



## MEMORANDUM

**TO:** MRA Board

**FROM:** Annie Gorski  
Deputy Director

**DATE:** July 18, 2022

**SUBJECT:** **Missoula Economic Partnership Contract to Identify Redevelopment Partners** – Request to Approve Scope of Services and Budget

### Background

In August 2019 the MRA Board approved \$50,000 for a contract with the Missoula Economic Partnership (MEP) to identify potential sites in Missoula's Opportunity Zone where Urban Renewal District (URD) funding was also available. MEP's work identified Ravara Development, LLC (Ravara) as a redevelopment partner on a portion of the former White Pine Sash site. Ravara plans to purchase approximately six acres from the City to develop a mixed-use and mixed-income project. The MEP approached the MRA about performing a related service to support business growth and identify redevelopment partners for City-owned properties within the URDs.

### Scope of Services

The scope of services between the MRA and MEP includes three focus areas:

- 1) Redevelopment of existing City-owned properties that present a redevelopment opportunity. This includes the former library site, and other possible opportunities including the Missoula Water site on West Broadway Street and the Montana Rail Link property on Johnson Street.
- 2) Targeted business retention, expansion, and development support in the North Reserve-Scott Street URD and Hellgate URD. The MEP is engaged with MonTEC and University of Montana planning in the Hellgate URD and their involvement will help identify possible opportunities that align with the URD goals.
- 3) Support for strategic business relocation efforts to facilitate business needs for a new location and URD long-term goals. This will become a focus for MEP if this need arises through their business outreach.

### Budget

The initial budget for this work is \$25,000. This funding is for MEP's staff time to support the above tasks, including convening meetings with businesses in NRSS and Hellgate URDs, compiling reports and analysis to help market redevelopment sites, meeting possible

development partners and conducting due diligence, and meetings with City departments and other agencies. If technical studies, web design, or additional communications support is needed to support the tasks in the scope, the MRA Director may authorize access up to an additional \$25,000 for matching grant funds, at MEP's request. The total budget will not exceed \$50,000.

### **Schedule**

This scope of services is for one year, with the option to renew the contract. A detailed schedule is included in the attached. The MEP will check-in with MRA staff monthly to report on progress and coordinate activity and present updates to the MRA Board as needed.

**RECOMMENDATION: Staff recommends that the MRA Board approve the scope of services with Missoula Economic Partnership, authorize the Board Chair to sign the contract, and allocate up to \$50,000 in URD funding for the contract.**

Contracted Service Agreement Between  
Missoula Economic Partnership (MEP) and Missoula Redevelopment Agency (MRA)

Scope of Services

**Summary**

Missoula Economic Partnership (MEP) requests to work with the Missoula Redevelopment Agency (MRA) to assist and advance their development goals for properties identified as in need of redevelopment. In doing so, MEP will support the MRA's goals to leverage private investments that align with community benefit and promote the generation of revenue for the districts to further fund public projects that support the Missoula community.

**Scope of Work**

Work will focus on three areas of need: 1) the redevelopment of existing city-owned properties that present a development opportunity 2) strategic business relocation efforts in the Urban Renewal Districts (URD)s and 3) targeted business retention, expansion, and development in the North Reserve-Scott Street and Hellgate URDs. All areas of need align with the City's redevelopment goals and support established community priorities such as workforce housing, mixed-use commercial development and childcare. The initial, but not exclusive, focus of MEP's work under this contract will support developer selection and redevelopment of the Payne Block on East Main Street. Other potential properties include, but are not limited to, developable property south of Southgate Mall, Missoula Water sites on West Broadway and the Montana Rail Link (MRL) Property on Johnson Street. Throughout the project timeline, MEP will remain flexible to accommodate changing needs and opportunities on these sites, as well as others that become available.

This investment in MEP will support the following:

1. Recruit and inform investors and developers about proposed sites to align capital resources, professional expertise and development potential for projects on city-owned property. Through these efforts, MEP will inform potential developers of available resources from the City and MRA, conduct due diligence on developers and investors, share best practices from Missoula's successful public-private projects and facilitate timely introductions and actionable items with appropriate MRA and City staff.
2. MEP will work with City planning partners to create a comprehensive site prospectus and feasibility report to help market redevelopment sites. For the Payne Block, this initial analysis will likely include: reference and summary information regarding the Missoula community and its economy, outlining existing community and development objectives, existing local plans for sites, information about community engagement needs and eligible incentives and financing tools. MEP will generate reports to share regional demographic, economic, workforce and employment data to support the marketing and outreach needs.

If additional analysis is needed to support site marketing and/or redevelopment MEP may seek grants or request additional funding, including for zoning and land use analysis, market analysis, outlining existing community and development objectives, a site's opportunities and

infrastructure constraints, conceptual diagrams for reasonable land uses, and estimates of costs for reasonable infrastructure improvements.

3. MEP will facilitate strategic business retention, development, and relocation work to support businesses and expand MRA's knowledge of growth potential and redevelopment opportunities in the NRSS URD and Hellgate URD. These efforts will include targeted outreach and retention with businesses to understand needs and opportunities and share networking or capital opportunities to support business growth or expansion. If needed, it will also include specific relocation efforts for businesses in URDs to facilitate a business's needs for a new location and the MRA's long-term plans for the goals of the URD and the community. Specific work will include facilitating meetings with business owners and City staff to discuss options and available capital, grant opportunities, land resources, and outline action items to meet the public and private objectives of an expansion or move. Also includes setting and tracking benchmarks to support action items, and if needed, consulting with private partners in design, engineering, legal and real estate to advance the project. This work will support business growth in the URDs, generate potential tax revenue for the district and allow the City to be opportunistic as additional site opportunities become available.

This scope of work advances MRA's goals to achieve the development of attainable housing for our community, support private development projects that align with the City's adopted plans and policies and support business growth within the districts. Building upon prior successful engagement between MEP and MRA in Missoula's Opportunity Zone and the Scott Street project, this effort will further maximize the potential of the current market conditions, and fully engage different sectors, stakeholders, and the public to leverage collective assets and align collective decisions.

### **Timeline**

#### **August - January 2023 – Payne Block focus and coordination to advance other opportunities highlighted in this scope of work.**

- Identify development objectives, infrastructure needs and incentives for City-owned property
- Convene technical advisors to identify development feasibility related to zoning and land use, permitting, and if needed, infrastructure obstacles including right-of-ways
- Identify potential investors and developers and market City-owned property through various internal and external efforts
- Work with business owners to assess needs and opportunities
- Convene meetings with businesses in the NRSS and Hellgate URDs
- Market and conduct outreach on properties
- Perform due diligence on potential investors, developers and business relocation sites
- Develop site prospectus, feasibility reports and economic development report

- Monthly check-in with MRA Director or designee to report on progress and coordinate activity
- MRA Board updates as needed

### **February - July 2023**

- Develop and execute on business opportunities and/or relocation timeline actions identified through MEP's business outreach efforts. This includes any businesses that identify a need for a new location that also aligns with City and URD long-term goals
- Convene meetings with technical partners, businesses and developers
- Continue marketing and outreach efforts
- Present potential developers to City and MRA staff
- Convene meeting with City and businesses to discuss any business needs and opportunities that align with URD goals, including business relocation needs
- Monthly check-in with MRA Director or designee to report on progress and coordinate activity
- MRA Board updates as needed

### **Deliverables**

Within the timeline MEP will provide the following deliverables:

Marketing of a City-owned property:

- Identify potential investors and developers and conduct outreach and marketing
- Convey the necessary incentives, infrastructure requirements and development expectations of the site
- Create a comprehensive site prospectus and feasibility report showcasing local demographic data, workforce and housing trends, and regional employment information as well as resources regarding public engagement and eligible incentives and financing tools for the site
- Perform due diligence on interested developers to understand their prior work, projects, capitalization and capacity to complete the project
- Arrange meetings with City and MRA staff with developers with the goal of initialing a letter of intent between the City and an interested party to develop the property.
- As needed, and by authorization of MRA Director or designee, work with consultants to compile a market analysis, site zoning and land use analysis, or other reports including a feasibility report or market analysis

Business retention, expansion, and/or strategic relocation:

- Meet with business owners and their representative to understand needs and opportunities, including for expansion and/or relocation
- With technical advisors, identify 3 potential locations that meet requirements and perform due diligence on sites
- As needed, work with a design firm to provide detailed site and feasibility analysis for each site, considering infrastructure, transportation and incentives

- Convene targeted business meetings in the districts to support business growth and assess needs related to workforce, real estate or capital
- Convene business and technical advisors to review business expansion, site feasibility and relocation needs and options
- Convene business and City officials to advance business growth opportunities, relocation and redevelopment objectives
- Report regularly to MRA staff on business’ needs around real estate, workforce, and capital and highlight trends and opportunities in the districts

**Public Benefit**

MEP is well positioned and aligned to support MRA through this contract to maximize the public benefit of our collective resources. The work and completed projects that result align with multiple goals established in Missoula’s recently developed Comprehensive Economic Development Strategy (CEDS) and MEP’s updated 5-year Strategic Plan. These goals include increasing the supply of affordable and middle-income housing for both owners and renters and the support of new commercial developments to enable growth of best-fit industries. This project also creates an incentive for Missoula to come together in a proactive approach to community development to take advantage of Missoula’s sites that might otherwise be difficult to develop. Additionally, MEP’s work, and the contracted services that result from it, builds efficiencies across our collective agencies, allowing MRA and the City to expand their capacity in the URDs without taking on additional risk or resources from existing staff. MEP will report regularly to MRA’s Board of Directors with updates on the contractual goals and accomplishments.

**Budget**

Activity	MRA Request
MEP Staff time	\$25,000
Technical advising- Optional, with MRA Director Approval	
Project and Feasibility Reports	\$20,000
Communications/Web Design	\$5,000
<b>Total</b>	<b>\$25,000</b>
<b>Total</b>	<b>\$50,000</b>

MEP is requesting an initial \$25,000 from this contract to fund MEP’s staff and resources to coordinate efforts around the Payne Block including recruiting and informing investors and creating

marketing and informational materials about the site and region. Staff time will also support MEP's business development, retention and relocation work to support businesses and expand MRA's knowledge of growth potential and redevelopment opportunities in the NRSS URD and Hellgate URD. The contract is not to exceed \$50,000 with an option to renew annually based on the staff and Board's approval.

Technical advising funds are to support optional, project-specific, tasks for this contract's scope of work and will require authorization by the MRA Director or designee. Budgeted costs listed here allow for funds to support potential project needs such as:

- \$20,000 in matching funds for a Big Sky Trust Fund Planning Grant for the Payne Block or another planning need in the district
- \$10,000 market analysis for the Payne Block from EcoNorthwest
- \$2,500 for a Site Concept Memorandum from Dover, Kohl & Partners
- \$5,000 for MEP to create communication, marketing and web site materials for up to three project sites.

Additionally, MEP and MRA expect that much of the feasibility needs and reports would be eligible for funding through the City's Brownfields program or existing contracts through other sources. MEP is committed to leveraging and using those funds whenever possible in this contract and throughout this work.