

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

December 20, 2018

FINAL

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Thursday, December 20, 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, Ruth Reineking, Melanie Brock, Tasha Jones

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

Public: Todd Frank, The Trail Head; Dwight Easton, Missoula Organization of Realtors (MOR); David Erickson, Missoulia; Missoula Community Access Television (MCAT); Craig Schaeffer, Morrison-Maierle, Inc.; Bob Moore, Citizen

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES

November 15, 2018 Regular Board Meeting Minutes were approved as submitted.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Bob Moore, citizen, said he read that one of the Board members recently made a statement that the streets of Missoula are good and Missoula is safe. Moore said he disagrees with both of those statements. He said the City is not safe and the streets are not good, if that would have any impact on the use of MRA funds. Secondly, Moore said it is an improper use of taxpayer's funds to not have any real taxpayer oversight for the MRA Board and staff. He said there is a budget process through the City Council and the Mayor to approve a \$1,000 expenditure and none for the MRA Board. Moore said the MRA Board can give \$10 million to the shopping center and he thinks it is improper to do that.

ACTION ITEMS

Trailhead River Sports – 2505 Garfield Street (URD III) – FIP Request (*Behan*)

Behan said The Trail Head has been a fixture of Missoula's downtown since 1974. Todd Frank purchased the business in 2000 and moved it to its current location at 221 East Front Street in 2004. Behan said the new (second) location will be at 2505 Garfield Street,

formerly a Sears storage, maintenance and repair building. Behan said the building is surrounded by vacant land and an under-utilized parking area. Behan said even though people drive by this area daily, they would be hard-pressed to say one thing that exists in the area because it is so non-descript.

Behan said the interior of the building will be fixed up. There are very attractive, existing wood beams that fit well with the future use. Frank will have entry and exit for rentals, making it much more efficient than the downtown location. Behan showed schematics of what the building would look like with and without FIP assistance. One of the big changes is the amount of glass façade they would be able to do with FIP assistance. With FIP assistance it would really open the building up and make it a place that draws attention. Behan said he is excited about the project and thinks it is groundbreaking if MRA can help make it happen.

Behan showed a handout from Frank that was submitted with his application showing the existing impact and growth of outdoor recreation in Montana. Behan said Frank's downtown business is growing, and therefore is making it difficult for entry and exit of rentals. He said the Holiday Inn owns a lot of the property behind The Trail Head that is currently used to access the back of the building for rentals. Soon, Behan said that access will no longer be available, except for customers of the Holiday Inn. The second location will work well for the business, rental access, the community and Midtown.

Behan said the recommendation is for a FIP grant of \$50,000 and FIP loan funds up to \$100,000 with 0% interest over 10 years. Behan said if there are savings on the exterior it will be applied to the loan amount.

Frank said they think the building is beautiful inside, but currently it is tough to know the building even exists from the exterior. Frank said one window will help with the light inside, but three windows will really make a difference from the street appeal and what they are able to show of what they do internally. He said they are excited about the project. The fact that they will have a circular rental flow will help a lot because right now they only have one door that everything comes in and goes out of. Rentals are growing and he said millennial-age people are spending their money renting more than they are buying, so Frank said they feel there is opportunity for growth for that component of their business.

Reineking said she thinks this project is great for Midtown. She said it seems like there is some synergy going on there with The Dram Shop and other businesses that are moving into that immediate area that will start to transform it. Reineking said she is glad to see it going out there. She asked if there was a landscaping component. Frank said there is not a lot of opportunity for landscaping. He said on the south side of the building there is a strip of land they will do some work with. Frank said just a couple of days ago they realized the building has never been hooked up to city sewer so that will be a significant expense. He said getting some help on the windows will make a big difference for them. He said they will landscape the back portion and suspects they will have some large planters around the building as well. Reineking asked if the lighting is adequate. Frank said there is no street lighting there, but there are a couple of lights on the building. Reineking asked Frank if he thought it was adequate for safety and lighting the business. Frank said he thinks so. He said they will be well lit from inside because they are upgrading the lighting there. Frank

said he will remove some trees around the building because there have been transients living there. He wants to clean that area up and redo that corner as time allows.

Moe said the information they were given contains a conditional buy-sell agreement so the property hasn't been purchased yet. Frank said Southgate Mall Associates has had a fairly significant transaction this year with the selling of Southgate Mall. He said Peter Lambros, representing Southgate Mall Associates, did not want to have another transaction happen in 2018. Frank said Southgate Mall Associates recognizes that he needs to get started on the work and so the buy/sell includes a provision that they will close in 300 or less days, giving Southgate Mall Associates the opportunity to find a 1031 property. Frank said there is a lease that is tied to the buy/sell and he and his attorney are confident about it. Frank said he is not paying a lease until they get 180 days into it. Lambros has given Frank the opportunity to get into the building, get the work done and open for business. Frank said as soon as Southgate Mall Associates find a suitable property they will close in 30 days. Moe said it is the seller that is looking for a tax-free exchange. Frank concurred.

Moe said the Budget Status Report for FY19 shows more room in the contingency than previously shown. She asked if MRA was anticipating other private projects in that area. Buchanan said nothing large is on the radar right now. She said there will certainly be ones that walk through the door. Englund asked for confirmation that the project would take \$150,000 out of the URD III contingency of \$1.2 million. Dunn said yes.

Jones asked what the status of the property next door was. Frank said it is owned by Southgate Mall Associates. He said the building he is going into was not on the market or for sale. He said he had conversations with Lambros for a couple of months before Southgate Mall Associates decided to sell it. Frank said none of the surrounding properties went with the main mall transaction, so they will likely be pieced out as opportunities arise. Moe asked what the deadline is on the contingency. Frank said if Southgate Mall Associates doesn't find a property, it was 300 days from the time they signed the buy/sell agreement in September. Frank said Lambros seemed confident that March was a time he thought they could do something. Behan added that toward the end of July would be the 300 day mark. Moe asked if there was parking lot lighting. Frank said he hasn't really dug into that. He said there is some exterior lighting on the building but they don't have an actual plan for lighting in the parking lot. Moe said if there is lighting it will have to conform to the City's Dark Skies Ordinance.

Englund asked about the wood beams inside the building. Frank said they don't have much information on the building. He said they are 36-inch beams and the building is essentially a post and beam building. He said the ceiling is all tongue and groove wood. Frank added that they are not planning on having air conditioning in the main part of the building because it is just too big. He said it will be where the boats are stored and rented, so the area will have a big fan circulating air and the doors will be open most of the summer with rentals. The front retail space will be air conditioned.

REINEKING: I MOVE THE MRA BOARD APPROVE AND AUTHORIZE ALL APPROPRIATE SIGNATURES ON DOCUMENTS RELATED TO THE FAÇADE IMPROVEMENT PROGRAM REQUEST FROM MTF, LLC AND TODD FRANK TO INCLUDE:

- **FAÇADE IMPROVEMENT PROGRAM GRANT FUNDS OF \$50,000, AND**
- **FAÇADE IMPROVEMENT PROGRAM LOAN FUNDS OF UP TO \$100,000 TO BE PAID AT ZERO PERCENT INTEREST OVER 10 YEARS.**

THE FINAL AMOUNT OF FUNDS TO BE DETERMINED ON THE BASIS OF PAID INVOICES FOR LABOR AND MATERIALS ASSOCIATED WITH FAÇADE IMPROVEMENT PROGRAM ELIGIBLE PROJECT WORK. IF THE TOTAL COST IS LESS THAN \$150,000, SAVINGS WOULD BE APPLIED TO THE LOAN AMOUNT FIRST.

Moe seconded the motion.

Moe asked if there was an imputed interest on the 0% note. Englund said MRA is not a tax bearing entity so it is not applicable. Englund asked if the loan is secured. Behan said it is secured by a promissory note. There is a lien option on it. The City Attorney will review everything.

No further discussion.

Public Comment

Moore said he has nothing against Frank or the project, but said he thinks it is an improper use of taxpayer money. He said it is not fair to other people. He said the Mayor was trying to find a few thousand dollars for the Salvation Army warming shelter and they couldn't find it. Here is \$150,000 that could be given to that project and instead is being given to an entrepreneur in town. Moore said he thinks it is a bad, bad use of taxpayer money.

Englund said at the last Board meeting he told The Dram Shop that he can't think of businesses that have been more impacted by construction than their block on Front Street. He said he is glad to see this project. Frank said with all of the construction that has gone on around them, the community has continued to find a way to get down there and support them.

Motion passed unanimously (5 ayes, 0 nays).

West Broadway Island – Construction of Pedestrian Improvements (URD II) – TIF Request (Behan)

Behan said his memo included the history of this project as a reminder of what this project is. He said MRA and others have been working on it for five years and it has been on the radar since the beginning of URD II. Behan said the entire project is to upgrade an existing bridge, build a second bridge, extend the south bank trail and make improvements along the north bank of the irrigation ditch. Behan's memo included pictures of what the changes might look like.

Behan said there is a transient problem in this area and there has been a major escalation in intravenous drug use and aggressiveness by the people down there towards others that enter the area. He said there is a real fear from people that are using the area. He said the bridge on Burton Street is in extremely poor shape. Improvements to the existing bridge include a new wood deck, powder-coated steel handrails and a "wing-wall" to prevent further scouring on both ends of the bridge. The new bridge will be an I-beam structure with wood deck and powder-coated steel handrails similar to the Madison Street Bridge. The

new bridge will not be fully accessible because of the stairs. Behan said it can be lifted during high water either by machinery or by hand with a crank.

The south bank trail will be extended along the south bank of the irrigation canal between the two bridges. The trail surface will be a compacted gravel mix similar to other trails built and maintained by the Parks Department Conservation Lands Division. The surface does perform well for wheelchairs in most weather conditions. Behan said there is a recurring and poorly repaired breach area in the south irrigation canal bank. The Hellgate Valley Irrigation Company (HVIC) has pledged \$10,000 to assist in its repair that would use appropriate materials and is designed pursuant to sound engineering techniques. Buchanan added that the new breach repair will minimize the amount of time HVIC has to be down there.

Behan said the project came in very high when it was bid. He said through the work of MRA and Parks Department staff along with Morrison-Maierle Engineering's design team, they have been able to put together a project within the budget. Frontier West Inc., contractor, has also worked to find savings. Behan said Frontier West Inc. has some materials they purchased on other jobs and are willing to donate them to this job. Frontier West Inc. also wants to keep some of their good crews on and are looking for winter work.

Behan said his recommendation is to move ahead with a contract with Frontier West, Inc. in an amount up to \$555,000 for construction of select portions of the improvements to the West Broadway Island Project and authorize the Chairman to sign all necessary contract documents. Behan said the actual mechanism will be that Craig Schaeffer, Morrison-Maierle, will put together a change order from the original contract that eliminates all of the other issues and changes that have happened to the design to make the project affordable. He said there will be a change order and contract executed simultaneously. Schaeffer said this is one more step in what has been a long and complex project that Morrison-Maierle is proud to be a part of and remains confident that it will be a great improvement to the area.

Moe asked if the Missoula Police Department is still supporting this project. Behan said absolutely. Buchanan said with more people in that area it will clean itself up to a great extent. Behan said the Police Department is spending a lot of their budget responding to calls in this area as well as the trail on Pine Street. Behan said when he mentioned to the Police Chief that the bids came in really high but they would try to work on it, he encouraged Behan to do as much as possible.

Moe said Behan's recommendation refers to "select portions". She asked what those were. Behan said it includes upgrading the existing bridge, construction of the new bridge, repair of the breach, and as much of the trail work as possible. Buchanan said it won't have a finished surface on the trail. Englund asked what the regulations were for it being ADA accessible. Schaeffer said it is a gray area in the fact that it is considered open space land and in a natural area. He said the only thing it is missing is the definition of a stable, non-slip surface in the ADA rules. Buchanan said ultimately that is planned to be installed. Englund asked if any lighting is planned. Behan said no. He said any lighting will have to go on the north side of the river. Behan said he has been in contact with Eagle Watch Estates and they are extremely excited about something happening because they are the victims of a lot of the issues that are occurring down there.

Englund asked if the clearing of the land because of lack of lines of sight has happened. Behan said yes. He said a lot of it was done by the Parks Department. They also hired a contract crew to do things they could not. Behan said the removal of non-native species, which was a majority of where the hiding and fort areas were, has been done. The Parks Department has been re-introducing native species over the last three years. Reineking asked if the state owned property is being cleaned up at the same time. Behan said yes, the state paid the Parks Dept. to do that for them. Behan said there are still a couple of large log jams they are working with permitting agencies on removing. Brock asked if the West Broadway Island is on the open space bond and stewardship levy that just passed. Behan said no. Englund asked if Behan is satisfied that the clearing work is adequate in terms of safety. Behan said he would have to defer to the Police and Parks Departments because they have been trained in the Safety Through Design guidelines. Behan said both departments are very happy about the clearing and now have great line of sight distances.

Moe asked what the lighting situation is. Behan said there is no lighting on the island itself and there can't be because of the flood plain. Any lighting that would be out there would have to be projected from the north shore, which could light the trail but not much else. Englund asked if it is dark down there. Behan said it's not too bad with the ambient light coming across the river from Silver Park. Reineking mentioned the possibility of solar lighting. Behan said it's actually the structure because it has to be removable during the floods.

MOE: I MOVE THAT THE BOARD APPROVE A CONSTRUCTION CONTRACT WITH FRONTIER WEST, INC. IN AN AMOUNT UP TO \$555,000 FOR CONSTRUCTION OF SELECT PORTIONS, AS ENUMERATED BY BEHAN IN THIS MEETING, OF THE IMPROVEMENTS TO THE WEST BROADWAY ISLAND PROJECT AND AUTHORIZE THE CHAIRMAN TO SIGN ALL NECESSARY CONTRACT DOCUMENTS.

Brock seconded the motion.

No further discussion. No public comment.

Motion passed unanimously (5 ayes, 0 nays).

NON-ACTION ITEMS

STAFF REPORTS

Director's Report

Downtown Master Plan Update

Buchanan reminded everyone that the consulting team for the Downtown Master Plan Update will be back in town the week of January 14th. She said it will be an intense week of presentations and design workshops that are open to the public at the Public House on Broadway. There will be a wrap-up at The Wilma on that Friday evening. Buchanan said if the Board can make it to any of the meetings that would be great.

MRL Park

Buchanan said the dog park is open and in full use. Jones asked when the rest of it will be open. Marchesseault said they are aiming for May 2019. She said most of the park is done, but they wanted to keep it closed over the winter so the lawn can really get established. They also still need to put trees, benches and signage in. She said contractually, it is better to keep it closed until everything is in and then close out the contract. Marchesseault said if they opened bits and pieces of the park and something got damaged then it is more tricky to figure out who is responsible. Buchanan asked what is driving it out to May. Marchesseault said they are anticipating May because they expect to do planting in April. Moe asked if the community garden will open earlier. Marchesseault said it might. Overall, Marchesseault said the goal is to get it open as soon as possible and the worst case would be in May. Jones said it looks wonderful.

Bitterroot Trail at Pine Street

Buchanan said there are potential Congestion Mitigation and Air Quality (CMAQ) Improvement Program funds that staff thinks the Bitterroot Trail at Pine Street would be a good candidate for. She said it is not a cheap fix and MRA has been balancing the West Broadway Island project against this one. She said staff hopes that it will get some federal funding to help with the trail project, which then offsets the total impact of both of those two projects on the budget.

Jones asked what is happening with this trail section. Buchanan said there is a missing piece of trail that is about ½ block long. She said there are issues about how a trail will interface with the sidewalk on Pine Street which is at a much higher elevation. There is nefarious activity going on there, no lighting, etc. Behan said part of the project is to make sure that the whole trail from Broadway Street to Toole Avenue is lit. Buchanan said how it ties into the sidewalk, meets ADA requirements, meets Parks Dept. requirements for snow removal and maintains access to the residences are some of the obstacles to the project. Buchanan said they are going to work around that for now, so one of those corners will not be completed as part of this project so they can go ahead and get the trail in while Public Works and Parks Dept. continue discussions about what they want to see there. Englund asked if there is right-of-way there. Buchanan said yes.

Design Excellence

Buchanan said Design Excellence was approved at the City Council meeting on Monday. In 30 days the City will have design standards and guidelines in the City of Missoula.

Budget Reports

Dunn said the packets included the final FY18 Budget Reports and handed out the FY19 reports at the meeting. She said it takes some time for the tax revenues to get from the County over to the City and then posted in the appropriate accounts of the City. Therefore, she said the Reports don't show any of the small amounts of tax increment MRA would have received through November. Dunn said the audited fund carryover balances are really close to the estimates. She said final carryover balances will appear on next months' reports.

COMMITTEE REPORTS

OTHER ITEMS

ADJOURNMENT

Adjourned at 1:00 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Lesley Pugh".

Lesley Pugh