



MEMORANDUM

TO: MRA Board of Commissioners

FROM: Ellen Buchanan, Director *EB*

DATE: September 5, 2021

SUBJECT: Flynn-Lowney Ditch Purchase and Water Rights

The City of Missoula has been working for some time on the opportunity to purchase the Flynn-Lowney Ditch. The purchase and closing of this ditch will have positive ramifications for URD II as well as major financial benefit for the development of the Sxwtpqyen neighborhood west of Reserve Street. Jeremy Keene, Director of the Public Works & Mobility Department (PWM), has been working on due diligence while seeking to secure funding for this acquisition and is very close to closing the gap. The bulk of the \$990,000 purchase price will come from Transportation Impact Fees and the Water Utility Development Fund as a result of the cost savings that result from elimination of the large culverts in the Sxwtpqyen neighborhood development that would be required to carry the ditch water and the additional storm drain infrastructure required because of the ditch structures. Partners will be other public agencies, non-profit partners with an interest in protecting our waters and private contributions.

MRA and PWM staff has discussed the possibility of the use of TIF funding to finalize this acquisition since it became apparent that this is a possibility. The acquisition and closing of the ditch will positively impact the West Broadway Island as well as the development on the south side of West Broadway for which the West Broadway Master Plan is currently being developed. The ability to eliminate the ditch diversion will benefit our efforts to stop erosion of the south bank which threatens the trail system and could ultimately impact the baseball stadium. Removal of the diversion also opens up new possibilities for improving river access to the boat ramp in Silver Park. Having the flexibility as to how we treat the ditch/side channel between the island and the north bank provides numerous possibilities that benefit the use of the island. All of these projects have been made possible through the investment of significant TIF funding and that investment will be protected through this acquisition allowing for removal of the diversion and closure of the ditch.

Part of the cost of the ditch acquisition involves water rights permitting. This is not work that City staff has the capacity to perform; consequently, it is necessary to engage the services of two independent consulting firms to provide these services. Newfields will be engaged to conduct groundwater modeling and WGM Group will handle due diligence, water rights

change applications and water rights permit applications. Rather than request TIF funding for unspecified portions of the acquisition package, PWM has requested that MRA consider funding the consulting work that is integral to the acquisition. The request that we have received from Logan McInnis, Deputy Director of Public Works for Utilities, is for \$57,576 which breaks down as follows:

Newfields

- Ground Water Modeling \$16,000

WGM Group

- Due Diligence \$6,500
- Water Rights Change Applications \$16,458
- Water Rights Permit Applications \$18,618

Total Request \$57,576

Strategic Plan, Public Purpose, Financing

Strategic Plan Goals

- Community Design and Livability – “The City of Missoula will create policy and support development that leads to equitable, responsive and adaptive growth that reflects our community values.” Closing the ditch will create redevelopment opportunities for housing, open space, better, more cost-effective infrastructure and possibly trail connections.
- Environmental Quality – “The City of Missoula will maintain and improve our natural environment to support individual and community health.” Removal of the diversion structure and the ditch through Missoula will improve the Clark Fork River, enhance fish habitat, and improve the ability to address and treat storm water.

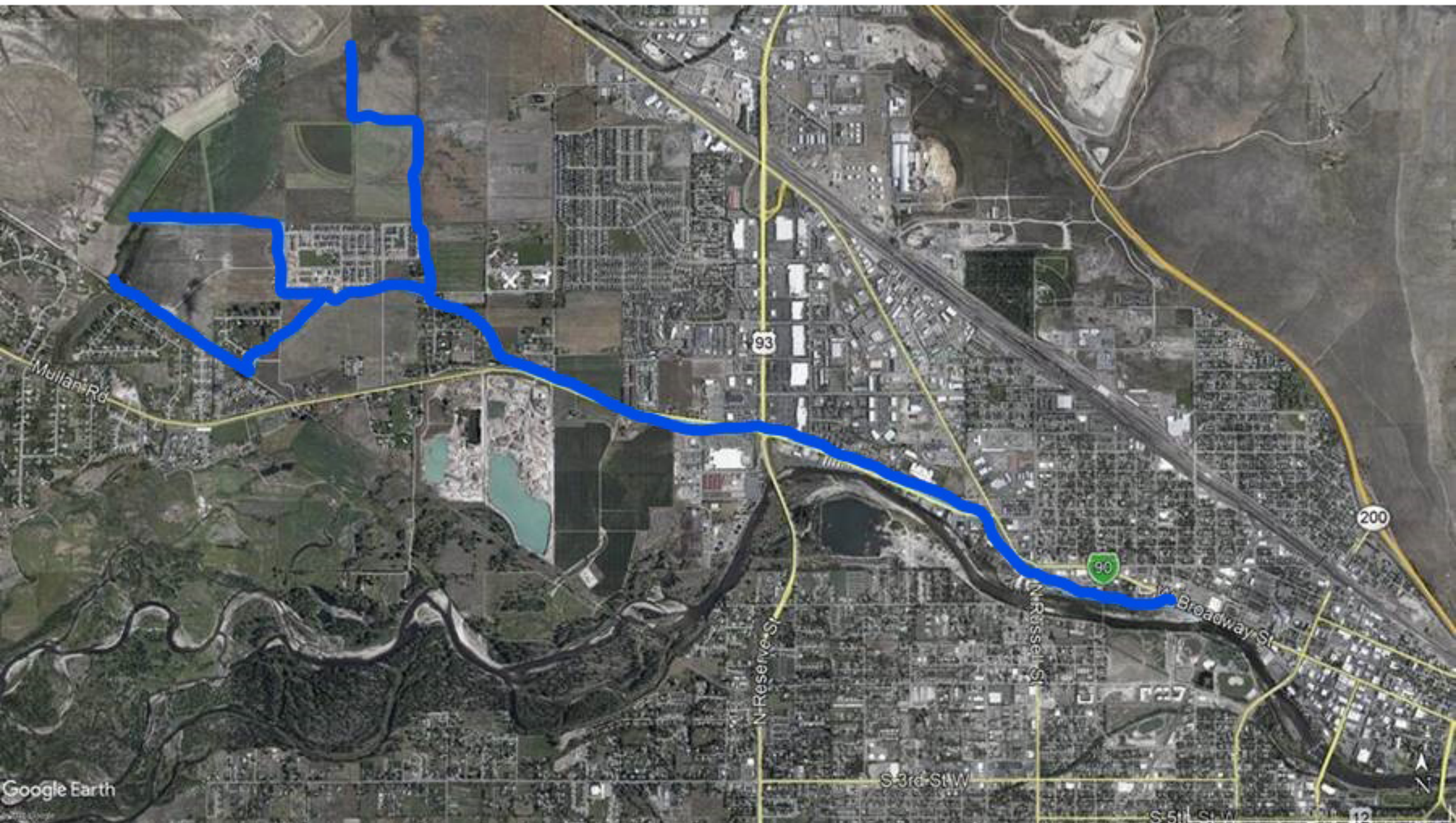
Public Purpose – There are multiple public benefits that will result from the acquisition of the Flynn-Lowney Ditch. Removal of the diversion structure will improve stream flow, improve conditions that are causing extensive bank erosion and possibly provide the opportunity to improve currents at the boat ramp, making it more accessible to a wider variety of river users. Removal of the ditch will eliminate fish entrapment which harms bull trout and other species and improves our ability to manage storm water in a more cost-effective way, thus improving water quality overall.

Lack of housing at costs affordable to the average Missoula citizen is at a crisis point. Although it impacts only a small portion of URD II, removal of the ditch through in the West Broadway area can facilitate redevelopment of those properties as high density mixed use residential housing. That said, the larger impact on the housing market is much more profound to the west of URD II. Being able to redevelop underutilized property without having to accommodate large culverts and dangerous ditch crossings will have a definitive impact on redevelopment costs and affordability. This is especially true in the Sxwtpqyen neighborhood currently being developed in a way that is intended to serve a broad spectrum of our citizens.

Financing – URD II has in excess of \$1.25M in unobligated funds in the adopted FY22 Preliminary Budget. The obligation of \$57,576 to assist with the acquisition of the Flynn-Lowney Ditch will not adversely impact any planned or unknown projects going forward. If, in fact, removal of the diversion structure improves the bank erosion conditions on the south

bank of the Clark Fork, it will likely save a larger investment of TIF funds that would be needed to protect past investments along the south side of the river when future bank stabilization measures are undertaken.

Recommendation: Staff recommends that the MRA Board approve an amount not to exceed \$57,576 to pay for necessary water rights permitting required as part of the Flynn-Lowney Ditch acquisition by the City and authorize the Chair to sign the appropriate agreements.



FLYNN - LOWNEY DITCH