

SUMMARY OF ADMINISTRATIVE MEETING
February 28, 2018– 1:00 p.m.
Room 326
City-County Building
316 N. Park Avenue, Helena

1. Call to order, introductions, opening comments – Mayor Collins called the meeting to order. Commissioners Farris-Olsen, Haladay, Noonan and O’Loughlin were present. Staff present was: City Manager Ron Alles; Executive Assistant Sarah Elkins; City Attorney Thomas Jodoin; Deputy City Attorney Iryna O’Connor; Police Chief Troy McGee; Fire Chief Mark Emert; Community Development Director Sharon Haugen; Parks and Recreation Director Amy Teegarden; Public Works Director Randall Camp; City Engineer Ryan Leland; Community Facilities Superintendent Troy Sampson; Civic Center Director Byron Dike; Parking Director Dave Hewitt; Human Resources Director James Fehr; Administrative Services Director Glenn Jorgenson and City Clerk Debbie Havens.

Others in attendance included: HCC Representative Pat Christian; David Nielsen; MBAC Representatives Brian Oberg and Eric Seidensticker; Surveyor Chris Reis; WGM Representative Jeremy Keen; Habitat for Humanity representatives Jacob Kuntz and Cynthia; BID Director Micky Zurcher; BID Board member Mark Roylance; Paul Cartwright; and Sam Hall.

2. Department discussions:

Community Development

Surplus Property Discussion

○ **Introduction and Background**

- **State laws /City Ordinances relating to the disposal of public property**
- **Update of status of Downtown Zoning and Downtown Urban Renewal District**
- **Update by MBAC of downtown projects**
- **Presentation by WGM of potential Downtown projects utilizing city property (includes examples of projects that have been completed using similar methods of disposal**

○ **Discussion of Cruse Avenue Right of Way**

- **History of Cruse Avenue**
- **Issues relating to disposal of Cruse**
- **Process for Redesign**

○ **Next Steps**

- **Identify parcels that will be disposed of first**
- **Discuss method of disposal and any conditions associated with its disposal**
- **TimeLine**
- **Other next steps**

Manager Alles introduced the agenda item and asked Community Development Director Haugen to give the staff report.

Director Haugen stated the purpose of this meeting is to gain some direction and guidance for city staff as to how to proceed with the sale/leveraging of city property as outlined in the Downtown Master Plan. The Downtown Helena Master Plan identifies as a goal the leveraging of city-owned property for redevelopment to explore opportunities to reduce land costs to serve as an incentive for encouraging development. The Plan also discussed the potential for converting city rights of ways to create mixed-use housing and structured parking. There were initially 44 properties identified in the Downtown Master Plan. City staff has reviewed the list and is recommending 18 of those properties be considered for disposal because interest has been expressed in their acquisition or their disposal has been suggested in the Downtown Master Plan as having potential for redevelopment. Buildings such as the Civic Center, Grand Street have been eliminated from the list as have some properties such as the library and City-County

building that are jointly owned. Staff is also not recommending the disposal of any of the parking structures at this time. Some of the parks are included on the list because it has been suggested that a portion of the park could be used for housing. The Neighborhood Center and the Chamber building have also been included in the event there is any interest to transfer them to another entity such as a nonprofit. A map and list of the City owned property that staff is recommending for consideration was included in the packet. Based on the deeds or the plats that were filed at the time the property was transferred to the City, there may be restrictions on the future use of the property or the method that the City must use to dispose of the parcel. Helena City Code (HCC 1-4-17) outlines the formal process that the City must use for the sale, disposal or lease of real property. This process would apply to any process that is used for the disposal of these parcels and will also have to be considered. The above information was presented in a PowerPoint presentation.

Attorney Jodoin pointed out there is a distinguished difference between the city owned real property and city right of way; when right of way is vacated it has to go to the adjacent property owners. He then gave an overview on how real property can be disposed of and how right of way can be vacated, per city code and MCA.

Director Haugen gave an update on the Downtown Zoning ordinance and where it is in the process. The zoning commission will hold a public hearing on March 13th and will move their recommendation forward to the city commission. She also gave overview of the boundaries for the downtown zoning district. Director Haugen also gave an update on the proposal to create a Downtown Urban Renewal District.

Commissioner O'Loughlin asked what are the recommended boundaries of the Urban Renewal District. Director Haugen stated the core boundary is the same as the BID District; however, it is extended to the north to include Centennial Park; to the south to the old Federal Building and to the east along Jackson Street. She noted that Central School is also included in the district which would qualify the 7th Avenue Gym to receive funding.

Setting priorities for disposal/Establishing conditions of sale: City staff is looking for direction in terms of how to proceed. Does the city commission want to establish priorities for the disposal of the land? If so, what are the criteria that they would like to establish. These criteria could include

- Current use of the property

- Type of property (surface parking lots vs rights of way vs specific parcels)

- Method of disposal (complete less complicated transactions first)

- Some conditions could include:

 - Future use of the property

 - Compliance with the Downtown Master Plan

 - Compliance with new zoning district

 - Replacement of any lost parking

 - Timing of the redevelopment (set a time limit on how soon the property is developed)

 - Affordable housing component/requirement

Based on this information and any priorities set by the city commission, staff anticipates having parallel processes for the disposal of the properties. Each parcel may have a different process depending on the nature of the initial acquisition and any restrictions that the commission may place on the property.

If a Request for Proposal (RFP) is used for the disposal of any of the property, staff is recommending a committee made up of HBID members, MBAC representative, a representative from the Heritage Preservation and Tourism Council and city staff. This committee would finalize any RFP proposal and would also review the responses and make a recommendation to the city commission who would have the final decision on its disposal.

Director Haugen introduced MBAC Representatives Brian Oberg and Eric Seidensticker, who gave a PowerPoint presentation on what MBAC has done in the downtown area from 2015-2018 and spoke of the partners they are involved with.

Mr. Seidensticker spoke on the Marlow Market project and the properties they have looked at to locate it on, which include Constitution Park; the former bus barn, Performance Square, the green space on Cruse Avenue, and the old federal building. Marlow Market project is complete including site and business plans; discussions will continue regarding the site and other opportunities. Other properties MBAC looked at include the BCBS Building on Fuller, the US Bank parking garage; Constitution Park;

and the 7th Avenue Gym. MBAC has used the Downtown Master Plan to plan for the future and promote the downtown.

WGM Representative Jeremy Keen gave a PowerPoint presentation and spoke on the following items:

- Downtown Master Plan - the content of the plan; guiding principles; downtown framework; implementation actions; downtown housing
- Cruse Avenue opportunities
- Parking needs as downtown is developed
- Public/private partnerships examples and process that was used
- Disposal of property in an urban renewal district
- Examples of commercial condominiums; community land trust; DNRC land lease
- Define a specific vision for the property; what incentives can the city offer; will the city maintain some interest in the property and how will you value the land that is part of the proposal
- Disposal of property – restrictions on any housing development; do you lease/sale.

Director Haugen referenced Mr. Keen's presentation and noted the Downtown Master Plan addresses many of the items he spoke of. She then spoke on the Cruse Avenue right-of-way and gave the history of the area. In order to surplus any of the parcels on Cruse Avenue; it has to be removed from the urban route, which should be done in April. The city is trying to obtain all the titles and deeds to the property and then will compile a map on what that looks like. Director Haugen spoke on the process of surplusing and redesigning Cruse Avenue, including the green space. It is staff's intent to begin the process on Cruse Avenue and report back to the commission.

Director Haugen spoke on deed restrictions on some of the properties where the ownership would revert back to the state of Montana if the city no longer uses it. She then referred the commission to the list of properties and noted the lists includes surface parking lots, the old bus depot, portions of Women's Park, the Chamber of Commerce building, the Neighborhood Center, portions of Dale Harris and Firetower Parks.

BID Board member Mark Roylance stated the BID Board does not have specific recommendations for what properties to surplus; they are excited about the potential for the 7th Avenue Gym redevelopment. They are also very interested in how parking lots could be developed and continue to have parking and they will look at the surface parking lots on a case by case basis. Mr. Roylance referenced the Downtown Transition Zone, which would allow residential on the ground level; including townhouses and row houses on the perimeter of the downtown zoning. He emphasized the importance of residential housing in the downtown area.

Commissioner Haladay asked if we have any inkling on how Cruse got built and became an urban route when supposedly there were all these lots with deed problems sitting underneath it. Director Haugen stated she does not know the history of Cruse; it was designed during Urban Renewal and was originally part of the by-pass. Engineer Leland stated Cruse was designed by MDT to be a by-pass and was funded with federal dollars. Engineer Leland stated at the time, the parcels were bought instead of acquiring the rights-of-way. Many of the lots have reversion language on the deeds, if the city doesn't use it, the right-of-way would go back to MDT or the federal government. Director Haugen read the language on one deed specific to Cruse Avenue.

Commissioner Haladay asked who the city would go to, to have these discussions. Paul Cartwright noted Cruse Avenue is complicated; there are three different portions that have different origins, which he described each portion which comes with different restraints. He suggested the commission pick a specific portion and noted each will have problems that will have to be resolved. Mr. Cartwright stated he believes the easiest portion would be between 6th Avenue and Park Avenue; the majority of the property is owned by the city. This portion of Cruse also has low traffic volume compared to the other two sections. He stated he supports using a surveyor and attorney to do the research and develop a recommendation.

Director Haugen noted city staff would need to call MDT to ask where to begin the process on Cruse Avenue.

Commissioner Farris-Olsen stated he supports moving forward with having the conversation with MDT. Mayor Collins concurred.

Manager Alles noted it would be beneficial to have some of the leg work done prior to contacting MDT. He will ask David Nielsen to put together the information on the section of Cruse Avenue that we

are interested in. Commissioner Farris-Olsen stated it would be worthwhile to find out who we need to talk to and where do we go from here. The city also needs to put MDT on notice that we want to proceed.

Commissioner Haladay commented instead of MDT wasting hundreds of thousands of dollars on pavement preservation on Cruse Avenue, the city and MDT should have the conversation. Attorney Jodoin spoke on the section of Cruse Avenue adjacent to IR building that has the reversion clause on it and noted MDT had no idea of the language. It is important to contact MDT and begin the conversation and make MDT aware of the language.

Commissioner Haladay referenced the comments of Paul Cartwright stating there are three distinct pieces of Cruse Avenue and asked how we are approaching each piece. Director Haugen noted there are mixed issues on Cruse Avenue and staff has started the process of identifying each of the issues; however, staff currently does not have the time to do the research and therefore has contracted with David Nielsen. The recommendation is to start with the property on the furthest southern parcel of Cruse Avenue, including the triangle "green" area on Cruse Avenue. Commissioner Haladay stated there is interest in this property and would be a good parcel to start with; this is the largest parcel with no current uses. No one else has approached the city on the other portions of Cruse Avenue.

Commissioner Noonan stated he is open to contracting with David Nielsen and asked if we are close to signing the contract. Director Haugen stated Mr. Nielsen signed a contract today. Commissioner Haladay commented how do we see a comprehensive street redesign by designing it one piece of the street at a time. Director Haugen stated staff can do a broader scope; however, the contract with David Nielsen would be broadened and she believes a survey should be completed. Commissioner Farris-Olsen suggested including the portion of Cruse Avenue from Park Avenue to Broadway.

Commissioner Haladay stated he would like to tackle an entire stretch and asked what additional recourses would be needed; what does staff need and what are the anticipated timelines. Director Haugen estimated it would cost between \$50,000 to \$60,000 to do the research, complete a survey, and draft a road design. Hopefully all of that could be completed by the end of 2018.

Director Haugen stated there has been interest in the old bus depot; which has the cleanest deed that staff has found.

Commissioner Farris-Olsen commented during the upcoming budget discussions the commission needs to talk about adding a full-time employee to do these exact types of projects. Manager Alles noted some of the challenges are finding the expertise and recommended developing a preliminary design before moving too much further.

Engineer Leland noted the Engineering Division could develop a conceptual design and asked what the commission wants to see. Commissioner Haladay stated he would like to see Cruse Avenue designed as a local road, see where the road would be to maximize lot size, probably on the east side of the street. Engineer Leland noted staff will bring concepts forward for commission review. Once the conceptual design is brought forward, staff and the commission can discuss the specifics for street width; sidewalks; boulevards; etc....

Commissioner Noonan concurred to move forward with the contract with David Nielsen; however, there may be areas, for example housing options; that Mr. Nielsen does not want to do. Commissioner Noonan also concurred to look at hiring an additional staff position for Community Development.

Manager Alles summarized that staff will meet with MDT; develop a conceptual design for the entire length of Cruse Avenue; work with MDT to get the deed restriction removed off the ROW; and have David Nielsen concentrate his research on a focused area.

Public Comments: Paul Cartwright stated the list of city owned property should be expanded to include the Neighborhood Center in the first stage; and look at dedicated park areas at the Firetower and Dale Harris Parks. He noted the city cannot sell parkland without the vote of the public. Mr. Cartwright spoke of potential development adjacent to the Dale Harris Park and the Neighborhood Center. He also addressed how vacated property is appraised by the Department of Revenue versus the market appraisal.

Director Haugen stated the commission will be having a meeting on housing and a representative from Homeward will be in attendance.

Commissioner Haladay requested the City Manager que the discussion on Cruse Avenue up for another update. Manager Alles concurred and stated staff will contact MDT, continue with the David Nielsen contract, Engineer Division will develop a preliminary cross-section map and an update on the process will be brought back in the first part of May.

Director Haugen asked if there is interest in surplus the old bus depot. Commissioner Noonan stated that property comes up in public discussion and he would support moving it forward and surplus it

in the future. Director Haugen stated her recommendation is to put together a group of stakeholders to develop an RFP for specific properties and she will work with them to develop an RFP for the old bus depot. Commissioner Haladay asked if there is concurrence to also include Constitution Park in the properties to consider.

MBAC Representative Brian Oberg noted the US Bank is looking at the re-use of their property adjacent to Constitution Park. There is a possibility that US Bank property could come up for sale and there would be potential to combine that property and Constitution Park.

Director Haugen gave a brief history on Performance Square and noted additional research will have to be done and she will prepare a summary and report back at the May meeting.

Manager Alles summarized prior to the May meeting staff will contact MDT regarding Cruse Avenue; David Nielsen will continue with his contract for research on city property on the south end of Cruse Avenue; Engineering Division will prepare a conceptual design for Cruse Avenue; an RFP will be prepared for the old bus depot; staff will get additional history on Performance Square, Constitution Park and the Neighborhood Center.

3. **Public Comment** – No public comment.
4. **Commission discussion and direction to the City Manager** – **No discussion held.**
5. **Adjourn** – Meeting adjourned at 2:40 p.m.