

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

November 15, 2018

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, November 15, 2018 at the Hal Fraser Conference Room, 140 W. Pine, at 12:00 p.m. Those in attendance were as follows:

Board: Karl Englund, Nancy Moe, Tasha Jones, Melanie Brock

Staff: Ellen Buchanan, Chris Behan, Jilayne Dunn, Tod Gass, Annette Marchesseault, Lesley Pugh

Public: Zachary Millar, The Dram Shop; Dwight Easton, Missoula Organization of Realtors (MOR); David Erickson, Missoulian; Neil Wells, Missoula Community Access Television (MCAT)

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

October 18, 2018 Regular Board Meeting Minutes were approved as submitted.

Moe referred to page 3 of the minutes. It stated her comment that she would appreciate an update on the Missoula Economic Partnership (MEP) actions that are the result of the Competitive Realities Report. She said it was actually in response to a question that Grant Kier, MEP Director, asked about when MRA might have a response to the report. Moe said her response to him was that MRA would be looking for MEP's analysis of the report. She said she did not mean to say that MRA wasn't going to take any action on it. She said she thinks the MRA Board should consider how active it wants to be in the reports it contributes to, and if the Board wants to decide on their own action. She said her thinking at the time was that it was the MEP's report and she wanted to see what they would consider priorities out of the report. She said she was bringing this up for discussion and it did not affect the motion to approve the minutes.

PUBLIC COMMENTS AND ANNOUNCEMENTS

ACTION ITEMS

The Trail Head – 2505 Garfield Street (URD III) – Request to Proceed Without Prejudice (Behan)

Behan said The Trail Head downtown currently does a lot of business out of the basement and also uses it as their main boat shop. He said as that area is growing, parking is becoming more of a premium. He said The Trail Head is finding that they need to enlarge their boat department and have easier access for rentals out of the back of their building, which has forced their hand to start looking for a second location. Behan said Todd Frank, owner, realized that spreading out from the downtown area wouldn't be a bad idea and is currently negotiating to purchase the former Sears warehouse building at 2505 Garfield Street.

Behan said The Trail Head would like to reconfigure the inside and outside of the dock area because they will be doing different kinds of freight hauling. They would also like to completely redo the showroom area and add a ground to ceiling glass corner to hang boats on. He said the property will become a place on the street rather than remain non-descript like it is now.

Behan said The Trail Head needs to move ahead with interior work right now so they can be ready to sell boats by spring. He said they are asking for permission to proceed with that work and want to be sure that anything they are doing that might comply with the Façade Improvement Program (FIP) or Tax Increment Financing (TIF) will remain eligible. Behan said they will bring a formal application to the Board at a later date.

Brock asked if MTF LLC is Frank's company. Behan said yes.

MOE: I MOVE THAT THE MRA BOARD APPROVE THE REQUEST FROM MTF, LLC AND THE TRAIL HEAD TO PROCEED WITH WORK ON CERTAIN PROJECT ITEMS WITHOUT PRECLUDING THOSE ITEMS FROM BEING INCLUDED IN A FUTURE ASSISTANCE APPLICATION FOR A PROJECT AT 2505 GARFIELD STREET.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Dram Shop Central – 2700 Paxson Street (URD III) – FIP Request (Buchanan)

Buchanan said Zach and Sarah Millar have been so successful with the Dram Shop on Front Street that they are going to open a second location in the vicinity of Southgate Mall at the old Paxson Plaza. She said most of Paxson Plaza is currently unoccupied and the plan is to go into the end of the building closest to Paxson Street.

Buchanan said the inside of the building will seat 92 people and there is also seasonal outdoor seating. There will be 40 specialty draught beer taps, a cask-conditioned keg, red and white wine fonts and hand-crafted soft drinks. Buchanan said the outdoor seating would be greatly enhanced with FIP assistance. There will be a trellis area with seasonal sun shades made out of canvas from sailboats at Flathead Lake that are no longer in use.

Landscaping will be enhanced as well. Buchanan said the streetscape is fairly basic because there is no opportunity to put in street trees. She said the URD III FIP funds landscaping that is on private property if it enhances the street, which this will do. Buchanan reviewed schematics of the building with and without FIP assistance. She said investment in the building is in excess of \$235,000 with hard construction costs, and the overall investment is considerably more than that with licenses, furnishings and equipment. She said there is at least \$50,000 of eligible costs going into the façade based on the numbers from the Millars, so the project is eligible for the full \$50,000 in FIP grant assistance.

Buchanan said Dram Shop Central will open at the end of March with a minimum of ten new jobs created. She said elimination of blight is fairly obvious from what exists there today and what will exist there by next spring. She said staff recommends approval of the request. She said there is adequate funding in URD III.

Zach Millar, owner of Dram Shop Central, said he and his wife are very excited about the project. He said they have had a great experience with their location of Front Street. They are looking forward to this project and bringing some of the energy to the south end of town, along with the new movie theater, Lucky's Market and with Mary Street crossing over the tracks. He said the pedestrian situation is great and this will help to enhance it.

Brock said across the street there are two bar situations that didn't come to fruition with the theater and Lucky's Market. He asked if they have a license ready to go. Millar said they have an on-premise beer and wine license and are able to operate. He said they completed their application process over the summer with the Department of Revenue.

Moe said the sidewalk that fronts the side of the building seems narrow because there is a drive that goes around the building and a wall next to the sidewalk which makes it look really narrow. She asked if that was because of the wall and if it was something that has been looked at. Buchanan said Millar has worked with Development Services and they have been through design review. She said the City is not requiring a new sidewalk be built there. She said she doesn't know if there is adequate right of way to do much more than what is there. With the grade change she said it is a retaining wall and doesn't know if anything more can fit in that space. Buchanan said she was glad to see the landscaping in conjunction with the patio area.

Englund asked if the fabric awning qualifies for FIP assistance. Buchanan said yes. She said awnings are encouraged and they can be fabric. Englund referred to The Trail Head in conjunction with this project and said he can't think of businesses that have been more impacted by construction over the last several years at their Front Street locations. He said if they are successful on Front Street they will be successful in their new locations too. He said he appreciates their patience with the construction.

JONES: I MOVE THE MRA BOARD APPROVE UP TO \$50,000 IN FAÇADE IMPROVEMENT PROGRAM GRANT ASSISTANCE TO SARAH AND ZACHARY MILLAR FOR EXTERIOR RENOVATIONS TO A PORTION OF PAXSON PLAZA LOCATED AT 2700 PAXSON STREET FOR THE DRAM SHOP'S SECOND LOCATION WITH THE STIPULATION THAT REIMBURSEMENT WILL BE MADE AT THE CONCLUSION OF

THE PROJECT UPON SUBMISSION OF LIEN RELEASES AND PROOF OF PAYMENT OF CONTRACTOR INVOICES AND AUTHORIZE THE CHAIR TO SIGN THE DEVELOPMENT AGREEMENT.

Moe seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

Behan added that with the addition of Bridge Pizza it makes three downtown businesses expanding into Midtown.

Resolution of Intention and Ordinance Amending the Front Street Urban Renewal Plan to Include Tourism Development as a Commercial Goal and Approval of a Project as an Urban Renewal Project (Front Street URD) – Request for Approval (Buchanan)

Buchanan said the Front Street Urban Renewal Plan and District were created in 2007. Macy's was still occupying the corner of Higgins and Front Streets and there was no reason to think they wouldn't continue to do that. She said there was no mention made in the Urban Renewal Plan that addressed redevelopment of that corner and/or hospitality-type businesses like hotels. In 2008-2009 there was a Downtown Master Plan where tourism and support for tourist business are the focal points of the plan. Buchanan said it has been memorialized in the Downtown Master Plan but technically does not exist in the Urban Renewal Plan. She said as MRA has had to do with a number of other urban renewal plans when there have been large projects that required bonding, the plan had to declare those projects an urban renewal project because it is not specifically laid out in the plan. Buchanan said this request will amend the Urban Renewal Plan to go beyond just the Merc project for other hotels that will come on line in that area that may request assistance. She said Dorsey Whitney LLP's suggestion is to not just focus on hotels, but to also look at tourism development as a commercial goal in the district.

Buchanan said if MRA can maintain the schedule it's planning on right now they will be selling bonds in early February because the Ordinance won't take effect until February 6th. The MRA Board has already approved the bonds and staff is working on the structure of those bonds. It has to be finalized before the blanks in the Development Agreement can be filled out. Buchanan said the Development Agreement has been agreed to by the developer, City attorneys, and bond counsel. She said sometimes those come back to the MRA Board and sometimes they don't, it is up to the Board if they want it to come back for approval.

Moe asked if the Tourism Development as a Commercial Goal is something that is specifically mentioned in the statute for urban renewal districts. Buchanan said no, but a lot of things MRA identifies as potential projects aren't mentioned, per se, in the statute.

Moe asked if this language is something MRA should be adding to other districts. Buchanan said with respect to Riverfront Triangle URD, it focused on a hotel and conference center. She said those were goals when the district was created so that one is

fine. Moe asked if it has the Tourism Development as a Commercial Goal. Buchanan said it doesn't have the same language in it. She said MRA can review the plan and see if they want to modify the language. She said MRA may want to think about it with the Hellgate URD and possibly others. She said they can all be modified to add this. Buchanan said it will be interesting to see what happens in URD II on Broadway Street when Russell Avenue is completed. She said she doubts that some of the older motels are going to be the highest and best use for that corridor any longer. Buchanan said it is something worth thinking about.

BROCK: I MOVE THE MRA BOARD APPROVE THE RESOLUTION OF INTENTION AND THE ORDINANCE TO AMEND THE FRONT STREET URBAN RENEWAL PLAN TO INCLUDE TOURISM DEVELOPMENT AS A COMMERCIAL GOAL OF THE PLAN AND APPROVING A PROJECT AS AN URBAN RENEWAL PROJECT AND DIRECT STAFF TO REFER THE RESOLUTION AND ORDINANCE TO THE CITY COUNCIL WITH A RECOMMENDATION FOR APPROVAL.

Jones seconded the motion.

Buchanan said in response to Moe's question about tourism development in state statute and the TIF statutes, only activities associated with that and are already identified in the statute as being eligible for assistance would be considered, like infrastructure improvement, demolition, deconstruction, etc. She said she doesn't think it is necessary that the use itself has to be identified in the state law because it's the specific items MRA is paying for that qualify.

No further discussion. No public comment.

Motion passed unanimously (4 ayes, 0 nays).

NON-ACTION ITEMS

Englund asked for discussion on whether the Board wants to see and approve the Merc Development Agreement in detail. He said the Board does it at times when they have a vague idea and want the staff to show it to them after things get worked out. He said he doesn't recall anything like that in this one. Buchanan said the Development Agreement basically says the developer will build the project, MRA will provide funding in certain amounts for certain activities, along with conditions the City put on it. Englund said he assumes those conditions are part of the building permit as well. Buchanan concurred. Englund said he does not have a great need to see the Development Agreement. The rest of the Board concurred.

Englund wanted to further discuss Moe's comments regarding MEP from the beginning of the meeting. Moe said at the last meeting there was a presentation from Jay Garner on the Competitive Realities Report. She said there was some discussion on that and at the end she said she felt that MRA was being asked by Kier what role it might have in implementing that report. She said it was MEP's report, she felt it was good that MRA got a report from MEP to MRA, and asked that they report periodically on what they were doing under that report. She said it seemed there was a question back to MRA of what it will be doing. She said in her mind what MRA does is informed by what MEP has decided as priorities. Also,

Moe said at that meeting she received a copy of the full report and didn't know if the Board wanted to take a role in reviewing a report like that because it is pretty comprehensive. She said the Board may want to take a report like that and have a special working meeting to review it and decide if MRA would initiate something instead of being reactive to what MEP is doing. Buchanan said all of the Board members received the report electronically. Moe said she hasn't looked at the whole report, but thinks there are some things that she would like some answers to questions on, especially looking at Houston, TX as a model for this area. She said some of her understanding of Houston is that their planning hasn't been all that great which is one of the reasons why they flood out.

Brock said the bold reorganization of the City in the report would be a piece she would be interested to see if it is taken up. Buchanan said the entity to take that up would be the Destination Missoula Board, MEP Board or other entities deciding they want to co-locate and work together. Brock said MRA doesn't have a directional role in that, but it will affect everything everyone does. She said it would be interesting to keep an eye on that and didn't know if MRA should do it in a working committee setting since it can't actively take a role in that decision. Buchanan said it will not be MRA's decision. She said MRA could take a role in facilitating a decision being made if it wanted to. Buchanan said she and Kier will be meeting on a regular basis and dealing with these things. She said there is other talk of something more formal happening with respect to the relationship between MRA and MEP. Right now she said it is evolving. Brock asked if it was safe to say that it will come back to the MRA Board if it needs to. Buchanan said yes. She said she sees MRA playing a supporting role to MEP. She said when MEP has projects in an URD and MRA can help facilitate those projects then MRA will be at the table.

Englund asked Buchanan if she sees a need for the MRA Board to sit down and dissect the report. She said right now she does not. She said Kier needs to get his feet under him and he and his Board need time to figure out what they are doing in their world and where MRA interfaces with that. She said MRA can be part of those discussions, but doesn't think MRA needs to peel the report apart. Moe said she brought it up because she didn't want to foreclose that MRA could be more active in looking at reports if other Board members had things they wanted to discuss about it. Englund said it doesn't sound like there is a great appetite to dissect the report right now.

STAFF REPORTS

Director's Report

Downtown Master Plan

Buchanan said the consulting team Dover, Kohl & Partners, have impressed a lot of people. She said the meetings that were held mid-October were well attended, energized and had good discussions. The focus group and stakeholder meetings exchanged really good information. She said Dover, Kohl & Partners also set up a booth at the Farmer's Market and had a lot of interactions. Buchanan said she thinks there will be a very high level of participation locally and they will come out with an extraordinary project. Dover, Kohl & Partners will be back for a week starting January 14th and Buchanan encouraged the Board to participate. Brock asked Buchanan to flag specific things she feels the MRA Board should participate in.

West Broadway Island

Buchanan said staff is still continuing to work on this. Englund asked if the new open space money will be available for this. Buchanan said staff has had discussions about this and are not sure. Behan said most of that money is programmed for other kinds of things. He said staff and engineers are continuing to work to lower the price. He said they approached the irrigation ditch company for participation, along with other agencies, and are now looking at the Conservation District to perhaps add funding. He said they won't have enough funds for the full project, but with a few more thousand dollars they will have something that can get people safely on the island with both bridges and a rough trail between them.

Budget Reports

Dunn passed around the Budget Status Reports for each district. She said the first three months of the fiscal year's revenue are accrued back to the prior year so they won't show much revenue right now, except for URD III because MRA received the Montana Rail Link (MRL) Property bond money. She said the auditors are working at MRA this week and the audit is going well. She said Will Parnell, Anderson Zurmuehlen, has done the majority of the MRA audit field work the past three years and now he is supervising two new auditors so there are new eyes on it.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 12:45 p.m.

Respectfully Submitted,



Lesley Pugh