

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

January 15, 2014

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, Ruth Reineking, Rosalie Cates (phone)

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

Public: Alice Miller, Missoulian; Ed Waldvogel, Wadsworth Dev. Group; Laval Means, Development Services; Mark Anderlik, Missoula Area Central Labor Council; Jessica Morris, Development Services Transportation/MPO; Solomon Martin, Historic Preservation Committee (HPC); Leslie Schwab, Development Services/HPC; Jim McLeod, Hotel Fox; Pat Corrick, Hotel Fox

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

November 20, 2013 Regular Board Meeting Minutes approved.

December 18, 2013 Regular Board Meeting Minutes approved.

PUBLIC COMMENTS & ANNOUNCEMENTS - None

ACTION ITEMS

Starbucks (Wadsworth Development Group) – 1108 West Central Ave (URD III) – TIF Request (Buchanan)

Buchanan said there is a proposal to build a building that will be leased to Starbucks at 1108 West Central Avenue. This site has been used for various business activities over the years as described in Buchanan's memo. She said the proposed plan is to demolish the existing

building and build a new building for Starbucks so that the building location is closer to Brooks Street and Central Avenue. Buchanan said there are three aspects to this project that are eligible for tax increment assistance including the demolition of the existing building, construction of public sidewalks, curbs and gutters, and landscaping within the public right-of-way (ROW). She said this will be a vast improvement to the site and said **staff recommends the Board approve an amount not to exceed \$66,600 in TIF funds to assist with the project.**

Ed Waldvogel with Wadsworth Development Group was present and provided a short presentation explaining the company and their relationship with Starbucks. He said Wadsworth is a preferred developer for Starbucks. Waldvogel said essentially Starbucks contacts Wadsworth and tells them a city where they would like to develop a Starbucks and the general location within that city. He said Wadsworth then locates and purchases land, develops the land, and then leases the building to Starbucks. Waldvogel reviewed the Starbucks Concept Site Summary that was attached to Buchanan's memo. He said the developers tried to place the building as close as they could to Brooks Street but there are restrictions caused by the shape of the site and City setback requirements. Waldvogel said redeveloping this site is a benefit to the City because it brings employment opportunities and the site will generate additional tax revenue. He said Starbucks will have a 10 year lease agreement with the option of extending that lease by 20 years.

Kemmis said Waldvogel mentioned some set backs regarding City ordinances and asked if that is a code issue that exists throughout the district and if so he suggested that it be examined. Buchanan said there have been conversations with Development Services and Mountain Line about the possibility of an overlay along the Brooks Street corridor that would address density issues and try to create a major transit corridor.

Under the Tax Generation section of her memo, Buchanan explained the property taxes estimate did not include potential taxes on the new equipment required for a Starbucks Coffee House. Moe said she thought there had been legislative changes on equipment and asked whether that would affect Starbucks' property taxes. Behan said one of the legislative changes was to raise the equipment exemption and reduce the business equipment tax on businesses. Moe asked how the equipment taxes were figured since Starbucks would be leasing the building from Wadsworth. Behan said Starbucks would pay a business tax and Wadsworth would pay a property tax since Wadsworth owns the property.

Moe asked about the funding status for the Starbucks project. Waldvogel said Wadsworth is currently negotiating a revolving line of credit with a bank for a construction budget in the neighborhood of \$6 million. He said the plan is to start construction in mid February 2014.

Moe said she would like the landscaped area to include trees and mentioned one of MRA's conditions is to have the developer submit a landscaping plan.

Moe said a separate coffee establishment is located across the street from the proposed Starbucks and asked about the marketing trends and whether it was feasible to have two coffee establishments located near one another. Waldvogel said that was a great question but

unfortunately couldn't answer the question since Wadsworth is not involved with how Starbucks chooses their sites. He said Starbucks wouldn't have Wadsworth develop the site unless they thought the location was viable.

Englund asked if there was a landscaping budget for the area around the building. Waldvogel said the building plans were submitted the day prior to this meeting and the landscaping plans were still being planned. Englund said it was his understanding the City required a minimum landscaping standard and asked if the Board was interested in something beyond those standards. Buchanan said it is standard MRA practice to have the landscaping plan especially in the the public ROW approved by the Board. Moe said she would like to see a more attractive and mature landscaping plan for this site.

REINEKING: I MOVE THAT WE ACCEPT THE STAFF RECOMMENDATION.

Moe seconded the motion.

Kemmis said he's in favor for the redevelopment portion of the Starbucks project but has concerns with introducing competition when an existing business is in the immediate neighborhood. He said he wants to be careful and not enter into an agreement without thinking about the implications. He asked for Board member feedback. Moe said this type of marketing is not in her realm of experience but she has heard that some businesses like to be close to other similar businesses. She said Starbucks did not make it in their downtown location with Break Espresso being a couple doors down the street. Moe said she mostly wanted to raise the concern that a similar establishment was across the street from the proposed Starbucks site.

Waldvogel said when Starbucks was searching for a site along Brooks Street their motive was not to find a location next to a competitor but, this particular site became available and was real estate that would fit the Starbucks criteria plus he said there is a demand for coffee in this area.

Reineking said this redevelopment project will help eliminate blight whether the site is used for a Starbucks or another use.

Englund revisited the site plan and Buchanan's memo and asked if \$4,800 was enough for landscaping in the ROW. Waldvogel said Wadsworth just recently finished the final building plans so he did not have a firm construction cost or a firm landscaping cost. Buchanan said the Board could approve the \$4,800 now, and once the landscaping plans were developed the Board could then decide if a greater amount was necessary for a more extensive landscaping plan. Discussion ensued.

Kemmis suggested approving a larger amount for the overall project with the understanding that the extra amount could go towards landscaping if the determination is made for a more extensive landscaping plan. Cates said she is a little hesitant in approving a larger amount for the possibility of using it for landscaping purposes. She said she felt the \$4,800 could provide a nice looking landscaped area.

Motion passed unanimously. (5 ayes, 0 nays)

South Reserve Street Trail Crossing (URD III) – Approve Consultant for Feasibility Study (Buchanan)

Buchanan said staff issued a Request for Qualifications (RFQ) for a feasibility study and design services to determine an appropriate trail crossing at South Reserve Street to connect the Bitterroot Branch Trail and the Missoula to Lolo Trail. She said a TIGER Grant has been awarded to Missoula County to build a trail from Missoula to Lolo. Buchanan said the area just south of Lower Miller Creek to the current Bitterroot Branch Trail off of McDonald Avenue will essentially be the City's responsibility. The feasibility study will cover a number of items including whether or not to build a grade separated crossing or on-grade crossing, determine the best location for the crossing, establish the user groups and how the crossing will impact those user groups, what the potential costs are, etc. Buchanan said, if the feasibility study determines the on-grade crossing is the best option, then the on-grade crossing would be part of the TIGER Grant. She said the RFQ respondents also included a design phase in their response in the event that the feasibility study determined a grade separated crossing would be the most appropriate route. This section of the application includes the design, bidding, and contract administration so a second Request for Proposals (RFP) process wouldn't be necessary. Buchanan said it was her intention to recommend a consulting firm to the Board today but the two firms who responded to the RFQ scored so closely, that the review team feels an interview process is necessary. She said the two firms who responded were DJ&A and Territorial Landworks, Inc. in collaboration with CTA Architects. Buchanan said both firms have feasibility study and trail experience and have worked with other MRA projects. She said the typical MRA process would be to recommend a firm to the Board. Assuming the Board awarded the firm, she said staff would then come back to the Board with a negotiated contract. Buchanan said since both firms are very qualified for the project, she recommends the Board direct staff to award a firm and negotiate a contract for a feasibility study and design services. She said this would save time and would allow this portion of the project be in sync with the rest of the trail from Missoula to Lolo.

Moe said MRA has experience with both of these companies and feels comfortable allowing the review team to choose a firm and start negotiating a contract.

There was no objection from the Board members and it was decided that no formal motion was necessary.

Hotel Fox, LLC – Second Amended Initial Agreement (Riverfront Triangle URD) – Request for Approval (Behan)

Behan reviewed his memo and said in the spring of 2012, the Hotel Fox group had completed most of its initial feasibility study work for a 200-250 room hotel with internal conference facilities. He said during the summer of 2012 Mayor John Engen asked the Hotel Fox group to explore the feasibility of a larger conference and meeting center in or near the Hotel development to augment other local hotels and create a source of economic energy in the

downtown community. Behan said in early 2013, City Council extended the one-year agreement to January 2014. His memo explained that because St. Patrick Hospital expressed a more focused interest with their medical campus, the scope of the market and feasibility studies expanded. Behan said Hotel Fox has requested that the City Council extend the exclusive right to negotiate a Fox Site development agreement for another year. Behan said staff recommends the MRA Board authorize the Chairman to execute the Second Amended Initial Agreement with Hotel Fox, LLC. A list of tasks that would be added to the new agreement is bulleted in Behan's memo and would be required by June 1, 2014. Reineking said one of those items is to initiate an outreach process and asked if the Community Benefits Organization or Labor Council will be involved. Pat Corrick, Hotel Fox, said they are still trying to define the Community Benefits Organization. He said the outreach process will include meeting with stakeholders, organizing a working group, and having open public forums, just to name a few.

Reineking asked if the parking study would still be useful or if the study would need to be redone. Jim McLeod, Hotel Fox, said the parking study helped define the parking needs and was a great tool especially for St. Patrick Hospital regarding their needs. McLeod said Hotel Fox will augment the current parking study but it didn't need to be completely redone.

The second bullet in Behan's memo says that a full market study for the conference center would require MRA or City participation. Kemmis asked Behan if he could explain what that participation might be. Behan said a request for a larger scale conference center is being requested by Mayor Engen. He said the developer has carried the financial and time responsibility thus far but will eventually require a partnership with MRA and the City for a community benefit. Buchanan said the community conference center concept will most likely rely on public funding. She said the Mayor has asked the Hotel Fox group to add the meeting space for community use not just to benefit Hotel Fox.

Kemmis said a Hotel Fox committee was formed a while back consisting of Karl Englund and Nancy Moe. He said this might be a good time to start meeting. He said his concern is that he doesn't want the committee to go too far with discussions and ideas that may result in MRA obligating a certain level of involvement when the Board hasn't been given a chance to really digest and talk through the project and information. He said getting all Board members involved will benefit MRA in moving forward with this project. McLeod said between now and June 1, 2014, the Hotel Fox group will be scheduling internal meetings with partners and other consultants, receiving input from various stakeholders and will be in contact with the working group. He said Hotel Fox will be in front of City Council within the next six months.

Moe said she appreciates Hotel Fox and their flexibility in considering various planning options and hopes the list in Behan's memo was reviewed by Hotel Fox and items that can't or will not be complete can be eliminated before the working group meets.

MOE: I MOVE THAT THE BOARD AUTHORIZE THE CHAIRMAN TO EXECUTE THE SECOND AMENDED INITIAL AGREEMENT WITH HOTEL FOX, LLC AS LISTED IN THE MEMO AND DISCUSSED TODAY.

Kemmis seconded the motion. No further discussion. Motion passed unanimously. (4 ayes, 0 nays) Cates left the meeting during the latter part of the discussion.

Historic Preservation Commission – MRA Appointment (Buchanan)

Buchanan said there is one seat on the Historic Preservation Commission (HPC) that serves as the MRA representative. This seat has not been filled for several years, but when it was, the individual would attend the MRA Board meetings and provide a HPC update. Buchanan said Solomon Martin has served on the HPC since 2010 and is interested in filling this position. She asked the Board if they felt it was necessary to have an MRA representative on HPC or if the seat should be a City Council appointment. She said if the Board chooses to have an MRA representative then the Board can interview Mr. Solomon and make a decision whether to appoint him to the HPC.

Laval Means, Development Services, said the position has not been filled for quite some time but feels as if the MRA Board could benefit by having an MRA representative on the HPC. She said it would be a great opportunity to build a relationship between MRA and HPC and keep each other in the loop about different projects and processes. Means said of the thirteen HPC members, two individuals are alternates so eleven can vote with six members making a quorum. She said there were four positions available for the HPC and there were five candidates, Solomon being one of those candidates. Means said the HPC committee expressed interest in electing the female members. She said selecting an HPC member is based on the districts as well. Means said Solomon was running up against another female candidate within the same district so he chose to step out of that selection process. She said because of his knowledge and skills with historic preservation, the committee is recommending him for the MRA seat.

Martin told the Board a little bit about himself and said he's a life long resident of Missoula, graduated from Hellgate High School, and received a Bachelor of Arts in Anthropology from the University of Montana (UM). He said he owns and operates a small masonry repair business.

Moe asked Martin if he had the opportunity to look at the tax increment districts. Martin said he looked on the MRA website and reviewed the maps of the districts and different programs MRA offered. Moe asked Martin if he saw any historic issues within those districts. Martin said he would have to look at the districts more carefully but that was something he could do as an HPC representative. Martin provided a few examples on how he could utilize his skills and knowledge if he were to be appointed to the HPC.

Reineking said the recommendation is a two part question and asked if the Board felt it was necessary to have an MRA representative on the HPC. Moe said she would like someone to take a look at the districts to see what historical preservation questions we might have in those

districts. She said based on the presentation given by Development Services and Mr. Martin and given that Mr. Martin is willing to report back to MRA, Moe said she **moves that Mr. Martin be our representative on the Historic Preservation Commission.** Englund said that approach was great and it's nice that Martin has the experience and is happy to fulfill that role. He said the more long term question is whether or not MRA needs an HPC representative. Reineking asked how long the term was. The answer was three years.

Reineking seconded the motion.

Kemmis said he appreciates Martin's willingness to serve on the HPC and suggested that Martin not be required to attend all MRA Board meetings if there was nothing to report from HPC. He said it probably is time to change the ordinance and become a City Council appointment rather than an MRA appointment. He said it doesn't make sense to have a designated person on the HPC as a MRA representative. Kemmis said he was in favor of the MRA Board recommending that the City Council review the ordinance within the next three years.

Motion passed unanimously. (4 ayes, 0 nays) Cates had left the meeting.

NON-ACTION ITEMS - None

STAFF REPORTS

Director's Report

Buchanan said an invitation from the Montana Contractors' Association (MCA) was placed in the Board packets for the annual MCA Convention reception where an award would be presented for the "Best Reconstruction of Urban/City Road" for the Wyoming Street project.

Front/Main Streets Two-Way Conversion

Buchanan said there were a series of meetings recently on the Front/Main Streets Two-Way Conversion. She said these meetings were very well attended and there was positive discussion with attendees expressing support for the project. Buchanan said this study will give the City an opportunity to examine the problematic intersections and how they relate to traffic, pedestrians, bicyclists, etc.

Moe said the presentation about the conversion given by the Wilma Building's Home Owner's Association (HOA) was that MRA was going to change the street. She suggested the information be clarified with the HOA and they be informed that this will be a feasibility study.

New Urban Renewal Districts

Buchanan said there is forward movement with the New URD's and said staff sent out letters to the property owners notifying them of a public meeting which will be held on January 28, 2014.

South Crossing

Buchanan said she attended a meeting with Montana Department of Transportation (MDT) earlier this week and discussed MDT doing the preliminary work for signalization projects where MDT will look at various parts of Missoula based on safety issues. She said those projects include looking at all of the traffic signals downtown, the Brooks Street corridor near Brooks Street and Dore Lane, and an area on 39th Street. Buchanan said this meeting was an opportunity to discuss MRA projects and the vision concept for Midtown. She said these signalization projects could essentially lead to a discussion of improvements needed, such as handicap ramps located downtown and on the Brooks Corridor. She said the Downtown Master Plan expresses an interest for the downtown intersections to look like the intersections on North Higgins Avenue. Buchanan said MRA may be asked to help fund these improvements. Buchanan said other organizations such as the Business Improvement District (BID) and the Missoula Downtown Association (MDA) might be able to help fund the downtown intersection project.

Downtown Partnership

Buchanan said the Downtown Partnership has been formed which places the BID, MDA and the Downtown Foundation under one umbrella and Linda McCarthy is the Executive Director.

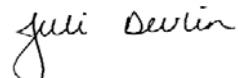
Budget Reports

Lee reviewed the budget reports.

ADJOURNMENT

Meeting adjourned at approximately 1:45 p.m.

Respectfully Submitted,



Juli Devlin