



MEMORANDUM

TO: MRA Board

FROM: Annette Marchesseault, RLA *ARM*
Project Manager/Redevelopment Specialist

DATE: October 11, 2019

SUBJECT: **1720 Wyoming Street – Missoula Food Bank & Community Center Satellite Clinic for Partnership Health Center (URD II) – TIF Request**

Background

At its July 21, 2016 meeting the MRA Board approved a request to use TIF funds to finish out a space in the Missoula Food Bank & Community Center (MFB&CC) building, which was under construction at the time. The City then entered into a lease/purchase agreement with MFB&CC to use that space to provide free educational programming for children.

The City leases the space for \$1/year from the Food Bank and subleases it for \$1/year to spectrUM Discovery Area, which currently administers EmPower Place there. The City will have the option to purchase the space in approximately five years. Because MFB&CC is using New Market Tax Credits in its funding strategy, ownership cannot be transferred until the tax credits have been closed out, which would not occur until 2024 at the earliest.

Project Description

MRA has subsequently received an application from MFB&CC and the Partnership Health Center (PHC) to undertake another similar project in the Food Bank building. The request is to use TIF funds to finish out a space on the second floor of the building to house a satellite clinic for PHC. The satellite clinic would provide affordable medical, dental, and behavioral health care. Many of the clients who are expected to visit the new clinic already visit MFB&CC for other services.

In a lease/purchase agreement similar to the one in place for the spectrUM/EmPower space, the City would lease the space from MFB&CC for a nominal fee until MFB&CC's New Market Tax Credits expire. The City would in turn sublease the space to PHC to provide affordable medical, behavioral, and dental services. When the tax credits expire, the City would have the option to purchase the space for the cost of the TIF investment.

If PHC chose to move elsewhere, the City would work with the MFB&CC Board of Directors to seek another tenant that meets the needs of the public and the mission of MFB&CC.

Request for Tax Increment Assistance

The applicant is requesting \$433,840 to build out a 1,661 space that would include a reception area, nurses' station, two medical exam rooms, a behavioral health office, two dental exam rooms, a business office, a soiled materials storage room, a clean materials storage room, and a restroom. The build out would include construction materials typical to interior office space. Medical equipment would be provided by PHC

A preliminary detailed cost estimate is attached.

Economic Assessment

The estimated cost for finishing the PHC clinic space would be approximately \$261/sf. This is approximately 8% higher than the \$220/sf cost* for the spectrum/EmPower space completed in 2017. This increase is in line with construction costs in Missoula, which have increased on average by at least 8% over the last two years. (*The estimated construction cost for the spectrUM/EmPower space was \$298,300 for a 1,233 sf space, or \$242/sf. The actual construction cost was \$271,054, or \$220/sf.)

In consultation with an independent licensed appraiser, staff has confirmed that an estimated \$261/sf for the PHC clinic space is a reasonable cost for this type of building space in this area at this time, and it is reasonable to expect that the City will recoup its costs if it purchases the space in approximately five years.

Tax Generation

MFB&CC and PHC both are non-profit organizations, and are exempt from property taxes.

Employment Generation

The satellite PHC clinic will generate five new jobs as soon as it opens – two clerical workers, two medical care providers, and one licensed clinical social worker (LCSW). Dental staff will be added later when funding for those positions is in place, and is expected to include a full-time dental hygienist and at least one part-time dentist.

Unique Opportunities

In addition to providing direct food and nutrition services, MFB&CC works “upstream” of the issue of hunger, building interventions that address the cycle of generational poverty, systemic inequities, and barriers to basic services. The MFB&CC building has become a venue for multiple collaborations, using a place-based service delivery model recommended by the Food Research and Action Council.

The majority of families who routinely visit MFB&CC have said that they need better access to health care services, especially dental care and behavioral health care. The PHC satellite clinic proposes to provide family medicine, behavioral health, and dental services with hours that

mirror the Food Bank's store hours – Mondays, Tuesday and Thursdays 10:00 a.m. to 7:00 p.m. and Wednesdays and Fridays 10:00 a.m. to 3:00 p.m. This would be the first PHC satellite clinic to operate during evening hours. Family medicine and behavioral health services would be provided as soon as construction on the space is complete. Dental services would be added later when staff is in place.

Co-locating this satellite PHC clinic in the MFB&CC building is expected to reduce barriers to affordable health care for those who currently visit the MFB&CC, as well as for the River Road neighborhood where the Food Bank building is located. The River Road neighborhood is a low-income area, and one of three neighborhoods identified in Missoula Invest Health as experiencing severe health disparities. PHC accepts Medicaid, Medicare, private insurance, and uninsured patients.

Impact Assessment

Construction activities will generate some noise and dust, typical of interior construction.

Because many of the patients at the clinic are expected to be from families who already visit the MFB&CC, a noticeable increase in traffic or other activity in the area is not expected.

Project Feasibility

MFB&CC and PHC are established service providers, and have proven abilities to operate as fiscally responsible non-profits.

Timely Completion

MFB&CC expects to complete the project in Spring 2020.

Payment of Taxes

MFB&CC is a non-profit entity and does not pay property taxes.

RECOMMENDATION: Staff recommends that the MRA Board approve a request from the Missoula Food Bank and Community Center in an amount up to \$433,840 to build out an interior space in the MFB&CC building for the purpose of housing a Partnership Health Center satellite clinic, with reimbursement for eligible costs upon receipt of proof of payment and lien waivers, and authorize the Board Chair to sign the Development Agreement.



encompass
design

Partnership Health | Missoula Food Bank
Tenant Improvement Project
5/23/2019

		Total SF	1661
Divisions			Total
1	General Requirements	\$	16,444
2	Existing Conditions (Demo)	\$	9,966
6	Wood, Plastics & Composites	\$	121,253
7	Thermal & Moisture Protection	\$	19,102
8	Openings	\$	53,152
9	Finishes	\$	39,864
10	Specialties	\$	5,814
15	Casework	\$	24,915
21	Fire Suppression	\$	9,966
22	Plumbing	\$	19,567
23	HVAC	\$	10,381
26	Electrical	\$	16,610
27	Communications	\$	9,966
Construction Estimate		\$	357,000
Project Costs			
	Architecture & Engineering	\$	20,000
	Permitting	\$	3,300
	Contractor Overhead & Profit**		35,690
	5% Contingency	\$	17,850
Project Cost Subtotal		\$	76,840
Total Estimated Project Costs*		\$	433,840.00

*Cost estimate is based on Historic Bids on similar type projects in the greater Missoula area in the last 6 months. Encompass Design Inc. cannot determine exact project costs without going through the bidding process. This estimate is provided for planning purposes only.

**Estimated: Contractor Overhead & Profit will be negotiated.

encompass design inc.

1535 liberty lane suite 110b missoula mt 59808

O: 406.540.4437

Missoula Business Beat: Iris Coffee, EmPower Place, Fisher's Technology, Veera Donuts

Missoula is hopping these days, with businesses big and small springing up everywhere you turn.

We have our noses to the ground here at the Missoula Current, so let us know of any new businesses popping up around you. Meanwhile, here's a collection of intriguing businesses we're highlighting in the first of our monthly business roundups:

SpectrUM garners national award for EmPower Place

A 14-member jury of science center and museum professionals bestowed upon the University of Montana SpectrUM Discovery Area the 2019 Roy L. Shafer Leading Edge Award for SpectrUM's collaborative partnership in making EmPower Place at the Missoula Food Bank and Community Center a robust learning center for kids.

The Associate of Science and Technology Center jury awarded SpectrUM at its recent conference in Toronto. Specifically, the award goes to an entity based on "visitor experience."

The Missoula Food Bank and Community Center and Missoula Public Library work with SpectrUM to make EmPower Place a hands-on learning center in a location where children and families already gather. Activities in the space include science enrichment, library books and programming, after-school clubs, free meals and snacks, and activities.

UM faculty like SpectrUM scientist/educator Amanda Duley and graduate students spend a lot of time at EmPower Place, 1720 Wyoming St., inside the community center that is part of the Food Bank.

Jessie Herbert-Meny, SpectrUM interim director, said the kids' center is a transformative place.

"EmPower Place is designed to feed both bodies and minds, creating a vibrant hub within the Food Bank where children can grab a snack, learn and play," said SpectrUM interim director Jessie Herbert-Meny. "Every day at EmPower, children are learning and exploring, and parents and caregivers are connecting and building community."

SpectrUM was the lead on a \$475,000 grant from the Institute of Museum and Library Services that launched EmPower Place's exhibits, programming and collaborative approach. The Missoula Redevelopment Agency also supported the creation of EmPower Place.



EmPower Place is part of the Missoula Food Bank and Community Center. (Renata Birkenbuel/Missoula Current)