



MEMORANDUM

TO: MRA Board

FROM: Annie Gorski, Deputy Director

DATE: April 17, 2023

SUBJECT: Contract Amendment for Hazardous Building Materials Abatement, Deconstruction, and Building Removal of the Sleepy Inn, 1427 West Broadway (**URD II and Ward 1**)

Overview

In February 2023, the City entered into a contract with 3 Rivers Landworks, LLC to complete hazardous building materials abatement, deconstruction, and building removal of the Sleepy Inn. Mobilization, utility disconnects, and abatement also began in February. As work continues throughout the building some unplanned activities have occurred, resulting in additional cost and schedule delays, including:

- Additional 4,150 SF of asbestos containing plaster behind wood framing, drywall, and plaster in the western and middle portion of the building. This material was hidden behind the first layer of flooring and drywall and not detected during the 2022 Hazardous Building Materials Survey.
- Old and damaged piping wrapped in asbestos insulation under the sub floor.
- A crawl space under the length of the building. A crawl space opening, believed to extend under a portion of the building, was detected during a pre-bid meeting. The longer crawl space was discovered after Heritage Timber removed the building flooring. The crawl space must be demolished and replaced with fill material.
- The above additional work is likely to add up to four weeks to the schedule. Substantial completion is expected by May 12, 2023.

The majority of the above costs are associated with the abatement bid item and eligible for City Brownfields Program funding. While the contractor has not yet billed for costs that exceed the total contract amount, we expect that costs will exceed the current contract total, before the project is complete. We are requesting MRA Board approval to amend the amount and schedule contained in the contract. The current Purchasing Policy allows the Mayor to review and approve this contract amendment because the increase is less than \$80,000.

In January 2023, the MRA Board approved entering into a \$283,665.65 contract with 3 Rivers Landworks, LLC and authorized up to \$210,000 in tax increment funding for the contract. The TIF total included \$200,513.87 for the contract, plus \$9,486.13 in contingency for a total of \$210,000. The Brownfields portion of the work is \$83,151.78 for the total contract amount of \$283,665.65.

The contract amount is expected to increase from \$283,665.65 to \$318,828.65. The MRA funded portion of the contract is expected to increase from \$200,513.87 to \$211,630.87. Staff recommends maintaining the previously authorized TIF contingency of \$9,486.13 for a total TIF contribution to the work of up to \$221,117.

RECOMMENDATION:

Staff recommends that the MRA Board authorize the Board Chair to sign the contract amendment with Three Rivers Landworks in the amount of \$318,828.65, with the understanding that up to \$221,117 will be funded with TIF, contingent upon the Mayor's approval of the contract amount and Brownfields Program funding increase.



MRA Board Memo Cover Sheet

January 13, 2023

Project Name: Contract Issuance for Deconstruction and Building Removal of the Sleepy Inn

Urban Renewal District: URD II

Project Location: 1427 West Broadway

TIF Investment: Up to \$210,000

Other Investment: Community Development, Planning, and Innovation (City's Brownfields Program): \$83,151.78

Project Description: With MRA Board and City Council approval the City and MRA will enter into a joint contract with Three Rivers Landworks. The MRA and Community Development, Planning, and Innovation Department (CPDI) will share the costs, with CPDI funding the asbestos abatement. We expect to issue a Recommendation to Award by end of January.

Cost Breakdown of TIF Funds:

MRA Portion of the Contract	\$200,513.87
Contingency	up to \$9,486.13

Total TIF Request is up to \$210,000



MEMORANDUM

TO: MRA Board

FROM: Annie Gorski, Deputy Director

DATE: January 13, 2023

SUBJECT: Contract Issuance for Deconstruction and Building Removal of the Sleepy Inn, 1427 West Broadway (URD II) – Up to \$210,000 TIF Request

Overview

The Sleepy Inn site has been vacant since March 2022 when the pandemic shelter use discontinued. The building is in poor condition and vandalism, illegal trespassing and camping continues to cause damage. Redevelopment of the site is identified as a priority in the URD II Exit Plan (approved in March 2022) and in the Envision West Broadway Master Plan. To further plans for redevelopment and sale, the MRA published an Invitation to Bid in December seeking bids for asbestos abatement, building deconstruction and removal. Three Rivers Landworks was the responsive low bidder. With MRA Board and City Council approval, the City and MRA will enter into a joint contract with Three Rivers Landworks and the MRA and Community Development, Planning, and Innovation Department (CPDI) will split the costs. We expect to issue a Recommendation to Award by end of January. The contractor will have 60 days to complete the work. Up to an additional 45-day extension may be granted if the contractor can salvage more materials than originally expected.

Request for Tax Increment Assistance

- \$200,513.87 – Bid total for building deconstruction and removal, as well as traffic control, 50 percent of mobilization and demobilization, and 50 percent of the miscellaneous (contingency) task.
- Up to an additional \$9,486.13 in contingency

Total TIF Request up to \$210,000

City of Missoula Strategic Plan

The project aligns with the following goals in the City's Strategic Plan:

- **Support sustainable growth initiatives** – By redeveloping this site there is opportunity to add density and encourage housing, with transportation options.

- **Implement adopted Energy Conservation and Climate Action initiatives** – Three Rivers Landworks will subcontract with Heritage Timber to salvage an estimated 60 percent of the building materials, rather than sending to the landfill.
- **Support collaboration and effective delivery of service** – Combining the abatement and deconstruction phases of the project is expected to save the City time and money, streamlining the process.

Economic Stimulus

The Envision West Broadway Plan anticipated that the Sleepy Inn site would be one of the first to redevelop when the site was no longer needed as a non-congregate shelter. The City's realtor has advised us that the property will be more marketable for sale as a clean, level site with the building removed. Redevelopment at the Sleepy Inn will likely be a catalyst for other redevelopment in the area.

Urban Renewal Goals

The planned improvements align with goals and strategies in the URD II Plan related to commercial districts, including:

- Encourage a thriving commercial atmosphere which stimulates private investment compatible with adjacent and nearby residential areas

Project Feasibility

An MRA staff person will serve as project manager, overseeing all aspects of the project and serving as the single point of contact for the contractor. We expect that the contract will conclude with a flat site in April 2023. Marketing the property for sale is expected to begin on or before that date.

RECOMMENDATION:

Staff recommends that the MRA Board authorize the Board Chair to sign the contract with Three Rivers Landworks in the amount of \$283,665.65, with the understanding that up to \$210,000 will be funded with TIF, contingent upon City Council's approval of the remaining contract amount.







Sleepy INN Phasing Map

