



Meeting Minutes: March 7, 2024, 7:30 a.m.

City of Moscow Council Chambers • 206 E 3rd Street • Moscow, ID 83843

Commissioners Present	Staff in Attendance
Nancy Tribble, Secretary	Cody Riddle, Executive Director
Mark Beauchamp	Jennifer Fleischman, Clerk
Drew Davis	Renee Tack, Treasurer
Sandra Kelly	
Tom Lamar	
Steve McGeehan (virtual)	
Alison Tompkins	

Tribble called the meeting to order at 7:35 a.m.

1. Consent Agenda (A)

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 January 18, 2024
- B. January 2024 Payables
- C. January 2024 Financials

Tompkins moved for approval of the consent agenda as written, seconded by Kelly. Vote by Acclamation: Ayes: Davis, Kelly, Lamar, McGeehan, Tompkins, Tribble (6). Nays: None. Abstentions: Beauchamp (1). Motion carried.

2. Public Comment

Members of the public may speak to the Board regarding matters NOT on the Agenda nor currently pending before the Moscow Urban Renewal Agency. Please state your name and resident city for the record and limit your remarks to three minutes.

Victoria Seever, Moscow, talked about the Agency’s vision. She applauded their accomplishments and wanted to encourage the Board to spread the word about the vision for the Sixth and Jackson Street keystone property.

3. Introduction and Welcome of the New Board Member

Drew Davis was appointed to serve for a two-year term on the Urban Renewal Agency Board as a City Council Representative on December 18, 2023. His term will expire on December 31, 2025.

Riddle introduced Drew Davis as the new Board member, who was glad to be a part of the Agency.

4. FY2025 MURA Budget Hearing Date Determination (A) – Cody Riddle

In accordance with state law, the Agency must notify the County Clerk’s office the date of the Agency’s public hearing of its annual budget by no later than April 30th each year. To allow adequate time for the Budget development and review process, Staff is proposing the Agency set the hearing date for its FY2025 budget on Thursday, August 1, 2024, and seeks the Board’s approval to notify the County Clerk accordingly.

Riddle reviewed the code requiring urban renewal agencies to notify the county when the annual budget hearing will take place, as described above. Staff recommended that the Budget Hearing date be set for August 1, 2024.

The Board opted to table the decision until the next meeting, after they have time to check their calendars.

- 5. Termination of the ENA for Development of the Sixth and Jackson Street Property (A) – Cody Riddle**
On September 14, 2023 the Agency entered into an Exclusive Negotiation Agreement (ENA) with Moscow Hotel, LLC, represented by Carly Lilly and George Skandalos, for development of the property located on the southwest corner of Sixth and Jackson Streets. The agreement includes a Schedule of Performance with a series of deadlines for submittal of plans demonstrating continued progress towards developing the property. Each of the agreed upon deadlines have passed without submittal of any new information and all design efforts have stalled. Given the lack of measurable progress required in the ENA, staff is recommending termination of the ENA. This will allow the agency to pursue alternative development proposals for the property.

Riddle gave a brief overview of the progress and delays to the schedule in the current ENA with Moscow Hotel, LLC. The developers have not provided updated information as requested by the Board on December 21, 2023 and Staff recommended terminating the agreement, as described above. Riddle expanded on the limitations of the Agency. According to Idaho State Code, the Agency cannot fund specific private projects and needs to demonstrate that any improvements made primarily benefit the public.

The Board asked Carly Lilly and George Skandalos to talk about their struggles with their development project. The developers offered to step back and terminate the current agreement, if that would assist the Board or they are willing to continue working with the Agency if there was a way forward. They clarified why new drawings were not procured and the difficulties they have encountered during their research.

Beauchamp arrived at 7:54 a.m.

There was a conversation about the vision of the Agency for the Sixth and Jackson Street property, as well as what would improve downtown Moscow. The developers shared what happened the last time they entered into an ENA with the Agency for this property. The group discussed the importance of a vibrant, active building and streetscape after 5pm. The Board and developers talked about the soil quality issues on the property. The developers indicated they might be willing to sell the soil study information they acquired during this process.

Kelly moved to terminate the Exclusive Negotiation Agreement with Moscow Hotel, LLC, seconded by Lamar. Roll Call Vote; Ayes: Unanimous (7). Nays: None. Abstentions: None. Motion carried.

The Board continued their discussion about the property and ideas for moving forward. The developers talked about their concerns with the Agency vision and how that could hamper developing the 6th and Jackson Street property. The maximum building height in the downtown area is 65 feet. There was conversation about housing needs in Moscow and how that impacts the vision for this property. Soil quality and parking restrictions continued to be talked about. It was suggested that the Board to explore options to remediate the soil, with the possibility of creating an underground parking area designed to withstand the weight of a building on top of it.

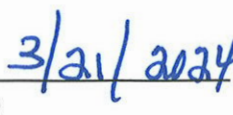
6. General Agency Updates – Cody Riddle

- *Draft 2023 Annual Report*
 - Public Hearing scheduled for March 21, 2024.
- Avista is working in the neighborhood of the Sixth and Jackson Street property, and want to temporarily install a power pole there.
- The Board requested Staff discuss with Avista the utility easement on the Sixth and Jackson Street property.

The meeting adjourned at 8:36 a.m.



Nancy Tribble, Agency Secretary



Date

SKANDALILLY VENTURES

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Monday March 4, 2024

Moscow Urban Renewal Agency
Legacy Crossing Project
6th & Jackson
Moscow, ID 83843

Dear Moscow Urban Renewal Agency:

It has been quite a long road for the Legacy Crossing Project at the corner of 6th and Jackson. We have long been supporters of the vision and are honored to have been selected. Respectfully, the vision however has proven over the past 8 years to be possibly in need of a re-vision. We have all always agreed the site has several known challenges. We are very familiar with the unique way these challenges intersect, and together reduce the size of the already tiny target for successful development. Some of this letter will be reiterating my statements from the last MURA meeting on January 18th.

We learned much during our first Legacy Crossing foray beginning in 2015. At that time we had progressed to the point of fully designed, approved, and bid construction plans. We also had commissioned soils and Geotech studies. The local professional design and construction team we had contracted at that time did not voice much concern about the poor soils or council us to procure more robust data evaluating the soil conditions. This left us with the understanding that they were poor, but workable. We spent over six figures of our savings on soft costs for this project, so it is very fair to say we were committed. We paid a local contractor a consulting fee simply to consult from a builders perspective during design phase in order to ensure the design of the project was to an exacting budget number. Yet after putting these detailed plans out to bid, the bids we received (including from the contractor who we paid to ensure we designed to a budget) were a whopping 50% over the development target budget making the property and project as a whole a poor investment for us, so we exited the agreement.

This time around, going in with full awareness of the nature of the challenges and based on the very expensive previous experience with the site, we thought we understood the pitfalls and small size of the target. We knew if we decided to engage with the Legacy Crossing again, that we would need to assemble an actually truly competent team of professionals. We knew that just to answer the RPF by submitting a proposal to would be \$20,000-\$30,000 thousand dollars. And we were delighted to have been selected. Since then we have subsequently spent an additional several tens of thousands, now totaling six figures again, to perform our due diligence work during the Exclusive Negotiation Agreement (ENA) period.

This due diligence work consists of evaluating feasibility in cost modeling, massing and design scenarios, additional commissioned extensive soil studies, and structural engineering consulting. This period is the time for us to weigh the data we gather and assess the viability of this project as a sound investment. It is extremely expensive to do this. But as we have stated many times, we have long supported the vision, so we felt it was worth it to take another look. Once we hit the soils roadblock, any further design deadlines set forth in the ENA were moot to us until we could determine the stability of those soils. Until we could evaluate cost modeling for the required soil solutions to simply get the building out of the ground, we were not going to hemorrhage additional funds for more pretty images, detailed design drawings with elevations, landscaping, apartment floor plans and finishing touches. It doesn't matter what the building looks like if the soil conditions make it too expensive to justify being built.

Since the Legacy Crossing property development has always presented many well known challenges. We think it could be helpful to outline these previously and well known challenges in writing. Below is a summary of the challenges any developer will face. We offer this developer perspective in the spirit of collaboration. It is our hope that this feedback might assist the board going forward or in the event that the vision or approach is ever retooled.

1. The diagonal bifurcation of the property by the width of the Hello Walk design forces any building to be built on either of the two small triangular remnants. This loss of rectilinear efficiency is problematic, as is the pinched size of each triangular remnant. This forces the shape of the building to be triangular if any attempt at maximizing leasable square footage is to be made. This is a costly and inefficient design detail.

2. The current parking requirement for the property necessitates that one of the remnant triangles be dedicated entirely to parking. Keeping in mind however, that the size of the parking remnant is still too small to support the code requirement for the amount of parking spaces required for any building of substantial size or occupancy. To meet the parking requirements fully on site, the allocation of space to parking unacceptably reduces the building square footage. It also leaves little to no space for vehicular circulation, creates a woefully undersized refuse management area (a threat to the dignity of the property), leaves no room for greenery in medians, or landscape beautification elements.

3. In order to maintain appropriate frontage and curb appeal consistent with a project geared toward the beautification of downtown, the parking should obviously not be located on the north remnant triangle along 6th street, but on the south remnant abutting the silos with the building positioned along 6th street. But we actually considered this during our process in an attempt to solve traffic, parking, refuse, space issues.

4. So all of this leaves the north remnant triangle as the only buildable portion of the property. Please consider that the entire western edge of the north remnant is further encroached upon by a utility easement. This is an additional reduction in the square footage of the final building footprint and requires the western face of the building to be pulled back off of the west property line by another twenty feet. Further reducing building size.

5. To maintain sensible traffic flow and functional access, we believe that it would be best to maintain a contiguous vehicular traffic-calmed drive through the property. With entry/ exit points connecting 6th street to Jackson. However, because of space constraints and design requirements, this is not possible without losing parking spaces and again, reducing the building's leasable square footage. Having a single access point that serves as

both the entrance and exit to the property, is allowed by code, but we would point out creates lasting challenges for Latah sanitation and food service delivery vehicles, snow removal, and for the ease of navigating vehicles for patrons and tenants. Though this is what we were forced to do.

6. It is our opinion that the existing narrow 4' wide sidewalk along the north edge of the 6th street is not functionally or aesthetically sufficient and should be widened to 8'. This would be consistent with the scale of sidewalks on Main Street and appropriately sized to scale correctly next to a 3-5 story building. This widening however, causes an unacceptable 5' reduction all along the northern face of the building further reducing its size. In our design, we were still debating on this detail and sadly and reluctantly leaning toward not expanding the narrow pedestrian sidewalk as we could not sacrifice any more non leasable space. But it is our opinion for the long term beauty and comfort of the downtown, that this should absolutely be done. We couldn't simply slide the whole building south to provide for this, as it abuts the hello walk along much of its southern edge. It is our opinion that the street side facing design elements, aesthetics, access/comfort, and scale should be heavily weighted as this is the way the majority of the public will engage with the development—as pedestrians passing by or as patrons approaching a business entrance. With respect, the Hello walk is not a walk as it doesn't lead anywhere, and will likely for the foreseeable future instead function as a interior plaza of sorts that tenants walk across as they come and go from the apartments above.

7. In relation to the entire size of the property, any developer will therefore be left with a very small, triangular piece of ground on the north edge to build the structure. For the project to generate enough in rent revenue to justify its own expense, the building must contain enough leasable square feet. In order to achieve that on this property, the only solution for anyone is to build as high as code allows. This makes the point load for each footing very heavy leading to extensive over-excavation for large footings or copious extremely deep helical piers.

8. The soils on the site are suboptimal to say the least. This has been known. What was previously unknown, was exactly to what extent they are poor. To quote the project managers at the firms we hired to evaluate the feasibility of this project, "they are the worst soil conditions we have ever seen." These firms we retained are of well repute, large, knowledgeable, and doing projects in 12 western states totaling hundreds of millions annually. As we are paying them quite a bit for their experience, advice, and counsel, we paid attention when they made such a strong statement. There are both natural and man-made problems with the soils including but not limited to, a layer of very soft natural peat several feet down, not structural back fill, as well as large remnants of old concrete slabs and other unknown debris buried, scattered beneath. Do these need to be removed? Can we just drill through them? How much of this is there exactly and at what locations/ depths? We knew some concerning data about the soft soils from our previous exploration. But the soil is actually worse than we previously thought and any developer who is serious will run into this costly challenge.

9. To support a building with a footprint the size of the remaining north triangle remnant, that is tall enough to get the project in the black, it will require potentially hundreds of helical piers of unknown depth, or footings so large and numerous that they will nearly touch one another requiring extensive and costly over excavation. The cost variance of these scenarios on this site for any building is hundreds of thousands and there isn't a way to

confidently define the amount of that line item because of the unknown condition of the site at the required depths. The proforma does not support the amount of site prep work that would likely need to be done for a building of that size.

10. To conclude this list: The building can only be as big as can fit on the small triangle, not so high that it is too tall for code, and not contain too many apartments so that the parking spaces required by those apartments will fit on the other triangle. But we all want to build something that looks nice and isn't built with bottom of the barrel materials (like so much of the high density housing in our area is) so we need the building to cash flow. But it has to be large enough and nice enough that can charge the rents we need to charge in order to justify the cost of construction. We can't make it bigger because of parking, hello walk, and easement constraints. And even if we could, the soils on the site create an out of whack line item for site prep in the proforma. As it sits, it's not a good investment for any developer, especially with the encumbrances inherent in the design vision in the RFP set forth by MURA.

We knew that because of the unique encumbrances placed on this property, the project barely pencils even in the most favorable of conditions, with previously *known* challenges. We're knew this going in, hence the mention of a *known* very tiny target. Market factors, labor availability & cost, interest rates & economic stability, and commodities fluctuations are all challenges in *any* new construction project. But when overlaid by the required elements outlined in the RFP, and then further stressed by the reality of the quality of the ground itself, it makes that tiny target actually invisible.

We also felt that we had a unique advantage regarding feasibility and pulling the vision together in that we bring our own large anchor tenant to the main commercial space. As well as had LOI's for the other spaces due to having leasing experience and contacts from managing and leasing our other downtown property, which has 11 commercial tenants and 48 residential units. In addition, following precedent, we were still able to meet parking requirements as we can provide for them off site on our other property just across the street. Without this additional parking lot the spaces required to meet the code demand would never fit next to the hello walk on the south triangular remnant. Additional off-site parking is the only way to preserve the leasable square footage of the building footprint. We believe the 6th street facing store fronts of the building should be for retail businesses and that converting any of them into a ground floor parking garage for additional spaces, even if we could charge for that parking, would never be an acceptable design.

We feel deeply that the Legacy Crossing property is special given its prominent location. It should be honored with something beautiful that will stand the rest of time aesthetically, and hopefully serve as the high bar for new mixed use development in Moscow. Because of what could be categorized as sentimental motivation, we were even willing to consider a lower than industry standard rate of return on this project in order to ensure its completion. We sought out the best firms from Spokane to Seattle and spent well over six figures (for a second time) during the ENA period to evaluate the feasibility of this endeavor. We have been committed to this project from the start and have put our money where our mouth is so to speak. We really want to see this project get done right.

With our familiarity from past experience with the site, we felt the second time around it would be a straightforward design process. Thankfully for us, our incredible design and building professionals insisted on further in-depth soils testing complete with a robust professional

assessment and analysis with structural engineering. They said, it was imperative to have an absolutely accurate understanding of the stability of the soils before we do anything else. As the cost of footings and load calculations, placement, type, and design will all hinge on that data.

We are aware of other projects in the region that did not do this level of due diligence that experienced cost overruns of over \$1,000,000,000 due to unforeseen soil conditions. We cannot accept that kind of risk. It seems evident to us that our commitment to the project is what ultimately unearthed the true nature of the site as no other other developer (including us previously) had discovered this. We were actually quite surprised to hear it reported that the conditions were the worst they had ever seen. We were further dismayed to learn from one of the Spokane firms that that this property is actually an urban legend of sorts. That over the decades they have hired many U of I architecture graduates and they all know from their 4th year studio projects how untenable the property development is based on student studies of the site for their class. We were further surprised to be told that this has been widely known on campus for years. We also learned that there have been many out of town developers that have discussed this site with design firms in Spokane over the years but after a cursory evaluation of the known constraints (even without paying for extensive geotech soil analysis), they quickly walk away. It has been frustrating to become aware that what we spent a lot of hard earned money made during tough times to earnestly investigate, was already apparently widely known. Nonetheless, we ultimately needed to see the actual data for ourselves. We were much more committed than those out of town developers, but in the end, have come to the same conclusion as they did.

We are grateful for the collective expertise of our design team and their sound council in preventing us from becoming ensnared in a financial quagmire of cost overruns on account of unforeseeable yet necessary over-excavation and/or extensive site prep. But we are disappointed that it has taken 8 years, multiple developers and hundreds of thousands of our dollars spent to figure out what was evidently already well known. This is a publicly owned parcel purchased with public Urban Renewal Agency funds and managed by the URA since its purchase. We feel that certainly something could have been done to assess the viability of the execution of the agency's vision on that specific site, and ascertain and disclose the extent of the soil conditions before the issuance of the first RFP all those years ago. We have spent a lot of money and a lot of time on this project. Not to mention the countless hours of donated time by the board members. It never occurred to us it was nearly unbuildable as it sits. We and the board certainly would have benefited from any previous attempt to professionally acquire official data sets for soil viability prior to 2023 and those findings being made more transparent at the outset so solutions could be created ahead of the creation of this vision and issuance of any RFP. Especially since there was enough apparently known information or suspicion of this very problem circulating widely in the region for nearly a decade.

The soils, the easement, the test wells, the parking, the hello walk design, all conspire to reduce the viability of developing 6th & Jackson. We do not feel that with all of these challenges currently in play it will be possible for us or any other developer to hit basic required targets on any sane proforma.

It is our opinion that possibly the best way forward for the successful development of the Legacy Crossing Project would be for MURA to retain control and ownership of the property, with the goal of using or securing publicly available funds or grants for the purpose of

remediating the soil conditions to prepare the ground for development in such a way that supports the vision set forth in the RFP.

Alternatively, if contributing funds for site prep to support the current vision is undesirable, MURA might consider revising the vision set forth in the RFP, so that it could hopefully become a financially viable project for any developer with soft spot for Moscow, who loves a challenge.

We feel that we were that developer. We were willing to spend a lot of time, money, resources, and opportunity cost to solve the known problems presented. And we actually did succeed in that. However, the unexpected unknowns we discovered along the way make this project as it currently stands sadly just too risky. We propose what might be in the best interest of the site and everyone involved is possibly withdrawing our participation in the ENA and the project at this time to allow MURA to re-evaluate the path forward. But we welcome other solutions and an open dialogue.

We would like to thank MURA for their years of dedication and donation of their time to this project. We truly understand and appreciate the challenges you face in bringing something special for 6 & J into manifestation. If we all don't give up, it's our opinion something lovely will eventually exist there.

Until we propose again,

Carly and George