

**MISSOULA REDEVELOPMENT AGENCY**  
**CONDENSED BOARD MEETING MINUTES**

**December 1, 2023**

**FINAL**

A Regular meeting of the Board of Commissioners of the Missoula Redevelopment Agency was held on Friday, December 1, 2023 in the Hal Fraser Conference Room, 140 W. Pine St., and via Microsoft Teams at 12:00 p.m. Those in attendance were as follows:

**Board:** Karl Englund, Tasha Jones, Ruth Reineking, Melanie Brock, Jack Lawson

**Staff:** Ellen Buchanan, Annie Gorski, Annette Marchesseault, Tod Gass, Jilayne Dunn, Maci MacPherson, Lesley Pugh

**Public:** City of Missoula: Mayor Davis, Dale Bickell, Ryan Sudbury, John Adams, Montana James, Eran Pehan, Emily Harris-Shears, Kevin Slovarp, Donna Gaukler; Jeff Smith, WGM Group; Hannah Kosel, NMCDC; Grant Kier, MEP; Chris Chitty, Hone Architects & Builders; David Edgell, Edgell Builders; Goodworks Development: Dawn McGee, Kiah Hochstetler; Martin Kidston, Missoula Current; Benji Butzon, 1361 Cedar St.; Louise Welsh, Dillon Kato, Bob Oaks, Stephen McDaniel, Brandi Atanasoff; MCAT

**CALL TO ORDER**

12:00 pm.

**INTRODUCTIONS**

Mayor Andrea Davis was introduced. Buchanan welcomed her to the meeting and Englund said she is welcome any time.

**APPROVAL OF MINUTES**

October 19, 2023 Regular Board Meeting Minutes were approved as submitted.

**PUBLIC COMMENTS AND ANNOUNCEMENTS**

Englund recognized this is the last Board meeting for MRA staff member Tod Gass. He has been with the Agency for 26 years and will be retiring at the end of the year. Englund thanked Gass and said he will be missed. Gass said he's glad to have been a part of MRA and many great things have been accomplished over the years.

**ACTION ITEMS**

**1361 Cedar Street (URD II / Ward 2) – Request to Proceed Without Prejudice (Marchesseault)**

Marchesseault said Benji Butzon and his wife, Karen Laughlin, purchased the property at 1361 Cedar Street. It currently has two residential structures on it. One is currently vacant and their intention is to take down that building and replace it with a market-rate duplex. The other building is occupied and their intention is to keep it occupied for the time being, and potentially redevelop it in the future. Marchesseault said in the meantime, Butzon and Laughlin are still putting their numbers together and working with the City on permitting. They have a window with a contractor now to start on deconstruction and would like to proceed without prejudice and come back to the MRA Board sometime next year with a request for assistance with deconstruction. Butzon said this is his first time doing this and everyone at the City has been good to work with.

**REINEKING: I MOVE THE MRA BOARD APPROVE BENJAMIN BUTZON AND KAREN LAUGHLIN’S REQUEST TO PROCEED WITH WORK ON CERTAIN PROJECT ITEMS FOR THEIR PROJECT LOCATED AT 1361 CEDAR STREET WITHOUT PRECLUDING THOSE ITEMS FROM BEING INCLUDED IN A FUTURE TIF PROGRAM APPLICATION. THERE IS NO GUARANTEE OF APPROVAL.**

**Jones seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**Scott Street/Ravara Redevelopment Project (North Reserve-Scott Street URD / Ward 1) – TIF Request (Gorski) | Power Point Presentation**

Gorski said the MRA Board approved new Workforce Housing Guidelines in September following a change in state law that expands the use of Tax Increment Financing (TIF) for workforce housing. Today’s request is the first project for consideration under the new Guidelines. The Ravara project has been envisioned since 2020 and the Board has approved a series of previous actions including funding for design of infrastructure. Goodworks Development was identified as the City’s partner to redevelop the parcel and Ravara Development is an affiliate of Goodworks Development. Gorski reviewed the history of the parcel and project to date.

Tract 2, 2.97 acres, is planned for 89 home ownership units. Those units will be a combination of condos and townhomes on a Community Land Trust (CLT). That land is to be conveyed to the North Missoula Community Development Corporation (NMCDC) who will steward the CLT on the land. 51% of those units will be income restricted. Tract 1 is for an internal addition of Charlo Street along with right-of-way and connection to Shakespeare Street. Tract 3, 5.16 acres, is being referred to as the market rate parcel and will be sold to Ravara’s affiliate White Pine Parcel, LLC. It will have a combination of market rate apartments and neighborhood commercial uses, as well as an acre of greenspace and parking along Charlo Street. The commercial component is planned along Scott Street with spaces up to 35,000 square feet.

Reineking noted a discrepancy in the renderings for Shakespeare Street – one shows a jog in the street and another has it straight. Kiah Hochstetler, Goodworks Development, said the site plan was originally taken from their public process. As they got into engineering documents, they did have the jog within the street. For budgetary reasons, Goodworks did not invest further in pictures and instead focused on engineering and architectural, so there is a discrepancy.

Gorski said public process included conversations, charrettes and surveys with the neighborhood. The neighborhood did have concerns related to parking and traffic on the site. They wanted the design to reflect a new neighborhood for starter homes with some affordability, prioritize Scott Street access points, develop a high quality aesthetic that reflects the site's history, more greenspace and landscaping, and the addition of more neighborhood commercial including retail and a small grocer.

To maintain all of the public benefits in the project and begin construction in 2024, the development necessitates two additional TIF requests. The first request relates to the infrastructure outlined in Gorski's memo and it is for up to \$5,780,817. It will be used for landscaping, street and utility extensions in the right-of-way for the market rate and home ownership parcels and complete compaction of soil on a portion of the home ownership parcel. That number does include a 20% contingency for potential earth work costs. Gorski said there may be a need for up to 20,000 cubic yards of material to be hauled off or placed elsewhere. She said given the former industrial use of the site, they likely will not know the condition of the material and how much can be used on site until excavation begins. Worst case scenario is that it all has to be hauled to Republic Services. The hope is that the material can be used on site and does not have to be taken to Republic Services.

Jeff Smith, WGM Group, said the 20,000 yard worst case scenario would be hauling the entire top foot off of the right-of-way and home ownership parcel and delivering it to Republic Services. The top foot of material was identified by the geotechnical engineer as potentially unsuitable because of the previous industrial, mixed-use nature of the site. He said the 20,000 yards likely includes suitable material for reuse. The options on the table now for the material that isn't reusable are stockpiling it on the property next door with creation of a berm that can act as a long-term screen and buffer for future uses on that site and the residential uses to the north. He said it is likely they will end up with a quantity less than 10,000 yards they will be searching for a home for.

Reineking said she thought the property already had Brownfields cleanup, although must not have been to residential standards. John Adams, City of Missoula, said the City hasn't spent any money there. The Department of Environmental Quality (DEQ) says it is cleaned up to residential standards, although they are hesitant about moving the soil off site. Gorski said the other piece is that even if it is clean to DEQ standards, the material could include a mix of woody, organic material and not able to be used as structural fill.

Jones asked about options other than paying Republic Services \$1 million to take the dirt. Gorski said staff has been meeting regularly with environmental and civil consultants, and checking in with DEQ and others. They have a series of alternative options and the preferred is to place the material that is non-structural fill in a berm on the adjacent City Cemetery property to the north. The Cemetery sees value in a berm there for screening, it

serves a purpose for the City and doesn't require hauling to Republic Services. They have also discussed placing the balance on the 19 acres of City property or using the material for another park development. Staff will continue to explore options and the preference is to not pay disposal costs. Englund asked if DEQ was okay with the material being used as a berm. Adams said it is okay on the adjacent property. If it is moved off site they will have to explore that with DEQ to see what kind of testing they would require. Hochstetler said when Ravara originally came to MRA for getting through the development of this and looking at their budget as it relates to getting through soft costs, they expected around \$30,000 in geotechnical work. That expanded substantially to \$135,000, which the market rate parcel has absorbed a pro rata portion into its budget to extend the geotechnical work. As they kept going, the scope kept getting larger and larger. Beyond that, through the Brownfields program and testing, they took 168 soil samples across the nine acres. None of it came back hot. The soils are clean and there are no environmental concerns, it is just policy around control of dirt. Englund said the bottom line is that Ravara is comfortable the soil is clean. Hochstetler said yes, and DEQ is as well.

Mayor Davis asked if the entire superfund site is 19 acres. Adams replied the entire site goes all the way down to the railroad and is somewhere around 40 acres. Mayor Davis said when they're talking about the DEQ cleared soil they are talking about the nine acres for this particular development and they can move the soil from this nine acres to the other balance of the 19 acres. Adams said they could put it anywhere else on the site that the City owns and controls. What they probably will do is shift it to the west at least temporarily. Englund asked if the money can be used to make it so it's not just a pile of dirt if it is to be used other places on the City parcel. Gorski said yes and reiterated there is a 20% contingency listed in the budget. MRA will only pay for actual expenses and the contingency is being added due to the significant size of the project and some of the uncertainties discussed.

Englund referred to Gorski's spreadsheet and the \$419,000 for additional professional services. He asked what that includes. Gorski said it includes additional design for a cycle track and bus stop on Scott Street, and additional work on Charlo Street. Smith added that \$58,000 of the \$419,000 is associated with rebidding, additional work with the soils handling, additional design on Scott, Palmer and Charlo Streets and the addition of some landscaped boulevards and landscape irrigation design. It also includes a contract administration fee for the preliminary earth work package along with construction period services including staking, materials testing, construction observation and construction period engineering. Smith said there is a future landscape package including street trees and additional geotechnical work throughout the course of construction.

Reineking referred to the Parks Department using the Catholic Cemetery site to the north and wanted to make sure she was correct that it was to the north of the Villagio Apartments and not this parcel. Gorski said that was correct. Reineking wanted to make clear that it is a Catholic Cemetery owned property that is not currently functioning as a cemetery.

Jones asked about the 20% contingency fee and wanted to be clear that TIF funds will only be used for what is incurred. She asked how that will work in the \$1.1 million contingent fund for the dirt and asked if it was the same thing, that MRA will not incur TIF money if those expenses are not necessary. Gorski said that was correct. Jones asked if staff would come back to the Board for approval before repurposing the money. Gorski said staff would

absolutely come back to the Board. Brock asked if this will be the last request for the nine acres if everything goes according to plan. Buchanan said the one new request the Board will see, not on this nine acres but driven by it, is a request for funding to help create the new park. Brock thanked staff for getting the project to this point and said it is so exciting to see it will happen.

Englund said the \$5.78 million becomes \$6.1 million in terms of the bonding for legal work associated with issuing the bonds. Gorski said it is to reimburse MRA for the design costs that have been expended and free up cash. The action related to the bond today is recommendation of a Resolution of Intention (ROI). Staff wants to size the bond once earth work starts next year and hope 30 days into the work they'll have a much better idea of things and will then bring a bond resolution forward. Reineking asked if City Council is aware there will be a bond resolution coming. Buchanan said they approved the reimbursement resolution. Reineking said MRA doesn't approve bonding, City Council has to do that. Buchanan said yes, staff will make a recommendation to City Council for the approval of a ROI to issue bonds. Gorski said staff will present an informational item to City Council next week at Committee and will follow with a request related to the bonding as well as the various agreements tied to the project.

Englund asked about the Board of Investments (BOI) piece on the bond. Gorski said there is a new program through the BOI called the Montana BOI Infrastructure Housing Revolving Bond Program and it is for infrastructure to support housing development. Staff has been in discussions with the BOI about this project and they are eager to find projects around the state to apply the new program to. After the bond is properly sized, BOI would participate in 50%/half of the TIF bond for the infrastructure to bring down the interest rate on half of the bond, saving MRA significant dollars in terms of interest rate costs. MRA needs to submit a formal application to BOI and their committee will need to review it.

Lawson asked about parking for the 300 new housing units and what kind of interest Ravara is getting for the retail portion of the project. Hochstetler said Ravara received a LOI from a neighborhood grocery store operator. They have put that on ice as they resolve everything as it relates to the home ownership parcel. They've also had discussions, nothing formal, with a coworking space operator and daycare facility operators. Hochstetler said nothing has been formalized, but there is interest in that geographic location and long-term viability of the growth of this neighborhood. Ravara held a public forum process to address the home ownership parcel. There is a 3-4 parking space deficit and beyond that everything is within current code for the home ownership parcel. There will be shared parking on Palmer Street between the project and the City as well as working with adjacent Public Works parking lots for shared parking.

Reineking recalled the neighborhood concerns were not just parking, but also traffic. The cycle track and bus stop that are planned will help. She asked if the cycle track will just be for the two blocks. Gorski said in this request staff is requesting the cycle track and frontage improvements on Scott Street for the property. They will tie into a planned Community Investment Program (CIP) project that will run all the way down to the bridge and tie in with a planned roundabout at Phillips Street. Kevin Slovarp, City Engineer for Surface Transportation, said there is a Scott Street CIP project and they are looking at design improvements from Phillips to Otis Streets. They currently have money budgeted for that

design and are working on the various conceptual design features and look to go to the public with some information in the next few months. They will further the design work from there based on public input. Phase 1, anticipated to be constructed in FY2025, would start at the southern end of Scott Street at the Phillips roundabout and move north over the bridge. They want to complete as many physical improvements as possible with the money they currently have programmed.

Gorski transitioned to the workforce housing portion of the request. Her memo included some renderings for the home ownership parcel. The townhomes will be a mix of three and four bedroom units. The condominiums will be studio, one and two bedrooms. The request before the Board is for TIF to fund the workforce housing funding gap to create 46 income-restricted units. Staff recently connected with Hochstetler and the team on the units to see if they could include some townhomes as income-restricted rather than having all of them in the condominiums and they were able to do that. Because the townhomes are larger and more costly to build, it did create a larger gap, so the request is for \$3.25 million (instead of \$3 million as stated in the memo). The breakdown is two income-restricted townhomes and 44 income-restricted condominiums attainable for households earning up to 120% of Area Median Income (AMI). The sale price is adjusted to an average of 105% of AMI to broaden the pool of buyers for these homes. Gorski said Emily Harris-Shears, City of Missoula Affordable Housing Trust Fund Administrator, has a model and has consulted with land trusts around the country to help set the pricing. Lawson asked if the sales will be to a household at about 105% and not to exceed 120%. Gorski said that was correct.

Gorski said the workforce housing gap funding is allowed by utilizing recent changes to Montana Code Annotated, which added workforce housing to the definition of infrastructure. MRA also recently adopted Workforce Housing Guidelines. There are two exceptions from the Guidelines that are being requested. One is to allow funding for land purchase. The second is to allow Ravara Development, LLC to spend the requested \$3.25 million in workforce housing gap funding first, rather than being reimbursed at the end of the project. This is to allow that funding to count towards their equity, or bank financing of the project. Gorski said in talking with developers about the Workforce Housing Guidelines, this is something that is coming up in many conversations given the current financing environment.

Jones clarified that the gap funding request doesn't change the rules on the use of the money, it just changes the timing of the payment. Gorski said that was correct. Englund said yes, but with a reimbursement they're not left with the possibility of having a half finished project MRA has money into. Dale Bickell, City of Missoula Chief Administrative Officer, said this is a different type of payment than MRA typically sees. He said it's not that this money is getting paid up front and they hope the other pieces come in, all of the financing package will happen concurrently. When they get to the whole financing package it will be ready and MRA is a piece of it along with construction financing and other components. It will all be approved before the project can start because they are all necessary. Englund said that is the case on the average everyday MRA project. It's just that the money doesn't get spent until the project is finished which avoids the possibility that if for some reason or another the project gets half built and it ends and there is a bunch of public money into a half built project that isn't a benefit.

Ryan Sudbury, City Attorney's Office, noted that in the even if the project fell apart and MRA's money is invested in the vertical construction, the City has the ability to reclaim the property. The bank would also be in line if they have spent money on financing. He said the City's protection in this partnership is that if everything falls apart and the developer walks away, the City reacquires the property and has to figure out how to finish it with either City funds or another public/private partnership. Hochstetler said the \$3.25 million spent up front will act as the equity component to kickstart all of the other forms of financing that come into it. He said without the \$3.25 million this project doesn't happen. Dawn McGee, Goodworks Development, said Ravara is acting as agent to get all the T's crossed and I's dotted. There is nothing they can do to default on this once the capital stack is in the bank. There is a contract signed with the builder and the builder applies to the bank for disbursement. She said if something happens to the builder that's really the only point of inflection, there is nothing Ravara can do to default on that. Jones asked about unexpected increases in construction costs that have been known to happen. McGee said Ravara has a fixed cost, Hochstetler added they have a guaranteed maximum price contract.

Gorski said in all of the outreach she's done with developers since the Board approved the Guidelines, she has spoke with six different developers with six different projects that are looking seriously at the workforce housing program and running numbers. At least four of those conversations included timing of the funds. She said she thinks MRA will continue to see this with the workforce housing/vertical construction. Projects that used to pencil pre-pandemic don't now and there is a gap filler needed. In addition to that, lending requirements have tightened. Lawson said he's not totally sure what the difference is between an infrastructure project and workforce housing vertical construction project in terms of demanding the cash at the front of the project versus reimbursement. He said that may fall back to this being a different lending environment. There is some greater risk emerging among lending institutions with the notion that we could be heading into a contractionary period. It is also very hard to mobilize liquidity right now. Lawson said that could be what's driving the decision, but he doesn't know.

Hochstetler said given the number of income-qualified units there is zero profit in the project for anybody. There is zero market rate incentive to do this and deliver this type of project. Ravara is requesting a \$250,000 reimbursement for time and expense, which started in October 2020 and they expect to end December 2027.

Englund said reimbursement after the project is finished has served MRA extremely well. There isn't a place where you drive by and think you don't want to look at it because it has City money in it and it's not complete or didn't turn out the way you thought it would. He asked how MRA differentiates something like this that is unusual so it doesn't do damage to the reimbursement policy. Jones said she looked at it as two different things, one is an investment and one is a subsidy. Bickell said going in as equity means accepting some of that risk in order to meet some of the goals the City has established related to housing. He said that's the big difference and big discomfort. He said reimbursement is a good security on things, and asked if there were any infrastructure projects out there that didn't finish and therefore didn't seek reimbursement. Buchanan said no, not in the 20 years she's been here. Englund said none exist, it is an added level of risk. If the goals of the City clearly are that MRA use TIF for workforce housing, and if that entails an added layer of risk then it does, as long as the City policymakers are comfortable with that. Englund said he is just

trying to make sure it doesn't spill over into other things. It is a significant change, but if the idea is that in order to do the workforce housing program the MRA does have to accept a bit of additional risk, then that is what they have to do. Brock said this is an incredible project and to her it is worth the risk. Reineking said she wants to see the project happen, but the risk doesn't make her super comfortable. Jones said it is a wonderful thing and the scope of the project is ambitious and impactful. It also creates more risk than MRA has encountered because it is a new program. She said she's looked back at MRA's history and MRA has taken bold steps in the community to be leaders and this feels like another one of those moments. She said they are doing a good job of talking through the risk and should accept it with optimism.

Reineking asked about the timing of the payout, considering the budget of the North Reserve-Scott Street Urban Renewal District (NRSS URD). Gorski said the contingency in the Fiscal Year 2024 budget is right around \$1.5 million. There isn't sufficient contingency to pay for this out of cash, so MRA would issue bonds. One of the things discussed is to utilize existing contingency in the current fiscal year budget to fund the initial earthwork in January which will help to better refine the budget and size the bond in terms of the usable versus non-usable material. There are a series of conditions in the agreements with Ravara for the market rate piece that relate to obtaining building permits, etc., and all of those pieces need to be in place before funds are released. She said they think it could be spring or mid-2024 before closing on the market rate parcel occurs and the home ownership parcel is donated to NMCDC. Jones asked if, to the extent contingency funds are used initially, they would be reimbursed through the bond. Gorski said yes.

Lawson said this is a complicated project and thanked staff for the hard work they've done in bringing it this far. He noted there is no development fee or profit in the home ownership parcel. He said he's also appreciative of the fact that a couple of the townhouse units were worked into permanent affordability. He asked for some sense/confidence that in the end the sale of permanently affordable units will reflect that two bedroom average. Hochstetler said as they go into what they consider a phase, they submit the ratios to the City for approval and there is a discussion period that can happen through that. Ravara isn't left to their own devices make decisions on that. Buchanan said when staff was working on the Workforce Housing Guidelines and talking to developers and other communities, they were seeing upwards of \$125,000-\$150,000 per unit subsidies. Even with the increase in the ask for the subsidy here to \$3.25 million, it's at \$70,650 dollars per unit subsidy which seems pretty reasonable and doable. Mayor Davis added that if the City is able to contribute significantly to the Affordable Housing Trust Fund (AHTF) through the sale of properties that are identified, then they could fund other CLT type home ownership options outside of URDs within the 80-120% range identified in the housing policy.

**MOTION 1**

**REINEKING: I MOVE TO APPROVE UP TO \$5,780,817 IN NEW EXPENDITURES FOR INFRASTRUCTURE IN THE RIGHT-OF-WAY AND ON THE FUTURE HOME OWNERSHIP PARCEL AND AUTHORIZE THE BOARD CHAIR TO SIGN AN AMENDMENT TO THE INFRASTRUCTURE AGREEMENT BETWEEN RAVARA AND THE MRA, CONTINGENT UPON CITY COUNCIL APPROVING THE ISSUANCE OF BONDS TO COVER THE EXPENDITURE.**



**Brock seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**MOTION 2**

**BROCK: I MOVE TO APPROVE \$3.25M IN WORKFORCE HOUSING GAP FUNDING FOR APPROXIMATELY 46 CLT UNITS AND AUTHORIZE THE BOARD CHAIR TO SIGN THE DEVELOPMENT AGREEMENT CONTINGENT ON CITY COUNCIL APPROVING THE ISSUANCE OF BONDS TO COVER THE EXPENDITURE.**

**Reineking seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

**MOTION 3**

**LAWSON: FOR THE PROJECT UNDER CONSIDERATION IN THE WORKFORCE HOUSING PART OF THE PROGRAM, I MOVE THE MRA BOARD ALLOW GAP FUNDING TO BE AVAILABLE AT THE START OF THE CONSTRUCTION PROJECT AND ALLOW TIF INVESTMENT IN THE LAND PURCHASE AS WELL AS GAP FUNDING.**

**Jones seconded the motion.**

Englund noted that the Board is comfortable they have made enough of a record here that MRA has not changed its overall reimbursement policy. This is an unusual situation involving a very unusual project. Should MRA get requests like this in the future, they will have to evaluate them at that point.

Bob Oaks, resident, said affordable housing is only going to happen through incentives whether it's through zoning or financial. He said the upfront money is the kind of financial incentive that can make workforce housing happen.

**No further discussion.**

**Motion passed unanimously (5 ayes, 0 nays).**

**MOTION 4**

**JONES: I MOVE THE MRA RECOMMEND THAT CITY COUNCIL APPROVE A RESOLUTION OF INTENTION TO ISSUE BONDS FOR THE INFRASTRUCTURE IN AN AMOUNT UP TO \$6,160,651 IN INFRASTRUCTURE COSTS FOR THE PROJECT AND \$3.25M IN WORKFORCE HOUSING GAP FUNDING.**

**Lawson seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

Mayor Davis wanted to take a moment to thank everybody and said this is definitely a project in the making of over 20 years on the Scott Street parcel. This is a significant move forward and the private sector would never take this level of risk on its own.

**Johnson Street Temporary Emergency Shelter – 1919 North Avenue West (URD III / Ward 4) – TIF Request (Buchanan)**

Mayor Davis said she appreciates this more elegant solution towards a temporary solution since Johnson Street is in demand with the colder temperatures.

Buchanan said the City purchased land from Montana Rail Link (MRL) several years ago and has used a building on Johnson Street as an Emergency Winter Shelter for the last several years. It was recently converted to a year-round shelter. Since the shelter started running, Missoula has not lost any houseless people due to cold temperatures. That was not the case a number of years ago.

Buchanan said the biggest deficiency at the shelter is adequate sanitary facilities. The Health Department has been very lenient over the last couple of years with allowing the use of porta johns there. This year they are saying the situation needs to be rectified. Last winter was very difficult because of the harshness of the winter and the porta johns froze. The Health Department has allowed the operators of the shelter (Poverello Center staff) and the City to temporarily use portable facilities until something more permanent is in place. There have been a number of iterations of what the best solution is and the best way to do it.

Missoula Economic Partnership (MEP) got involved because they didn't feel it was something that only TIF money has to be used for. They embarked on a fundraising campaign to try to supplement the costs for sanitary facilities. Their goal is to raise enough money for all of it, and have currently raised \$300,000. Out of that effort, conversation with Chris Chitty, Hone Architects & Builders and Poverello Center Board member, commenced about building substantial modular units with cross laminated timber that is incredibly durable and environmentally sound. It would include two buildings that could be brought in on a flatbed trailer and hooked up to sewer, water and electricity. When they are no longer needed, they can be taken elsewhere for use. The Parks and Recreation Dept. has expressed an interest in them and the temporary shelter on Mullan Road next to Trinity Apartments would love to have them. The result of this solution is a durable product that can be used for other things. The costs are not sunk because the City will end up with two units that can be used other places. Buchanan added the City piggybacked on the North Avenue Water Main project that MRA was in the process of, and so they were able to get a water service line extension to the site while the ground was already opened up. There was room left in the engineering for that project and staff was able to get IMEG Corp. to do construction documents to provide sewer. It turned out that building is not on sewer, it is on a septic system. This will upgrade that and take that building off the septic and into City sanitary sewer with a connection to the property that can be used when it is redeveloped. One of the big charges for the electrical is that they have to set a new transformer. That

transformer can be used for the site into the future for other purposes. There are a lot of places where the investment can be recouped after the temporary facilities are no longer needed for Johnson Street.

Buchanan said the most rewarding thing in all of this is the partnerships that have come out of the process. The Mayor's office asked that MRA assume the role of project manager on this because of MRA's experience with getting things built. Staff agreed to do that. Public Works and Mobility (PWM) jumped on board and helped get utility hookups and did all coordination around design of the sewer hookup, water extension and service line. She said one of the fortunate things that happened over the course of this was former Mayor Hess declaring a State of Emergency existed in the areas of emergency sheltering. It was the Emergency Proclamation that allowed them to expedite getting this out on the street and contracts in place. Work will start on the site next week to bring this to fruition.

Buchanan said another thing MEP was able to do was convince Dave Edgell, Edgell Builders/semi-retired, to jump in and help with coordination of all the contractors. He is also helping work it through the City's system so that it isn't treated like a permanent project that has to cross every t and dot every i, it is a temporary solution. United Way is acting as fiscal agent for this and also has a fundraising/donation button on their webpage. Buchanan said it has really opened this project up to the community to help solve a problem. The number of unhoused people in Missoula is affecting all over town, not just downtown. This is an opportunity for the community to invest in solving this problem, at least in a temporary fashion.

Buchanan said Chitty is preparing to order the materials needed to build the units. Montana Excavation is doing site and utility work. Jason Nuckolls, Montana Excavation Services, is taking down a building on the site that has fire damage and is doing that pro bono. Costs are still coming in on various elements of the project. The big elements have been identified. None of the contracts will exceed the Mayor's ability to sign (\$80,000). Buchanan said she and Edgell estimated very high what they think the unknown components might cost. She is happy to say the numbers that came in last night on electrical are about \$30,000 under what they estimated might be worst case scenario. She did add a contingency on top of their estimates. Englund asked why the estimates came in lower. Edgell said it is a very difficult thing to estimate, and the electrical for example is hard to estimate because of all the things the electrician has to do. He said he was surprised it came in where it did. Buchanan said they are still waiting on some numbers to come in. The request is for the Board to approve \$500,000 in URD III TIF funding with the hope that everything comes in under that amount.

Buchanan reviewed the site plan and two buildings that Chitty will be building. There will be some concrete work and a covered walkway from the main shelter building out to the two units. Each unit has an ADA accessible unit on the end. Each unit will also have two showers, six sinks and six toilets. She said Edgell's granddaughter, an incredible artist, will be doing a mural for the back of the units and will incorporate volunteer labor to help paint them. Brock asked if there is an expenditure for art in the contract. Edgell said his granddaughter is not charging for her work, just the materials to paint it.

Brandi Atanasoff, resident, said she has been observing the houseless population from different angles. She said Missoula is very limited in Section 8 housing and when press releases are made that talk about this topic it amps up discontent towards the MRA in particular. Due to the limited Section 8 housing and the fact that a lot of other towns with large homeless populations are shutting them down, Atanasoff wanted to request that this is something MRA does to be great and kind, but not talk about it because it allows MRA to talk about workforce housing without people yelling about Section 8 housing not being there. She said communicating about this with the bare minimum of information given will direct conflict away from MRA and allow MRA to talk about the wheels it just created with workforce housing. She said this is a temporary and quick fix and the project looks great, but asked staff and Board to think about how it is communicated so it doesn't take away from the wonderful work MRA does.

Jones asked about the timeline. Buchanan said work will start next week. The modular units will be on site in March. Jones asked what will happen until the units are in place. Buchanan said there are porta johns there. She added that the Poverello Center was able to get a grant funded that allows them to get two new sets of washers and dryers. A handwashing sink will be added inside the shelter.

Jones referred to the redevelopment of the property and asked how long the shelter is anticipated to operate. Buchanan said the Resolution approved by City Council put a three year window on the shelter. Englund asked Edgell if he was managing the construction. Edgell said no, he is just making sure everything happens and working with all of the subcontractors. Englund said a thank you seems so inadequate, but thanked Edgell for doing this.

Reineking wanted to acknowledge the letter the Board and staff received from the Missoula Midtown Association (MMA) regarding this agenda item. Brock put on her hat as the Executive Director of MMA. She said there was sticker shock this week seeing the \$500,000 URD III TIF funding expenditure that would be pledged towards this project. She said the investment in MRL Park was the first step of redeveloping that whole parcel. Then there needed to be a one year Emergency Winter Shelter and that was the only City property available, and now it looks like it may be a seven year Temporary Shelter. It is impacting the neighborhood and that neighborhood hears about developments for the shelter while the final vote to approve funding is happening. Communication and engagement with Midtown about that shelter has been inadequate. Brock said MMA started working with the Mayor's office when they heard it was going to be reopened for a longer period. The concern was URD III TIF funding being used for it. MMA is very grateful to MEP for stepping up and trying to lessen that obligation of the URD for funding this, which is a City-wide issue. At the end of the day, MMA is so grateful there is a sanitary option to serve our neighbors. She said people in Midtown are looking at URD dollars so carefully because there are great dreams of redevelopment. MRA started to remove blight in the northern part of Southgate Triangle, but that is paused in some respects. Brock said she wanted it to be known that MMA is listening and hears the comments. They are hoping to be at the table this winter when future planning for the actual redevelopment of what should have been on the eight acres, part of which they hope is housing, is happening. Brock said putting on her hat as an MRA Board member, she is so grateful and knows everyone is coming up with every solution they can and she is voting for this. Englund said there are so

many aspects of this. He has the same reaction MMA did when he saw the number, but then remembered four months ago when he heard MRA was going to get a \$1.5M request for a temporary bathroom. He said he called the Mayor and pleaded to City Council to find a better solution. He also asked why MRA is the forum where this first becomes known. Thinking back to that helped relieve his sticker shock for this. Englund said he understands and hopes the City gets it in terms of involving the neighborhood because that ball seems to have been dropped somewhere along the way. In terms of a specific project and a specific thing to address a specific need, \$500,000 seems cheap and that is due to people like Grant Kier, MEP, and people that donated along with Buchanan and staff not willing to take the first answer that comes down the pike.

Jones said she understands some of this will benefit future development of the property with the extension of water and sewer to this part of the property. Buchanan noted the sewer may require a different solution depending on how that site redevelops because they are doing the minimum right now. Jones said the product of the construction will result in a moveable resource. She asked if there is a sense of the life expectancy of those improvements. Buchanan said they would last 50 years. Jones said that gives her comfort this is not going to be capital that is lost, and the request is up to \$500,000 with the idea that the fundraising efforts will continue and it could be a lesser amount from which TIF will be obligated to contribute. She asked how that will work. Buchanan said they will pay for things out of the donated money until it is exhausted and then it will flip over to being paid with TIF. As more donated money comes in, it could flip back and forth. She guessed the project may need \$300,000 of the \$500,000, but they don't know how all of the numbers will come in yet nor how much MEP and United Way can fundraise. Jones said her worry is that people will hear MRA committed \$500,000 and will donate their money to other worthy projects. Buchanan said that is true, but this is an opportunity for citizens and organizations to acknowledge this is a problem that City government can't solve by itself. Jones said it is a struggle across Montana and all over the United States. Edgell said he's wondered if a capital campaign could raise money for future homeless camps.

Reineking said she wanted the letter from Missoula Midtown to be part of today's discussion and understands the property can't be redeveloped until another place is found to shelter the homeless, and even once a place is found it will take time to build. She knows the shelter on Johnson Street will last longer than the neighbors and others want it to, but also thinks this is an elegant solution. She is appreciative people are working and negotiating to get to this solution. The people involved including Edgell, Chitty, Kier and MEP are people she has great confidence in and it gives her comfort about the use. Reineking also thanked City staff and MRA staff for working on this.

**REINEKING: I MOVE THE MRA BOARD APPROVE THE USE OF UP TO \$500,000 IN TIF FUNDS FROM URD III TO COVER COSTS THAT EXCEED PRIVATE FUNDRAISING EFFORTS FOR PROVIDING SANITARY FACILITIES FOR THE EMERGENCY SHELTER ON JOHNSON STREET WITH THE UNDERSTANDING THAT THIS HAS A SIGNIFICANT CONTINGENCY AND ONLY WHAT IS NEEDED WILL BE EXPENDED AND AUTHORIZE STAFF OR THE CHAIR, AS APPROPRIATE, TO SIGN ANY REQUIRED AGREEMENTS.**

**Lawson seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (5 ayes, 0 nays).**

*Brock exited the meeting.*

**FY24 Budget Amendments – Request for Approval (Dunn)**

Dunn said the October Budget Status Reports have been updated with final mill values adopted by the taxing jurisdictions, which gives MRA the final revenue estimates for the districts for fiscal year 2023. The reports also include the tax increment remittance and General Fund transfer that was approved by the Board in October. Jones asked about the dispute between the State of Montana and Missoula County over the total 95 education mills, and the supplemental tax bill that will go out to Missoula County residents to collect the additional taxes on the 17 mills that were originally not levied. Jones wondered if that will result in another budget amendment for MRA. Dunn said according to the City's Finance Director, Leigh Griffing, budget amendments are done to give authority for appropriations. She said MRA doesn't necessarily have to amend its budget on the revenue side. For example, MRA always does year end amendments to true up revenue projections for final mills that are levied after the City's budget adoption. If there are additional revenues that come in for a clearing fund, then those are adjusted at year end because those funds must be "cleared" completely so affect the expenditure side also. If MRA receives additional revenues, we can account for those at year end, unless they are needed prior to that for specific expenditures.

**LAWSON: I MOVE THE MRA BOARD APPROVE THE AMENDED FISCAL YEAR 2024 BUDGET.**

**Jones seconded the motion.**

**No further discussion. No public comment.**

**Motion passed unanimously (4 ayes, 0 nays).**

*Lawson exited the meeting.*

**NON-ACTION ITEMS**

**STAFF REPORTS**

**[Director's Report](#)**

**[Communications Update](#)**

**[FY24 Budget Status Reports](#)**

Englund said part of the MRA audit was a call to the Board Chair asking about fraud. He said he answered those questions and understands the audit is going well. Dunn said it is going well. There is an issue with the revenue MRA was allocated from the County for fiscal year 2023, which may rise to a level that the auditors make a finding. She said it has to do with implementation of House Bill 303 on the County's side. The County implemented it

incorrectly which affected MRA's tax increment revenue allocation. Dunn said she didn't catch the error until the audit process started. The amount is 1% of MRA's fiscal year 2023 estimated revenues.

## **COMMITTEE REPORTS**

### **OTHER ITEMS**

#### **ADJOURNMENT**

Adjourned at 2:45 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Lesley Pugh".

Lesley Pugh