

MISSOULA REDEVELOPMENT AGENCY

CONDENSED BOARD MEETING MINUTES

June 9, 2015

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 10:00 AM. Those in attendance were as follows:

Board: Karl Englund, Nancy Moe, Daniel Kemmis, Melanie Brock

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

Public: Bruce Kramer, Consumer Direct; Daniel Day, Bank of Montana (Consumer Direct); Kevin Slovarp, City Engineer; Teresa Cox, A Carousel for Missoula; Erin McCrady, Dorsey & Whitney LLP; Peter Nielsen, City-County Health Department - Water Quality District; Travis Ross, City-County Health Department - Water Quality District

CALL TO ORDER

12:00 p.m.

APPROVAL OF MINUTES - None

PUBLIC COMMENTS & ANNOUNCEMENTS - None

ACTION ITEMS

A Carousel for Missoula – Building Expansion (Front St. URD) – TIF Request (Buchanan)

Buchanan said staff received a Tax Increment Financing (TIF) Application from Teresa Cox, Executive Director for A Carousel for Missoula, requesting assistance for an expansion of the Carousel building. Buchanan said their goal is to construct a 640 square foot addition which will be used for a museum, a larger workshop and an office. She said the project will also include remodeling the existing building to expand the gift shop, create an enclosed classroom/party room and provide additional storage space. Buchanan said Cox explained to her that folks are starting to forget how the Carousel and Dragon's Hollow came to be so the museum will help memorialize that story for

future generations. The expansion of the gift shop and the construction of a new party room will be a revenue source for the Carousel.

Buchanan said the Carousel has raised approximately \$92,000 of the \$308,788 that is needed for this project. She said their plan is to apply for a grant through the MJ Murdock Charitable Trust and that the application would be much stronger if 50% of the funding is raised or pledged prior to submitting the application. Buchanan said Cox is asking for MRA's assistance in expanding the building. She said MRA approved a substantial amount of funds for the Carousel before the sunset of Urban Renewal District (URD) I to help with costs for additions that were needed at the time. Buchanan said MRA has adequate funds in the Front Street district to grant \$50,000 to the Carousel but is trying to hold on to some of those funds so that if and when the Mercantile building redevelops, and when the Missoula College student housing project develops, increment is available for those projects which are both tax increment generating projects. Buchanan said if the Board chooses to help with the Carousel improvements she suggests the amount be spread over four years so that MRA is expending \$12,500 per year for four years. She said Cox said that would not adversely affect the grant funding or the construction project as they could bridge the four year gap.

Cox added that she had hoped to come to MRA at the end of the fund raising period but in order to be favorably considered for the Murdoch grant now; matching funds need to be in place. Cox asked if she raises more money than she needs could the MRA money be put into a maintenance fund. Buchanan said she would prefer the money stay in the district to assist with future redevelopment projects.

Brock commented that the plaque on the front of the building that talks about the history of the Carousel really speaks to the magic that went into its creation. She said the Carousel is a special place for her and it is usually packed with visitors. She is glad that the history piece is being included in this project.

Kemmis asked Cox if MRA approves the \$50,000 would there be a little over \$12,000 remaining to raise. Cox responded yes. Cox said they are having a fund raising dinner next week but that will mainly be for covering the operations funding gap. The Carousel makes about 75% of what it needs to operate, so it needs to raise about \$70,000 each year to cover basic operations. If there are additional funds raised next week, those could be put into this project.

Moe said she is interested in making the \$50,000 contribution but would like to make it a two year contribution instead of a four year one, so that the money could go towards your project. Moe said she appreciates the staff's concern, but she didn't feel spreading the funding out over two years instead of four years was going to make or break a project coming in from the district.

Kemmis agreed with Moe's recommendation. He asked Cox how she would make a two-year contribution work with her construction project. Cox said the Carousel has

some money in reserve that they could use for construction and then replace the funds when they come in from MRA.

MOE: I MOVE THE STAFF RECOMMENDATION WITH A TWO YEAR DISBURSEMENT PERIOD.

[STAFF RECOMMENDED MOTION AS AMENDED: THE MRA BOARD FUND THE REQUEST FROM A CAROUSEL FOR MISSOULA FOR \$50,000 TO BE DISBURSED OVER TWO YEARS AT \$25,000 PER YEAR TO ASSIST WITH THE EXPANSION OF THE CAROUSEL BUILDING.]

Kemmis seconded the motion. No public comment. No further discussion. Motion passed unanimously. (4 ayes, 0 nays)

Caras Park Stormwater Improvement Project (Front St. URD) – TIF Request
(Buchanan)

Kevin Slovarp, City Engineer, said he and Travis Ross and Peter Nielsen from the City-County Health Department are here on behalf of Mayor Engen to present the Storm Water Improvement project and request funding from the Front Street District.

The initial project involved the installation of multiple storm water treatment devices to address the runoff from downtown before it reaches the Clark Fork River. Slovarp said Morrison-Maierle has done the preliminary design and the estimated cost to install these devices is about \$200,000. The City applied for and was awarded a Montana Renewable Resources grant of \$125,000 at this year's state legislative session. Slovarp said the City is seeking additional funding from the Missoula Redevelopment Agency, the Missoula Parking Commission and the Water Quality District for remaining \$75,000. Slovarp said the request to MRA is for \$25,000.

Peter Nielsen made a PowerPoint presentation to the Board on the existing storm water system. The system drains about 63 acres in the downtown area from the railroad tracks to the river. Most of the surface is impervious and includes all city streets, parking lots and alleys. Nielsen said whatever is dumped or leaked onto the hardscape gets washed into the system and gets dumped into the river minutes later, untreated. The concrete outflow pipe dumps the untreated runoff into the Clark Fork River just downstream of Brennan's Wave and the overlook at Caras Park.

Nielsen said this project has been the Water Quality District's top priority because all of the monitoring indicates this is the ugliest discharge in the City. Morrison-Maierle has done the preliminary design and final design would be completed with the additional funding requested.

Nielsen said the contaminants of concern are sediments, heavy metals, and fecal coliform bacteria. The river and its aquatic life are impacted by all of these. The river

and riverfront trail system are important recreational areas for Missoula so there is a public health issue also. Cigarette butts are just one example of the visible contaminants that end up in the river through the storm water system. Lead, arsenic, and fecal coliform bacteria are examples of the invisible contaminants.

Nielsen said the Downtown Master Plan looked at the system and determined the system was antiquated and required substantial investment. This would be the first enhancement to the downtown system that Nielsen is aware of. He said there would be more in the future but this first step will be a substantial improvement.

Nielsen reviewed the process proposed to treat the storm water. The first phase of the project will use existing technology in the form of hydrodynamic separators (HDS). Missoula has two of these units now, one at the Fox Site and one at Silver Park.

Ross said the separators are two chambered units and they function without electricity. The water comes in at a relatively high velocity and gets put into a cyclone spin. This concentrates the sediments in the bottom chamber so they can be sucked out with a city vacuum truck. The separator also slows the discharge flow down enough so that the floatables can be captured in the upper tank so they can be vacuumed out. The units remove about 60% of the total suspended solids and the attached pollutants. Nielsen added that many of the contaminants of concern have an affinity for the sediments so they are removed also.

Nielsen said the second phase of the project will involve infiltration. This would allow us to infiltrate the water after it goes through the separators and provide an additional level of treatment including addressing the temperature level that we want to achieve for the Clark Fork River.

Nielsen said the conceptual layout is fairly simple. It will involve at least two HDS units, one in the Bank Street parking lot and one in Caras Park. He said there could be as many as three. Phase two would include the infiltrators. All of the units would be below ground. The phase one cost is \$200,000 and \$125,000 will be funded through the grant. Nielsen said the request to MRA is for \$25,000 of the remaining \$75,000.

Nielsen reiterated the benefits of the project including improving the quality of the river, benefiting and protecting Caras Park, protecting natural resources (aquatic and terrestrial), and protecting public health and the City's long term investment in the riverfront trail and the parks system. He said Missoula has done more than most places in Montana to protect its water. Missoula has addressed sewage treatment and hazardous waste, but it is behind on storm water treatment. Nielsen said this is the next step the city needs to take.

Nielsen said the Water Quality District is on board with providing \$25,000 and he will meet with the Parking Commission board on Thursday.

Kemmis asked if phase one will address the thermal pollution. Nielsen said no because the flows will go straight through the separators to the river. Phase two will address the thermal pollution. Nielsen said they will go back to the legislature in two years and ask for additional funding for phase two and they will be looking at matching funds for that.

Kemmis asked what the estimated cost for phase two would be. Ross said they didn't have specific numbers on that yet. Estimates of \$200,000-\$350,000 were used in the Capital Improvement Program (CIP) request form. Slovarp said the plan would be to go back to the legislature in two years and ask for the \$125,000 maximum again through the Montana Renewable Resources grant and then raise the remaining funds needed.

Buchanan asked about the potential for the third unit and if that was included in the phase one estimate. Ross said if three units were used they would be smaller units so they would cost less, based on the preliminary engineering.

Englund asked if phase one has any value without phase two. Nielsen said yes, it would remove 60% of sediments, the trash, the floatables and the contaminants attached to the sediments.

Kemmis said he understands the \$200,000 for phase one is an estimate; he asked what happens if it comes in at a higher cost. Slovarp said the plan would be to use some road district funds to make up the difference. Englund asked how comfortable they were with the estimate. Nielsen said Molly Skorpik at Morrison-Maierle did the estimate and she is fairly conservative. Buchanan agreed.

Moe asked about the disposal of waste that is removed. Nielsen said that is part of ongoing city maintenance and it is already accounted for.

KEMMIS: I MOVE THAT BOARD APPROVE UP TO \$25,000 FOR THE COST OF INSTALLING A HYDRODYNAMIC SEPARATOR SYSTEM TO TREAT DISCHARGE INTO THE CLARK FORK RIVER AND AUTHORIZE STAFF TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH CITY DEVELOPMENT SERVICES TO THAT EFFECT.

Brock seconded the motion. No public comment.

Moe said she is pleased to see this going in to help the river especially since MAX Wave and the West Broadway Island Park are anticipated to go in downstream. Nielsen said thank you and that he felt there will be additional opportunities to improve storm water in the future.

Motion passed unanimously. (4 ayes, 0 nays)

North Reserve/Scott Street URD Master Plan – Request to Award Professional Services Contract (Behan)

Behan said the Board discussed the elements needed in a specific master plan for the North Reserve/Scott Street (NRSS) Urban Renewal District (URD) at their last meeting when they approved WGM Group as the successful respondent. The master plan process will now encompass a larger scope so that it might end up being an appendix to the urban renewal plan, which would make it part of the growth policy. That decision can be evaluated at the end of the process but this will allow the planning process to anticipating future zoning and development, etc.

The NRSS master plan process is larger in scope, not geographically but in specificity. It differs from the Urban Land Institute (ULI) study done in URD III in that the ULI process addressed an already built environment. The NRSS master plan will have to address where to put streets, sewer, etc. and how to deal with environmental problems. Staff anticipated the cost to be about \$200,000-\$250,000 and the negotiated cost recommended for Board approval is \$236,250. The plan is that URD III would cover the cost and NRSS district would pay it back over time when tax increment funds are sufficient. The project scope of services is attached to the staff memo. Behan said he and Jeremy Keene from WGM Group would be happy to answer any questions.

Behan said MRA is excited to be working with WGM Group and Winter & Company because he believes they will bring a new dynamic to planning in Missoula. Buchanan said Nore' Winter has been providing land use planning and design guideline services for decades. He is based out of Colorado. Buchanan has worked with him on two projects in the past and he does an amazing job at public facilitation and is very creative. Winter and Bruce Race were one of the teams that were finalists for the Missoula Downtown Master Plan. Mr. Winter has done everything from historic design guidelines to urban planning and will bring a creative dimension to a lot of the engineering part of the plan.

Keene said one of the things WGM liked about Winter & Company is they have similar experience in transitioning industrial areas like NRSS and they're also doing big projects like the zoning code rewrite for the City of Los Angeles. Buchanan said a lot firms know how to master plan downtowns because they have good bones, but NRSS is a unique district. She said the City has been granted a \$400,000 Brownfields Assessment grant from the EPA and that money could come into play with the development of this master plan. Keene said the NRSS master plan scope includes a greater level of detail than the ULI study.

Moe asked about Urban Advisors. Keene said Urban Advisors is Ed Starkey and he was one of the consultants that worked on the ULI study. He will provide the market analysis and feasibility analysis testing. Englund asked when the draft master plan will be completed. Behan said between nine to twelve months.

Kemmis said he likes the staging with the different phases, particularly with an area like this that is so complex. He felt the plan will have to be adaptive too. He asked how that might be accomplished. Keene said any good plan has flexibility built into it and the

opportunity to change things. Behan said part of the recommendations at the end could be regular reviews of the plan to see if it's still applicable and working. Discussion ensued.

Buchanan said it needs to be a dynamic plan and it needs to be evaluated. She gave the Downtown Master Plan as an example. Keene added that the ULI Study provided guidelines for URD III as this plan would for NRSS. Brock said she hoped this would help develop leaders for this area just as there is a Missoula Midtown Association for URD III.

Kemmis inquired about Board involvement in the planning process. Keene said one of WGM's first tasks will be to determine the make-up of the steering committee and whether it should be an agency committee because they make the decisions or a public steering committee. Keene felt it should be an agency committee with some public focus groups and stakeholder focus groups. Behan said MRA would be reaching out to the Board later in the summer to determine interest in participating on a committee.

Moe asked since URD III is paying for the study and NRSS will reimburse it over time, does that affect URD III's bonding capacity. Erin McCrady, Dorsey-Whitney, said a public bond would pledge the increment from the entire district and coverage would be determined by tax increment revenues, not money owed from the other districts. Dunn added that there is plenty of coverage in URD III for a bond and the loan to NRSS wouldn't be a factor.

Moe asked for clarification on some of the assumptions in the proposal. Keene said WGM would do all of the mailings and the cost for that is included in the overall price. He also said WGM would do the GIS work and get information from MRA staff as needed.

Kemmis asked if all of the cost for the Master Plan should be borne by URD III or should the cost be spread out among the districts. Buchanan said URD III is the financially healthy district right now and the others are still in a revenue building phase due to their nature (Riverfront Triangle) or from recent projects and/or bonding (URD II & Front Street).

MOE: I MOVE THE STAFF RECOMMENDATION FOR AN AMOUNT UP TO \$236,250 PER THE CONDITIONS STATED IN THE RECOMMENDATION.

[Staff recommends the MRA Board approve and authorize the Chair to execute a contract with WGM Group to complete the services listed in the Scope of Services in the North Reserve/Scott Street Master Plan for a cost of up to \$236,250 with payments to be based on documented hours worked, materials used and expenses listed. Staff further recommends the study be paid from URD III and, as soon as it is feasible, the North Reserve/Scott Street Urban Renewal District will reimburse URD III for the cost of the study.]

Brock seconded the motion. No public comments. No further discussion. Motion passed unanimously. (4 ayes, 0 nays)

Consumer Direct (North Reserve/Scott St. URD) – Request to Approve Resolution of Intent (Behan)

Englund stated the developer is a good friend and a good client so he is going to recuse himself from the discussion and voting. Moe will chair this portion of the meeting.

Behan said the project has been presented to the Board several times. As a quick review Consumer Direct is a large, rapidly growing company headquartered in Missoula. In addition, they have several businesses in Missoula at different locations and they are interested in growing in Missoula and across the country. They are looking at constructing a new headquarters building in the North Reserve/Scott Street district with an estimated cost of \$21-25 million. Since they are growing so fast and want to undertake this project, cash flow is a concern. There are elements of the project that are eligible for tax increment assistance, which would help them maintain a positive cash flow and allow them to continue to grow. The eligible elements total approximately \$677,000.

Behan said because the NRSS district is so new, there is no tax increment coming in at this time. Therefore a debt instrument needs to be determined in order to fund the requested improvements. Consumer Direct and their lender, Bank of Montana, would like to do a tax increment bond. Previously, the Board authorized the staff to engage the City's bond counsel, Dorsey & Whitney, and financial advisors, Springsted Inc., to provide assistance in determining the terms of such a bond. There are several other processes that are moving forward that include annexation of the property into the City, amending the district boundaries to include the parcel, declaring the project an "Urban Renewal Project" in the plan, and declaring our intent to assist the project, most likely through a bond. There are several public notices that go along with these processes. Behan said moving forward with these processes at this time doesn't obligate the MRA to assist with the project. There will still be an opportunity for the board to review the project, the request for tax increment assistance and the proposed debt instrument to finance it.

In an effort to keep up with the desired project construction schedule, Behan said staff would like to move forward with processes that require Council approval. The request before the board is to approve a "Resolution of Intent to Modify Boundaries of North Reserve/Scott Street Urban Renewal District to Include a Blighted Area in Need of Redevelopment and Rehabilitation, to Approve Proposed Projects as Urban Renewal Projects for the District, to Pay for Costs of Associated Infrastructure Improvements From Tax Increment Revenue of the District, and to Amend the Urban Renewal Plan with Respect Thereto; and Calling for a Public Hearing Thereon" primarily related to the Consumer Direct Management Solutions Project.

Behan said the Bretz RV project will also be included in this process. The Board has already approved assistance for Bretz RV and Mark Bretz decided he would like to be part of the bond rather than use his cash reserves for the improvements and be paid back over time.

Brock said she is happy to see the project going into the City.

Moe said the Resolution seemed confusing with all of the processes combined, but Behan's explanation helped. She wanted to make sure that by approving this, the MRA Board, the City Council and the developer are clear that it doesn't obligate any assistance to the project.

McCrary said the processes lined out are typically before the Board incrementally but the staff has tried to combine them in order to meet the desired project schedule. An ordinance is required to amend district boundaries and declare a project an "urban renewal project", which are both required under state statute when bonding. A public hearing is required for ordinance passage and includes two readings and a 30 day waiting period. Staff has compressed the schedule by combining the processes in order to help keep the project on schedule. Consumer Direct would like to start construction in the fall.

Moe asked if the City Council understood that the project needs to come before the MRA Board again for final approval. McCrary said the resolution specifically states that actual approval of the financing itself, including the terms, interest rate, etc. has to be approved by the MRA Board and City Council. McCrary said the intent is to do one bond for both projects and each project would have its own development agreement.

Moe asked if MRA would do other bonds in the NRSS district if needed. Buchanan said yes. Moe said she thought there was more than one bank interested in this area. McCrary said these projects are similar to the Intermountain Lumber site projects (Corso and The Source), where there was one bond for multiple developers financed by one bank.

Bruce Kramer, Consumer Direct, said they appreciate the compressed schedule and everyone working so closely with them to keep the project on the desired construction schedule.

KEMMIS: I MOVE ADOPTION OF THE STAFF RECOMMENDATION.

[STAFF RECOMMENDED MOTION: THE MRA BOARD RECOMMENDS THAT THE CITY COUNCIL ADOPT THE RESOLUTION ENTITLED: "Resolution of Intent to Modify Boundaries of North Reserve – Scott Street Urban Renewal District to Include a Blighted Area in Need of Redevelopment and Rehabilitation, to Approve Proposed Projects as Urban Renewal Projects for the District, to Pay for Costs of Associated Infrastructure Improvements From Tax Increment Revenue of the

District, and to Amend the Urban Renewal Plan with Respect Thereto; and Calling for a Public Hearing Thereon”]

Brock seconded the motion. No public comments. No further discussion. Motion passed unanimously. (3 ayes, 0 nays, Englund recused himself from voting)

Englund took over as chair of the meeting again.

URD III TIF Program Modification – Request for Approval (*Behan*)

Behan said this action item is in respect to one of two requests the Board made to the staff. Under the Façade Improvement Program in URD III, certain elements of project landscaping could be included in an MRA subsidy. However, if a developer is building a new building, the Tax Increment Financing (TIF) program specifically excludes assistance for landscaping on private property. Behan said at the last board meeting, a project was presented that did not have adequate public right-of-way to include a sidewalk and landscaped boulevard. The developer said he would like to landscape next to the sidewalk and asked if MRA could help with that expense. The Board directed staff to look at amending the TIF program to assist in these types of situations.

Behan said he tried to present language in the proposed modification that maintained the intent of the TIF program as helping to deal with public realm improvements (e.g. utilities, streets, curbs, sidewalks) and allowed for assistance in situations like the project that was presented last month.

Staff recommends the MRA Board approve the changes to the Urban Renewal District III TIF Program as presented below:

When certain conditions are met, landscaping on private land adjacent to public right-of-way may be considered. Those conditions are:

- a. The project is adjacent to one of the five arterial streets listed above (Brooks, Mount, Stephens, and Russell Streets and South Avenue).
- b. The City has determined that the public right-of-way of the arterial is too narrow to accommodate proper traffic lanes, curb, gutter, and sidewalk as well as an acceptable area for a landscaped boulevard.
- c. The area to be landscaped is a reasonable size that approximates a traditional boulevard.
- d. Projects along an arterial street listed above for which a subsidy for landscaping is being requested under this section that are also located at an intersection of a qualifying arterial street and a non-qualifying street may request landscaping subsidy for an area adjacent to the non-qualifying street if:
 1. The non-qualifying street is also deficient of adequate right-of-way for boulevard improvements, and
 2. The width of the proposed landscaping is similar to that of the arterial street, and

3. The length of the landscaping along the non-arterial street is no more than 50 feet unless otherwise approved by MRA.

Moe asked that on page four of the URD III TIF program narrative, the proposed language regarding landscaping in the public right-of-way be amended to include “and adjacent to” public right-of-way.

MOE: I MOVE THE BOARD APPROVE THE CHANGES TO THE URBAN RENEWAL DISTRICT III TIF PROGRAM AS PRESENTED AND AMENDED.

Kemmis seconded the motion. No public comment. No discussion. Motion passed unanimously. (4 ayes, 0 nays)

Audit Contract Award for FY15 with Option to Extend to FY16 & FY17 – Request for Approval (Dunn)

Dunn said in October 2014, the City of Missoula, MRA and Missoula Parking Commission (MPC) issued a request for proposals (RFP) for audit services for the financial statements ending June 30, 2015 with the option of auditing the financial statements for each of the two subsequent fiscal years. The last time there was an RFP done was in 2009 and Anderson ZurMuehlen (AZ) was selected for a three year contract. In 2012 a two year extension was approved and in 2014 a one year extension was approved.

Three responses to the RFP were received including submittals from Galusha, Higgins & Galusha (now WIPFLi), Junkermier, Clark, Campanella and Stevens (JCCS) and Anderson ZurMuehlen (AZ).

The proposals were evaluated by the audit selection committee, which included Leigh Griffing, Assistant Finance Director, Mary Hanson, Senior Accountant, Anne Guest, Director of Missoula Parking Commission and Dunn. The respondents were first evaluated on their technical proposal, i.e. how they approach the audit, how much staff time would be required, what level of staff would be assigned to specific portions of the audit, etc. The second part of the review addressed the firm’s price proposals. After the initial review process, the committee conducted in person interviews with the top two firms, WIPFLi and AZ. The committee’s recommendation is to engage Anderson ZurMuehlen (AZ) to perform the auditing services for the City, MRA and MPC. Dunn said the motion states “...with the option of auditing the financial statements for each of the two subsequent fiscal years”. She said the City is anticipating some software changes over the next year that may simplify the report preparation aspect of the audit. Since this would be a change in circumstance, Dunn said the plan would be to request a new price proposal from AZ for audit services since there should be some savings from the new software.

Dunn provided a chart of the audit prices for the past six years in her memo. In the years when MRA issued bonds, there was usually a price increase. Dunn said AZ’s

price proposal to conduct the audits for MRA and MPC for the next three years reflects a 3% increase per year. AZ's price proposal for the City was less than prior years due to the less work required under Governmental Accounting Standards Board (GASB) and American Recovery & Reinvestment Act (ARRA) standards.

Moe and Buchanan asked if the new software would save MRA money. Dunn said it is a Comprehensive Annual Financial Report (CAFR) building module that is supposed to be able to build reports and pull information together that is needed to present to the auditors. The City's audit report is called the CAFR. Dunn said MRA and MPC have smaller audit report documents so she's unsure how it would impact those reports.

Englund said he thought there was some value in switching auditors. Dunn said the value is often said to be that you have a "new set of eyes" on the financial statements. The drawback is the additional time required the audit staff to get a good understanding of what MRA does.

Kemmis said he understands the basis of the recommendation and feels it is sound. He would like to keep track of the fact that there is almost a built-in prejudice in favor of sticking with the same auditor because they are familiar with the operations. He wanted to make sure going forward MRA is making its decision not just based on the auditor's familiarity with the organization. Discussion ensued.

Englund asked if there was a requirement to switch auditors. Dunn said no, the only requirement is audit contracts cannot be executed for more than three years at a time. Contract extensions may be approved but only up to two years at a time.

Buchanan said the staff assigned by AZ seems to change every couple of years, so essentially MRA is getting a fresh set of eyes on the financials, just not necessarily a new firm.

Moe said she feels comfortable with AZ and understands and appreciates the time it takes to educate others having participated in audits in the past.

MOE: I MOVE APPROVAL OF THE STAFF RECOMMENDATION.

[Staff recommends approval of award of audit services for fiscal year ending June 30, 2015 to Anderson Zurmuehlen, P.C. for an amount not to exceed \$11,350 with the option of auditing financial statements for each of the two subsequent fiscal years.]

Kemmis seconded the motion. No public comment. No further discussion. Motion passed unanimously. (4 ayes, 0 nays)

Western Sidewalk Project Phase 4 – South 1st St. West (URD II) – Request to Amend Professional Services Budget (Gass)

Gass said MRA has been working on the URD II Western Sidewalk Project for about four years. March 2011 was when the professional services budget of \$214,630 was established for this multi-year project. That budget has completed the first three phases and a portion of phase four of the project. The intention of the project was to complete all of the sidewalk gaps west of Russell Street, including in the “thumb area” of the district north of the Clark Fork River. As of 2013, phase one through three have been completed, which essentially were all gaps west of Russell Street and south of the river. Gass said as MRA was completing phase three, it was approached by the neighborhood representatives in the South 1st Street area and they requested MRA refocus its efforts east of Russell Street rather than going north of the river. Staff re-evaluated the sidewalk priorities and shifted focus to this area due to the high pedestrian presence accounted for by the residential area and proximity to the Loyola Sacred Heart athletic facility and the Bitterroot Branch Trail.

Gass showed a map to the Board of what sidewalks have been completed in URD II and what gaps are remaining. At the time MRA executed the professional services contract, staff anticipated having to come back to amend the contract budget since Territorial Landworks, Inc. (TLI) had been asked to project their costs out for four years. The funds that remained in the budget at the end of phase three have allowed TLI to prepare bid documents for phase four. TLI has prepared a cost estimate of \$33,155 to complete the remaining elements in phase four. There is \$4,574.49 remaining in the budget so the staff recommendation is for the Board to approve a budget amendment to the MRA-TLI Professional Services Agreement in an amount not to exceed \$28,580.51 for Construction Administration and Project Close-out for Phase 4 of the URD II Western Sidewalk Project.

BROCK: I MOVE THE BOARD APPROVE THE BUDGET AMENDMENT AS RECOMMENDED BY STAFF.

[Staff recommends the Board approve a budget amendment to the MRA-TLI Professional Services Agreement in an amount not to exceed \$28,580.51 for Construction Administration and Project Close-out for Phase 4 of the URD II Western Sidewalk Project.]

Moe seconded the motion. No public comment. No further discussion. Motion passed unanimously. (4 ayes, 0 nays)

Western Sidewalk Project Phase4 – South 1st St. West (URD II) – Request to Award Construction Contract (Gass)

Gass said this project involves installation of curb and sidewalk along South 1st Street between the railroad tracks and California Street. One aspect of this phase is the creation of an on-street parking area of about 22 spaces, which will be adjacent to Loyola Sacred Heart athletic facility on the eastern side of the project. Gass said this is

a win-win situation for the neighborhood, the facility and MRA. One of the concerns coming out of the neighborhood outreach meeting was the pressure for parking during athletic events. MRA negotiated an easement from Loyola for the additional parking and Loyola is remodeling their facility and building additional parking on the site.

Gass said bids were advertised last month and four bids were received. The low bid was from HM Concrete out of Frenchtown in the amount of \$226,971.45. MRA worked with HM Concrete on the successful completion of Phase 3 of this sidewalk project in 2013. Both MRA and the engineer have good working relationships with HM Concrete. The bid for Phase 3 was about \$55,000 below the engineer's estimate. TLI is recommending MRA award the construction contract to HM Concrete. Construction is scheduled to begin in early July and it is a 70 day contract. The plan is to have the work done on the east end by the first football games held at the field.

The fire hydrant the Board approved at the March 2015 meeting has been installed by Mountain Water Company so the sidewalk work can begin around it.

Staff recommends the Board move to award the construction contract for the URD II Western Sidewalk Project – Phase 4 to HM Concrete in an amount not to exceed \$226,971.45, and authorize the MRA Board Chairman to sign the contract, and authorize Staff to sign the necessary documents to execute the contract (Notice of Award and Notice to Proceed).

Kemmis asked if some portion of the amount requested is for the on-street parking improvements. Gass said yes, there is some additional curb and sidewalk expense but most of the on-street parking improvements cost is for asphalt.

Buchanan said the new parking area addresses serious neighborhood concerns regarding haphazard and possibly illegal parking taking place during events. Parking was also taking place along and on the trail. Kemmis asked about the crossing at the tracks. Gass said this project will build a new sidewalk and connect it to the sidewalk to the east of the Bitterroot Branch line rail road tracks. MRL is allowing MRA to pave the section between the tracks to connect the sidewalks.

Discussion ensued regarding pedestrian access along the trail and parking issues in this area. Englund asked if the construction of the Loyola parking lot would be coordinated with this project. Gass said yes.

KEMMIS: I MOVE APPROVAL OF THE STAFF RECOMMENDATION.

[Staff recommends the Board move to award the construction contract for the URD II Western Sidewalk Project – Phase 4 to HM Concrete in an amount not to exceed \$226,971.45, and authorize the MRA Board Chairman to sign the contract, and authorize Staff to sign the necessary documents to execute the contract (Notice of Award and Notice to Proceed).]

Moe seconded the motion. No public comment. No further discussion. Motion passed unanimously. (4 ayes, 0 nays)

NON-ACTION ITEMS

STAFF REPORTS

Director's Report

Buchanan said the Wayfinding project phase 1 will probably be just a pedestrian layer in downtown for a number of logistical reasons. There won't be any work in URD III, even though we have money set aside for it. This project requires someone to implement it and there is a staff capacity issue. It has been realized that someone will have to be hired to implement the project. This may come back to MRA for a small contribution.

The Montana Department of Transportation has agreed to allow a bus stop study for the Brooks Street improvements project. WGM will do the study and then MRA can move forward with finalizing bid documents and getting it out to bid.

The MAX Wave design team has made some modifications to the plans in order to get approval from Fish, Wildlife and Parks (FWP) and the Corps of Engineers and other permitting agencies. Buchanan said she believes FWP will sign off on it. The City will still have to work through some issues of ownership, etc. Buchanan said Molly Skorpik from Morrison-Maierle has navigated all of these requirements. Brock asked if Brennan's Wave had to have all of those approvals. Buchanan said the permitting agencies treated Brennan's Wave as a modification to an irrigation diversion. The irrigation companies are not subject to the same requirements. MAX Wave is being treated as a change of use so they have to get several levels of approvals and permits. Brennan's Wave has to go through these additional processes now just to do maintenance.

The West Broadway Island project is also moving forward as the MAX Wave project does. Buchanan said the work on the island might be considered compensatory work for the Wave project. These projects will be a highly used part of Missoula upon their completion.

Behan said the Fox Hotel project was able to get an extension from City Council. He said it is time to start up the working group again. Moe and Englund were the Board members that served on the working group before.

Buchanan announced that Juli Devlin has accepted a new position in the Human Resources office so MRA will begin the recruitment process to find a replacement.

Budget Reports

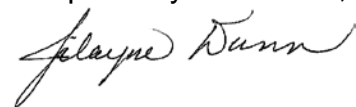
The Board reviewed the budget reports.

Englund asked about the South Reserve Street Crossing project. Buchanan said she and Gass are meeting with Chris Anderson, DJ&A, today and he has some ideas that will save money. All of the changes so far have made the bridge look better and saved money. Discussion ensued regarding whether one large bond should be considered for the large projects or some of the expense should come out of cash reserves in URD III. Buchanan said the TIF request from Southgate Mall and the request to amend the URD III boundary to include the Mall will come to the Board at the July 9, 2015 meeting. Buchanan said the Southgate Mall's presentation to City Council went very well.

ADJOURNMENT

Meeting adjourned at approximately 2:00 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jilayne Dunn".

Jilayne Dunn