



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

SPECIAL MEETING MINUTES **COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD**

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, October 30, 2017

5:30 p.m.

City Hall Council Chambers
313 Court Street
The Dalles, Oregon

CALL TO ORDER

Chair Elliott called the meeting to order at 5:30 p.m.

ROLL CALL

Present: Scott Baker, Staci Coburn, Taner Elliott, John Fredrick, Darcy Long-Curtiss, Linda Miller, Chuck Raleigh and Kathy Schwartz

Absent: Steve Kramer

Staff Present: Planning Director and Urban Renewal Manager Steve Harris, City Attorney Gene Parker, Finance Director Angie Wilson, Assistant to the City Manager Matthew Klebes and Finance Specialist Lisa Rowland

PLEDGE OF ALLEGIANCE

Chair Elliott led the Pledge of Allegiance.

APPROVAL OF AGENDA

Vice Chair Miller moved to approve the agenda. Board Member Coburn seconded the motion; the motion passed unanimously.

ACTION ITEMS

Urban Renewal Property Rehabilitation Façade Improvement Application for the Columbia Brewery Building located at 908 E. Second Street (John Hartung, applicant)

Director Harris presented the staff report.

Board Member Fredrick shared his concern that funds would be allocated prior to further review of the Urban Renewal Agency Financial Plan. Vice Chair Miller responded that funds for façade grants were already budgeted.

Board Member Baker inquired about the timeliness issue of Mr. Hartung's application. Mr. Hartung replied the project was 95% complete. He wanted to finish the project before weather shut him out. Approval of the application would allow him to pay his taxes.

Based on discussion, Board consensus was to hear both proposals, proceed to the Financial Plan, and then vote on the applications.

Urban Renewal Property Rehabilitation Façade Improvement Application for 1431/1433 W. Second Street (Hattenhauer Energy Company, LLC, applicant)

Chair Elliott stated the applicants were his relatives and he would recuse himself from both the conversation and vote.

Director Harris presented the staff report.

Board inquiries addressed both applications. (Responses have been separated by applicant.)

Hattenhauer application:

- Gas pumps are not planned at this time
- Opening is scheduled for early 2018
- Office space will be used in-house

Hartung application:

- Completion is scheduled for spring of 2018
- The building will be available for lease
- Interior stairs were restored, building was cleaned and dried out
- Moving ahead on the roof

Urban Renewal Agency Financial Plan (Continued from the October 17, 2017, URAB Meeting)

Director Harris presented the staff report. Harris referred to two documents sent separately to the Board: a Memorandum dated February 12, 2016 regarding Urban Renewal Funds and Projects (Exhibit 1), and an Urban Renewal Report dated March, 2016 (Exhibit 2).

Topics during the Financial Plan included:

- Short- and mid-term Agency decisions
- Federal funds provided for 1st Street improvements
- Shortfall of anticipated revenue from the sale of properties
- Agency bonds and sunset dates
- Downtown parking structure, shortages and management (re-striping by Public Works created 38 additional spaces)
- Sound wall: railroad had safety concerns; limited space available for wall
- Sale of underperforming properties should be a priority
- Downtown vision: a strategic planning exercise along with a parallel visioning exercise

Board consensus directed Staff to arrange a strategic planning/vision meeting between the City Council, Planning Commission, and the Urban Renewal Board.

Assistant to the City Manager Matthew Klebes reviewed the spreadsheet representing budget items, expenses, and past and future budgeted projects.

Chair Elliott returned to the application for the Columbia Brewery Building.

Vice Chair Miller moved to approve the \$19,943.33 Urban Renewal property rehabilitation façade improvement grant application to John Hartung to be used for façade improvements as

presented on the Columbia Brewery Building located at 908 E. Second Street with the following conditions:

- a) Applicant to provide verification of matching funds prior to disbursement of grant award funds.
- b) Continue to consult with the Planning Department during the construction process to ensure that local and the Secretary of the Interior's historic property repair and restoration standards are satisfied.

Board Member Raleigh seconded the motion; the motion passed unanimously, Kramer absent.

Chair Elliott returned to the application for Hattenhauer Energy Company, LLC. He stated again he would abstain from the discussion and the vote.

Vice Chair Miller moved to approve the \$40,000.00 Urban Renewal property rehabilitation façade improvement grant application to Hattenhauer Energy Company, LLC, to be used for façade improvements, as presented, on the building located at 1431/1433 W. Second Street, The Dalles, Oregon, with the following condition:

- a) Applicant to provide verification of matching funds prior to disbursement of grant award funds.

Board Member Fredrick seconded the motion. The motion passed 7-0; Elliott abstained, Kramer absent.

Chair Elliott called a brief recess before continuing to Executive Session.

EXECUTIVE SESSION

Pursuant to Item VI. A. of the Urban Renewal Agency Board Agenda dated October 30, 2017, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 7:15 p.m.

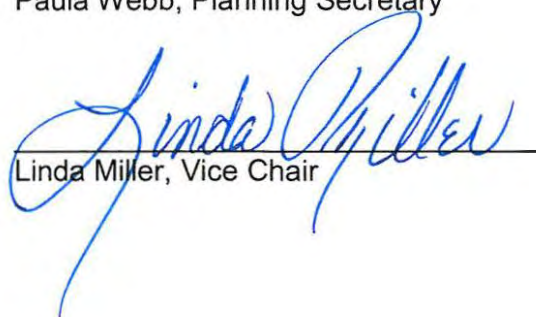
Chair Elliott reconvened Open Session at 8:39 p.m.

Board Member Baker moved to direct Staff to prepare an Exclusive Negotiating Agreement for 120 days to explore the possibility of Agency contributions for the project at 200 Union Street with a possible 120 day extension. Board Member Long-Curtiss seconded the motion. The motion passed 6-2, Miller and Fredrick opposed, Kramer absent.

ADJOURNMENT

Chair Elliott adjourned the meeting at 8:44 p.m.

Respectfully Submitted
Paula Webb, Planning Secretary


Linda Miller, Vice Chair



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MEMORANDUM

TO: Julie Krueger, City Manager
FROM: Daniel Hunter, Administrative Fellow
DATE: February 12, 2016
ISSUE: Urban Renewal Funds and Projects

The Urban Renewal Agency currently has two large projects that would use the same revenue source. One project is the 1st Street Streetscape Washington Street Plaza, also called the Riverfront Connection Project. The other project is the Parking Garage Project between Washington Street and Federal Street, along 1st Street.

As you know there has been some interest in changing the scope of the Riverfront Connection Project to include a street level plaza on Federal Street just south of the Veteran's Center. I have confirmed with Darrell Newton of ODOT that this is within the funding scope for the Federal Appropriations administered by ODOT on this project. In addition, I received a redesign estimate from Curt Vanderzanden of KPFF, the Engineers on this project for the change to Federal Street.

Considering other projects we have in the downtown we will need to plan for the future parking needs. MCMC is adding 60 employees to the downtown that will work in the Craig's Building, 2nd & Federal. The Granada Theatre is designed to seat 600 people, although the first few rows of seats were removed by a previous owner. We are estimating the actual seating is about 450 people. With the addition of a project where the Recreation Building currently sits and the Tony's building being developed into Mixed-Use residential, our need for additional parking down town could increase dramatically. A short term estimate would be approximately 200 people considering MCMC and the Granada Theatre. We currently have 250 parking spaces between 1st and Washington and 3rd and Laughlin, including the City lot, J.C. Penny's lot and the Chronical lot.

The latest estimate for the two projects is provided below.

River Front Connection	Cost \$4.5-\$5 Million	Revenue
	(\$4.7-\$5.2 for Federal Street Plaza inclusion)	\$5.5 Million
Parking Structure	Cost \$4-\$4.5 Million	\$4.4 Million

The revenue sources for the Riverfront Connection Project are detailed below.

2009 FFCO Bond	\$2.6 Million
Federal Appropriations	\$1.17 Million
Granada Block Property Sale	\$1.8 Million
Total	\$5.5 Million

The revenue sources for the Parking Structure are detailed below.

2009 FFCO Bond	\$2.6 Million
Granada Block Property Sale	\$1.8 Million
Total	\$4.4 Million

Doing either of these projects will limit the ability of the Urban Renewal Agency to fund other programs and projects. The Agency realizes between \$400,000 and \$650,000 a year in new tax revenue not committed to debt service and principle payment. Our FY15/16 Budget for Property Rehabilitation alone was \$430,120 of which \$200,000 was to new projects. The entire Material and Services Fund budget was \$624,733 for FY15/16. Because Urban Renewal Agencies in Oregon count Administrative Costs toward the maximum debt limit, the Agency's remaining limit gets reduced each year.

If the Agency determines its intent is to fund both of these projects, it is recommended that the Agency incur debt up to the debt-limit. The current estimate on the debt the Agency has is \$8.8 million. This would provide funding for both of these projects.

URBAN RENEWAL REPORT

March, 2016

Urban Renewal Overview

The purpose of urban renewal is to improve specific areas that are poorly developed or underdeveloped. These areas could include old, deteriorated buildings and streets and utilities that are in poor condition.

Urban renewal allows for the use of tax increment financing, allows for special powers to buy and assemble sites for development or redevelopment and allows for special flexibility in working with private parties to complete development projects.

Improvements encourage private development and help raise property values above where they would have been without the improvements.

Benefits of an Urban Renewal District

Benefits include increased property values; induces private investment and development; creates jobs; creates a stronger, broader tax base; is locally controlled; and benefits other taxing bodies at the conclusion of the program.

Tax Increment Financing

Urban renewal is financed by tax increment financing. A tax increment is the difference between the amount of property tax revenue generated at the frozen base and the amount of property tax revenue generated after the designation. Urban renewal taxes are generated by the increase in total assessed value in the district from the time the area is first established. The assessed value of an area when the plan is adopted is called the frozen base. Growth above the base is called the increment.

Bonds are issued and the proceeds are used to pay for the planned improvements within the district. Revenue from increased assessments over and above the frozen base are used to service debt.

Maximum Indebtedness and Revenues

The maximum amount of indebtedness that may be issued or incurred under this Plan (as amended) is \$29,125,583.

The current amount of indebtedness is \$20,962,497; leaving an estimated \$8.8 million in debt authority remaining to reach maximum indebtedness.

The Agency receives approximately \$1.2 to \$1.4 million in tax increment revenue annually. Of that, approximately \$800,000 goes to pay the bond debt service, leaving approximately \$500,000 per year to be used for projects and programs. That is added to the beginning fund balance and any loan principle and interest income.

We currently have an estimated \$2.6 million remaining in revenue from the 2009 Full Faith and Credit Bond issuance.

We expect to receive a \$150,000 payment from the Sunshine Mill in 2016 and the final \$350,000 in 2017. Additional revenues could be realized from the sale of the Granada Block properties, if the Agency decides to sell the properties.

Columbia Gateway Urban Renewal Plan History

The City's Plan was approved in 1990. There have been numerous amendments over the years, including changing projects, boundary changes, and changes to the structure of the Board. The Mission of the Agency is to eliminate blight and depreciating property values within the jurisdiction and to attract aesthetically pleasing, job producing private investments that will stabilize or increase property values and protect the area's historic places and values. The goals are listed below.

Goals and Objectives of the Plan

To accomplish its mission, the Agency will develop and implement an urban renewal program, the goals and objectives of which are:

- A. To make strategic investments of urban renewal funds and engage in various urban renewal activities which increase the value of properties within the Urban Renewal District.
- B. To make strategic investments of urban renewal funds so that unused and underused properties can be placed in productive condition and utilized in a manner consistent with the City's Comprehensive Plan and implementing ordinances;
- C. To participate by means of various urban renewal activities (e.g. land acquisition and disposition, rehabilitation loans, etc.) in specific opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will:
 - 1. Encourage the expansion and development of businesses that will produce jobs for the people of The Dalles and Wasco County; or

J. To assist property owners in the rehabilitation of their buildings and property to the extent that it helps implement the intent of redevelopment goals, policies, and standards, especially where rehabilitation may spur additional redevelopment activity;

K. To install and maintain coordinated street furniture, night lighting and landscaping in areas of maximum pedestrian concentration; including alley rights-of-way in the Downtown area;

L. In conjunction with specific urban renewal development or redevelopment projects, supplement existing funding sources to construct, install or replace publicly owned utility systems such as water, storm drains, and sanitary sewers where existing facilities are inadequate, undersized or otherwise substandard; and

M. To leverage the Agency's financial resources to the maximum extent possible with other public and private investments and other public and private funding sources.

N. To install underground utilities in areas of urban renewal projects including alley rights-of-way in the downtown area.

The Plan is consistent with the City's Comprehensive Plan, economic development policy, LUDO, and is coordinated with the Historic Landmark Commission policies.

Projects Included in the Plan

The Urban Renewal Plan currently identifies nineteen projects. They are numbered, and the current status is provided below. Five of the nineteen projects have been completed; another five are in process, or ongoing. Of the nine remaining projects, several are associated with other projects, such as #1, #2, #17, and #6; Also #9, #10, #12 and #18.

1. DOWNTOWN STREETSCAPE IMPROVEMENTS: This project includes 1st, 2nd, 3rd, 4th Streets and connecting side streets in the Central Business Commercial Zone (Garrison to Roundabout). Second Street is done.
2. DOWNTOWN / RIVERFRONT ACCESS: Project includes trailhead parking lot, access tunnels under the railroad, 1st Street and I-84 to Riverfront Trail; a commercial marine terminal dock; a twelve foot wide trail and landscaping; and a plaza on Washington Street.
3. GRAIN ELEVATOR DEMOLITION: Complete.
4. COMMODORE BUILDING REDEVELOPMENT: Complete.

5. **PENNEY'S BLOCK REDEVELOPMENT:** Redevelopment of Downtown core including potential demolition of current Penney's building and construction of a new store.
6. **DOWNTOWN PARKING STRUCTURE AND SURFACE LOTS:** Several surface lots have been completed. The preliminary design has been completed for a Parking Structure.
7. **CIVIC AUDITORIUM REMODEL AND RECONSTRUCTION:** This project is ongoing and the preliminary architectural design work is completed. Funds have been budgeted for both the design work and the redevelopment. There was a Grant of \$57,200 for design work, of which \$34,776 has been expended. There is also \$300,000 budgeted in Capital Projects by Urban Renewal for the redevelopment costs.
8. **MILL CREEK BRIDGE RECONSTRUCTION:** Complete.
9. **MILL CREEK GREENWAY PROPERTY DEVELOPMENT:** Preliminary design work is complete. Tenneson Engineering provided a design estimate of \$94,500 in December 2015. No action was taken. The land is currently owned by the City with interest to transfer deed to NWC Parks and Recreation. They currently do not have the revenue to maintain the land or trail once completed.
10. **GATEWAY PROJECT: (West Gateway)** Completed streetscape on West 2nd Street from Lincoln to Cherry Heights Road. Preliminary Design work completed.
11. **REDEVELOPMENT OF ARMORY PROPERTY:** Partially completed. Public Works facility has been relocated.
12. **THOMPSON PARK SIDEWALK:** A small project that includes construction of a natural rock retaining wall, sidewalk, and curb. This will extend from the exit at the east end of the park on 2nd Street to Cherry Heights Road.
13. **PROPERTY REHABILITATION GRANT AND LOAN PROGRAM:** Ongoing.
14. **REDEVELOPMENT OF WASCO WAREHOUSE AND MILLING COMPANY:** Completed, loans by UR being repaid.
15. **EAST GATEWAY/BREWERY GRADE STREET RECONSTRUCTION:** Completed.

16. 3rd PLACE STREET IMPROVEMENTS: Completed.

17. REDEVELOPMENT OF PROPERTIES LOCATED WITHIN THE BLOCK BORDERED BY WASHINGTON AND COURT STREETS, AND 1ST AND 2ND STREETS: The redevelopment of the Granada Block is ongoing. Presently looking at options for consideration.

18. THOMPSON POOL PROJECT: Completed.

19. REDEVELOPMENT OF ELKS LODGE: In process.

Recommendations

- A. The Urban Renewal Agency should review the memorandum provided by the City Attorney and determine whether to restructure the Agency and Advisory Committee into one Board. If the Agency chooses to proceed with this option, the City Attorney would draft the language and an amendment to the Plan. The benefit to this option is to have only one body making decisions. The memo is attached to this report.
- B. Continue to fund the property rehabilitation and facade improvement grant programs as funds are available annually.
- C. Amend Project #2. STIP funds for this project are no longer available. There have been preliminary discussions to change this project to include a plaza area at Federal Street instead of Washington Street, which has always included First Street streetscape treatment. The change is estimated to cost \$200,000 in additional design costs. The estimated cost of the project is between \$4.7 and \$5.2 million. The project is proposed to be financed with \$2.6 million in urban renewal funds (remainder of 2009 bond revenue), \$1.17 million in a federal appropriation, and \$1.4 million from the sale of the Granada Block properties.
- D. Amend Project #6. The parking structure proposal was reduced in scope in 2012, to a two story building with 152 spaces. The current estimate for the project is \$3.5 to \$4 million. The proposed funding is \$2.6 million in urban renewal funds and \$1.4 million from sale of Granada Block properties. It is recommended this project be reduced in scope, possibly a smaller parking structure in a different downtown location, or consider purchasing surface parking in the downtown area that could be expanded in the future with a structure on it. Downtown parking issues could also be addressed by providing a public transportation route through the downtown from key stops in the residential neighborhoods. In addition, a downtown transportation route could help to move tourists through the area.

- E. Address Project #17. After the recent RFP process, staff will be recommending the proposals be rejected and the properties sold individually with development agreements and development deadlines (similar to the process used for the Elks Club building).
- F. Make a decision regarding whether to increase debt up to the maximum to allow for additional projects to be completed. This would likely cause the expiration of the district to be extended beyond 2026.
- G. Make a decision to discontinue funding projects, pay off the debt early and retire the district.
- H. Make a decision on any combination of additional debt and/or extension of the expiration of the district.