



MRA Board Memo Cover Sheet

January 11, 2022

Project Name: 124 N. Higgins Avenue (Relic) – Building Deconstruction and Renovation

Urban Renewal District: Front Street URD

Project Location: 124 North Higgins Avenue

TIF Investment: \$94,611

Private Investment: \$2,243,367

Ratio of Public to Private Investment: 1:24 if purchase costs included; 1:16 if not

Project Description: Replace existing opaque, wood, barrel-shaped façade with large, transparent storefront windows, brick masonry and reclaimed glass tiles from the old Mercantile building to achieve architectural appearance similar to the McKay Art Co. located at 120 N. Higgins in the 1930s. Also replace a cobra-head, vehicular light fixture with a standard downtown pedestrian-scale light fixture and replace a galvanized metal bike rack with two ornamental bike racks.

Cost Breakdown of TIF Funds:

Deconstruction/Demolition

| | |
|----------------|------------------|
| Deconstruction | <u>\$ 61,468</u> |
| Subtotal | \$ 61,468 |

Public Right-of-Way Improvements

| | |
|-------------------------------|--------------|
| Sidewalk/Curb Replacement | \$ 18,423 |
| Pedestrian-scale Lighting (1) | 12,650 |
| Bike Racks (2) | <u>2,070</u> |
| Subtotal | \$ 33,143 |

| | |
|--------------------------|------------------|
| Total TIF Request | \$ 94,611 |
|--------------------------|------------------|

Estimated New Property Taxes from Development: \$18,325

Current Property Taxes: \$12,502

Public Purpose and City of Missoula 2020–2023 Strategic Goals: This TIF request is consistent with goals of the City of Missoula 2020-2023 Strategic Plan, particularly those with regard to Economic Health, Environmental Quality, and Community Design and Livability.



MEMORANDUM

TO: MRA Board

ARM

Project Manager/Redevelopment Specialist

DATE: January 12, 2022

SUBJECT: 124 N. Higgins Avenue (Front Street URD) – TIF Request

At its November 18, 2021 meeting the MRA Board approved a Proceed without Prejudice request from Brian and Karen Sippy (d/b/a Apple Lane LLC) to begin deconstruction on the building located at 124 N. Higgins Avenue, which they purchased in early 2021. The new tenant will be an expanding business named Relic, which currently is housed next door, upstairs in Radius Gallery. Apple Lane has since completed an application for Tax Increment Financing (TIF) assistance with the project.

Background and Project Description

The property at 124 N. Higgins Avenue has housed several buildings and businesses since at least the early 1880s, many of which have burned. The current structure, built presumably in the 1970s, most recently housed The M Store. Cancellation of the 2020 University of Montana (UM) Grizzly sports season, due to Covid-19, had a significant detrimental economic impact on The M Store, which carries primarily Grizzly-themed sports apparel, gear, and merchandise. As a strategy to help stabilize The M Store finances, Apple Lane LLC purchased the building in early 2021, with plans to renovate it for a new use in the future. The M Store relocated to 300 N. Higgins in late 2021, and Apple Lane began renovation shortly thereafter.

Apple Lane's new design for 124 N. Higgins includes replacing the existing opaque, wood, barrel-shaped façade with large, transparent storefront windows, brick masonry, and re-claimed glass tiles from the old Missoula Mercantile building. The design team has drawn inspiration for the renovation from the McKay Art Co. building that had been located at 120 N. Higgins in the 1930s – the site that now houses Radius Gallery.

Engineers have determined that the existing barrel-shaped façade at 124 N. Higgins will not support new storefront windows and brick masonry. They recommend a new truss system and steel moment-frame, which will require removing the existing flat roof, and punching through the floor into the basement. The existing flat roof, which is more than 15 years old, coupled

with inadequate downspouts, has contributed to water damage in the basement, which will be remediated during renovation. Removing the existing roof also provides the opportunity to raise the roof line, more in keeping with the architectural scale of nearby buildings. Replacing the roof also will provide the opportunity to install a more efficient climate control system and good storm drainage.

Modifying the building façade will require adjusting the slope between the entrance and the public sidewalk for accessibility access, which will include removing and replacing a portion of the sidewalk. Site work also will include replacing an existing galvanized metal bike rack with two ornamental bike racks, and replacing a cobra-head vehicular light with a pedestrian-scale light fixture in accordance with Downtown Missoula standards, Design Excellence, and the Downtown Missoula Master Plan.

Request for Tax Increment Assistance

The applicant is requesting \$94,611 under the TIF program for deconstruction, and public right-of-way improvements that include sidewalk replacement, a new pedestrian-scale light fixture, and new bike racks.

Deconstruction/Demolition

| | |
|----------------|-----------|
| Deconstruction | \$ 61,468 |
| Subtotal | \$ 61,468 |

Public Right-of-Way Improvements

| | |
|-------------------------------|--------------|
| Sidewalk/Curb Replacement | \$18,423 |
| Pedestrian-scale Lighting (1) | 12,650 |
| Two (2) Bike Racks | <u>2,070</u> |
| Subtotal | \$33,143 |

| | |
|--------------------------|-----------------|
| Total TIF Request | \$94,611 |
|--------------------------|-----------------|

City of Missoula Strategic Plan

This TIF request is consistent with goals of the City of Missoula 2020-2023 Strategic Plan, particularly those with regard to Economic Health, Environmental Quality, and Community Design and Livability.

Economic Health: Apple Lane purchased the building at 124 N. Higgins, as a strategy to help financially stabilize that downtown business. The M Store remains an economically viable downtown business in a new location at the northeast corner of N. Higgins and Broadway. The completed renovation project will allow two more downtown businesses to expand and grow economically.

Environmental Quality: The renovation project will retain a portion of the existing structure at 124 N. Higgins. Reusing existing construction is a more environmentally sound practice than demolishing and building new. Additionally, Apple Lane’s contractor is deconstructing

and salvaging the material being removed to the extent possible, diverting much of it from the landfill. The new construction also will incorporate some materials repurposed from other downtown deconstruction projects.

Community Design and Livability: While not an actual historic restoration, the design of the new façade draws inspiration from historic downtown buildings and will be sympathetic with other historic structures in the immediate vicinity, including the Pharmacy Building façade in the Merc Hotel. A transparent storefront will replace an opaque, obscure building entrance, and raising the roofline will make the renovated building more visually consistent with its neighbors. New pedestrian-scale lighting and bicycle racks will enhance the pedestrian quality of the streetscape.

Economic Stimulus

The total project development cost is estimated at \$2,243,367, including the property cost of \$750,000. The developer's request for \$94,611 represents approximately 4.2% of the development cost. The relationship of public to developer investment is approximately 1:24 if land costs are considered, or approximately 1:16 if not. In either instance, the ratio is above the recommended ratio of 1:10 or greater between public funds and private investment.

Tax Generation

The 2021 tax on the property was \$12,502.47. The developer estimates that the total construction cost will be approximately \$1,377,511, which could be expected to generate approximately \$18,325 in taxes when the newly renovated building is completed.

Employment Generation

The applicant expects to hire three (3) new employees when Relic first opens in its new location and expand to six (6) employees within 18 months.

Elimination of Blight

Higgins Avenue is a primary downtown transportation and business corridor, and arguably, the heart of downtown. The project will enhance the downtown streetscape with a new transparent and inviting storefront and pedestrian-scale lighting and bike racks.

Improvement of Public Services

All public services necessary for this type of development already are in place. The project will replace a vehicular-scale cobra-head street light with a Downtown Missoula standard pedestrian-scale light fixture. An existing galvanized metal bike rack will be replaced with two ornamental bike racks matching bike racks installed in front of Radius Gallery. These streetscape amenities will further enhance Higgins Avenue in keeping with Design Excellence and recommendations of the Downtown Master Plan.

Urban Renewal Goals

This project is consistent with the Front Street URD plan which includes goals to *"encourage a thriving commercial atmosphere that stimulates private investment compatible with adjacent*

neighborhoods; maximize the opportunities for private investment and public/private partnerships that create jobs, expand the tax base, and enhance the overall downtown; and promote the use of sustainable and leading environmental practices in construction methods, materials, and design.”

The Front Street URD also includes a goal to “...promote projects that preserve historic structures that significantly contribute to the community’s heritage and character.” While this is not an actual historic restoration, the design of the new façade draws inspiration from historic downtown buildings and will be sympathetic with other historic structures in the immediate vicinity, including the Pharmacy Building façade in the Merc Hotel.

Impact Assessment

The project will have temporary construction impacts. The contractor will stage the work to minimize disruptions to pedestrian, bicycle, and vehicular traffic.

Financial Assistance

The project is being self-financed.

Project Feasibility

Apple Lane intends to expand a growing business named Relic into the newly renovated 124 N. Higgins space. Relic currently is located upstairs in Radius Gallery and is outgrowing its current space. When Relic moves, Radius Gallery will expand into that space.

Developer Ability to Perform

The Sippys have successfully developed Radius Gallery at 120 N. Higgins and have engaged the same design and construction team for this project – MMW Architects and Western Interstate, Inc.

Timely Completion

The applicant has already begun deconstruction and expects to complete the project by July 1, 2022. Staff believes this is a reasonable schedule for this type of project.

Payment of Taxes

All taxes are paid to date.

RECOMMENDATION: Staff recommends that the MRA Board approve the request from Apple Lane LLC in an amount up to \$94,611 for deconstruction and improvements in the public-right-of-way, with reimbursement for eligible costs upon receipt of proof of payment and lien waivers and authorize the Board Chair to sign the Development Agreement.

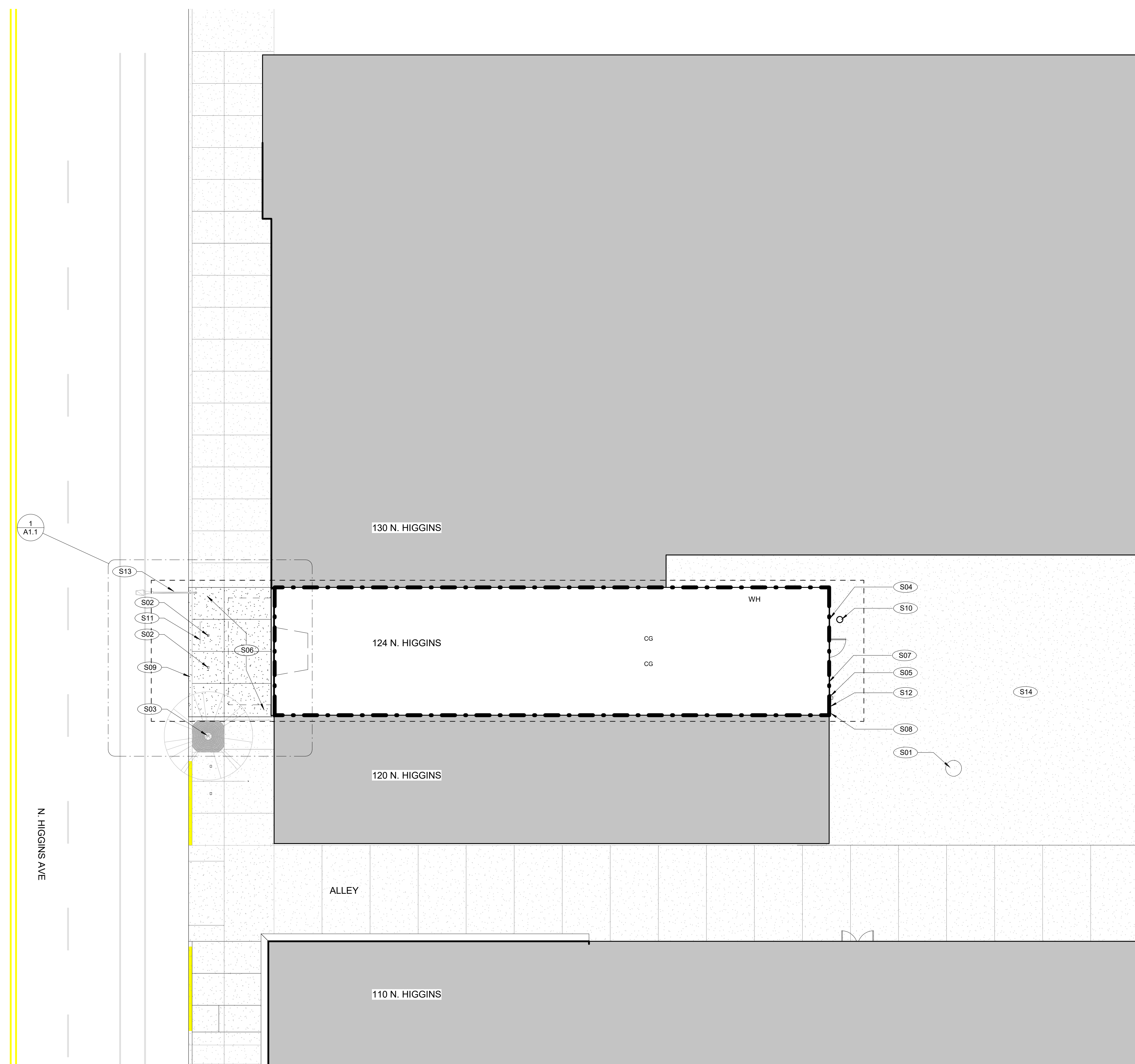
This building was located at
124 N Higgins ca. 1936.

The McKay Art Co. was located
at 120 N Higgins ca. 1936. It
has provided design inspiration
for the Apple Lane project.





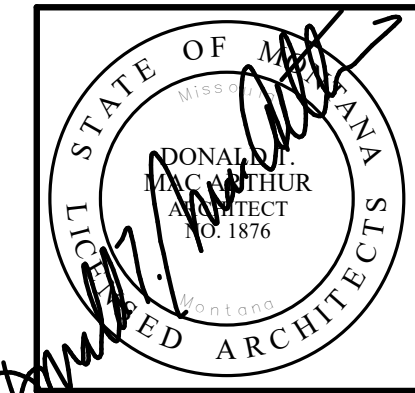
Proposed New Building at 124 N. Higgins



- ### GENERAL NOTES
1. STAKING BY GENERAL CONTRACTOR.
 2. VERIFY EXACT LOCATION OF UNDERGROUND UTILITIES PRIOR TO CONSTRUCTION.
 3. SITE DRAWINGS ARE DIAGRAMATIC AND ARE NOT INTENDED TO SHOW ALL SITE CONDITIONS. CONTRACTOR TO VISIT SITE DURING BIDDING TO FAMILIARIZE THEMSELVES WITH THE NEW CONSTRUCTION PLANS AND INCLUDE THE COST FOR ALL REQUIRED DEMOLITION, PATCHING, REPAIR, REPLACEMENT AND PROTECTION IN HIS/HER BID.
 4. CONTRACTOR TO COORDINATE REMOVAL OF EXISTING SITE ELEMENTS AND FINISHES AS REQUIRED TO ACCOMMODATE NEW CONSTRUCTION. REPLACE/PATCH ALL REMOVED FINISHES AS REQUIRED FOR A SEAMLESS APPEARANCE.
 5. CONSTRUCTION FENCE AND TEMPORARY COVERED WALKWAYS ARE THE CONTRACTORS RESPONSIBILITY BUT ARE NOT SHOWN IN THESE PLANS. COORDINATE FENCE AND WALKWAY REQUIREMENTS AND LOCATIONS WITH ADJACENT PROPERTY OWNERS, GOVERNING AGENCIES, AND SPECS. PROVIDE A SITE UTILIZATION PLAN TO THE ARCHITECT SHOWING PROPOSED FENCE AND WALKWAY LOCATIONS FOR REVIEW AND COMMENT.
 6. WHERE NEW CONSTRUCTION ABUTS EXISTING CONSTRUCTION, VERIFY AND MATCH EXISTING CONDITION AND PROVIDE SEAMLESS APPEARANCE.
 7. CONTRACTOR IS RESPONSIBLE FOR PAYING ALL SEWER AND WATER DEVELOPMENT FEES WITHIN THE CONTRACT SUM. SEE ALLOWANCES.

- ### LEGEND
- - - - - - PROPERTY LINE
 - - - - - PROJECT EXTENTS
 - - - - - - xx.xx GRADE ELEVATIONS
 - ▨ AREA OF NEW CONCRETE SIDEWALK, SEE DETAILS
 - CJ CONCRETE CONTROL JOINT
 - EJ CONCRETE EXPANSION JOINT

- ### KEYED NOTES
- S01 (EX) SUMP INLET AT ADJACENT PROPERTY
 - S02 BIKE RACK, VERIFY LOCATION WITH OWNER AND ARCHITECT
 - S03 (EX) TREE, PROTECT
 - S04 GAS METER LOCATION SEE MECHANICAL DRAWINGS MAINTAIN CITY AND PROVIDING UTILITY CLEARANCE REQUIREMENTS
 - S05 ELECTRIC METER AND DISCONNECT LOCATION-SEE ELECTRICAL, MAINTAIN CITY AND PROVIDING UTILITY CLEARANCE REQUIREMENTS
 - S06 DEMO EXISTING CONCRETE SIDEWALK AND PROVIDE NEW CONCRETE SIDEWALK, SEE A1.2 FOR DETAILS
 - S07 GUTTER
 - S08 DOWNSPOUT
 - S09 (EX) CURB TO REMAIN
 - S10 (EX) POWER/TELEPHONE POLE
 - S11 DEMO (EX) BIKE RACK
 - S12 ROOF ACCESS LADDER
 - S13 DEMO (EX) STREET LIGHT AND REPLACE WITH NEW CITY STANDARD STREET LIGHT, VERIFY LOCATION WITH ARCHITECT
 - S14 ADJACENT PROPERTY PARKING AREA



MMW ARCHITECTS
 406.543.5800
 125 West Alder Street
 Missoula, MT 59802
 mmwarchitects.com

RELIC
 124 N HIGGINS AVE
 MISSOULA, MT 59802

| REVISION SCHEDULE | | |
|-------------------|-------|------|
| # | DESCR | DATE |
| | | |

PROJECT # 21.012
 DATE 09.14.2021

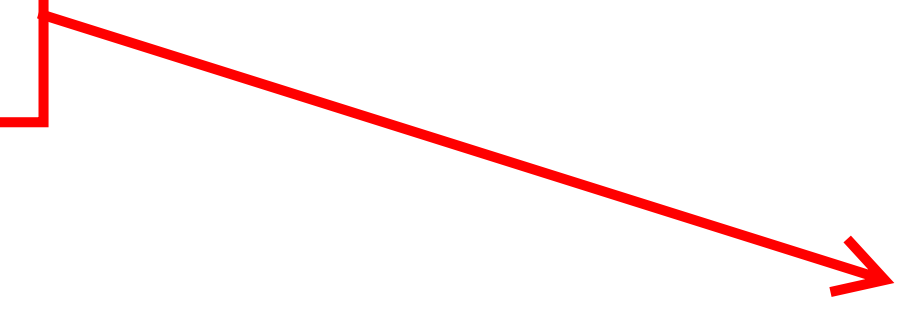
SITE PLAN

A1.0

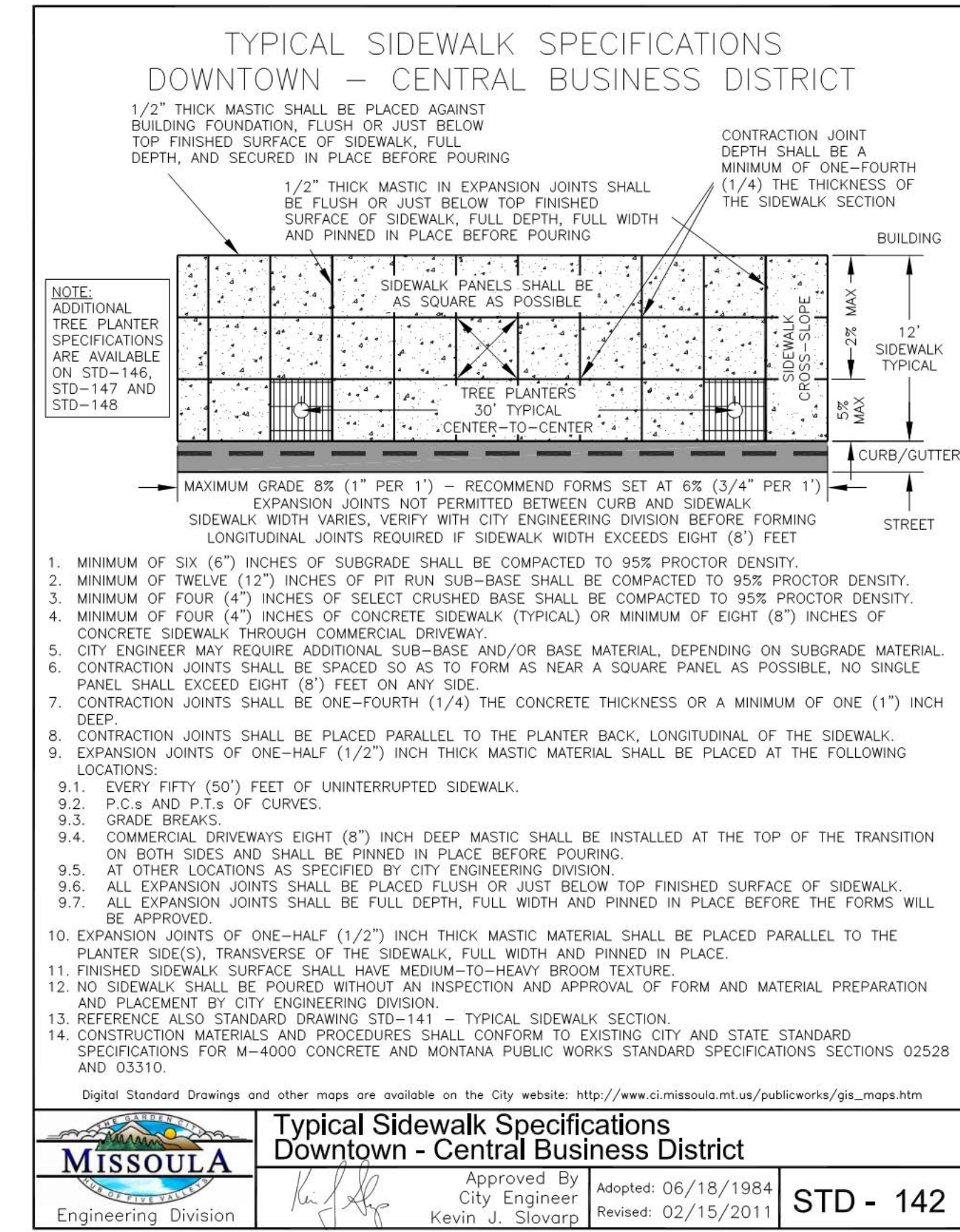
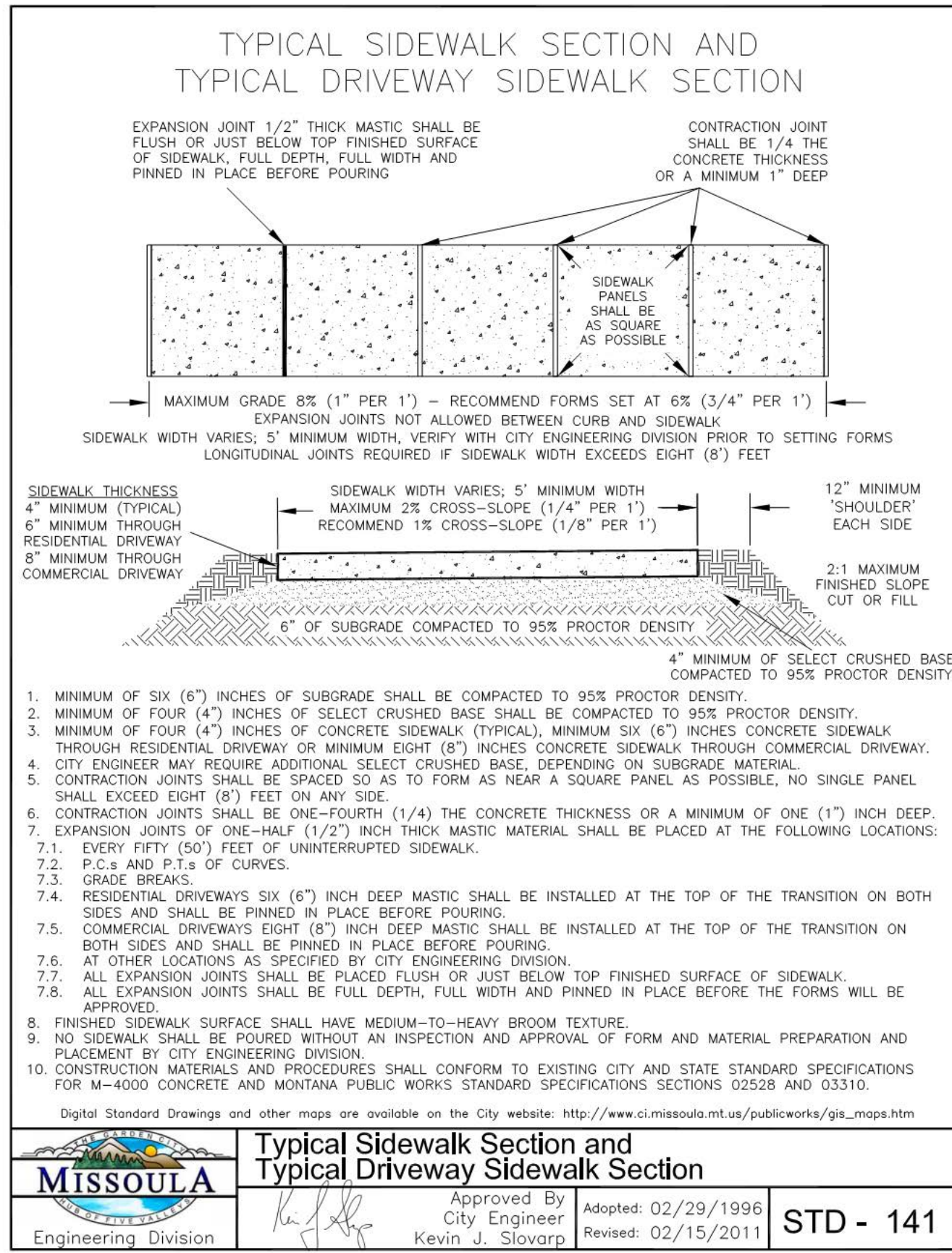
1 SITE PLAN
 1" = 10'-0"



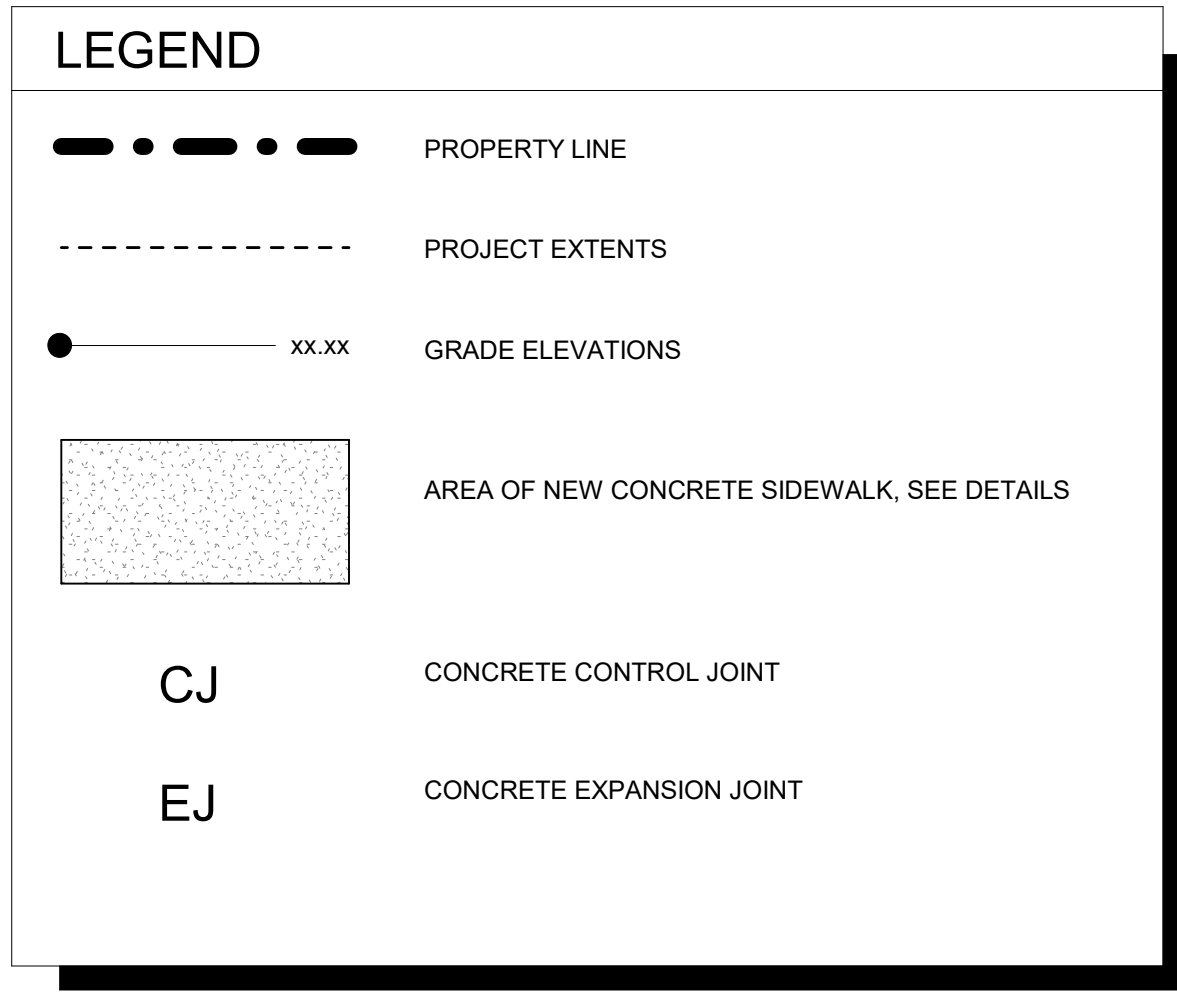
Use updated standard drawings (STD-752 & STD-753).



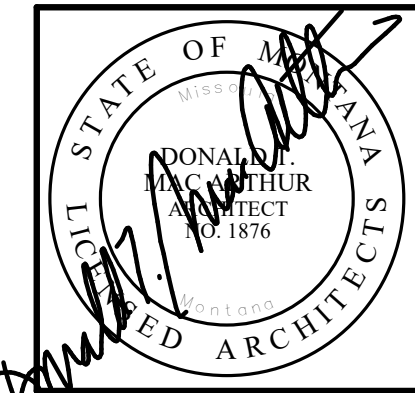
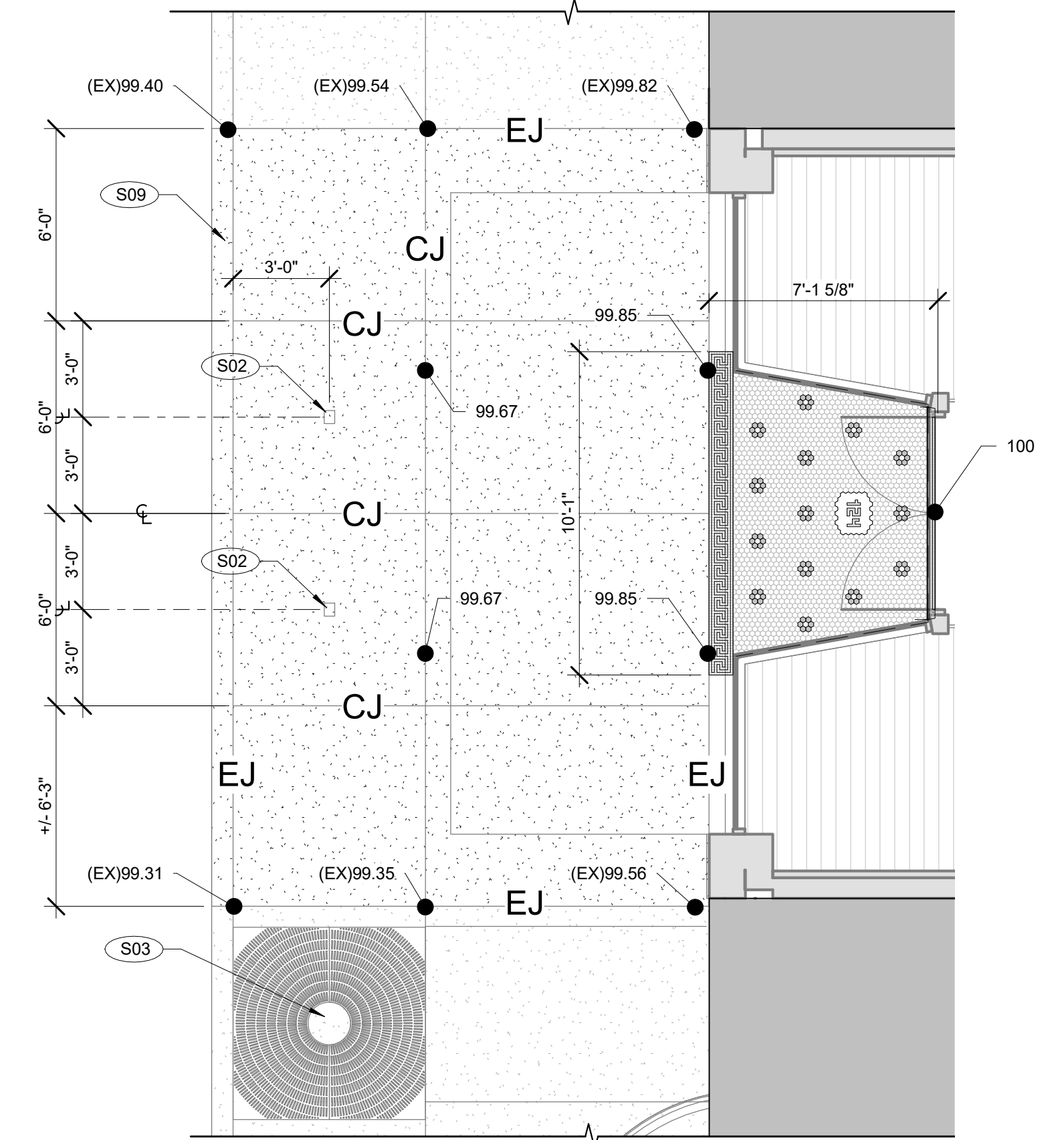
Right of Way construction permit req'd for sidewalk replacement.



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MMW ARCHITECTS

406.543.5900
125 West Alder Street
Missoula, MT 59802
mmwarchitects.com

RELIC

124 N HIGGINS AVE
MISSOULA, MT 59802

| REVISION SCHEDULE | | |
|-------------------|-------|------|
| # | DESCR | DATE |
| | | |

PROJECT # 21.012
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SITE DETAILS

A1.1