



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, April 17, 2018

4:00 p.m.

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

CALL TO ORDER

Chair Miller called the meeting to order at 4:00 p.m.

ROLL CALL

Present: Scott Baker, Staci Coburn, Taner Elliott, Steve Kramer, Darcy Long-Curtiss, Linda Miller, John Fredrick and Kathleen Schwartz

Absent: Chuck Raleigh

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

In Attendance: Seven

PLEDGE OF ALLEGIANCE

Chair Miller led the Pledge of Allegiance.

APPROVAL OF AGENDA

Board Member Fredrick moved to approve the agenda; Board Member Kramer seconded the motion. The motion passed unanimously.

APPROVAL OF MINUTES

Board Member Kramer moved to approve the March 20, 2018, minutes as written. Vice Chair Elliott seconded the motion; the motion passed unanimously.

PUBLIC COMMENT

None.

PRESENTATION

National Neon Sign Museum

Kirsten and David Benko attended with Board Members Nan Wimmers and Chris Zukin. Kirsten Benko provided a presentation, Exhibit 1. Benko spoke of construction, restoration, social media news, events, and tourism. The Museum opened April 3, 2018, Monday through Saturday, with free admission through August.

EXECUTIVE SESSION

Pursuant to Item VIII. A. of the Urban Renewal Agency Board Agenda dated April 17, 2018, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 4:17 p.m.

Chair Miller reconvened the Open Session at 4:36 p.m.

DECISION

Board Member Long-Curtiss moved to enter into an agreement between the Agency and Brian Lauterbach to serve as the listing agent for Recreation and Blue Building properties. Board Member Coburn seconded the motion; the motion passed unanimously.

Board Member Elliott moved to refuse a special condition or allowance for the Recreation or Blue Buildings. Board Member Fredrick seconded the motion.

Board Member Long-Curtiss suggested clarification to the motion: the realtor's fee will not be waived for the Mid-Columbia Housing Authority.

Board Member Elliott amended his motion to refuse a waiver of the realtor's fee as requested by the Mid-Columbia Housing Authority for the Recreation or Blue Buildings. Board Member Fredrick seconded the motion; the motion passed unanimously.

ACTION ITEMS

UR Resolution No. 18-002 – A Resolution Approving Minor Amendment Number Sixteen (16) to the Columbia Gateway Urban Renewal Plan

Board Member Kramer moved to approve Resolution No. 18-002, a resolution approving Minor Amendment Number Sixteen (16) to the Columbia Gateway Urban Renewal Plan revising the description of the proposed Mill Creek Trail/Greenway Project. Board Member Long-Curtiss seconded the motion; the motion passed 7-0, Baker recused, Raleigh absent.

Board Member Kramer asked how the funds would be distributed. Director Harris replied that the Parks District will be the Project and Contract Manager for this work. Invoices from the consultant will be reviewed by the Parks District and forwarded to the Agency for payment to the contractor.

STAFF COMMENTS

Director Harris distributed a memo providing a status update on the Leash hotel project, Exhibit 2.

Director Harris also provided the anticipated scope of work for the fiscal and economic analysis from Leland Consulting Group, Exhibits 3 and 4. The scope of work will be conducted in two phases. The agency is entering into a contract with Leland for both phases. Phase 1 will primarily focus on due diligence of the project proponents themselves. The anticipated timeline

for Phase 1 is approximately six weeks. Phase 2 goes into a more in-depth analysis: financing, construction costs, the Agency's requested ask, and economic impacts.

Phase 1 will provide information to the Agency Board in the most expeditious manner. At the Board's direction the Agency would then move into Phase 2.

The next regular meeting is scheduled for May 15, 2018.

Attorney Parker provided a status update on the Tokola DDA. Parker stated staff is currently working on information for the pre-determination letter to the Bureau of Labor and Industry (BOLI). The goal was to get the letter out by April 27, 2018; BOLI then has a 60-day period to respond. Staff is also working on the street vacation of the alley.

The archeological study was put on hold to avoid any conflict with an approval by BOLI.

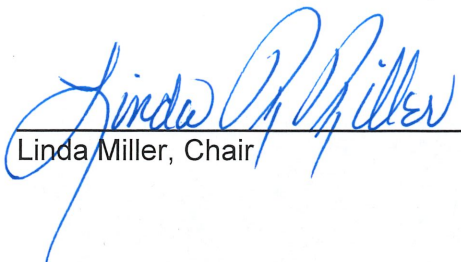
BOARD MEMBER COMMENTS

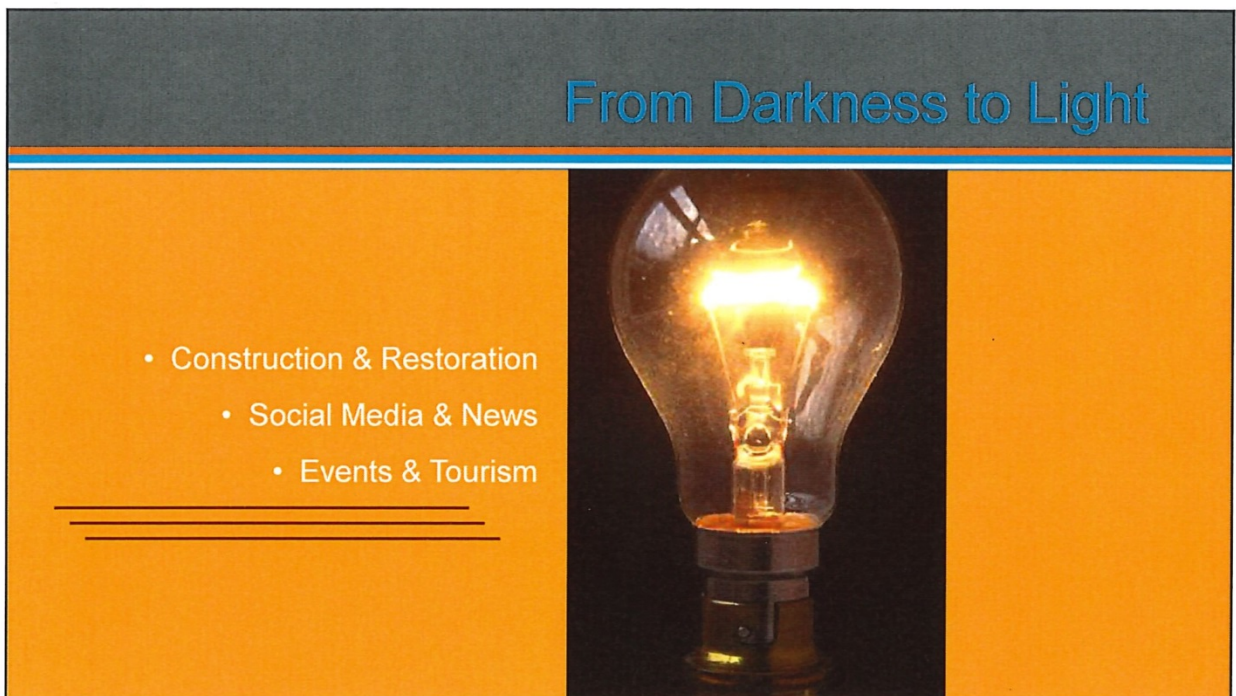
Board Member Fredrick stated in the past he attended in-depth strategic planning training. He shared his concern that a topic could be introduced and a decision made at the same meeting. Fredrick said time to reflect prior to a decision would be beneficial.

ADJOURNMENT

Chair Miller adjourned the meeting at 4:51 p.m.

Respectfully Submitted
Paula Webb, Planning Secretary


Linda Miller, Chair



Moving Forward



- **April 3rd, 2018: Opened Doors**
- **Visitors & Local Guests**

-Group Tours (WA & OR)

Retirement Home

Mental Health

-American Empress

-Estranged Car Club



- **Special Guests Events:**

-Rose City Classics

Social Media & News

- Spokesman Review-1.2 Million Digital Readers
- AAA Via & Journey-3.2 Million Members & Readers
 - Emmy Award Writer-Jenny Cunningham for Sunset Magazine & "Best News Series in America"
- New York Times-Best Selling Author Jennifer McCartney
- 5 Continents of Instagram Contacts

The Dalles up in lights: National Neon Sign Museum brightens up the Columbia River Gorge



COLLABORATIVE OPPORTUNITIES

- Ballroom Featured Artist

- Noel Weber: World Renowned Gold Leaf Artist
Commissioned Window Art
- Wall Dogs: Global Collaborative
The City of The Dalles Mural Restoration

- Education Center Featured Artist

- David Kessler: Lettering Artist
Commissioned Education Center Art & Murals



Image Source: Noelweber.com; Thewalldogs.com

From Darkness to Light

- 300,000 lbs. of Debris Removed



From Darkness to Light

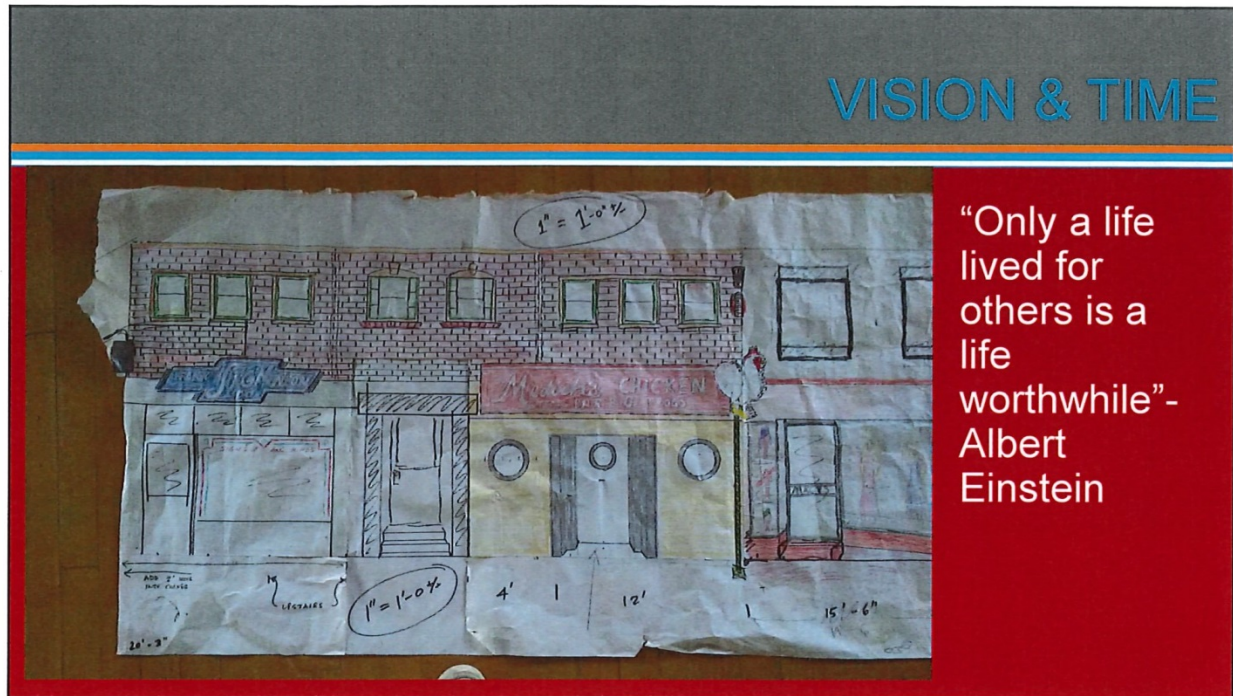
- Lumber & Nails Used Could Build 3 Homes



Darkness to Light-On Behalf of NNSM Vision

- Combined 6,500+ Volunteer Hours from Veterans, Social & Community Groups, Friends, Family & Board Members









Columbia Gateway Urban Renewal Agency

CITY of THE DALLES

313 COURT STREET
THE DALLES, OREGON 97058
(541) 296-5481 ext. 1125

April 17, 2018

To: Chair and Urban Renewal Agency Board

Fr: Steven Harris, AICP
Urban Renewal Manager

Re: GBHD, LLC Downtown Hotel Proposal – Evaluation

The purpose of this memorandum is to inform the Agency Board that staff will be entering into a professional services agreement with Leland Consulting Group to prepare an evaluation of the GBHD, LLC downtown hotel proposal. Leland is the consulting firm that was retained to prepare an economic/fiscal analysis for the Tokola Properties mixed use redevelopment project of the Agency-owned Tony's Building.

The scope of work for this study will be similar to that of the Tokola Properties project; however the study will consist of two separate phases. The first phase of the study will focus on the feasibility of the project. Tasks included in this phase will include a review of the development team's qualifications; the team's experience in developing past hotel projects; a pro forma analysis of project costs/revenues; and a review of the requested level of public assistance. Also included in this phase will be a third party review of the proponent's marketing and occupancy studies for the hotel.

Phase Two will focus on an economic/fiscal impact analysis that will examine anticipated project revenues (e.g., property taxes, transient room taxes, etc.) and ancillary economic benefits attributed to construction of the hotel and future hotel employees and guests. A more robust pro forma analysis will also be included in Phase Two. This analysis will be similar to that conducted for the Tokola Properties project.

Following completion of Phase One, staff and the consultant team will report out the findings to the Agency Board for a determination to proceed with Phase Two. Staff is of the opinion that such approach is prudent given the nature of the proposal, level of requested public assistance and (as of this writing) the unknown make-up/qualifications of the development team. It is anticipated that preliminary findings for the Phase One evaluation would be available at the June 19, 2018 Board meeting.

The budget for Phase One is \$12,730, while the Phase Two budget is \$11,750, for a total cost of \$24,480 (see attached scope of work). Total cost of the professional services agreement is within the expenditure authority of the Urban Renewal Manager

As stated above, authorization to proceed with Phase Two of the evaluation would not be sought until the Board has been presented with the findings of Phase One. As currently envisioned, the decision to proceed with Phase Two of the study would be at the Board's discretion. At that time staff will also seek direction from the Board if Phase Two should be completed prior to the Board's consideration of the DDA.

Upon completion of Phase Two, staff and the consultant team would return to the Board with a report out on the findings of the economic/fiscal analysis.

Attachments

Leland Consulting Group – The Dalles Downtown Hotel Project Evaluation (dated March 30, and April 19, 2018)



March 30, 2018

Mr. Steven Harris, AICP
 Director, Planning Department
CITY OF THE DALLES
 313 Court Street, The Dalles, OR 97058

Re: The Dalles: Downtown Hotel Project Evaluation

Steve,

Thank you for getting in touch with me earlier this month. This letter is a follow up to that conversation and outlines a proposed scope of work for a Downtown Hotel Project Evaluation. I would lead this work, and be supported by Sam Brookham, Justin Acciavatti, and other staff at Leland Consulting Group (LCG); as you know, LCG's focus is on urban real estate development analysis and public-private partnerships.

Understanding of the Situation

My understanding, based on our conversation, is that Michael Leash—a businessman and property owner based in The Dalles, and principal of GBHD—has reengaged The Dalles Urban Renewal Agency (URA) and City in conversations regarding a Downtown Hotel. GBHD's goal is to build an approximately 120-room Hilton Garden Inn hotel in Downtown The Dalles, on property bounded by Union Street, East First Street, Court Street, and the alley between First and Second Streets. (The proposed hotel property does not include the Baldwin Saloon, a historic restaurant on Court Street.) While Mr. Leash has stated that he owns and controls all of this property, the URA had not been able to confirm that via the County Assessor or other data sources at the time we talked.

GBHD is seeking financial and other assistance from the URA in order to develop this hotel. GBHD has requested that the URA/City contribute a publicly-owned parking lot property (located just east, across Court Street) to the hotel project, to be used as parking for hotel guests and/or employees. You stated that some or all of this publicly-owned parking lot is being used by tenants of the Commodore building, at 312 Court Street. GBHD has also requested other assistance from the URA, including demolition of one or more existing building on the public parking lot, and other assistance, unspecified by the URA.

GBHD principals had also proposed to build a downtown hotel in the past (circa 2014) but were not able to build the project at that time, potentially due to challenges with securing financing and other issues.

The URA Board is supportive of the concept of building a new hotel in Downtown The Dalles, as this would bring thousands of new visitors downtown each year, who would also patronize the City's restaurants, retailers, museums, and other attractions. It would be another positive element in The Dalles' ongoing downtown revitalization.

However, the URA wants to complete a Downtown Hotel Project Evaluation before moving forward with a development agreement with GBHD. This is reasonable and prudent, since any significant expenditure of public funds should be made with a high degree of confidence that the proposed project is financially and logistically feasible; that private sector partners have the expertise and capacity to deliver on their promises; that public assistance is necessary—i.e., the proposed project is not feasible without it; and that the proposed project will



and generate a return on public investment—whether measured through the achievement of adopted goals (such as Downtown Revitalization), increased tax revenue, or other metrics. These are established best practices for cities that are contemplating public-private partnerships, in Oregon and nationwide.

You stated that your preference is for this Downtown Hotel Project Evaluation to focus on the first two elements above: evaluating the financial feasibility of the project and the experience of the GBHD project team.

The goals of this work are to:

- Determine whether this project is likely to be feasible, may be feasible, or is unlikely to be feasible;
- If the project may be feasible, identify key questions to be answered by GBHD, and ways that project feasibility could be enhanced, and the City's interests protected;
- Summarize our findings and recommendations in memoranda and/or presentations to the URA staff and Board.

Scope of Work: Downtown Hotel Project Evaluation

LCG would complete the following tasks as part of this project.

- Request and review documents related to the project.
 - From GBHD/the development team (LCG can sign non-disclosure agreements as necessary for sensitive corporate materials):
 - Project vision and proposed attributes (number of rooms, conference amenities, etc.)
 - Qualifications of team principals and companies
 - Comparable past projects completed
 - References
 - Site plans and architectural designs completed to date
 - Pro forma financial analyses, showing anticipated development sources and uses, and operating sources and uses (ideally, delivered as a spreadsheet file). Evidence of financial capacity to complete the project, e.g., evidence of equity and debt sources, and evidence of successful completion of past comparable projects.
 - Summary of the types of public assistance, financial and non-financial, being requested.
 - Information demonstrating site control/ownership, e.g., title report.
 - If possible, a summary of anticipated project benefits for The Dalles.
 - (Additional due diligence materials could be requested at this point, or later, for example, environmental site assessments, and geotechnical reports.)



- o From the URA or City:
 - URA minutes and documents relating to this project.
 - Site ownership information
 - Current parking lot users and current plan for where these individuals would park after redevelopment of the site.
 - Information regarding current URA finances; in particular, how the URA's participation in this proposed deal would affect its capacity to undertake other planned projects in the future.
 - o Calls with URA staff to discuss and clarify the above materials
- Meet with the following groups in The Dalles or Portland:
 - o URA and/or City staff;
 - o URA Board members;
 - o GBHD team members; and,
 - o Tour the proposed sites.
 - o (This scope of work assumes that these meetings can be completed during a one-day trip to The Dalles.)
- Request follow up information from GBHD and the URA as necessary.
- Summarize the LCG team's findings and recommendations in a Downtown Hotel Project Evaluation memorandum report, with attached maps, charts, figures, and graphics as necessary. This memo will provide our analysis regarding the project's feasibility, and if questions regarding feasibility remain, provide recommendations about the steps we recommend that GBHD, the URA, or others take to enhance feasibility.
- Optional Task: Present the team's findings and recommendations to the URA Board at a URA meeting or work session.

Budget

While we intend to complete a thorough evaluation of the proposed hotel project, we have also structured this to be a "first pass" that will provide an initial assessment of feasibility, at a reasonable budget.

Assuming that the URA moves forward to pursue the hotel development, there are likely to be other points at which the URA will wish to conduct further due diligence; reaffirm the feasibility of the project, and expertise and capacity of the development team; and put in place measures to insure a robust return on public resources.

The budget for the above scope of work, not including the optional presentation to the URA Board, is \$10,600 including time and expenses (third-party hotel-industry real estate data and demographic data, travel, and production) to be billed on a percent complete basis.



The total budget for the above scope of work, including the presentation to the URA Board, is \$12,730.

Conclusion

Depending on the outcome of this evaluation, LCG could in follow-on phases of work conduct evaluate the fiscal (tax/fee) impacts and economic (job creation) impacts to the URA and other public agencies; evaluate comparable lodging public-private partnerships; and recommend development agreement or other deal points.

Thank you for getting in touch with me about this project, Steve. We would be honored to work with you and The Dalles again to advance the community's goals for downtown revitalization.

Sincerely,

LELAND CONSULTING GROUP

A handwritten signature in black ink, appearing to read 'Brian Vanneman', written over a light grey horizontal line.

Brian Vanneman
Principal



April 9, 2018

Mr. Steven Harris, AICP
 Director, Planning Department
CITY OF THE DALLES
 313 Court Street, The Dalles, OR 97058

**Re: The Dalles: Downtown Hotel Project Evaluation
 Phase 2 - Fiscal and Economic Impact Analysis**

Steve,

This proposal is an addendum and Phase 2 to my earlier proposal to you, dated March 30, 2018. Both are in regard to a hotel that Michael Leach of GBHD proposes to build in Downtown The Dalles.

In conducting Phase 2 of this analysis, Leland Consulting Group (LCG) will:

- Review the developer's pro forma and verify that assumptions likely to affect fiscal and economic impacts (e.g., construction and soft costs, total assessed value) are reasonable. Where necessary, LCG will propose alternative assumptions based on our experience completing comparable projects.
- Forecast the direct fiscal impacts (including property taxes, franchise fees, State-shared taxes, and systems development charges), net fiscal impacts (taxes and fees, less the URA's investments in the project), public-sector return on investment (tax and fee revenue versus public investments, over time), and economic impacts (jobs, spending, and other economic activity).
- Forecast catalytic impacts that this project can have on downtown, both through quantitative analysis (of nearby jobs, spending, investment, and other activity) and anecdotal impacts observed in other comparable Oregon main streets and downtowns.

Deliverables: Fiscal and Economic Impact Report and PowerPoint presentation. Prior to preparing the written report, LCG will prepare a PowerPoint presentation to share key findings with URA staff.

Presentation: LCG will present its findings via phone/video conference to The Dalles staff, and in person to the URA Board. LCG assumes one trip to The Dalles as part of this scope of work.

Budget. The budget for the above scope of work is \$11,750 including time and expenses (third-party hotel-industry real estate data and demographic data, travel, and production) to be billed on a percent complete basis.

Thank you for getting in touch with me about this project, Steve. We would be honored to work with you and The Dalles again to advance the community's goals for downtown revitalization.

Sincerely,

LELAND CONSULTING GROUP

Brian Vanneman, Principal