & Sidewalk Project. He said this phase will include Grant Street between North Avenue and 14th Street and Kensington Avenue, Strand Avenue, Burlington Avenue, and Mount Avenue east of Grant Street and adjacent to the Forest Service motor pool compound. Gass presented a few photos and maps of this area. He said this project area will complete most of the sidewalks on the west side of the railroad tracks in URD III. Design development will begin this fall, the project will go out to bid either late January or early February 2014, and construction will begin spring of 2014. Gass said one of the larger issues with this project will be dealing with the encroachments. He said good communication with the property owners will be a key component. MRA advertised for a Request for Proposal

(RFP) for design development and construction administration services for the Grant Street sidewalk project. Three proposals were received and a selection committee reviewed and scored the proposals. Gass said the committee selected PCI, Inc. as the project engineer. He said PCI demonstrated a good understanding of the scope of the Grant Street sidewalk project and proposed a competent project team for neighborhood outreach, design, development, and contract administration.

Andy Mefford, PCI, Inc. said the Grant Street sidewalk project is a well needed project and he said he's glad PCI was chosen as the project engineer.

Reineking said the fence from one of the photos looked like it was located in the right-of-way. She asked if the project required the fence be relocated, would that cost be part of the project scope and be paid by MRA or would the property owner be responsible for those costs. Gass said the property owner would be responsible for those costs associated with moving the fence. He said the conversation can sometimes be difficult with the property owner but the end result is a benefit for the property owner and for the public.

Kemmis asked Mefford if the public outreach portion of the project and dealing with the encroachments will be PCI's responsibility. Mefford said yes, PCI will locate the encroachments and communicate with the property owners on a case by case situation. He said the property owners will be asked if they have an encroachment permit. Gass said with past projects if the encroachments still allowed for the sidewalk, many times the encroachments were left as is but the property owners were encouraged to get an encroachment permit.

Kemmis asked Mefford what PCI's standard procedure is for neighborhood consultation. Mefford said typically PCI would have a schematic design, have the land surveyed, and then have a neighborhood meeting. Mefford said once the encroachments are located then those individual property owners who are affected are consulted on a one on one basis. Buchanan said informational letters have also been sent out with past projects. Gass said the neighborhood has been an advocate on other sidewalk projects in the area and the neighborhood council will be apprised of the Grant Street project so they can help with neighbor to neighbor contact. Mefford said any conflict is typically mitigated by keeping the neighborhood informed well in advance of the anticipated construction schedule.

Englund asked if the project plan included a boulevard. Gass said typically the sidewalk projects do include a boulevard assuming the right-of-way width is available. He said the side streets sometimes do not allow for a boulevard so he's waiting to see the land survey results.

REINEKING: I MOVE TO APPROVE PCI, INC. AS THE PROJECT ENGINEER TO PROVIDE PUBLIC OUTREACH, DESIGN, ENGINEERING, AND CONTRACT ADMINISTRATION SERVICES FOR THE URD III GRANT STREET CURB & SIDEWALK PROJECT, AND AUTHORIZE STAFF TO NEGOTIATE A PROFESSIONAL SERVICES AGREEMENT WITH PCI, INC FOR THESE SERVICES.

Kemmis seconded the motion. No further discussion. Motion passed unanimously. (3 ayes, 0 nays) Cates and Moe absent.

NON-ACTION ITEMS

Missoula Economic Partnership – Update

James Grunke, Missoula Economic Partnership (MEP) said he wanted to provide the Board with an update on some of the projects that MEP has been working on in conjunction with MRA. He said MEP last met with MRA about a year ago and would like to meet on a more regular basis. Grunke said Mayor John Engen, Buchanan, himself and others provided a Developer Showcase in June. Developers were invited from across the region to discuss development and investment opportunities in Missoula. Grunke said the idea of having a Developer Showcase initially came about after meeting with Mayor John Engen and Buchanan where they discussed strategies on how to reach out to developers and investors rather than waiting or hoping for development to occur in our community. Grunke provided a handout that was also provided at the Developer Showcase. The handout described the economic data as well as a map of the district boundaries. He said the plan is to have another Developer Showcase either this fall or next spring. Buchanan said the Developer Showcase was successful and very well received from both out-of-state and in-state developers. She said since the Developer Showcase, follow-up inquiries have been received. Buchanan said a bus tour was provided to the attendees. Grunke said individuals from multiple professional services were also present such as architects, engineers, financial institutions, and utility professionals so that questions from the developers and/or investors could be answered.

Grunke said the County is preparing a Request for Proposal (RFP) for an industrial lands assessment for Missoula County. He said there is limited industrial land within the city, so the assessment will primarily be done in areas such as Frenchtown and Seeley Lake.

Grunke said Mayor John Engen has shown interest for new TIF districts. The three proposed sites to explore include an area near Expressway Boulevard, the North Reserve area, and an area near the City Shops off of Scott Street.

Grunke said MEP has been talking with Blackfoot Telecommunications about areas that lack proper broadband and the idea of having technology zones where there is development and investment including the urban renewal districts and the county industrial park. He said that conversation is on-going.

Englund asked Grunke what the reaction was from the developers during the Developer Showcase when they learned about tax increment financing (TIF) districts and the funds that may be available. Grunke said some of the more sophisticated regional developers who are typically aware of TIF asked questions geared more towards where the boundaries are and what funds are available. He said some of the local developers weren't even aware of TIF assistance.

Kemmis said he appreciates the MEP update and thanked Grunke and Brigitte Miranda-Freer, MEP, for attending. He suggested that MEP and MRA strengthen the communication and partnership and work together in a strategic direction. He said even though the Board responds to project ideas and/or requests, he would prefer to take a pro-active approach rather than a re-active approach. Grunke said the communication from MRA to MEP is much better than the communication from MEP to MRA. He said MEP could definitely communicate to MRA on a more frequent basis about projects MEP is aware of. Grunke suggested meeting with MRA on a monthly basis. Kemmis said better communication is helpful especially when it comes to decision making. He said he is less likely to show resistance with a given project if communication and involvement are occurring early on.

Englund asked Grunke what his thoughts were on the development within the Old Sawmill District. Grunke said Wyoming Street and Silver Park look great. He said about a week ago he wrote a column about the opportunity and uniqueness of having 50 acres of land to redevelop near the downtown core. Grunke said he was told by Ed Wetherbee, Missoula Revitalization Project (MRP), that the first two buildings have been funded and MRP is working on funding a third building. He said there is a possibility that breaking ground may start as early as November 2013. Grunke said Wetherbee has been in contact with Nicholas Caras, Caras Real Estate, discussing commercial development. Miranda-Freer said the primary funding mechanism for these buildings is through the EB-5 immigrant investment program. Grunke said he had heard there would be a student housing component resulting in about 100 units. Miranda-Freer said she had also heard talk about having a building that would include residential space on the upper floors and retail businesses on the lower floors. She said from what she has heard, the residential units or condos would be in the \$400,000 range. Englund asked if there is a market in Missoula who can afford that price range or is there a perception that a future market will be able to afford that price range. Grunke said he wasn't certain what the downtown market is but he commented on the condo project and said he didn't know how the condo purchaser could get financing. Miranda-Freer said the Chinese investors are very sophisticated and require a level of information that proves this project will likely succeed and that it will produce jobs. Kemmis asked about the financing issue for purchasing a condo and asked if the issue resulted from a federal regulation and whether there was a state component. Buchanan said Fannie Mae and Freddie Mac have made it difficult to sell loans for condos on the secondary market. Kemmis said the lending issue has a substantial bearing on redevelopment and suggested that MRA help guide this project in the right direction.

Grunke said MEP is receiving inquiries from outside developers looking for opportunity. He said he foresees healthy commercial activity especially with the Old Sawmill District and South Crossing among other redevelopment areas within the districts.

Regular MRA Board Meeting Dates – Every 3rd Wednesday

Starting in September, regular MRA Board meetings will be scheduled for every third Wednesday.

STAFF REPORTS

Staff Activity Reports

Kemmis said there were quiet a few hours spent on the Front/Main Conversion and asked for an update. Buchanan said MRA has had quite a bit of correspondence with the Department of Transportation (DOT). She said Gass sent out a Request for Proposals (RFP) and received four responses. She said staff will recommend an engineering firm during the September Board meeting.

Budget Reports

Lee said the reports provided in the Board packets are most likely the last expenditure reports for FY13. She said the administrative fund transfer from URD II to URD III for staff time still needs to be completed.

Director's Report

Wyoming Street

Buchanan said LS Jensen is near completion with Wyoming Street. She said the brick pavers for the sidewalks and curb extensions (bulb outs) have not been installed since the first style of brick pavers were not satisfactory and would not have met Americans with Disabilities Act (ADA) requirements. She said the second selection of brick pavers has not been delivered yet.

Silver Park

Buchanan said the timber frame structures are going up. She said the contractor (Quality Construction) is asking for a time extension. Buchanan said a meeting is scheduled for later today to discuss the timing issues. She would like Silver Park to be complete by the end of October.

Wayfinding

Buchanan said the Wayfinding consultants will have their final designs in by the end of September.

West Broadway Island

Buchanan said Behan sent out an RFP for the West Broadway Island and received five responses. She said a review panel is in place and staff will bring a recommendation to award a design contract at the September Board meeting.

Milwaukee Trail Lighting

Buchanan said CTEP funds will be used to light sections of the Milwaukee Trail both to the west and east of the Montana Apartments project (Farran Group). She said the grant funds may not be available until early next spring.

SpectrUM

Buchanan said SpectrUM's grand opening is scheduled for August 23.

Cedar Street Triangle

Buchanan said the design for Cedar Street and the area surrounding the Poverello Center is underway.

New Urban Renewal Districts

Buchanan said Grunke talked a little bit about the idea of forming additional urban renewal districts within Missoula. She said during this last legislative session there was discussion about shortening the length of the existence of the districts which would impact the effectiveness of the urban renewal districts. Since then, she said, the idea of new urban renewal districts has been discussed. Buchanan said one area of discussion is the North Reserve industrial area, on the east side of Reserve Street. She said Scott Street has been on the radar but the area is primarily residential so the question is where is increment generated. Buchanan suggested having a working session with the MRA Board and staff to look at the whole Missoula urban core and see where blight exists and urban renewal districts are needed.

Buchanan said she has had several inquiries about the Hip Strip being part of an urban renewal district. She said a study of blight was conducted several years ago on the Hip Strip and a legitimate case for an urban renewal district couldn't be made. She said the study of blight was extended to include other areas surrounding the Hip Strip and a legitimate case of blight still couldn't be made. Buchanan said she would like to get a working group together and start working on new urban renewal district possibilities within the next couple of months unless otherwise directed by the Board.

Wilma Theater

Buchanan said MRA has the opportunity to purchase the Wilma Theater and believes MRA has the financial capacity to do so. The Wilma has been on the real estate market for a couple years. She said there had been a potential buyer but it wasn't clear that they had the capacity to keep the theater in operation. Buchanan said knowing the importance of the theater, MRA has been given the opportunity to purchase the Wilma Theater at a considerably lower price than what is currently on the market. Buchanan said she has been in communication with the City's financial advisors and knows of two professional theater operators who have shown a strong interest in operating the Wilma Theater. One company is currently promoting the shows at the Wilma Theater. The second company is from Boulder Colorado and owns and operates two theaters there. Englund asked about the remodel of the theater and asked who would be funding those costs. Buchanan said the remodel alone is probably around a half million dollars and said the company who will manage and/or operate the theater, will need to help fund the rehabilitation.

Buchanan said unless the Board has objections, she would like to continue working on the project. Englund said he has no objection to purchasing the Wilma Theater but he said the renovation money has to be available knowing the current condition of the theater. He said he's reluctant to have the City purchase and manage the Wilma Theater in its current condition. Buchanan said if the First Interstate Bank (FIB) Note is refinanced and the Wilma Theater is purchased, she said the Front Street District will most likely have the capacity to offer up to \$100,000 for renovation of the theater. Buchanan said bond counsel and the City's financial advisors believe the purchase of the Wilma can be a sound deal.

Buchanan said the option to purchase the Wilma Theater was offered to the City after individuals from the Big Sky Documentary Film Festival approached Mayor John Engen and herself. She said these individuals had concerns about where they were going to hold their film festival if the Wilma Theater wasn't available. The current owners of the Wilma Theater know the importance of keeping the theater in operation and know the City would take care of the Wilma and manage the theater appropriately. Buchanan said this is why the owners offered the City the option to purchase the Wilma Theater. Buchanan said in order for the theater to prosper it needs to be available to non-profit organizations, used for the film festival and other activities as well as concerts.

Kemmis said he understands the Wilma Theater is a non-action item and also understands Buchanan would like to continue exploring the option to purchase the Wilma Theater. He asked what the Board could expect as far as a request in the future. Buchanan said the future recommendation would most likely be to issue debt and approve a \$2.5 million bond to pay off the FIB Note, which is a little over \$1.5 million and purchase the Wilma Theater. She said with the interest rates being competitive; a 15-20 year term might be feasible.

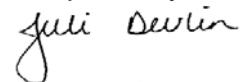
Kemmis said when the Front Street District was created; the Board asked that the parking lots near Caras Park be included in the district. He asked if there were any project ideas that would open up greenways across those lots. Kemmis said he wouldn't want to miss an opportunity to size a bond that's issued for other projects that need to be ensured in the area. Buchanan said MRA had hoped to be able to afford 500-700 parking spaces in the new Parking Structure so that the parking area near the Clark Fork River could eventually be eliminated. The number of parking spaces available in the new Parking Structure is 330. Eliminating parking spaces to the west of Higgins Avenue, Buchanan said, would cause demand for an additional parking structure if not two parking structures in the downtown area.

Englund asked if issuing \$2.5 million of debt in the Front Street District would affect the viability of someone developing the Mercantile Building. Buchanan said MRA's ability to assist with the Mercantile Building is confined to façade and historic preservation.

ADJOURNMENT

Meeting adjourned at approximately 1:15 p.m.

Respectfully Submitted,



Juli Devlin