

**MINUTES**  
**Troutdale City Council – Special Meeting**  
**Troutdale City Hall – Council Chambers**  
**104 SE Kibling Avenue**  
**Troutdale, OR 97060-2099**

**Tuesday, October 2, 2007**

**1. PLEDGE OF ALLEGIANCE, ROLL CALL, AGENDA UPDATE**

Mayor Thalhofer called the meeting to order at 7:04pm.

**PRESENT:** Mayor Thalhofer, Councilor Kight, Councilor Ripma, Councilor Thomas (via phone), Councilor Canfield, Councilor Kyle and Councilor Daoust.

**ABSENT:** None.

**STAFF:** John Anderson, City Administrator; David Ross, City Attorney; David Nelson, Chief of Police; Debbie Stickney, City Recorder; and Paul Elsner, Interim City Attorney.

**GUESTS:** Shannon Wells, Gresham Outlook.

**2. RESOLUTION:** A resolution authorizing the Mayor to enter into an Option Agreement for the purchase of certain real property owned by CPG Partners as well as entering into a Restrictive Covenant with CPG Partners, L.P. concerning the placement of certain signage.

John Anderson stated to summarize the option agreement, we are purchasing approximately 24,212 square feet for right-of-way purposes. Approximately 6,400 square feet is retail space and that is what significantly increases the purchase price. The City will also pay for the demolition and the end-capping of that retail space. Although we negotiated to try and seek a “not-to-exceed” figure in the agreement, we didn’t get that included, but we have some other language that we hope will be workable. To acquire the right-of-way without condemnation the Chelsea Group negotiated a “not-to-compete” clause which is included in the agreement. The non-to-compete clause has been discussed a few times and has the potential of affecting some developers interest in the project and only time will tell. The option will cost \$300,000 with two \$150,000 payments and runs through December 31, 2008. The total purchase price is \$2,150,000 plus the demolition and end-capping costs which are currently estimated at \$300,000 to \$500,000. The purchase also includes an agreement that would enable Chelsea to participate in the retail signs constructed by the developer.

Councilor Canfield stated on the restrictive covenant it discusses competing uses and has definitions for competing uses, it seems like this might also apply to Chelsea if they choose to purchase the property.

Paul Elsner, Interim City Attorney, stated but they may not choose to enforce it against themselves.

Councilor Kight asked at this point we don't have a cost for the demolition?

John Anderson replied the \$300,000 to \$500,000 includes the demolition and the end-capping.

Councilor Kight stated can you explain the tower features, I know you provided photos in the packet.

John Anderson replied there are two samples; one is a simpler design...

Councilor Kight interrupted and asked who pays for that?

John Anderson replied we would pay for the towers...

Councilor Kight interrupted and asked minus the signs and logos?

John Anderson replied yes. We asked them to include these photos so we would have some kind of benchmark so that when we get to this point and try to implement the language in the agreement we would have a benchmark to use in evaluating that.

Councilor Kight asked so do we have any idea what the cost is for these or is it wide open?

John Anderson replied there is no ultimate flat cap. We are using the estimates from PGP, plus the estimate that the Columbia Gorge Outlets received, which is somewhat dated. I am looking at their estimate from March 2, 2006 which is about \$335,000 for that.

Councilor Kight asked for which version?

John Anderson replied we didn't make it that specific. \$335,000 for the concept that the Mall had, given what has happened we put in the range of \$300,000 to \$500,000. That is the best estimate that we can provide at this time.

Councilor Kight asked and that is for the end-cap correct?

John Anderson replied that is for the end-capping, the demolition and putting the towers or facades on.

Councilor Kight stated #7 in your staff report mentions that the purchase includes an agreement enabling Chelsea to participate in any retail signage constructed by the developer of the City's site. Are you talking west of their property?

Paul Elsner replied yes.

Councilor Kight asked up against 257<sup>th</sup>?

John Anderson replied yes; west of the property or even if we put it on our right-of-way within their property.

Councilor Kight asked David Ross, since you have a background in condemnation, have you seen this type of situation before where you take out any building within a group of buildings as opposed to taking them all?

David Ross, City Attorney, replied I was involved in a case where the owner of the shopping center wanted the road to go in a different place which would require it to go through part of the building and that is not where the city wanted the road to go. But I have never been involved in one where we would actually cut through the buildings.

Councilor Ripma asked do we have the \$300,000 budgeted to pay for this option?

John Anderson replied yes.

Councilor Ripma asked in the event that the property isn't sold, what is the plan to exercise the option?

John Anderson replied we would have to borrow the money.

Councilor Ripma asked and that is the City not the Agency?

John Anderson replied correct.

Councilor Ripma asked what is staff's recommendation for that?

John Anderson replied Kathy Leader had provided to you earlier the option of having some bonds sold or having a long-term debt that would have to be paid with general fund dollars unless you put it out to a vote.

Councilor Ripma asked so it wouldn't be general obligation bonds?

John Anderson replied correct, it would be a certificate of participation.

Councilor Canfield asked what affect would that have on the general fund budget?

John Anderson replied I didn't bring that information with me. The debt service would be whatever you didn't want to pay down using general fund reserves.

Councilor Kight asked I would like to see what we are looking at financially; a total financial obligation picture for this project. If I have it right, we are looking at \$2.6 million. What are we looking at for the acquisition of the Yoshida property?

John Anderson replied I believe it was \$1.6 million.

Councilor Kight asked are there any other costs that we might incur?

John Anderson replied there are costs for the roadways.

Councilor Kight stated the infrastructure. What is the ballpark figure for that?

John Anderson replied we are probably approaching \$10 million. That is based primarily on land sale values or selling the old sewage treatment plant, and the tax increment that would fund the urban renewal bonds.

Councilor Kight asked what is the \$10 million for?

John Anderson replied the riverfront park, the plaza, the parking facility...

Councilor Kight interrupted and stated okay, so we are exposing ourselves to approximately \$12.6 million besides the Yoshida property which we don't have to buy until we have a developer, so I am not really counting that.

Paul Elsner replied not under this agreement you are not. That is only if you go forward with the development. If you are looking at the overall project, potentially that is what it is. This agreement basically deals with \$300,000 plus the rest of the purchase price if you elect to exercise.

Councilor Kight stated I am trying to get a broader picture of the total financial liability exposure that we are committed to. It isn't just getting access through Chelsea, it is what happens after that and where is all of this money going to come from.

John Anderson replied looking at the Urban Renewal Plan estimate that was approved, the total cost is about \$18.5 million which included a contingency of about \$1.5 million. The primary revenue sources was \$6.4 million from urban renewal tax increment, \$12 million from land sale, parks and street system development charges and some grant money.

Councilor Kight asked what I am really asking is what financial liability do we have if we don't have a developer lined up to buy the property?

John Anderson replied \$300,000 if you let the option go.

Councilor Kight stated if we go forward with Chelsea and cut through their building and we put in the necessary infrastructure to market the property and there is no developer.

John Anderson replied I don't know that we would put in the infrastructure if we don't have a developer.

Councilor Kight stated well not all of it but part of it in order to market the property.

Paul Elsner stated as I understand one of the reasons the City has this option is to go out for a period of 305 days to see if you can find a developer who will then purchase the property. Basically your only risk is \$300,000 right now.

Mayor Thalhofer asked is there anyone here to speak to us on this issue?

No testimony received.

**MOTION:** Councilor Canfield moved that the City Council pass the resolution authorizing the Mayor to enter into an Option Agreement for the purchase of certain real property owned by CPG Partners as well as entering into a Restrictive Covenant with CPG Partners, L.P. concerning the placement of certain signage. Seconded by Councilor Daoust.

No discussion on the motion.

**VOTE:** Councilor Canfield – Yes; Councilor Kyle – Yes; Councilor Daoust – Yes; Councilor Kight – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – Yes.

**Motion Passed 7 – 0.**

Councilor Thomas left the meeting at 7:32pm.

Councilor Ripma stated this being the 100<sup>th</sup> Anniversary of the incorporation of our City, I would like to read a few short excerpts from our first official Council Meeting (copy included in the packet).

### **3. ADJOURNMENT:**

**MOTION:** Councilor Canfield moved to adjourn. Seconded by Councilor Ripma. Motion passed unanimously.

Meeting adjourned at 7:39pm.

**Paul Thalhofer, Mayor**

**Dated:** Approved January, 8, 2008

**ATTEST:**

**Debbie Stickney, City Recorder**