



Minutes: Thursday, May 17, 2018, 7:00 a.m.

City of Moscow Council Chambers •

206 E 3rd Street • Moscow, ID 83843

Commissioners Present	Commissioners Absent	Also in Attendance
Steve McGeehan, Chair		Bill Belknap, MURA Executive Director
Art Bettge		Anne Peterson, MURA Clerk
Trent Bice		Brittany Gunderson, Treasurer
Steve Drown		
Dave McGraw		
Ron Smith		
Brandy Sullivan		

Chair McGeehan called the meeting to order at 7:00 a.m.

- Consent Agenda** - Any item will be removed from the consent agenda at the request of any member of the Board and that item will be considered separately later.

A. Minutes from April 19, 2018

B. April 2018 Payables

C. April 2018 Financials

Smith moved approval, seconded by Bettge. Motion carried.

- Public Comment for items *not on agenda*:** Three minute limit.

Victoria Seever expressed disappointment that the Sangria project wasn't going forward but encouraged the Agency to keep working on that important piece of property.

- Announcements**

None.

- Sangria Legacy LLC Notice of Termination of Development and Disposition Agreement – Bill Belknap**

On May 1, 2018, Staff received a letter from Sangria Legacy LLC notifying the Agency that they have concluded, after extensive efforts at considerable cost, that in light of the recent rapidly escalating construction costs within the market it is not economically nor financially feasible to proceed with their proposed project, and are therefore terminating their continued participation in development of the property. Per the approved Disposition and Development Agreement (DDA), termination at this stage of the development process entitles Sangria to a refund of their initial deposit amount of \$5,000. Staff is seeking formal Board acceptance of Sangria's letter of termination and authorization of release of their deposit.

Sullivan moved acceptance of Sangria's letter of termination and authorization for release of their deposit, seconded by Drown. McGraw asked what function the deposit served and Belknap explained it was a good faith payment similar to any real estate transaction, which would have become non-refundable if the project had progressed beyond the financing point. Carly Lilly said Sangria Group had to separate itself from the emotional attachment to this project but after much time and investment they

determined it simply wouldn't work in this construction market. The property has some unique challenges but they still support the Agency's high-quality vision for the 6th & Jackson property and she thanked the Board for its vision and hard work. Given no additional discussion, the motion carried unanimously.

5. Discussion Regarding Sixth and Jackson Property– Bill Belknap

In light of Sangria's termination of the Development and Disposition Agreement for the Sixth and Jackson property, Staff wishes to begin a discussion regarding how the Board would like to proceed with the property. In 2010 the Agency acquired the property for the purpose of facilitating the development of Hello Walk, and at that time the Board discussed that there may be remnant triangles of property that could be sold for private development to help fund the property acquisition. Staff is recommending the Board consider retaining the property necessary for the development of Hello Walk, and issue two separate Requests for Proposals (RFPs) to solicit private development interest in the remnant parcels. This would be consistent with the Agency's original intent with the property and ensure that Hello Walk is developed as envisioned by the community. If the Board decides to proceed in this manner, Staff is also recommending the Agency engage Palouse Commercial, under our existing commercial real estate services agreement, to provide marketing services to directly market the RFP to development interests within the region. Palouse Commercial will provide a proposed scope of work and cost for the Board's consideration.

McGraw suggested it might be the time to discuss abandoning the Hello Walk concept, since Sangria Group couldn't make a project work. Belknap clarified their site plan worked but the construction costs didn't. Lilly elaborated on the various constraints they faced including some of the Legacy Crossing Design Standards (such as the percentage of windows) that made it too expensive to pencil out. Smith didn't want to abandon the Hello Walk concept and suggested respondents be allowed to submit proposals for one or both parcels. Belknap said getting an RFP out soon could potentially allow a project to break ground by next spring. Bice recommended caution and due diligence rather than moving too quickly just to get something on the site. McGraw wondered if the previous RFP sought a higher-quality project than what the Moscow market could bear. Belknap reviewed the various design iterations that Sangria went through--some driven by City requirements rather than Agency requirements--and pointed out many of Sangria's building elements went above those standards to meet Sangria's vision for a very attractive, high-quality project. He noted the City's glazing requirements have already been reduced for certain uses. He predicted future RFP responses will likely propose somewhat lower-quality projects that still meet design standards but without the same vision Sangria Group had hoped to provide. Garrett Thompson said Crites is supportive of Hello Walk and implored the Agency and others to broaden their vision. He felt Hello Walk won't happen until Crites finds a new location, so he suggested people coordinate efforts to help Crites move. Sullivan said the original intent of purchasing the property wasn't to maximize profit but to make Hello Walk become a reality, so abandoning that vision now would be a huge shift in philosophy. She liked the idea of two RFPs so respondents wouldn't be forced to create a project with a path running through it, and she thought any selected project(s) should comply with the existing design standards. She added the southerly piece is probably less desirable for development and wondered about turning it into an urban park, and Drown replied that Hello Walk itself would provide green space. He agreed with the option of allowing developers to look at the remnant parcels separately because that might provide for greater creativity. He also thought it was important for the University to be more supportive in making the campus-to-downtown connection a reality. Bettge thought the larger vision of Legacy Crossing needed to be maintained to provide that gateway and to inspire further growth within the district, especially something that doesn't go dark at 5:30. He thought with some tweaks in design standards it could be a viable project. McGeehan said he wasn't ready to abandon Hello Walk, and he was in favor of the broader-scope RFP. Brenda von Wandruszka said the Agency should trust in the market because there are people in this community who can pay full market value for the parcel and develop a very high-quality product. Sullivan asked what the \$1500 in real estate services would cover; Justin Rasmussen replied it could include the full range of marketing options. Staff was directed to move forward with drafting the RFPs and task order for real estate services.

6. South Main Pedestrian Underpass Project Feasibility Study Proposal – Bill Belknap

The MURA and City have recently completed a floodplain assessment work in the vicinity of the south couplet. During the assessment process, the City Council expressed interest in exploring the construction of a pedestrian underpass of South Main/U.S. 95 using the existing bridge structure in a similar fashion to the underpass that will be constructed this summer under State Highway 8 at the Styner/White intersection. A pedestrian underpass of South Main/U.S. 95 would significantly improve pedestrian connectivity and safety within the Legacy Crossing District. Staff requested Alta provide a proposal for concept design, modeling analysis, cost estimate, and wetland delineation within the project area. This is the same approach that was utilized with the Styner/White project which was awarded a Transportation Alternatives Program (TAP) grant to fund the underpass construction. Staff is considering utilizing the same approach with the proposed South Main underpass and potentially submitting an application in the upcoming TAP funding round anticipated to occur in December. Within the TAP program, the funding of construction projects is generally programed 3-4 years out from application and selection. The pathway routing is anticipated to cross a portion of properties currently owned by Gritman Medical Center and the University of Idaho. Staff has contacted both parties to begin discussions regarding the project and any pedestrian easements that might be required. The total cost of Alta's proposal is approximately \$14,000 and Staff is requesting that the Board consider partnering with the City to split the cost of the study equally. If approved by the Board, Staff would present the request to the City Council.

Bettge asked the budget's status and Belknap replied that \$40,000 was budgeted in the current fiscal year for landscape improvements in that area, so that would likely be postponed until the underpass work was completed, therefore some of that current funding could be used for the study. An underpass would experience seasonal flooding for perhaps 10 days throughout the year, but using the existing bridge structure would make it easier and more cost effective to construct. Drown thought this type of pedestrian access was critical, especially with increased pedestrians from the Identity project. McGraw moved to authorize \$7000 for the underpass study, pending approval from the adjacent property owners and commitment from City Council. Bettge seconded the motion which carried unanimously.

7. Thompson Development LLC Request for Environmental Assessment Participation – Bill Belknap

In August of 2017, the Agency sponsored Thompson Development's participation within the State of Idaho Brownfield Assessment Program related to three properties currently addressed as 213 Spotswood, 225 Spotswood and 222 Troy Road which currently house a dilapidated car wash and other structures, all located within the Legacy Crossing District and just east of the South Couplet. The State's Brownfield Assessment Program funds eligible environmental assessments to promote the redevelopment of suspected brownfield sites within the State. The State's environmental contractor completed the Phase I assessment in December of 2017. The Phase I recommended conducting a Phase II assessment to determine if a heating oil tank associated with the residential building is still present upon the property, and to conduct soil sampling to ensure that the sump upon the commercial buildings is intact and no oil releases have occurred upon the property. The developer has been working with the State since December to complete the Phase II assessment but have been unable to do so and were recently notified that the State Brownfield program has run out of program funds and cannot undertake the Phase II assessment. On May 10th, Staff received a letter of request from Thompson Development seeking financial assistance from the Agency in the amount of \$5,000 to assist within completing the Phase II assessment which is estimated to cost \$7,500 to complete. The assessment work is a necessary step to facilitate the potential redevelopment of the subject property.

Belknap said other direct-contribution projects the Agency has participated in were with public entities for public improvements. He further explained this type of Agency assistance wouldn't be a typical OPA that is reimbursed after development through the tax increment. Although the request is within the range of eligible expenses, he said a broader conversation with legal counsel regarding small-scale

requests for private projects will help the Agency establish the right mechanism for providing assistance legally within URA constraints.

Bettge thought the request fit within the Agency's scope of assisting with redevelopment for better and higher use of blighted properties. Thompson said project under contract is required to begin construction by September 1 so they need to move quickly and he'd appreciate the Agency's continued support. He considered the site an important entryway location and has already negotiated with the developer for an art installation on the corner. In response to a question from Sullivan, Thompson assured the Board that neither Thompson Development nor the developer would request additional MURA for potential additional cleanup or frontage improvements. Sullivan asked how Thompson arrived at the requested amount of \$5000. He said it is half of the \$7434 assessment fee plus a \$2500 expedite fee for a private company to complete the assessment within the developer's timeframe. Sullivan asked Belknap what precedent it might set for MURA to help directly with assessment phases compared to the previous grant-funded pass-throughs. Belknap said helping properties move toward better uses is important action for the Agency to take, pointing to projects such as 6th & Jackson, Dumas Seed, Sharpe Oil and Canon Press. However, this type of direct payment is one of the policy areas the Agency needs to address and he suggested this project could be used as a model to develop policy and a mechanism to support these types of entry level activities. McGraw was concerned about using public funds to support private development without knowing what the development actually is, however he was somewhat supportive of this particular request given the Thompson Family's great reputation. Bettge thought it was an appropriate investment on the Agency's part to assist with the environmental assessment but not necessarily the actual cleanup. Sullivan pointed out just getting the assessment completed will help *any* potential developer. McGeehan agreed that the request fit with the Agency's mission but also acknowledged McGraw's concern. Sullivan moved to contribute half of the \$7434, but not the rush fee, which failed due to lack of second. Bettge moved to contribute \$5000 toward environmental assessment, contingent upon legal review, seconded by Drown. Motion carried with Sullivan voting against.

8. General Agency Updates – Bill Belknap

- Legacy Crossing District
 - City Council agreed to fund half of the next phase of the flood study. The request for Letter of Map Amendment has been submitted to FEMA and has a completion date of July 26, 2018.
- Alturas District
 - Belknap reported there has been an inquiry on one of the parcels.
- General Agency Business
 - Nothing additional.

McGraw asked the status of the South Moscow Industrial Park. Belknap said he is continuing discussions with affected property owners and hopes to have something to report by the next meeting.

The meeting adjourned at 8:27 AM.


Steve McGeehan, Agency Chair

6/7/18
Date

Brandy Sullivan, Agency Vice Chair