

**ADMINISTRATION AND FINANCE COMMITTEE
CITY COUNCIL CHAMBERS
140 WEST PINE STREET
MISSOULA MONTANA
March 10, 2010 11:05 – 12:00**

Members present: Stacy Rye, Chair; Ed Childers; Renee Mitchell; Pam Walzer; Jason Wiener; Dick Haines; Lyn Hellegaard; Roy Houseman; Jon Wilkins; Bob Jaffe

Members absent: Dave Strohmaier

Others present: Charlene Angelly, Leigh Griffin, Ellen Buchanan, Mike Bouchee, Nancy Harte, John Hendrickson; Kelly Elam

I. Administrative Business

- A.** Approve committee minutes dated [March 3, 2010](#)
Minutes were approved as submitted

- B. Public Comment on items not listed on the agenda**
None

C. Announcements

Stacy Rye announced Roy Houseman submitted a referral to the Economic Development Subcommittee to hear an update from Mayor Engen regarding the "Last Best Place" project. The members who will be serving on the subcommittee are Lyn Hellegaard, Bob Jaffe, Jason Wiener, Roy Houseman, Pam Walzer and Stacy Rye. Ms. Rye appointed Mr. Houseman to chair the committee.

Nancy Harte, Office of Planning & Grants Administrator said this is an informational announcement to the council. The Silvertip Apartments (the former Missoula athletic club site) is scheduled to close on the final purchase on March 17th. A manual check will be written for the project in the amount of \$1.953 million, and she wanted the council to be aware of the transaction when it is reported on the financial sheet.

Consent Agenda

- D.** Approve claims (accounts payable) - Consent Agenda (Brentt Ramharter)
Motion: The committee recommends the City Council approve [claims](#) totaling \$427,659.36 ([Detailed Claims](#))

1. Resolution amending Contract 06-02 with the North Missoula Community Development Corporation to specify the number of low- and moderate-income households at Burns Street Commons funded by the City's Home Investment Partnerships (HOME) program ([memo](#)).— Regular Agenda (Nancy Harte) (Referred to committee: 03/08/10) **REMOVE FROM AGENDA**

Motion: The committee recommends the City Council adopt a [resolution](#) amending the scope of work in Contract 06-02 with the North Missoula Community Development Corporation to specify the number of low- and moderate-income households at Burns Street Commons funded by the City's Home Investment Partnerships (HOME) program.

Nancy Harte is requesting the council to approve modifications to the resolution and FY 2006 contract with North Missoula Community Development Corporation (NMCDC). She said the original intent of the resolution was to purchase property at 1500 Burns Street (known as the Burns Street Commons) and construct 16 units of low to moderate income housing for first time home buyers. The project is funded by HOME, city of Missoula, CDGB and the state of Montana Home funds.

Ms. Harte said the State HOME program received an email from the regional office of the Department of Housing & Urban Development (HUD) asking to close out the project as the allotted time has expired.

Ms. Harte said the units were built and were placed on the market when the country entered a recession and the housing market declined. There were four units sold at that time and another one that has entered into an agreement and will close on April 1st. The City provided a majority of funding for the project, and it was agreed the City will take credit for the larger units and the state will take credit for the smaller units, and the remaining units will be released from the HOME program.

Ms. Harte is requesting the council approve the resolution which specifies modifications to the contract.

Lyn Hellegaard asked when HUD sent the email.

Ms. Harte said it was sent approximately one month ago.

Pam Walzer moved to adopt the resolution.

Jon Wilkins asked what will happen to the project.

Ms. Harte replied the project will continue and reminded the council this is a HUD administrative formality.

Ms. Hellegaard asked if the bank loans will be affected.

Ms. Harte stated the bank loans are not affected because the project is still in effect.

The motion passed unanimously on a voice vote.

2. Amend the FY 2010 budget to appropriate expenditures that were not identified in the original budget (memo).—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/08/10)
REMOVE FROM AGENDA

Motion: The committee recommends the City Council to set a public hearing on April 5, 2010 on a [resolution](#) amending the annual appropriations for the city of Missoula, Montana, as set forth in the fiscal year 2010 budget and capital improvement program that increases the total city budget by \$15,914,222.

Charlene Angelly, Finance Project Accountant asked to set a public hearing to amend the FY2010 budget. This is to recognize grants received through the fiscal year and carry forward the amounts for construction projects that are in progress, but not completed. She requested the council to set a public hearing for April 5, 2010.

Ed Childers move to set a public hearing for April 5, 2010 to amend the FY 2010 budget to appropriate expenditures that are not identified in the original budget.

The motion passed unanimously on a voice vote.

3. Authorize the Mayor to sign a grant application to the Economic Development Administration, in conjunction with the Montana Sustainable Building Center (MSBC) (memo).—Regular Agenda (Ellen Buchanan) (Referred to committee: 02/22/10) **REMOVE FROM AGENDA**

Motion: The committee recommends the City Council approve and authorize the Mayor to sign the application for investment assistance to the Economic Development Administration with the City of Missoula and Montana Sustainable Building Center for Economic Development Administration grant funds in the amount of \$1,400,000.

Motion: The committee recommends the City Council approves to authorize the Mayor to sign a memorandum of understanding with the Montana Sustainable Business Center (MSBC).

Ellen Buchanan, Missoula Redevelopment Agency Director stated the Mayor's office asked her to update the council regarding the grant application to the Economic Development Administration, in conjunction with the Montana Sustainable Building Center (MSBC).

Ms. Buchanan stated the MSBC applied to the Economic Development Administration (EDA) for a \$1.4 million grant to purchase property at 1515 Wyoming Street (the former 4-G's Plumbing Building) to be used for Home Resources and other possible entities.

She stated the EDA is requesting a governmental entity to be a co-applicant with the non-profit organization that will receive the funding. The EDA standards require a government entity to be involved in the event of the non-profit organization becomes non-existent. Ms. Buchanan said a Memorandum of Understanding (MOU) was created to protect the City in case the non-profit organization defaults. The MOU states if MSBC defaults on any of the grant conditions, the property will automatically be transferred to the City of Missoula at no cost.

Mike Bouchee, Montana Sustainable Building Center, stated they entered into a contract to purchase the property at 1515 Wyoming which is 1.6 acres. The purpose of the project is to create a center to build a coalition of small and large businesses that are focused on a "green economy" with common customer basis, technology and distribution methods.

Mr. Bouchee said MSBC currently has a lease agreement for the center with Home Resource which is a building material recycling business that is the primary tenant on this project. There are other businesses that are interested in relocating to the center.

He said the key piece to financing this project is the \$1.4 million grant that MSBC has applied for with the EDA. The grant money will purchase the property and help remodel the building that currently exists on the property. The Montana Board of Investments (MBOI) will be loaning another \$1.4 million and Missoula Community Development Corporation (MCDC) will loan \$350,000 for the project.

Ms. Rye asked how many tenants are intended to be at the center.

Mr. Bouchee stated there will be 2 or 3 tenants that will occupy the existing building. There is a phase 2 planned to allow additional businesses to co-locate on the site. .

Pam Walzer mentioned a different section 108 project that was presented to council in the past from MSBC, and she asked for an update on that project.

Mr. Bouchee replied MSBC tried to make that project work, but experienced difficulties combining federal programs, and that forced them to seek other resources that are compatible with EDA grants.

Ms. Buchanan mentioned the project is in the middle of the Urban Renewal District II, which will be in existence beyond the 15 year life of the grant. She said if the project fails, the city will take possession of property which will be used for economic development purposes specified in the grant.

Ms. Rye asked if the non-profit business pays property taxes.

Mr. Bouchee said yes.

Jason Wiener asked if the council can view a copy of the grant.

Ms. Buchanan said the grant is a large file and offered her hard copy to the council for viewing.

Mr. Wiener moved to approve a joint grant application with the City of Missoula and Montana Sustainable Building Center for Economic Development Administration grant funds.

Mr. Wiener asked for clarification on page 3 Transfer of property to City #3 in the MOU.

Mr. Bouchee said the lien is the mechanism that the EDA holds to control property restrictions for 15 years. In the event the EDA finds the property is in violation of the property usage restrictions, such as a housing project, the lien is in place to foreclose on the property. In that event the property would be transferred to the city of Missoula as the co-applicant at no charge. The city would have to find a use for the property in compliance to conditions of the grant.

Ms. Hellegaard said the MOU states the Montana Board of Housing (MBH) is listed first in the lien, and if MBOI requests full payment of their loan, where does the city stand with them.

Mr. Bouchee said if the MBOI requests full payment of their loan and forecloses; it eliminates all other liens and the city and the non-profit organization would be eliminated from the debt. He mentioned the EDA does not require recovery of any money and it relieves the City from paying it back.

Ms. Buchanan noted that there are two ways this project can default. If a financial default occurs, the State of Montana would step in and become the owner of the property and the city of Missoula would have no obligations. The other instance is if the property is used for other things that do not comply with the EDA grant agreement. In that case, the city would become the new owner and maintain the property subject to the requirements of the grant.

Bob Jaffe asked if phase 2 of the project is part of the grant.

Mr. Bouchee answered no; phase 2 of this project is not included in the EDA grant. The non-profit organization does not own the property planned for phase 2.

Mr. Jaffe asked when the lien expires in 15 years and the other loans are paid in full, who will own the property.

Mr. Bouchee said the non-profit organization will own it and city will be eliminated from the lien.

Ms. Rye asked if phase 2 will be developed for "Green Economics."

Mr. Bouchee said yes.

The committee discussed the taxes on the property, and it was established the current taxes are approximately \$12,000 per year.

Ms. Buchanan notes the property is included in the Wyoming, Catlin, Second Street curb and sidewalk improvement project. She said there will be a public art wall that will be created along Russell Street that will block out the building material salvage items located in the back of the existing building storage yard.

Ms. Mitchell asked if MSBC will be recruiting established or new businesses.

Mr. Bouchee replied there has been discussion with existing and new businesses. The goal is to keep the center "green" and to develop new technologies. He noted MSBC is discussing opportunities with the University of Montana College of Technology for on-the-job training programs.

Jon Wilkins said he supports this project and he is happy to see MSBC is able to move to a larger location that can accommodate their needs.

Mr. Wilkins moved to call the question.

The motion to call the question passed unanimously on a voice vote.

The motion to approve the Mayor to sign a Memorandum of understanding with the Montana Sustainable Business Center (MSBC) passed unanimously on a voice vote.

The motion to authorize the Mayor to sign a grant application to the Economic Development Administration, in conjunction with the Montana Sustainable Building Center (MSBC) passed unanimously on a voice vote.

E. Held in committee

1. Approve claims. (Ongoing) (Consent Agenda)
2. Approve journal vouchers. (Ongoing) (Consent Agenda)
3. Approve budget transfers. (Ongoing) (Consent Agenda)
4. An ordinance amending the municipal code as it relates to bike licensing. ([A&F](#)) (Returned from council floor: 12/15/08)
5. Implications of establishing maintenance districts. ([memo](#)) – Regular Agenda (Bob Jaffe) (Referred to committee: 05/11/09)
6. Review the FY 2010-14 CIP projects in committee ([memo](#)).—Regular Agenda (Brentt Ramharter) (Referred to committee: 03/23/09)
7. Clarify position of council member who also serves on the board of a non-profit agency that has dealings with the city. ([memo](#)) – Regular Agenda (Ed Childers) (Referred to committee: 07/20/2009)
8. [Resolution](#) of the Missoula City Council establishing a tourism business improvement district consisting of non-contiguous lands within the City of Missoula for the purpose of aiding tourism, promotion and marketing within the district. ([Exhibit A](#)) ([Exhibit B](#)) ([memo](#)) ([A&F](#)) (Returned from Council floor: 10/05/09)

F. Adjournment

Respectfully Submitted,

Kelly Elam

Kelly Elam
City Clerk Office