

Minutes
Railroad TIF Advisory Board Meeting
January 20, 2022, 10:00 a.m.
Held via Zoom Virtual Platform

Board Members Present:

(Vice Chair) Rose Casey, 6th Ward Neighbor
(Chair) Max Pigman, L&C Brewery
Anne Pichette, MBAC
Bruce Day, Helena Food Share
Terri Hamilton, URD Resident
Donna Breitbart, Helena College
Janelle Mickelson, School District

City Staff Present:

Sharon Haugen, Community Development Director
Ellie Ray, City Planner II & Grants Coordinator
April Sparks, Administrative Assistant III
Shelia Danielson, Finance Director

Others Present:

Eric Seidensticker, MBAC
Catherine, MBAC
Karli Mosey, *Applicant*
AshLy Tubbs, *Applicant*
Buck Rae

Members of the Board Absent:

None

Call to Order & Staff Introduction:

Meeting was called to order, introductions were made, and a quorum was established.

Minutes from Last Meeting: February 18, 2021

Ms. Hamilton made a motion to approve the minutes. Ms. Pichette seconded the motion. Minutes were approved unanimously.

Budget Report

City staff presented an updated budget report to the Board. Ms. Casey asked if the sidewalk improvement project and all other projects had been approved by the City Commission. Ms. Ray stated that all of the projects had been approved by the City Commission and agreements had been established with non-city department applicants to distribute funds. Ms. Danielson added that the Commission had approved the appropriation for the sidewalk improvement project and the funds were transferred to the transportation services department streets fund, and would need to check with the Transportation Services department director about the status of the project, but the committed funds are accounted for in the budget update. Ms. Haugen asked Ms. Danielson if she and Mr. Knoepke are tracking the funds spent on the sidewalks project for audit purposes. Ms. Danielson stated that they are being tracked. Ms. Casey had additional questions about previous projects from previous minutes, with one project in particular, the traffic study at "Malfunction Junction." Ms. Ray noted that particular project was not a TIF funded project and was financed through the city's general fund, and that the study has been completed and the document is available on the city's website.

Discussion Topics

1. Application on the demolition, abatement, and site clearance of Memorial Park Apartments

Ms. Mosey presented the application for assistance in the demolition of the current Memorial Park Apartments. She noted that costs have gone up since initially submitting the application and wanted to address this later. Mr. Pigman asked about the increase, and Ms. Mosey stated that due to increases that total estimate for the project costs is now at \$350,000. Mr. Pigman stated that the area has definitely been one of the eyesores of Helena for some time, with the increase Mr. Pigman questioned if a new application needed to be submitted and heard at the next meeting. Ms. Ray stated that it would be okay to proceed with the application at this meeting and clarified the updated estimated cost with Ms. Mosey, if the project rehabilitation costs were now estimated at \$350,000 or the total project development cost. Ms. Mosey stated it was the project rehabilitation costs that were now \$350,000, and the total project cost is now estimated to be \$369,000. Ms. Ray asked if the applicant was asking for \$175,000 or if they were seeking half of the \$369,000. Ms. Mosey stated that she would be seeking a total of \$217,000, an additional \$66,000 from the initial request on the application, as while she would be able to proceed with the initial estimated 50% match, she is unable to make a greater investment to proceed with the project. Ms. Ray stated as there is a 50% match requirement the Board is unable to consider a request in excess of 50% of the total cost. Ms. Haugen noted that survey costs are ineligible for TIF funding, and asked if prevailing wages were included in the estimates. Ms. Mosey stated that was included in the estimate. Mr. Pigman asked for clarification on the total project cost. Ms. Mosey confirmed that the total project cost is \$369,000. Ms. Ray clarified that construction and rehabilitation costs are estimated at \$350,000. Ms. Mosey confirmed that.

Mr. Pigman asked Ms. Ray outside of the land survey, if the other expenses qualified for TIF funding. Ms. Ray asked Ms. Mosey if aside from abatement, demolition, and prevailing wages what other costs are associated with construction rehab. Ms. Mosey stated that she thought air quality testing and demolition permitting costs would be included and that there is a clause depending on the contractor if they need to clean out any remaining appliances or furniture from the existing structure there would be additional costs for site clean-up. Ms. Haugen wanted to clarify that this was not rehabilitation of the building. Ms. Mosey confirmed that this project was to demolish the building and rehabilitate the lot for redevelopment. Ms. Hamilton asked Ms. Mosey if she would clarify the updated estimates for abatement, demolition, and prevailing wages. Ms. Mosey stated abatement is estimated at \$207,274 and demolition and prevailing wages at \$143,000. Mr. Pigman asked Ms. Ray for clarification on the total amount that the Board could recommend to the Commission, if that would be \$184,500, or if unqualified expenses should be removed. Ms. Ray and Ms. Haugen confirmed the cost for the land survey was not qualified for TIF funds, and Ms. Haugen stated that permitting costs were part of the cost of doing business and questioned the estimated cost of the permitting. Additionally, Ms. Haugen stated that all projects funded by TIF funding must follow state prevailing wages, so estimates must include the prevailing wage, and there is a list of jobs with a list of the minimum that can be paid for that job set by the state. Ms. Casey stated that she could not find abatement as a goal of the TIF district, and asked if abatement is part of demolition. Ms. Ray confirmed that it is. Ms. Casey stated that additionally she has concerns over the project narrative and the emphasis on the value of this project to the downtown area of Helena, and how the project will contribute to the goals of the Railroad Business district, as well as language that implies that the applicant is seeking long term financial support for the project.

Mr. Pigman acknowledged that the project is on the edge of the district, but still within the district, and that the purpose of the district's boundaries was to include the park and that area which goes to the railroad and he assumes that the term downtown Helena is synonymous with Helena in general and it would be nice if there were some acknowledgement of the Railroad

district in the overall project, so people understand it is part of this part of town. At the same time it is important to recognize that this is one of the most visible blemishes in town and we would like to see it repaired or changed in that regard. Mr. Pigman did acknowledge Ms. Casey's concerns and asked Ms. Mosey if it was their intention that this would be the only request for funding or if they intended to come back to request additional funding in the future. Ms. Mosey stated that the project would be fully financed and they are attempting to be as resourceful as possible, she said it would be foolish not to ask for assistance given the large investment and risk being taken on by the applicants to attempt taking on this project, so she hoped that it would seem reasonable to seek out any resources available to complete this project, and the bank will be looking at TIF money as an asset. Ms. Mosey did state that she intends to present applications in the future for additional infrastructure, regardless of approval, as she sees it as her due diligence to pursue all available resources. Ms. Haugen asked Ms. Mosey how she sees this project fitting into the Railroad Urban Renewal District and what the benefit to that District is and how it will enhance or compliment the other efforts in that District. Ms. Mosey stated that simply abating and demolishing this property should elevate the taxable property value, the ultimate goal of constructing and operating a boutique hotel will create jobs and some healthy growth in the area, and the room and lodging tax revenue of 4% will contribute up to \$22,000 annually to the tax base. Ms. Ray added to the clarification to Ms. Casey's questions about the narrative explaining an acronym in the application to mean the Tourism Business Improvement District. Ms. Casey asked if that is the district the revenue will benefit. Ms. Ray stated that a specific subset of funds will benefit that district, as all hotels and motels in the community contribute to that district, but that it is separate from the TIF altogether. Mr. Pigman pointed out that the increase in property tax that will occur based on the increased value would go to the TIF fund.

Ms. Casey questioned if the board turns their efforts in other directions in the time between now and another application from Ms. Mosey, what happens to the project if there is no additional funds forthcoming from the Railroad TIF. Ms. Mosey stated that the personal risk for her and those involved in the project would increase if there are no additional funds received from the Railroad TIF assuming that the current application is approved, however at this point regardless of how the project proceeds, the demolition and abatement will benefit the district in the increased property value. Mr. Pigman agreed and suggested the Board not look at this application at what the applicant plans to do in the next two years but to look at what they are asking for in regards to their plans for what they are doing right now and how that will benefit the district, and if getting rid of the blight will make the area more appealing for anyone to do something in the future. Ms. Hamilton agreed and said she had no problem with thinking about the possibility of another application coming in a few years' time for sidewalks in that area, as what is proposed will already be increasing property values and will have offset the District's costs. Ms. Casey brought up the fact that the numbers presented to the Board are estimates, and proposes that the Board approve 50% of the amount on the written application and not speculate about what the cost is going to be. Mr. Pigman reminded the Board that they are making a recommendation to the Commission, and he has written the updated estimates that were presented orally, and assumes that the applicant has based these numbers on real data. Mr. Pigman asked Ms. Ray how this project would fit the goals and objectives of the District. Ms. Ray went through the costs of the project as proposed in the application and as presented orally in the meeting, and eligible costs for the project as updated with the new estimates is \$366,774.00 with 50% of that coming to \$183,387.00. Mr. Pigman asked Ms. Ray if before the applicant receives the funds if the Board can be assured the applicant has the 50% match secured so the Board can be assured that this part of the project will be completed. Ms. Ray explained the process if the project is recommended to the Commission, it will be forwarded to the Commission to approve the project with an amount up to the 50% match at their discretion, once approved by the Commission a contract would be entered into between the city and the applicant with an amount and a scope of work, assuring any invoices received by the city will only

be for those services detailed in the scope of work and will only be paid up to the amount specified in the contract. Ms. Ray explained that the applicant will not get paid upfront, but in arrears with the invoicing. Mr. Pigman thanked Ms. Ray for her answer and stated he was looking for assurances that the funds would only be spent for those items for which they were approved.

Mr. Pigman asked if the Board could go through their guidelines as they pertain to this project, but asked if any Board members had any additional questions while Ms. Ray brought up the guidelines. Ms. Casey asked for clarification on the increased estimates for the costs of abatement, demolition, and prevailing wages and if these were official increases, or if those were just a guess, who assessed those increases and how substantially firm are they. Ms. Mosey stated she received a specific estimate for the increase in the abatement, but the increase for the demolition is a ballpark estimate as the contractor had recently lost their demolition expert and could not provide a more firm estimate. Ms. Casey stated that the increase to the demolition was very large. Ms. Mosey stated that the contractor guaranteed that the total for abatement, demolition, and prevailing wages would be under \$350,000. Ms. Ray asked Ms. Mosey if she could affirm if provided a 50% match at \$183,387.00 she could financially proceed with this portion of the project. Ms. Mosey confirmed she would be able to do so. Mr. Pigman walked the Board through the Criteria for Review, with an affirmation that there would be an increase in taxable value, that the high cost of reducing blight is worth the benefit, the applicant is invested in the project, that the applicant will maintain safety of the site during and after demolition, there is not an issue with historic preservation on this project, this phase of the project it's unsure if there is any infill, public services improvements are needed and not part of this phase, this phase of the project may not create a bunch of jobs but sets up job creation in the future, while this project may not be what most of the Board envisioned this project is not only good for the District but also the City, and only eligible expenses are included in the amount. Ms. Hamilton added that this property has been talked about since she joined the Board and is very excited to get the area the funnels into the District looking good. Ms. Pichette stated that MBAC is in full support of the project and improvements made to the property, and simply removing the building provides opportunities for new development and increases the taxable value. Ms. Casey stated she appreciated Mr. Pigman reading through the list.

Ms. Hamilton moved to recommend approving funding at \$175,000 to the City Commission. Ms. Casey seconded the motion. Ms. Haugen asked Mr. Pigman to call for public comment before he called for a vote. Eric Seidensticker, MBAC, made the comment that he understands when he sees abatement and demolition broken out into two line items, but for practical purposes you cannot separate the two as you must complete abatement before you can complete demolition, and budgeting a higher number is done because the applicant may run into unforeseen issues and the recommendation to invest in that is worthy. Additionally, Mr. Seidensticker feels that increased tax value from this project is important to a young TIF district like the Railroad TIF District to feed into the increment for future projects. The motion passed unanimously.

2. **Board Discussion**

Ms. Casey asked if it was possible to discuss issues discussed at previous meetings. Mr. Pigman replied in the affirmative. Ms. Casey asked Ms. Haugen about the URD being eligible for a neighborhood plan, and how it would be possible to do this. Ms. Haugen replied that the neighborhood plan is on the Planning Division work plan for the year and has been waiting for this group to meet to discuss it. There are a few major projects in house and once that happens Mike McConnell and Michael Alvarez will be spearheading that effort. Ms. Casey stated along that same line, she would like to go around and talk to local businesses, and it's businesses not just in the

area but those that they would like to attract to the area she would like to reach out to, and possibly have a marketing plan to get businesses to move to the area and if that would be part of the neighborhood plan and not the TIF Board. Ms. Haugen confirmed that it would be part of the neighborhood planning but that the Board would be actively engaged in the neighborhood plan. Ms. Casey asked about Helena College's invitation to use space there for meetings and invite people from the URD to come together and be informed and if that is something that would be done is setting priorities for the TIF District or in working on the neighborhood plan, and in the spring that it would be possible to start having meetings in person. Ms. Haugen encouraged Ms. Casey to connect with Mr. McConnell and Mr. Alvarez to start discussing these issues. Ms. Ray stated that both Mr. McConnell and Mr. Alvarez would be available to join the Board for a meeting in March. Ms. Casey also asked about the availability of the Transportation Plan as the main concern of people around the Depot have concerns. Ms. Ray said that the plan encompasses the whole area and it is large and it is to guide efforts in the long term and it is possible to get someone from the Transportation department to provide an update on the plan, and that the study will help inform what goes into the neighborhood plan in regards to transportation and infrastructure and Ms. Ray would be happy to coordinate an update at the next meeting.

Public Comment:

There was no public comment.

Next Meeting:

The next meeting is scheduled for February 17, 2022, but most likely will be postponed until March 17, 2022 to talk about the neighborhood plan and to review the priorities for the goals and objectives for the District. Ms. Ray stated she would be sending out homework for the Board for the March meeting.

Adjournment:

After thanking Ms. Haugen for her assistance in training and guiding the Board members in procedure and wishing her well in her retirement, the meeting was adjourned.