



Councilmembers

Jesse L. Ramos; Sandra D. Vasecka; John P.

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Contos

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Reference Topic: Sleepy Inn Motel

To the honorable members of the MRA Board,

We are writing as three elected officials representing three wards of the City of Missoula. We are kindly asking you not to approve the purchase of the Sleepy Inn Motel until full details have been determined and digested by ELECTED officials and the citizens of Missoula. We personally see this as an example of “never letting a good crisis going to waste”. After much research, we have not yet seen any evidence of any municipality in the United States using the COVID-19 crisis to purchase a hotel/motel. We have seen many examples of municipalities renting or leasing hotels/motels, but never purchasing one during this crisis.

All signs point to COVID-19 hopefully ending in the next couple of months, meaning that the long-term effects and intentions of the Sleepy Inn Motel purchase are not that of COVID-19. Using this as an excuse to purchase something that would otherwise receive even more scrutiny is not acceptable; especially since it was buried as an address that was buried in Claims that was buried in the Consent Agenda during our historic first-ever virtual City Council meeting.

We need to see commercial estimates by commercial appraisers. This hotel was listed six years ago for \$675,000 dollars. At the time the owner was so desperate to get rid of it that they were offering owner financing on it. This price is close to half of what the city is now paying for it after 6 years of wear and tear in the middle of an economic depression. It is also worth noting that the taxable value of the hotel is roughly 400k less than the value the MRA plans to spend. It is our strong recommendation that the City gets at least two commercial appraisals. We do not know if a commercial appraisal has been completed on the property and we do not know if the tax dollars (that we supposedly preside over) are being spent wisely or appropriately.

We are attaching a CMA by a local real estate profession who choses to remain nameless as well. It shows that at the asking price of 1.1Million the city is paying \$44/sf which is DOUBLE what it is worth at current rates for the dirt if the building is scraped. The only thing that could increase the value would be the business revenues and balance sheet of the hotel, which no one as seen nor is that what we are buying it for, presumably. However, for arguments say let's just say we were, and revenues were being factored in; the building will likely need to be demolished due to meth contamination in the building. We are attaching the contact of a local meth testing service that could do an estimate of remediation upon completion of a test. It is the responsible thing to do.

The letter from the real estate professional states "This is for the property directly across the street, completed last year. Best case, land is worth \$22/sf. The value of the building itself is dependent on the income it produces. So, without that info, it's hard to say definitively. 1900 W Broadway sold Dec of 17 for \$3.85m, or \$65/sf for the buildings. One comp doesn't make a value, but at \$65/sf, Sleepy Inn would be worth about \$650k. 1900 W Broadway is arguably in better shape than Sleepy Inn with better access. Based on what I know, which is limited, I would anticipate value to be between \$650k & \$700k. That's assuming no remediation is needed." (see attached document below)

Demolition might be the easiest and cheapest way, (and that might be what your plan is), but unfortunately, we as elected officials, and citizens of Missoula, have no idea if this was completed. We are attaching an estimate of demolition that would cost roughly 127k dollars. This cost assumes not asbestos remediation, if there is a need for that it would double or triple the original cost. All of this would then be added to the original cost of the property of \$1.1 million bringing the total cost to use the site up to between \$1.2-\$1.5 Million.

This \$1.1-\$1.5 MM would be better spent offering tax relief to the people of Missoula. If we release this \$1.1-\$1.5 MM and took a Tax Increment Financing remittance, it would give roughly \$300,000-\$500,000 to each the City, County, and Schools. This would offer the people of Missoula property tax relief during this crisis.

We need to know an exit strategy, or at least a business plan. It would be wholly irresponsible of the MRA to approve the purchase of this property without at the absolute very least having a complete feasibility study. If the City is intending to operate the purchase as a motel, affordable housing, or housing for the homeless, there needs to be a business plan. We need to see what additional and ongoing costs will be incurred. We also need to see the documents stating that the Federal Government will reimburse the City as well, if that is to happen.

We would very much appreciate being kept posted on the details of this matter. We absolutely do not support this irresponsible decision.

Regards,

Jesse Ramos (Ward 4), John Contos (Ward 5), Sandra Vasecka (Ward 6)

LAND SALE COMPARABLES

	Address	Sold Date	Sold/List Price	Sold Price/SF	Acreage	Zoning
	1900 W. Broadway Street Missoula, MT	Under Contract	\$1,920,996 (list price)	\$21.00	2.10	C2-4
	2704 W. Broadway Street Missoula, MT	Under Contract	\$715,000 (list price)	\$17.65	0.93	M1-2
	1530-1536 S. Reserve Street Missoula, MT	Under Contract	\$1,200,000 (list price)	\$20.41	1.35	C1-4
	1815 S. 3rd Street West Missoula, MT	4/25/2018	\$130,000	\$16.58	0.18	C1-4
	1800 S. 3rd Street West Missoula, MT	2/16/2018	\$1,500,000	\$21.26	1.62	C1-4
AVERAGES			\$1,093,199	\$19.38	1.24	
SUBJECT PROPERTY (suggested list price for land only)			\$699,000	\$22.41	0.716	C1-4

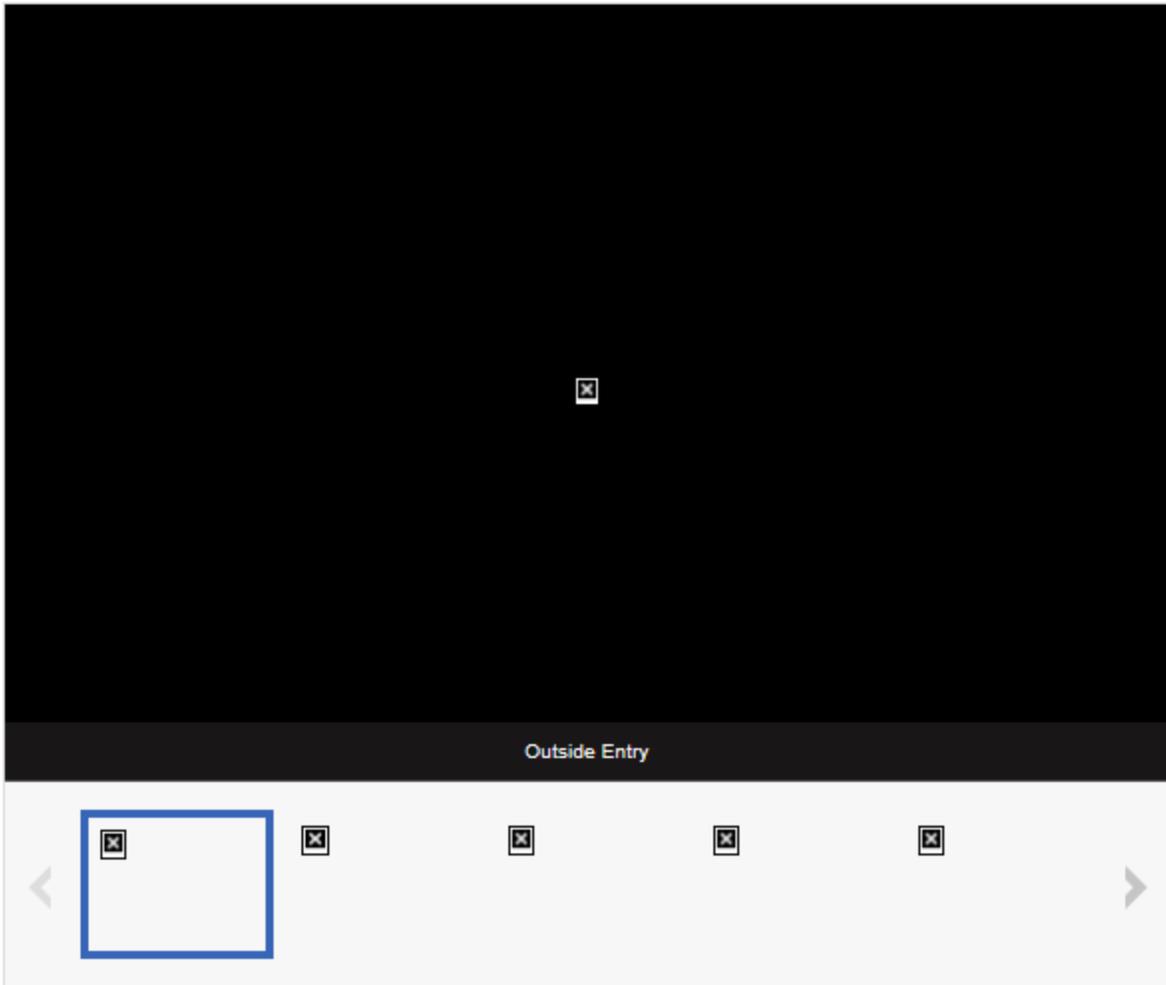
33 Room Inn

1427 W. Broadway Street, Missoula, MT 59802

\$675,000

33 Rooms | Hotel & Motel

Contact Listing Broker	Watch Property	Create Report	Share ▾	Print
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[Redacted]
Missoula, MT 59808

Proposal

Date	Estimate #
4/14/2020	4929E

[Redacted]

Project	Sleepy Inn Demo
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Bill To / Address
City of Missoula Parks Operations 100 Hickory Missoula, MT 59801

Ship To

Description	Unit	Qty	Unit Price	Total
The following is an estimate of probable cost for the demolition of the Sleepy Inn located at 1427 West Broadway. No plans or specifications were provided. This does not include any engineering or special wage requirements.				
Abandon water service at main.	LS	1	5,000.00	5,000.00
Abandon Sewer service line at property boundary.	LS	1	5,000.00	5,000.00
Demo and export sleeping hotel. Foundation and asphalt included.	LS	1	105,770.00	105,770.00
Contingency 10%	EA	11,577	1.00	11,577.00
Demo permit included.				
No access or utility conflict				
No import of fill.				
No site work for new construction				
No special wages included.				
Total				\$127,347.00

[Redacted Signature Area]

WHEN SIGNED, THIS SHALL BE A BINDING CONTRACT.

OWNER/GENERAL CONTRACTOR

Signature _____ Date _____

[Redacted Signature]

Signature _____ Date _____

8:46



< Mandy



Lee Yelin

Water Rights Meth test



message



call



video



mail



pay



work

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