



## MRA Board Memo Cover Sheet

March 10, 2022

**Project Name:** 903 S. 1<sup>st</sup> St W. – Scariano/Morgan

**Urban Renewal District:** URD II

**Project Location:** 903 S. 1<sup>st</sup> St W.

**TIF Investment:** \$319,000

**Private Investment:** \$17,009,375

**Ratio of Public to Private Investment:** 1:53 including soft costs & land purchase  
1:40 construction cost only

**Project Description:** The project consists of deconstruction and site clearing activities, right of way improvements including diagonal on-street parking, and preservation and reuse of a historic 1905 railroad warehouse for the development of a mixed-use commercial/residential project in the southeast area of URD II. The restored historic warehouse will provide professional office space, and new construction above the warehouse and to the west will provide additional commercial square-footage and 42 dwelling units of various rental rates. Over-head utility lines will be moved underground, a trail easement connecting 2<sup>nd</sup> Street with the Bitterroot Trail will be acquired, and on-street diagonal parking on 1<sup>st</sup> Street will be installed.

### Cost Breakdown of TIF FUNDS:

Asbestos Remediation .....	\$27,000
Deconstruction.....	\$112,000
Over-head Utility Relocation.....	\$47,000
Right of Way Diagonal Parking.....	\$83,000
<b>TOTAL TIF REQUEST.....</b>	<b>\$269,000</b>

### Cost Breakdown of FIP FUNDS:

Paint Removal.....	\$24,000
Window Replacement.....	\$48,000
Door Replacement.....	\$15,000
Over-head Door Replacement .....	\$16,000
Awnings.....	\$30,000
Total FIP Items .....	\$133,000
<b>URD II FIP REQUEST CAP.....</b>	<b>\$50,000</b>

**Estimated Additional Property Taxes Generated:** \$128,842

**Current Property Taxes:** \$15,677

**Public Purpose and City Strategic Goals:** The MRA assistance is consistent with the goals of the City of Missoula's 2020-2023 Strategic Plan including: Safety and Wellness Goals, Community Design and Livability Goals, and Economic Health Goals.



## MEMORANDUM

**TO:** MRA Board

**FROM:** Tod Gass, Project Manager

**DATE:** March 11, 2022

A handwritten signature in blue ink, appearing to read 'Tod Gass', is placed next to the date.

**SUBJECT:** URD II – *Bissinger Place*

Request for Tax Increment Financing and Façade Improvement Program Assistance

MRA received an application for Tax Increment Financing and Façade Improvement Program assistance from Bricks and Spurs, LLC (Frank Scariano and Mike Morgan, members) for the Bissinger Place project located in URD II at 903-921 South 1<sup>st</sup> Street West. 903 1<sup>st</sup> Street includes the historic Bissinger Warehouse, a 6,000 sq-ft brick railroad warehouse that was constructed in the early 1900's for use by the Bissinger Fur Trading Company. This project will preserve and repurpose the historic warehouse to accommodate contemporary uses.

In the early 1960's, a 4,700 sq-ft addition was attached to the south side of the Bissinger Warehouse and a lean-to was constructed off the west wall of the warehouse, these structures have little historic value. To the west, at 915 & 921 1<sup>st</sup> Street, there are two small houses with detached garages that are in advanced states of disrepair and are uninhabitable or marginally habitable. The houses, garages, lean-to and east and west wall of the warehouse addition will be deconstructed and removed from the site. The east and west walls of the warehouse addition will be reconstructed in a manner to support the construction of additional floors above the existing structure.

The Bissinger Place project will be a 61,500 sq-ft, 4-story, mixed-use development that will provide commercial and residential uses in this southeast area of URD II. The developer anticipates commercial uses to include manufacturing, professional office, retail, and possibly food service spaces. The residential component of the project will include 42 dwelling units with amenities including a rooftop terrace with lounging and grilling areas, secure bicycle storage, and ski storage with a ski tuning shop. Dwelling units will vary in size and features to provide rental rates ranging from market rate affordable to more luxurious panoramic view living styles. The installation of an elevator will provide accessibility to all floors of the new development.

The project is conveniently located adjacent to the Bitterroot Trail and new 1<sup>st</sup> & 2<sup>nd</sup> Street sidewalks, slated for or recently constructed through the MRA URD II Sidewalk Program, making downtown and other areas of town to the south easily accessible by foot, bike, or other non-motorized means. For years, MRA has desired to obtain an easement to connect the 2<sup>nd</sup> Street cul-da-sac with the Bitterroot Trail. The Developer has granted this trail easement to the City and MRA will connect the 2<sup>nd</sup> Street cul-de-sac with the Bitterroot Trail as part of the URD II Inez 1<sup>st</sup> & 2<sup>nd</sup> Sidewalk Project this year.

Although the project site is not within a Design Excellence overlay district, the principals and standards of design excellence are applied. Ground level ceiling heights are 12 – 16 feet, natural materials, glass, street front building undulation, and historic reference are applied to the project design. A gallery in the common area of the project will display pictures and artifacts highlighting the historic value of the site including historic railroad items donated by Washington Corp and an exterior monument placed near the intersection of 1<sup>st</sup> Street and the Bitterroot Trail.

The total cost of the project is \$17,009,375 which includes design and permitting fees, and developer investment in the property and improvements. The developer equity and investment in the project is \$2,917,875, which equates to nearly 17% of the total project cost and 23% of the construction cost. Construction financing is through First Security Bank and the Developer has provided a Pre-Qualification Commitment Letter from the lender.

### **TIF Request:**

The exteriors of the houses to the west of the Bissinger Warehouse are clad in asbestos containing materials and asbestos remediation is needed in order to deconstruct and remove these houses.

Asbestos Remediation .....\$27,000

To the extent feasible, materials will be salvaged from the houses, garages, and warehouse addition. Other materials not worthy of recycling will be given away to minimize materials taken to the landfill.

Deconstruction.....\$112,000

The over-head utilities on the south side of 1<sup>st</sup> Street will be relocated underground, allowing for the new construction to be located closer to the street front giving more buildable space to the site and improved architectural articulation to the building.

Over-head Utility Relocation .....\$47,000

The Bissinger Place project will add on-street diagonal parking on the south side of 1<sup>st</sup> Street which will provide additional public parking and parking for the Bissinger Place development, in addition to providing parking for afterhours events at the Loyola athletic field or events at the nearby riverfront parks.

Right of Way Diagonal Parking .....\$83,000

**TOTAL TIF REQUEST .....\$269,000**

### **FIP Request:**

Several features of the historic Bissinger Warehouse structure are eligible for assistance under the URD II Façade Improvement Program. In order for the original warehouse to be preserved and repurposed, the exterior paint will be removed using non-abrasive techniques. Removing the paint will help solve a moisture retention issue with the brick structure. The developer will also replace the existing windows, doors, and overhead doors with modern efficient windows and doors, and add awnings to the structure. The developer identified \$133,000 in eligible façade improvements; however, they were advised that the Façade Improvement Program is capped at 25% of the project cost or \$50,000 whichever is less.

Façade Improvement Program Items:

Paint Removal .....\$24,000

Window Replacement .....	\$48,000
Door Replacement .....	\$15,000
Overhead Door Replacement .....	\$16,000
Awnings .....	\$30,000
Total FIP Items .....	\$133,000
<b>URD II FIP REQUEST CAP .....</b>	<b>\$50,000</b>

**City Strategic Plan Goals:** The Bissinger Place project furthers several goals outlined in the City of Missoula 2020-2023 Strategic Plan. The project meets Community Design and Livability goals of the plan by developing housing units for various income levels, connecting the parcel to the Bitterroot Trail via a trail easement, and generates diagonal on-street parking in this area near the downtown riverfront parks and trails amenities. The project furthers the Environmental Quality goals of the plan by deconstructing unusable structures on the property and taking action to minimize materials generated for the landfill. Bissinger Place also furthers Economic Health strategic goals through job creation and entrepreneur opportunities where none currently exist, along with considerably growing the tax base in URD II.

**Public Purpose:** It had been MRA's desire for many years to obtain a trail easement to connect the east terminus of 2<sup>nd</sup> Street to the Bitterroot Trail. Bricks and Spurs, LLC has signed a trail easement for the 2<sup>nd</sup> Street/Bitterroot Trail connection and the connection will be constructed this year as part of the URD II Inez 1<sup>st</sup> and 2<sup>nd</sup> MRA sidewalk project.

The request for TIF assistance to construct diagonal on-street parking as part of Bissinger Place provides public benefit to the surrounding neighborhood. This on-street parking on the south side of 1<sup>st</sup> Street, combined with the diagonal on-street parking on the north side of the street, constructed by MRA under the URD II Western Sidewalk Project – Phase 4, will provide additional parking relief to the surrounding neighborhood from parking pressure created by Loyola athletic activities and nearby riverfront park activities. The diagonal on-street parking of the Phase 4 sidewalk project was a feature that was welcomed by the neighborhood.

**Economic Stimulus:** The overall investment in the project including land costs, design fees, and permitting fees is \$17,009,375. If the eligible TIF and FIP assistance is approved by the MRA Board, the public investment to private investment ratio is 1:53. The ratio of public to private investment considering construction cost only is 1:40. Both very favorable ratios given that MRA generally considers a ratio of 1:10 to be a good TIF investment.

**Tax Generation:** The 2021 tax bill for the 903-921 properties is \$15,677. Depending on the final value assigned to the new improvements by the Montana Department of Revenue, the new taxes generated from the new construction are estimated to be \$128,842. Given this amount of tax generation, the pay back to URD II on the MRA investment is 3 years. A payback of less than 10 years is generally considered a good use of TIF funds.

**Employment Generation:** Currently the buildings at the Bissinger Place site are vacant and there are no job opportunities. The number of jobs created because of this project has not been specified, however, the developer anticipates job opportunities to follow based on the types of uses in Bissinger Place: professional, manufacturing, retail, and/or food services. The project will generate a number of temporary construction jobs and the developer has indicated local trades and vendors will be used for construction.

**Elimination of Blight.** The warehouse at 903 1<sup>st</sup> Street is currently vacant and in need of repair and restoration. The houses at 915 & 921 1<sup>st</sup> Street are in advanced stages of disrepair and are uninhabitable or marginally habitable. This project will redevelop these 1<sup>st</sup> Street properties by restoring and repurposing the historic railroad warehouse and remove the dilapidated houses and related structures to provide for new construction over the restored warehouse and new construction to the west. The project will be a

mixed-use of commercial and residential uses consisting of 61,500 sq-ft of professional space, manufacturing space, commercial space, and 42 dwelling units.

**Special and Unique Opportunities:** Area residents and former City Council members have approached MRA in the past requesting MRA connect the east terminus of 2<sup>nd</sup> Street to the Bitterroot Trail. For many years, MRA was unable to gain a trail easement from an unwilling owner. Bricks and Spurs has granted a trail easement to the City and the 2<sup>nd</sup> Street cul-de-sac will be connected to the Bitterroot Trail during the completion of the URD II Inez 1<sup>st</sup> and 2<sup>nd</sup> Sidewalk Project this year! The on-street diagonal parking that will be added to the south side of 1<sup>st</sup> Street presents an opportunity to supplement the diagonal parking on the north side of 1<sup>st</sup> Street to provide additional parking opportunities for Bissinger Place as well as Loyola athletic events and riverfront events after hours.

**Impact Assessment:** The project will preserve and reuse an historic warehouse to create a mixed-use development in the southeast area of URD II. This is type of development that MRA would like to encourage at this location. Bissinger Place takes advantage its location and proximity to commuter/recreation trails, public transportation, employment, shopping, and entertainment opportunities that enable patrons and residents to navigate everyday routines with lower dependence on car use.

**Financial Assistance:** The developer has submitted a Pre-Qualification Commitment Letter from First Security Bank to provide financing for the project in addition to the developer equity and investment in the property. MRA's assistance will be made as a reimbursement to the Developer upon completion of the Project, as evidenced by the issuance of a Certificate of Occupancy from the City of Missoula, and the reimbursement amount based on actual paid invoices for the TIF and FIP eligible construction items.

**Project Feasibility:** The developer has made a significant financial investment in the project and the financing plan in the developer's application appears to be feasible.

**Developer Ability to Perform:** The Brick and Spurs, LLC consists of members Frank Scariano of Scariano Construction and architect Mike Morgan of Hoffman Morgan & Associates; both of which have completed several projects in downtown, URD II, and URD III.

**Timely Completion:** The project is scheduled to be completed in the Fall of 2023. The full-assessed value of the completed project would be expected on the 2024 tax year valuations.

**Payment of Taxes:** The taxes on the properties are currently paid.

**Recommendation:** Staff recommends the MRA Board move to approve TIF assistance for the Bissinger Place Project in an amount not to exceed \$269,000 for asbestos remediation, deconstruction, utility relocation, and 1<sup>st</sup> Street right of way improvements with the understanding that the TIF assistance will be a reimbursement to the Developer upon full completion the project as evidenced by the issuance of a Certificate of Occupancy from the City of Missoula, and further, that the amount of the TIF reimbursement will be based on paid invoices submitted by the Developer documenting actual costs of the TIF eligible improvements; and authorize the Board Chairman to sign the Development Agreement.

**Recommendation:** Staff recommends the MRA Board move to approve a Façade Improvement Program grant to Bricks & Spurs, LLC in an amount not to exceed \$50,000 for exterior paint removal, windows, doors, and over-head door replacement, and installation of awnings with the final amount of the grant to be based on paid contractor invoices provided by the applicant; and authorize the Board Chairman to sign the Façade Improvement Agreement.

Exhibit A

OVERHEAD UTILITIES TO BE REMOVED



PAINT TO BE REMOVED

WINDOWS TO BE REPLACED

ADDITION TO BE REMOVED

(2) EXISTING HOUSES TO BE REMOVED




BISSINGER WAREHOUSE - EXISTING CONDITIONS

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Exhibit E



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Drawn By:  
HMA

Checked By:  
M. MORGAN

Project #:  
14016

Date:  
12-14-2022

Set I.D.:  
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BISSINGER WAREHOUSE -  
WITH OUT PAINT REMOVED FROM  
BRICK FACADES AND WITHOUT  
NEW REPLACEMENT WINDOWS

BISSINGER WAREHOUSE - WITHOUT FACADE IMPROVEMENTS FUNDING



BISSINGER WAREHOUSE -  
WITH PAINT REMOVED FROM  
BRICK FACADES  
NEW REPLACEMENT WINDOWS

IMPROVED ARCHITECTURAL ARTICULATION  
DUE TO REMOVAL OF OVERHEAD POWERLINES

ELEVATION FACING S. 1st ST. - WITH TIF AND FACADE IMPROVEMENTS FUNDING