



MRA Board Memo Cover Sheet

January 23, 2024

Project Name: Public Infrastructure and Workforce Housing Gap Funding: Scott Street Ravara Mixed Use, Mixed Income Development

Urban Renewal District: NRSS URD

Project Location: Tract 1,2,3, adjacent to Scott Street as shown on the attached plat map

TIF Investment: Up to \$389,349 in additional bonding authority for a total of \$9,800,000, including a not to exceed \$780,000 earthwork contingency and a not to exceed \$948,898 infrastructure project contingency.

Other Investment: Home ownership parcel: \$32M in other sources, as well as Montana Board of Investments Housing Infrastructure Revolving Bond Program participation.

Project Description: Construction of public infrastructure and earthwork needed for a new mixed-use, mixed income development, including street extensions, sidewalks, landscaping and street trees, decorative street lighting, and safety improvements. This infrastructure will support creation of 89 new for sale units located on a Community Land Trust (51% of units will be income restricted) as well as an expected 220-225 market rate apartments, and an estimated 35,000 square feet of new neighborhood commercial space. MRA Workforce Housing gap funding will also support creation of 46 income restricted home ownership units.

TIF Bond Breakdown:

Series A Bond:

Public infrastructure for the market rate and home ownership parcels as well as a not to exceed \$948,898 infrastructure project contingency and \$780,000 earthwork contingency.
\$5,718,000

Series B Bond:

Workforce housing gap funding for 46 income restricted for sale units, as well as earthwork and infrastructure costs not eligible for Board of Investments participation in the Series A bond.
\$4,082,000

Total Not to Exceed TIF Requested Bonding:

\$9,800,000



MEMORANDUM

TO: MRA Board

FROM: Annie Gorski, Deputy Director

DATE: January 25, 2024

SUBJECT: Additional Bonding Authority and Approvals for use of Contingency: Funding to Construct Public Infrastructure and Workforce Housing on a Community Land Trust: Implementing the North Reserve-Scott Street Master Plan and Supporting Ravara Development, LLC's Planned Mixed-Use, Mixed-Income Development on Scott Street (**North Reserve-Scott Street URD**) – **TIF Request**

Background

On December 1, 2023, the Missoula Redevelopment Agency Board (Board) approved several actions related to the planned Scott Street Ravara mixed-use, mixed-income development which includes:

- Market rate parcel (Tract 3 - southern parcel) - to be sold to Ravara's affiliate, White Pine Parcel, LLC (formerly referred to as the Scott Street Parcel, LLC). Development is expected to include 220-225 market rate apartments and approximately 35,000 square feet of neighborhood commercial uses including a childcare facility, and other uses like a co-working studio, grocery, and restaurant. The market rate parcel will also include approximately one acre of green space as well as parking to be shared with the adjacent City Shops Complex.
- Home ownership parcel (Tract 2 – northern parcel) – City and Ravara to work together for development of permanently affordable home ownership units, including the conveyance of land to a Community Land Trust (CLT). Affordability means targeting buyers with annual income of 120 percent of Area Median Income (AMI) or less. The Purchase and Sale Agreement identified 70 units of home ownership, a portion to be targeted for income qualified home ownership. Since that time the development program has progressed to include 89 home ownership units, including 46 income restricted units.

The December 1, 2023 Board actions included:

- 1) Approved up to \$5,780,817 in new expenditures for infrastructure in the right-of-way and on the future home ownership parcel and authorized the Board Chair to sign an amendment to the Infrastructure Agreement between Ravara and the MRA.
- 2) Approved \$3,250,000 in Workforce Housing Program gap funding for approximately 46 Community Land Trust units and authorized the Board Chair to sign the Development Agreement.
- 3) Allowed Workforce Housing Program gap funding to be available at the start of construction and allowed TIF investment in both the land purchase and gap funding.
- 4) Recommended that City Council approve a Resolution of Intention to issue bonds in an amount of up to \$6,160,651 in infrastructure costs for the project and \$3,250,000 in workforce housing gap funding, totaling \$9,410,651.

Since the December Board meeting, staff continued to refine the construction budget and anticipated total bonding. The following additional bond costs have been identified since the December Board meeting, resulting in the need for an increase in bonding authority for the project. Additionally, staff worked to continue to refine the construction budget and identify line item reductions, including by reducing the earthwork costs based on new information from the consultants.

Anticipated Additional Bond Costs and Savings

Addition of bond issuance costs	+ \$140,000	Anticipated costs for Dorsey Whitney, Baker Tilly, First Security Bank, and the Montana Board of Investments
Addition of a Debt Service Reserve on the BOI portion of the Series A bond	+ \$172,620	Board of Investments requirement on their portion of the Series A bond.
Addition of prior site master planning fees	+ \$226,160	Staff recommends that these prior expenses be included in the bond amount to free up capacity in the NRSS URD budget.
Reductions in the construction budget	- \$149,431	Reductions, including in the earthwork line items, to reflect new information.
Total Increase in Bond Costs	\$389,349	

Request #1 - Increased Funding to not to Exceed \$9,800,000

The MRA Board recommended that City Council approve a Resolution of Intention to issue bonds of up to \$9,410,651 for the project. The new recommended total bonding authority is for up to \$9,800,000.

The current anticipated bond split includes:

Series A Bond: \$5,718,000: \$2,859,000 Board of Investments/ \$2,859,000 First Security Bank. This bond is expected to include design and construction of public infrastructure costs in the right-of-way that satisfy the Board of Investments criteria. The timeframe for this bond is 20 years. The expected interest rate on the Board of Investment's portion of this bond is expected to be 1.71%.

Series B Bond: \$4,082,000: First Security Bank – this bond is expected to include infrastructure costs that are not eligible for Montana Board of Investments Housing Infrastructure Bond Program, as well as the MRA Workforce Housing Program gap funding. First Security is expected to purchase this bond at a rate of 6.95% and term of 25 years.

This split between Series A and Series B may change, up until we present a bond resolution to City Council, expected in mid-late February. Staff is seeking the Board's approval of a not to exceed \$9,800,000 in bonding authority, pending City Council approval of a bond resolution.

Request #2 - Authority to Approve Change Orders up to not to Exceed Contingency Amounts

Staff is recommending that the Board approve additional authority for the MRA Director and/or MRA Board Chair to approve change orders for the project, if needed, to address unanticipated expenses, up to the not to exceed contingencies. The MRA Director's current authority is up to \$5,000 in expenditures, without Board approval. Staff is recommending that the Board consider two options that would allow construction to continue without delays for Board action, adding cost to the project.

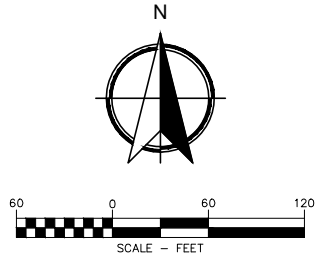
Option 1: Designate additional authority to the MRA Director to approve change orders, to address unanticipated expenses, up to \$780,000 in earthwork contingency, if needed, as well as up to \$948,898 in overall contingency for the infrastructure project. If approved by the MRA Board this additional authority would allow the Director to approve the use of up to \$780,000 in earthwork contingency, including potential costs noted in the attached infrastructure and earthwork bid summary, as well as up to \$948,898 in overall infrastructure construction contingency, for unanticipated expenses related to the project. If approved, staff would provide a monthly summary of any approved change orders to the Board.

Option 2: Designate additional authority to the MRA Board Chair or Vice Chair and the MRA Director to approve change orders for the project, and if needed, utilizing the not to exceed \$780,000 earthwork contingency and not to exceed \$948,898 overall contingency for infrastructure construction. The MRA Director could make a recommendation to the MRA Board Chair or Vice Chair to approve change orders, up to the not to exceed contingencies. If approved, staff would provide a monthly summary of any approved change orders to the Board.

RECOMMENDATION:

Staff recommends the MRA Board approve the following actions for the Ravara project.

- 1) Recommend that City Council approve a Bond Resolution to issue bonds for the Ravara infrastructure and workforce housing project, in an amount not to exceed \$9,800,000. This includes issuance costs and a debt service reserve for the Board of Investments portion of the Series A bond.**
- 2) Recommend that the Board authorize the MRA Director and/or MRA Board Chair or Vice Chair to approve change orders for the project, if needed, to address unanticipated project expenses in amounts not to exceed \$780,000 for earthwork and \$948,898 for infrastructure construction.**



COS 4316
BOOK 168
MICRO,
PAGE 366



WGM GROUP
WWW.WGMGROUP.COM

PRELIMINARY

PLOTTED: 12/7/21
SAVED: 10/4/21

**PROPOSED TRACTS EXHIBIT
SCOTT STREET DEVELOPMENT
MISSOULA, MONTANA**

REVISIONS:
NO. DESCRIPTION DATE

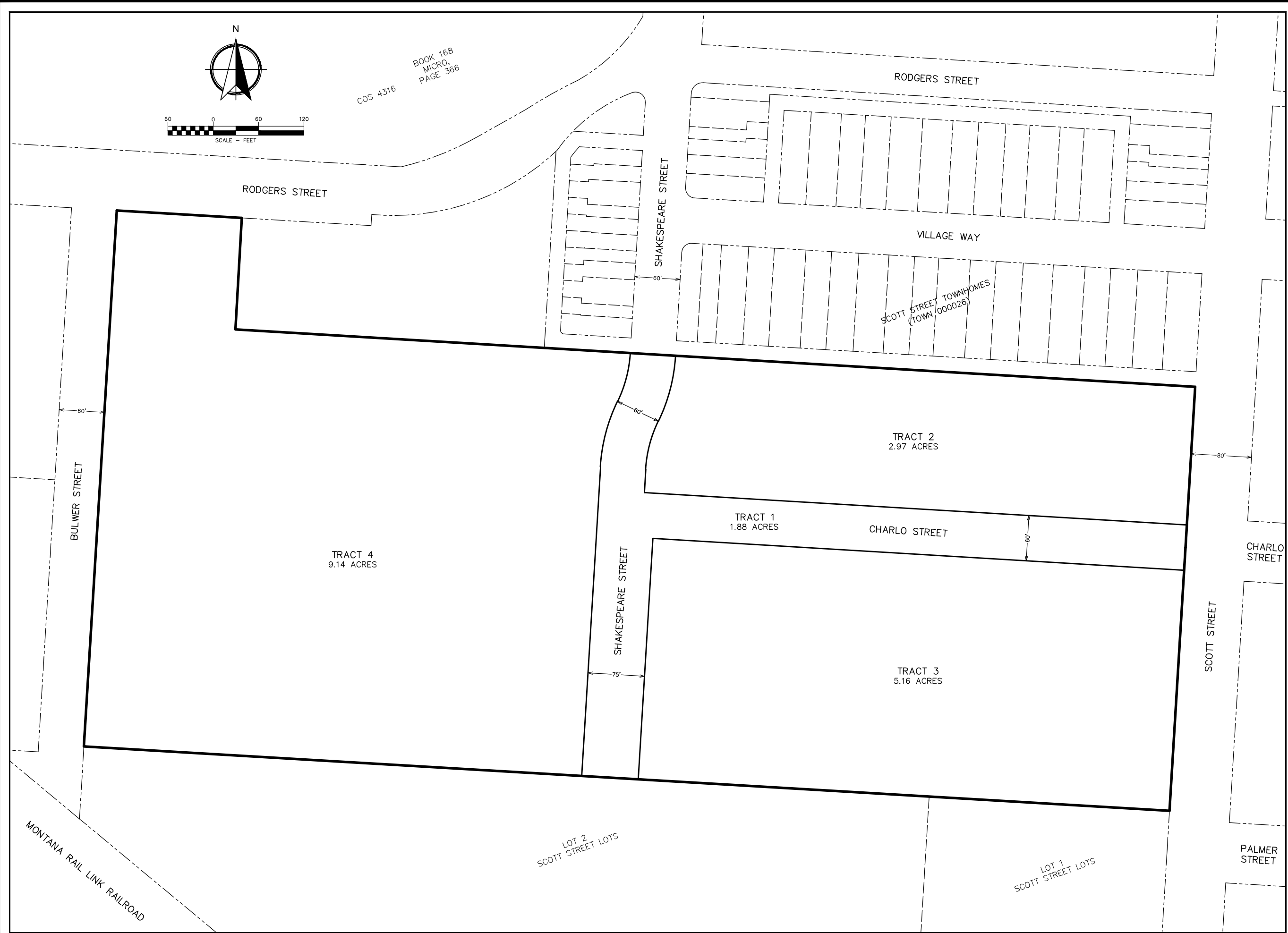
NO.	DESCRIPTION	DATE

PROJECT: 21-02-37
LAYOUT: PROP
SURVEYED: ---
DESIGN: ---
DRAFT: CEG
APPROVE: KFA
DATE:

OCTOBER 2021

SHEET **1 OF 1**

FILE: W:\Projects\210237\CAD Data\Exhibits\210237_exhib-PROP.dwg





Streets, utilities, sidewalks, street trees

Shakespeare St.



New Public Park

Community Land Trust Homes

Charlo St

In Planning: market rate apartments, neighborhood grocery, food/beverage, childcare

Palmer St

Shared Parking

White Pine Park

Scott St

Scott Street Improvements

City Shops Area

Ravara Infrastructure & Earthwork - Bid Summary - \$5,693,386

Earthwork on CLT Parcel		
Earthwork - stripping and stockpiling	\$	50,338
Subgrade earthwork per geotech report	\$	96,443
Total	\$	146,781

Earthwork for Street Right of Ways		
Screening, stripping, stockpiling on adjacent site	\$	41,750
Excavation to road subgrade & stockpile	\$	29,829
Excavation & embankment on-site	\$	3,007
Miscell.: mobilization, permits, erosion control	\$	59,715
Total	\$	134,300
Earthwork - Palmer Street Park Section	\$	101,193
Earthwork package contract administration	\$	16,000
Earthwork on CLT & ROW subtotal	\$	398,274
Earthwork disposal contingency	\$	780,000
Project Earthwork Total w/ disposal contingency	\$	1,178,274

Infrastructure Costs in ROW		
Infrastructure Final Design, Permitting, Bidding	\$	58,400
Geotech construction period services	\$	25,000
Infrastructure - Mobilization & Miscellaneous	\$	234,529
Infrastructure - surface impvts in ROW	\$	1,660,600
Infrastructure - water system impvts in ROW	\$	276,513
Infrastructure - sewer system impvmts in ROW	\$	316,473
Infrastructure construction period services	\$	292,200
Landscaping in the ROW	\$	302,500
Electric+ Gas Main Extensions	\$	400,000
Project Infrastructure in ROW Subtotal	\$	3,566,215

Earthwork & Infrastructure - Combined Total	\$	4,744,489
20% Overall Project Contingency	\$	948,898
Earthwork & Infrastructure - Total w/ Contingency	\$	5,693,386

Ravara Project - Summary of Costs & Bonding

Costs by Development Type

Summary: Ravara Infrastructure Costs	
Bid costs + contingency	\$ 5,693,386
Previous Design + engineering	\$ 316,228
Master planning	\$ 226,160
TOTAL	\$ 6,235,774

Summary: Ravara Workforce Housing Bond Costs	
Workforce housing gap funding	\$ 3,250,000
TOTAL	\$ 3,250,000

Summary	
Total Project Costs	\$ 9,485,774
Debt Service Reserve on BOI	\$ 172,620
Costs of Issuance	\$ 140,000
Rounding	\$ 1,605

TOTAL BOND REQUEST	\$ 9,800,000
---------------------------	---------------------

Series A	
First Security Bank	
Project Construction	\$ 2,817,297
Debt Service Reserve	\$ -
Costs of Issuance	\$ 40,843
Rounding	\$ 860
Total	\$ 2,859,000

Series A	
Board of Investments	
Project Construction	\$ 2,645,537
Debt Service Reserve	\$ 172,620
Costs of Issuance	\$ 40,843
Rounding	\$ -
Total	\$ 2,859,000

Total Series A	\$ 5,718,000
-----------------------	---------------------

Costs by Bond Series

Summary: Board of Investments Eligible Costs - Series A	
Bid costs + contingency	\$ 5,693,386
Previous Design + engineering	\$ 316,228
Infrastructure Costs Not Eligible for BOI bond	\$ (546,781)
TOTAL	\$ 5,462,833

Summary: BOI Ineligible Costs + Workforce Housing Costs - Series B	
BOI Ineligible Infrastructure Costs	\$ 546,781
Master Planning	\$ 226,160
Workforce Housing	\$ 3,250,000
TOTAL	\$ 4,022,941

Summary	
Total Project Costs	\$ 9,485,774
Debt Service Reserve on BOI	\$ 172,620
Costs of Issuance	\$ 140,000
Rounding	\$ 1,605

TOTAL BOND REQUEST	\$ 9,800,000
---------------------------	---------------------

Series B	
First Security Bank	
Project Construction	\$ 4,022,941
Debt Service Reserve	\$ -
Costs of Issuance	\$ 58,314
Rounding	\$ 745
Total Series B	\$ 4,082,000

Total Series A	\$ 5,718,000
-----------------------	---------------------

Issue Summary - Series A & B	\$ 9,800,000
---	---------------------

City of Missoula, Montana
Urban Renewal Tax Increment Revenue Bonds
 North Reserve Scott Street Urban Renewal District

Debt Service Coverage

Fiscal Year	TIF Revenues	State Entitlement & Reimbursements	2015 Bond	2017 Bonds	2020A Bonds	Taxable 2020B Bonds	Series 2024A Bonds	Series 2024B Bonds	Remaining TIF Revenue	District Debt Coverage
2023	1,893,853.98	22,805.81	113,124.23	30,695.66	206,018.13	221,538.28	-	-	1,345,283.49	3.3544615x
2024	2,097,152.00	22,805.81	113,124.24	30,695.66	206,018.13	221,538.28	218,991.20	171,598.43	1,157,991.87	2.2037764x
2025	2,097,152.00	22,805.81	113,124.24	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.24	1.5673721x
2026	2,097,152.00	22,805.81	113,124.22	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.26	1.5673721x
2027	2,097,152.00	22,805.81	113,124.25	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.23	1.5673720x
2028	2,097,152.00	22,805.81	113,124.25	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.23	1.5673720x
2029	2,097,152.00	22,805.81	113,124.26	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.22	1.5673720x
2030	2,097,152.00	22,805.81	113,124.24	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.24	1.5673721x
2031	2,097,152.00	22,805.81	113,124.24	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.24	1.5673721x
2032	2,097,152.00	22,805.81	113,123.59	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.89	1.5673728x
2033	2,097,152.00	22,805.81	113,124.29	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.19	1.5673720x
2034	2,097,152.00	22,805.81	113,124.27	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.21	1.5673720x
2035	2,097,152.00	22,805.81	113,124.29	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	767,402.19	1.5673720x
2036	2,097,152.00	22,805.81	-	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	880,526.48	1.7104278x
2037	2,097,152.00	22,805.81	-	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	880,526.48	1.7104278x
2038	2,097,152.00	22,805.81	-	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	880,526.48	1.7104278x
2039	2,097,152.00	22,805.81	-	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	880,526.48	1.7104278x
2040	2,097,152.00	22,805.81	-	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	880,526.48	1.7104278x
2041	2,097,152.00	22,805.81	-	30,695.66	206,018.13	221,538.28	437,982.40	343,196.86	880,526.48	1.7104278x
2042	2,097,152.00	22,805.81	-	30,695.76	206,018.13	221,538.28	437,982.40	343,196.86	880,526.38	1.7104277x
2043	2,097,152.00	22,805.81	-	-	206,018.13	221,538.28	437,981.76	343,196.86	911,222.78	1.7538648x
2044	2,097,152.00	22,805.81	-	-	206,018.13	221,538.28	-	343,196.86	1,349,204.54	2.7505012x
2045	2,097,152.00	22,805.81	-	-	206,018.23	221,538.65	-	343,196.86	1,349,204.07	2.7504995x
2046	2,097,152.00	22,805.81	-	-	-	-	-	343,196.86	1,776,760.95	6.1770898x
2047	2,097,152.00	22,805.81	-	-	-	-	-	343,196.86	1,776,760.95	6.1770898x
2048	2,097,152.00	22,805.81	-	-	-	-	-	343,196.86	1,776,760.95	6.1770898x
2049	2,097,152.00	22,805.81	-	-	-	-	-	171,598.17	1,948,359.64	12.3541982x
Total	\$56,419,805.98	\$615,756.87	\$1,470,614.61	\$613,913.30	\$4,738,417.09	\$5,095,380.81	\$8,540,656.16	\$8,579,921.24	\$27,996,659.64	

Max FY Debt Service	\$1,352,555.62
TIF Revenues & State Entitlements	\$1,916,659.79
Min. Coverage	1.4170654x

\$9,800,000 City of Missoula, Montana
Tax Increment Senior-Subordinate Urban Renewal Revenue Bonds
 (North Reserve - Scott Street Urban Renewal District),
 consisting of Series 2024A Bond and Series 2024B Bond

Total Issue Sources And Uses

Dated 02/22/2024 | Delivered 02/22/2024

	Series 2024A - FSB	Series 2024A - BOI	Series 2024B - FSB	Issue Summary
Sources Of Funds				
Par Amount of Bonds	\$2,859,000.00	\$2,859,000.00	\$4,082,000.00	\$9,800,000.00
Total Sources	\$2,859,000.00	\$2,859,000.00	\$4,082,000.00	\$9,800,000.00
Uses Of Funds				
Deposit to Project Construction Fund	2,817,297.02	2,645,536.77	4,022,941.00	9,485,774.79
Deposit to Debt Service Reserve Fund (DSRF)	-	172,620.36	-	172,620.36
Costs of Issuance	40,842.84	40,842.87	58,314.29	140,000.00
Rounding	860.14	-	744.71	1,604.85
Total Uses	\$2,859,000.00	\$2,859,000.00	\$4,082,000.00	\$9,800,000.00