

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

December 19, 2012

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 (Skype)
- Staff:** Ellen Buchanan, Chris Behan, Jilayne Lee, Tod Gass, Juli Devlin
- Public:** Rod Austin, Downtown Business Improvement District (BID); John Horner, Missoula Downtown Association (MDA); Matt Ellis, Downtown Master Plan Committee; Eran Fowler-Pehan, Poverello Center, Inc.; Charlie Vandam, Cedar Enterprises; Keila Szpaller, Missoulia; John Wells, MacArther, Means & Wells (MMW) Architects; Cindy Weese, YWCA Missoula

CALL TO ORDER

12:05 p.m.

APPROVAL OF MINUTES

November 5, 2012 Special Meeting Minutes were approved as submitted.

PUBLIC COMMENTS & ANNOUNCEMENTS - None

ACTION ITEMS

Poverello Center Request for Funding – Demolition of 1106-1112 West Broadway (URD II) – TIF Request (Buchanan)

Buchanan said the Poverello Center purchased the property at 1106-1112 West Broadway and is requesting assistance for demolition of the existing buildings. A few months ago the Poverello Center received approval from the MRA Board to proceed without prejudice. The Environmental Protection Agency (EPA) has been involved to determine if lead based

paint or asbestos was present, which would require specialized disposal. Buchanan said an extensive amount of asbestos was discovered so the Poverello Center approached the Brownfields Committee and requested use of the City's Brownfields Cleanup Revolving Loan Fund (RLF) for the asbestos abatement.

Buchanan said West Broadway has been the subject of several planning efforts, particularly the West Broadway Corridor Plan and as part of the Downtown Master Plan. Buchanan said one item that has been consistent with the planning efforts is the identification of several "pinch points". She said MRA paid to have West Broadway surveyed a number of years ago to identify areas along Broadway that may inhibit the City's ability to construct a complete street. The Osprey Nest building on this site was an area identified since there is not adequate right-of-way to build a standard sidewalk.

Buchanan said in 2008 the previous owner of this property, Mike Grunow, made a request to the MRA to help fund demolition of part of the buildings on this site because he wanted to sell the property and felt the buildings were detrimental to the sale. Grunow felt it would be easier to sell the property if the buildings were demolished. Buchanan said the Board denied the request because there were no redevelopment plans nor did Grunow have a buyer in mind. In 2010, Grunow resubmitted a request for funding with conditions relating to future development of the site. The Board agreed to consider the request however, Grunow and MRA staff were not able to finalize a development agreement. Buchanan said the property went into foreclosure and the Poverello Center purchased the property from the lending institution.

When Grunow approached the Board in 2010, he provided demolition costs that were considerably lower than what's being presented today. Buchanan said the reason for this difference in cost is because the quote from Home Resources in 2010 was based on demolition of two buildings not three. She said the two buildings that were quoted are slab on grade. The Osprey Nest has a full basement and wasn't calculated in the original quote. Also, the extent of asbestos in the buildings was not known or documented at the time.

Buchanan said Federal Davis-Bacon wage rates will apply on this project for abatement, demolition, and reconstruction because public funding, particularly federal funding, is being used. She said John Wells with MacArther, Means & Wells (MMW) Architects is the architect working on this project and has confirmed with Home Resources the reasons for the price difference from what was quoted in 2010.

Buchanan said the Brownfields Committee has approved a grant from the Brownfields RLF not to exceed \$150,000 which is more than the estimated abatement costs. She said the Brownfields RLF has adequate capacity and has no obligations for future projects at this time. The Brownfields Committee has discussed the possible use of brownfields money for certain demolition costs while other demolition costs will be paid for by tax increment funds. Buchanan said the minimum amount to be paid for demolition by brownfields funding will be around \$40,000. She said an amount not to exceed \$119,600 is being requested today for demolition of all three buildings and is based on estimates since no

bids have gone out. Buchanan said due to the competitive bidding process and/or the ability to shift costs between the two funding sources, the Poverello Center may not use all of the requested tax increment dollars.

Buchanan said the staff memo provided a section on public benefit and she briefly explained the extensive public process undertaken with respect to building the new facility and its location. Eran Fowler-Pehan, Executive Director of the Poverello Center, was present to answer any questions.

Matt Ellis, Co-Chair of the Downtown Master Plan Committee, said he speaks for the Committee and supports the use of MRA funds for this project. He said the buildings are clearly blighted and feels this is a positive use of MRA funds. He said this project will result in a better use of the land than its current condition. Ellis said the new Poverello location meets the goals of the Downtown Master Plan and the Committee does not want these services to relocate out of the downtown area. He said the success of the Poverello Center and the improvements made to the site on Broadway will have a positive impact to the area. He said he hopes the Board will approve the use of MRA funds for this particular project. He said this location is the best fit for both the Poverello Center and the community.

John Horner, Board President of the Missoula Downtown Association (MDA), said he was representing the MDA and encouraged the MRA Board to approve the use of tax increment funds for the demolition portion of this project. He said the buildings are clearly blighted and the creation of the new facility will drastically exceed the quality of the current Poverello building.

Rod Austin, representing the Downtown Business Improvement District (BID), said he supports this project and the use of MRA funds for demolition. He said he wanted to add that the BID Committee has talked about possibly extending the BID boundaries to include this block and neighboring properties.

Charlie Vandam, Cedar Enterprises, said he and his partner own the property on the north side of Cedar Street, directly across from the Trail's End Bar (new Poverello) site. He said he had concerns and certain objections to the Poverello relocating to this site, but said he supports the demolition of the buildings. He said for a number of years he witnessed undesirable events or scenes on the bar premises and hopes there will be improvements with the new Poverello Center facility and hopes that future activities of this type be managed.

Fowler-Pehan said timing is very important with the construction of the new Poverello facility especially since a plan is being drafted in Missoula by the Reaching Home Working Group to end homelessness. Part of that plan, Fowler-Pehan said, is having a "solid safety net" and a first point of contact for persons in crisis, a role that the Poverello Center fills. She said the Poverello Center will be a safe and functional homeless shelter that will positively impact the ten year plan to end homelessness.

Cindy Weese, YWCA Missoula, said she agrees with Vandam's comments and would like to see the demolition sooner than later. She said the YWCA will also be going through a construction project starting in mid March 2013 so, if possible, it would be nice to have the demolition of these buildings complete before the YWCA starts their construction period.

Moe asked if the difference between abatement and demolition could be clearer and if it could be better defined as to whether brownfields funds or MRA funds would be used.

Buchanan said the amount provided for abatement is a conservative number. Wells said the plan is to maximize the use of brownfields funds first. He said \$150,000 is available from the brownfields fund which is well over what the abatement will cost. Wells said MMW Architects is reviewing the federal regulations and could possibly maximize the use of those funds up to \$70,000. Buchanan said with this particular project both brownfields funds and tax increment funds are grants, not loans, so there is no incentive to shift from one to the other.

Cates said she wanted to disclose that she has been involved with this project and has met with the fundraising committee for the new Poverello Center facility. She said she didn't have a financial stake in the project so didn't feel there was a conflict of interest in terms of MRA policy.

Kemmis asked Austin if he could explain more about the possibility of extending the BID boundaries as discussed earlier. Austin said long before the land was purchased by the Poverello Center, the BID Board talked about expanding the BID to include businesses in that district. He said the Poverello Center is very receptive to the idea but the BID needs to also see if there is interest from other surrounding property owners. Austin explained where the current BID boundaries are now and where the boundaries would possibly extend to.

Englund asked what the timeline is if this agenda item is approved today. Fowler-Pehan said bids would go out immediately. Wells said bids would go out for an abatement contractor first and once the abatement was finished then they would know more about the scope of demolition and could then bid that phase of the project.

Moe said she understands the abatement would be done inside but asked if demolition of the buildings was weather dependent. Wells said demolition was not weather dependent but it could certainly increase costs; otherwise he felt confident with the timing.

There was discussion about the District II budget and how the amounts in each category are determined including the contingency account. Reineking asked if MRA anticipates any additional requests for these District II contingency funds. Buchanan said there are no additional requests as of now but if a request was presented MRA has the ability to shift money from other contingency accounts. She also added District II has adequate capacity in fiscal year 2013 to absorb these costs.

There was discussion about the emails that were received in regards to this project prior to the meeting. Kemmis said Mr. McCoy, a property owner in the neighboring area, wrote a very well reasoned and thoughtful email and even though he (Kemmis) intends to support the recommendation it's good to have communication from the neighborhood.

MOE: I MOVE THAT THE MRA BOARD APPROVE A REQUEST FROM THE POVERELLO CENTER TO FUND DEMOLITION OF THE BUILDINGS LOCATED AT 1106-1112 WEST BROADWAY IN AN AMOUNT NOT TO EXCEED \$119,600 AND AUTHORIZE THE BOARD CHAIR TO SIGN A DEVELOPMENT AGREEMENT WITH THE POVERELLO CENTER AND ALSO APPROVE THE STAFF TO REVIEW AND APPROVE THE ASPECTS THAT ARE DEFINED AS DEMOLITION FOR THE PROJECT.

Kemmis seconded the motion.

No Discussion. Motion passed unanimously. (5 ayes, 0 nays) Cates on Skype.

Cedar Street, Hawthorne Street & West Broadway Improvements – Design & Engineering Services (URD II) – Request for Proposals Approval (Buchanan)

Buchanan said as a result of the development of the new Poverello Center, there has been discussion in regards to what the City can do to help with respect to parking and pedestrian traffic in this triangular block. She said it's been the desire of the MRA Board to gain adequate right-of-way on Broadway to build a functional sidewalk. She said another concern that's been discussed is how to turn Cedar Street into a parking street. Buchanan said the YWCA is currently using private property, which is now owned by the Poverello Center, for parking. She said WGM Group is the civil engineer for the Poverello Center and has donated their services to help come up with ideas to clean up the triangular block and make Cedar Street more pedestrian friendly. With the YWCA expanding Secret Seconds, Buchanan said there is a larger demand for parking. She said the Poverello Center, YWCA, and Cedar Enterprises are requesting assistance from the MRA since this project deals with public right-of-way and is on public streets. Buchanan said the completion of this project may be over a number of years which will help with funding. The three businesses understand that MRA will go through a Request for Proposal (RFP) for design services. She said the recommendation from staff to the Board is to issue an RFP for design services to address improvement to West Broadway, Cedar Street and Hawthorne Street.

Vandam said he and his partner own property from the corner of Hawthorne Street to the YWCA. He said they initially had concerns with the relocation of the Poverello Center and still have concerns with public safety in that area. He said they purchased the property in 1994 and decided to expand and purchase additional land in 1998. Since then, with MRA assistance, they have made some improvements to the area including sidewalk improvements. Vandam said he supports improving public safety especially with traffic flow from Cedar Street to Broadway. He said he would like to reduce if not eliminate the high speed traffic. He said pedestrians sometimes end up on the street since the

sidewalks are in poor condition. He said lighting in and around the block is minimal and especially with the Poverello Center relocating to the neighborhood, he would like to see additional lighting. Vandam said Cedar Enterprises also owns a residential unit on the corner of Hawthorne Street and Cedar Street and has concerns with safety and protection of private property. He said he's supportive of the MRA leading this project and wants to insure existing property owners are benefitted and protected for the investment that has been made in that area.

Weese said she agrees with Vandam about the public safety issues but she also wanted to speak about the parking issues. She said the YWCA currently utilizes 17 parking spaces on Cedar Enterprise's property. She said when parking was shared between the YWCA and Trail's End there wasn't a parking conflict since the YWCA was open during the day time and the Trail's End Bar typically needed parking during the evening. Weese said once the Poverello Center moves into the new location the parking will be shared between the YWCA and Poverello staff and volunteers. She said with the expansion of Secret Second's, 23 new parking spaces will be constructed on a parcel of land owned by the YWCA near Burton Street, but feels there will still be a parking conflict. Weese said she's supportive of a plan for more parking in the area.

Fowler-Pehan said the Poverello Center is committed to being good neighbors and supports the aspects of parking, lighting, and pedestrian safety. She said the Poverello Center is committed to providing public safety.

There was discussion about who the current tenants are in the building owned by Cedar Enterprises. The building is currently occupied by WORD, Inc. (Women's Opportunity & Resource Development) and Atkins. Vandam said Atkins will be vacating the building in March 2013 but when new tenants move in parking will still be a necessity.

Englund asked what the anticipated timeline is. Buchanan said MRA would like to advertise a RFP shortly after the first of the year (2013). She said MRA would like to start working with the adjacent property owners but would not start the actual improvements until construction of the new Poverello Center facility is far enough along so that improvements such as sidewalks are not destroyed by heavy equipment. Buchanan said there are several design options that result in a wide range of costs. She said there will be capacity issues in District II after bonds are issued (Silver Park, Wyoming Street, MRL Trestle) but funding is available now for design services. The completion of the Poverello Center is estimated for late fall of 2014 but Buchanan said the building would be enclosed and far enough along to start improvements before then.

Moe asked Fowler-Pehan how the Poverello Center was doing on its fundraising. Fowler-Pehan said fundraising is going very well. She said the Poverello Center has received a significant amount in federal and state grants and additional funding through the Community Development Block Grant (CDBG) program. She said she is very confident that all the funding needed will be available before ground breaking.

The memo mentioned MRA spent \$23,000 on Cedar Street so Moe asked how Cedar Street ended up with a storm water drainage problem. Buchanan said the money was used towards milling and resurfacing the street, not for reconstruction.

KEMMIS: I MOVE THAT THE MRA BOARD DIRECT STAFF TO ISSUE AN RFP FOR DESIGN SERVICES TO ADDRESS IMPROVEMENTS TO WEST BROADWAY, CEDAR STREET AND HAWTHORNE STREET INCLUDING BUT NOT LIMITED TO SIDEWALKS, STREET LIGHTING, PARKING, STORM DRAINAGE AND LANDSCAPING WITH THE UNDERSTANDING THAT THE BOARD WILL APPROVE THE AWARD OF ANY DESIGN CONTRACTS AND THE BOARD APPROVAL OF THIS REQUEST DOES NOT OBLIGATE MRA TO FUTURE IMPROVEMENTS UNTIL SUCH A REQUEST CAN BE PRESENTED TO THE BOARD FOR CONSIDERATION.

Reineking seconded the motion.

No Discussion. Motion passed unanimously. (5 ayes, 0 nays) Cates on Skype.

Cates left the meeting.

NON-ACTION ITEMS - None

STAFF REPORTS

Behan said he wanted to give an update on the Fox Site. He said about a year ago City Council approved giving Hotel Fox, LLC exclusive development rights to develop the Fox Site into a hotel and a 12,500 square foot conference center. Behan said Hotel Fox started their process with an extensive market study and viewed over 200 different ideas. He said Hotel Fox had a good idea of what could be built with possible assistance from the City. Behan said Mayor John Engen suggested Hotel Fox take a another look at the project and possibly double the size of the conference center so that it would attract different types of events to Missoula and would provide a larger meeting area. After much discussion among the Hotel Fox partners, it was concluded that providing a hotel on top of a conference center just wasn't going to work. Behan said additional space is needed for parking and buildings. As of yesterday (December 18, 2012), Behan said he learned that Saint Patrick Hospital and the developer would like to fund a planning process for a portion of this site, do an early market study, test the market and see what development could occur along with a hotel before moving forward with the development of a hotel. He asked the Board if there were any comments before the negotiation extension is proposed to City Council on January 14. Discussion ensued and the Board concurred with the extension request.

Moe asked where the Farran Group was with the Intermountain Site on Russell Street. Behan said that project is moving forward, a contractor has been hired and First Security Bank is willing to purchase a tax increment bond. Behan said more information would be provided in the near future and the Intermountain Site would hopefully be an action item for the January 2013 Board meeting. Discussion ensued.

Director's Report

Wayfinding

Buchanan said an RFP for design of a wayfinding system was issued by Destination Missoula in September 2012 and multiple firms responded with two to be interviewed. She said a contract will be established with the most qualified firm.

Wyoming Street, Silver Park, MRL Trestle

Buchanan said a lot of time and effort has been put towards the design of Wyoming Street, Silver Park, and the MRL Trestle. She said the goal is to have everything finalized and ready to go out to bid in January 2013.

Downtown Master Plan Implementation

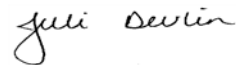
- Front & Main Conversion Study

Kemmis asked who will issue the RFP for the Front & Main Conversion Study. Buchanan answered MRA since Public Works and Engineering are going through a major reorganization.

ADJOURNMENT

Meeting adjourned at approximately 1:15 p.m.

Respectfully Submitted,



Juli Devlin