



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, May 15, 2018

5:30 p.m.

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – April 17, 2018
- VI. PUBLIC COMMENT
- VII. PUBLIC HEARING
Public Hearing to receive testimony regarding Proposed Fiscal Year 2018-19 Columbia Gateway Urban Renewal Agency Budget
- VIII. RESOLUTION
Resolution No. 18-003 Adopting the 2018-19 Fiscal Year Budget for the Columbia Gateway Urban Renewal Agency, Making Appropriations, and Authorizing Expenditures
- IX. STAFF COMMENTS
Next Regular Meeting Date: June 19, 2018
- X. BOARD MEMBERS COMMENTS OR QUESTIONS
- XI. ADJOURNMENT

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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

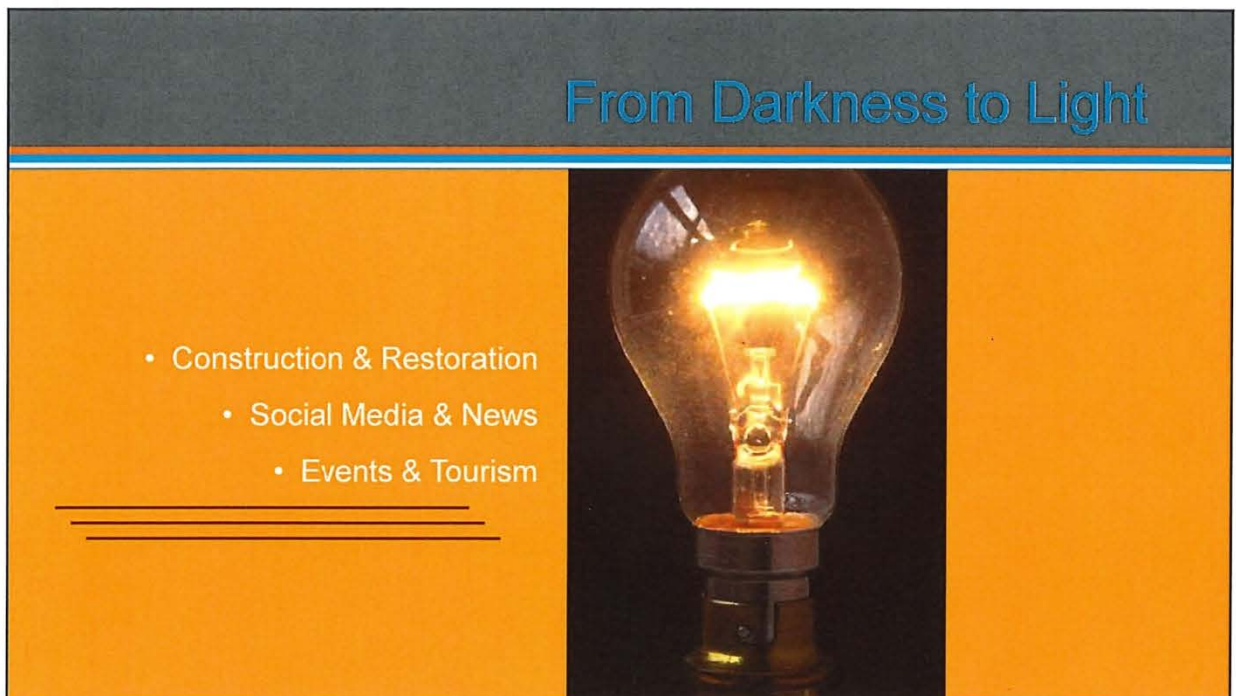
Board Member Fredrick stated in the past he attended in-depth strategic planning training. He shared his concern that a topic could be introduced and a decision made at the same meeting. Fredrick said time to reflect prior to a decision would be beneficial.

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



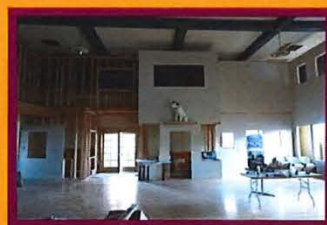
From Darkness to Light

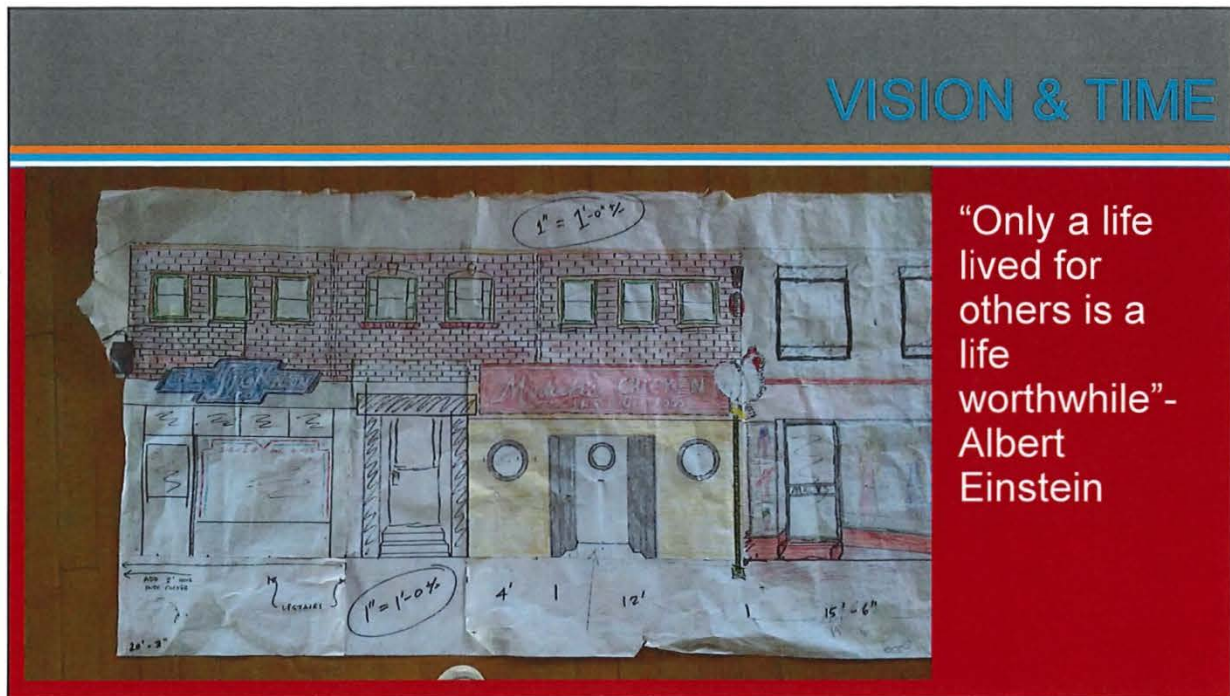
- Lumber & Nails Used Could Build 3 Homes

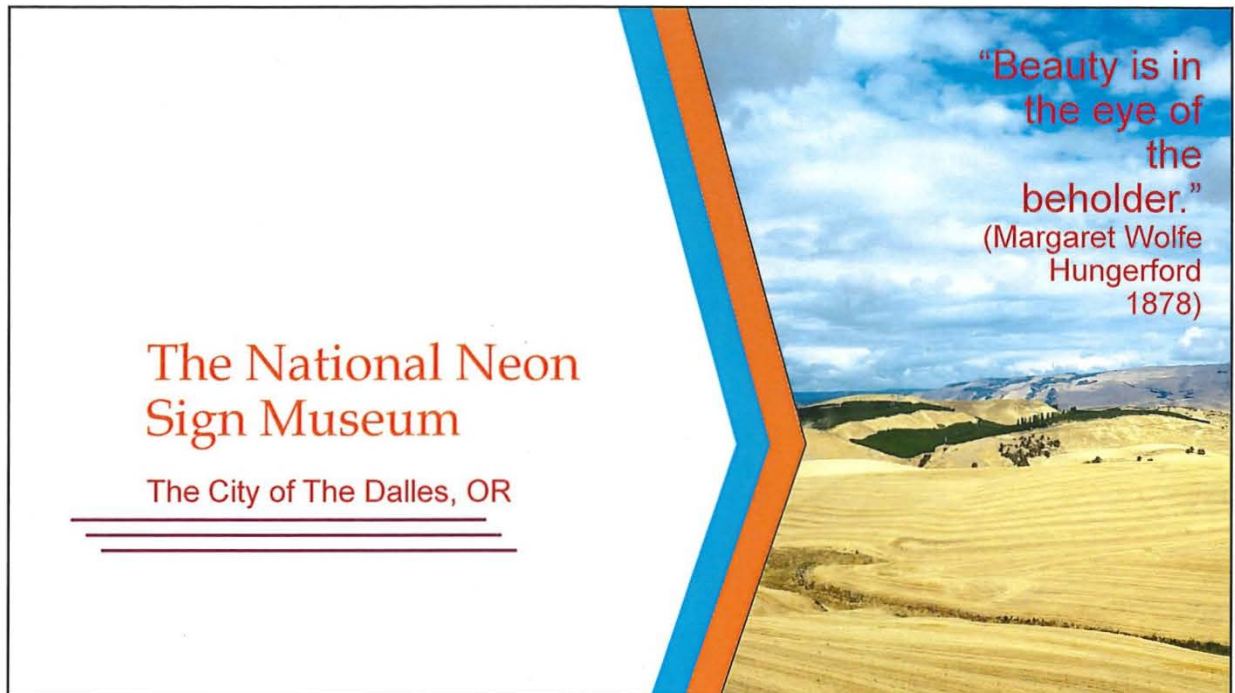


Darkness to Light-On Behalf of NNSM Vision

- 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.)



- 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.
- Calls with URA staff to discuss and clarify the above materials
- Meet with the following groups in The Dalles or Portland:
 - URA and/or City staff;
 - URA Board members;
 - GBHD team members; and,
 - Tour the proposed sites.
 - (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', with a stylized, flowing script.

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

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IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

MINUTES COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD BUDGET COMMITTEE

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, April 17, 2018

5:30 p.m.

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

CALL TO ORDER

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

ROLL CALL

Present: Solea Kabakov, Leon Surber, Corliss Marsh, Richard Mays, Joe Barcott, Scott Baker, Staci Coburn, John Fredrick, Linda Miller, Taner Elliott, Steve Kramer, Darcy Long-Curtiss and Kathleen Schwartz

Absent: Matt Herriges, Steven Howard and Chuck Raleigh

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

In Attendance: One

ELECTION OF OFFICERS

Committee Member Miller opened nominations for election of Chair. Committee Member Elliott nominated Richard Mays. Committee Member Kramer seconded the motion. Committee Member Kramer moved to close nominations. The motion to elect Richard Mays as Chair passed unanimously.

Chair Mays opened nominations for election of Secretary. Committee Member Miller nominated Corliss Marsh; Committee Member Kramer seconded the motion. Committee Member Kramer moved to close nominations; Committee Member Elliott seconded the motion. The motion to close nominations passed unanimously. The motion to elect Corliss Marsh as Secretary passed unanimously.

BUDGET OFFICER'S MESSAGE

Budget Officer Harris presented the Budget Officer's Message. Also provided was a letter from Peter Siragusa, expressing interest in the Property Rehabilitation Loan and Grant Program (Exhibit 1), and a memorandum dated February 16, 2018, summarizing Board activity for the past year (Exhibit 2).

BUDGET PRESENTATION / DELIBERATIONS

Finance Director Wilson reviewed the Overview Summary of the proposed FY 2018/2019 budget. Director Wilson noted two revisions on page 9. Under Engineering Services the Mill Creek Trail

Phase 1 Engineering amount should have been \$94,500, which brought the Engineering Services total to \$149,300. Under Property Rehabilitation, the Canton Wok figure should have been \$1,800, which brought the Property Rehabilitation line item to \$149,000.

Budget Officer Harris reviewed the 2018-19 Goals, Projects and Highlights.

BUDGET COMMITTEE DISCUSSION

Committee discussion included:

- The source documentation for figures quoted on Page 2, under “Mission: ...In FY 12/13 it was determined that the Urban Renewal Agency had committed \$20,223,000 to leverage \$17,879,000 in grants and \$51,335,000 in Private Investment.” Budget Officer Harris stated the figures were provided in a memorandum dated June 7, 2013, regarding Urban Renewal Performance Evaluation (Exhibit 3). A project list with figures will be included in the final budget book. Committee consensus was that the 2013 reported be updated.
- Loan interest subsidies for the Honald Building, Gayer Building, Canton Wok and Dong Xi. Dong Xi and Canton Wok will be completed this year.
- Redistribute a portion of funds from “New Undetermined Projects” to:
 - Increase maintenance of Agency assets. Improving the appearance may increase interest in the sale of Agency properties.
 - Paint the back side of downtown buildings visible from the highway. Urban Renewal's mission is to remove blight, yet some Agency owned properties contribute to the blight.
 - Replace the roof on the Blue Building.
- Property taxes are not transferred between Debt Service and Capital Projects; property taxes are budgeted separately into the two funds.
- The increase in Contract Administrative Services is due, in part, to a new Planning Tech position.
- Direct staff to track staff time by project.
- The liability insurance increase was based on recent appraisals.

Committee Member Elliott moved to shift \$30,000 from New Undetermined Projects into Buildings and Grounds, for a total of \$31,000 in Buildings and Grounds. Committee Member Kramer seconded the motion; the motion passed unanimously.

Further Committee discussion included:

- The agreement with Sunshine Mill specified the Agency would pay the liability insurance. Attorney Parker will determine if that responsibility should go to the Sunshine Mill upon transfer of the deed.
- The Agency holds the note on the Commodore II Building and continues to pay liability insurance.
- The Agency still owns the Granada and continues to pay liability insurance.
- Staff will research the Debt Fund line item for Property/Liability Insurance.
- Director Wilson stated budget funds saved are put into Capital Projects by Urban Renewal to provide a balanced budget. It was suggested those funds be put into Property Rehabilitation, New Undetermined Projects.

- Memberships/Dues/Subscriptions: two agencies consolidated which resulted in the decrease.
- The Committee asked that Brian Lauterbach provide a list of necessary improvements to the Blue and Recreation buildings.

Committee Member Miller moved to recommend the budget as may be amended. Committee Member Long-Curtiss seconded the motion. The motion passed unanimously.

Secretary Marsh moved to adjourn; Committee Member Elliott seconded the motion. The motion passed unanimously.

ADJOURNMENT

Chair Mays adjourned the meeting at 7:01 p.m.

Respectfully Submitted
Paula Webb, Planning Secretary



Corliss Marsh, Secretary

Steve Harris, AICP II Director

Planning Department

City OF The Dalles

313 Court St.

The Dalles,OR 97058

RE: Property Rehab Loan & Grant Program FY 2018-2019

Dear Steve,

I am writing to you with regards to my property located at 605 E. 4th st., The Dalles and the possibility of obtaining funding for Property Rehabilitation.

It is my intent to do a full or partial demolition on the existing structure located at my 4th st address with the intent to rebuild housing that will fit the area and become an asset to the community. In addition, I plan to salvage(reuse) as much of the lumber from the existing structure as possible.

Along those lines I am very interested in obtaining the combination demolition grant/loan grant that we have discussed. Towards that end I have put together an estimate of the costs involved in this project,

Demolition	\$36,850
Labor	\$ 9,500
Misc. fees/ permits	\$ 1,500 (est.)
*Waste Removal	<u>\$10,500</u>
	\$58,350

I believe that this project warrants a very hard look as it is an opportunity to enhance a property(not currently being utilized) within the downtown urban area and has great potential to benefit the community with respect to additional housing.

My time line for this project would be to move forward as soon as funding is available.

Please convey my interest to the Board (and appreciation) in advance for their consideration of this very important project.

Sincerely,

Peter Siragusa

*Estimated additional costs not covered by demolition proposal



Columbia Gateway Urban Renewal Agency

CITY of THE DALLES

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

February 16, 2018

To: Julie Krueger
City Manager

Cc: City Council
URA Board
Planning Commission

Fr: Steven Harris, AICP 
Urban Renewal Manager

Re: 2017 Annual Activity Report – Urban Renewal Agency

Background

The purpose of the memorandum is to summarize the activities of the Urban Renewal Agency for calendar year 2017 and to present anticipated major activities for the Agency for 2018 and subsequent years.

Introduction

In September 2016 the City Council adopted General Ordinance No. 16-1346 which revised the structure of the Urban Renewal Agency Board. This ordinance altered the structure of the Board which was established with the 1998 adoption of General Ordinance No. 98-1228. With the adoption of General Ordinance No. 98-1228, the City Council was established as the Agency's governing body. A citizen's advisory committee consisting of representatives of local taxing districts and the public at-large was also established at this time.

General Ordinance No. 16-1346 eliminated the citizen's advisory committee and restructured the Board to consist of nine members that would include representatives of the City Council, the local taxing districts and the public at-large. The Board now includes three members of the City Council, two members of the general public representing businesses within the boundaries of the Urban Renewal District, and representatives of Wasco County, the Mid-Columbia Fire and Rescue District, the Northern Wasco County Parks and Recreation District, and the Port of The Dalles. The City Council and general public representatives are appointed by the Mayor, subject to

the Council's approval. The four listed governing bodies appoint their respective representatives to serve on the Agency Board.

The restructured Agency Board meets on the third Tuesday of each month, special meetings and workshop have also been held this past year. The Board's first meeting was held on January 31, 2017.

Agency Board Activities

The following is a summary of matters that came before the Agency Board during calendar year 2017.

Orientation and Education Items

Since the new Board members had varying degrees of knowledge and/or experience with the past activities of the Agency and with urban renewal as practiced in the state, staff believed it would be beneficial to undertake an orientation program for the members. The February 21, 2017 Board meeting was scheduled as a general orientation session. Topics covered at this meeting included the following:

- General Ordinances No. 90-1106 (establishment of the Columbia Gateway/Downtown Plan) and No. 16-1346 (changing the structure of the Agency Board)
- Columbia Gateway/Downtown Plan and Report, as amended
- Agency Budget Process and Financial Documents
- Agency Loan and Grant Programs
- Current Urban Renewal Project Updates

Staff also invited a number of subject matter experts to give presentations before the Board on a variety of topics that would be relevant to the activities of the Agency. The individuals and presentation topics are as follows:

- **Jill Amery**, Wasco County Assessor/Tax Collector – property assessments, distribution of property taxes to the Agency and other taxing districts (May 16th)
- **Elaine Howard**, Urban Renewal Consultant – introduction to urban renewal as practiced in Oregon and examples of activities/projects from other Agencies (June 20th)
- **Leticia Valle**, Blue Zone Project Manager – introduction to Blue Zone, Built Environment and Transportation activities (June 20th)
- **Jeremiah Paulsen**, Main Street Program Director – introduction of Main Street program and activities (July 18th)
- **Amanda Hoey**, Executive Director MCEDD – general overview of MCEDD programs and activities (August 15th)
- **Chuck Gomez**, Granada Theatre Owner – presentation on theatre renovation activities (August 15th)

Property Rehabilitation Loans & Grants

Together with direct funding of public projects, an important “tool” in the Agency’s toolbox of urban renewal programs is the Property Rehabilitation Loan and Grant Program. This program provides financial assistance to private interests for the redevelopment and reinvestment of underutilized properties within the boundaries of the Urban Renewal District. In the past the Agency has provided assistance to projects such as the renovation of the Civic Auditorium, Sunshine Mill Winery, the Commodore Hotel, and a number of other properties in the downtown area. For calendar year 2017, the Agency Board approved seven façade improvement grants totaling \$191,978. The Board also approved a \$20,000 fire system suppression grant and a loan interest subsidy grant, which over the life of applicant’s private loans could total approximately \$197,800. In addition, pursuant to program guidelines staff approved a demolition loan in the amount of \$9,975. (Demolition loans convert to a grant if the applicant rebuilds within a three year period.) A summary of the loans and grants is presented below:

<u>Façade Improvement Grants</u>		<u>Fire Suppression System Grants</u>	
Chamber of Commerce	\$38,517	Honald Bldg	\$20,000
Honald Bldg	\$40,000		
Harbring House	\$19,899	<u>Loan Interest Subsidy Grants</u>	
Lemke Bldg	\$14,943	Honald Bldg	\$197,800 (est.)
Granada Theater	\$18,676		
Columbia Brewery Bldg	\$19,943	<u>Demolition Loan</u>	
Hattenhauer Energy	\$40,000	Griffith Motors	\$9,975*
Total	\$191,978	(*administrative approval)	

Real Property Matters

The Board dealt with a number of real property matters during 2017. In the area of Exclusive Negotiating Agreements (ENA), the Board approved extensions to the agreements with Chuck Gomez pertaining to the purchase of the Granada Theatre, and with Tokola Properties, Inc. for the purchase and redevelopment of the Tony’s Building. An amendment to the Disposition and Development Agreement (DDA) with David Benko was approved which allowed for an extension of the grand opening date for the National Neon Sign Museum. The Board also directed staff to draft an ENA with GBHD, LLC for the purposes of negotiating a DDA for the development of a downtown hotel. Staff is also currently working with Tokola Properties in the drafting of a DDA for the Tony’s Building property.

Private development interests presented purchase offers or letters of intent to the Board for the Agency-owned properties known as the Recreation Building and the Blue Building. As of this writing the Board has not accepted an offer; however the Board did direct staff to work with one prospective buyer in refining the offer and development proposal. Staff has also engaged a local commercial real estate broker to assist in the marketing of the two properties.

Representatives of Sunshine Mill (Discover Development, LLC) contacted staff in early 2017 seeking financial relief from their installment loan and land sales contracts. A balloon payment of \$350,000 on the installment loan was due May 2017; the balance of \$309,700 on the land sales contract was due May 2018. A Board appointed sub-committee (Chair Elliott and Member Long-Curtiss) met with Sunshine Mill representatives to discuss various restructuring alternatives. The proposal approved by the Board resulted in the consolidation of the two agreements into a single installment loan. Credit was applied to past interest paid on the land sales contract resulting in a new loan with a balance of \$494,118 (August 2021 due date). The Mill was also required to satisfy past due property taxes.

Consolidation of the installment loan agreement and land sales contract into a new installment loan agreement will allow title of the Agency-owned property to be transferred to Sunshine Mill (Discover Development, LLC) by a March 15, 2018 deadline. The new agreement includes a reversion clause which permits title to revert to the Agency if the Mill defaults on future loan payments.

Financial Matters

The Board and Budget Committee met on April 19, 2017 to receive a presentation from Agency staff and the Finance Director on the Agency's finances and the proposed FY2017-18 budget. The draft budget returned to the Board on May 16, 2017 for a public hearing and adoption of the FY2017-18 budget. Given the recent changes to the Board and supporting staff, the proposed FY2017-18 budget was in large part a carryover from the adopted FY2016-17 budget.

During 2017 staff gave a number of presentations to the Board on the state of the Agency's finances, covering such topics as the 2009 Bond Issue debt service, anticipated revenues and expenditures, and the long-term financial health of the Agency. The Finance Director also met with individual Board members to further discuss these issues.

It should be noted that restructuring the Sunshine Mill installment loan and land sales contract had negative implications upon the Agency's ending fund balance for FY2016-17, as well as the fund balances for FY2017-18. The proposed FY2018-19 will take into account these actions, as well as the unrealized revenue from anticipated property sales during these periods.

Considerable resources have been spent analyzing the financial health of the Agency, and its ability to make required Bond payments and to provide funds necessary for the continued operation of the Agency, the funding of public projects and the requested financial assistance from private developers.

Administrative Activities

2017 has been a year of transition for the Agency. The Agency has moved from the City Manager's Office to the Planning Department with the hiring of a new Planning

Director/Urban Renewal Manager. The City Attorney's Office, Finance Department and the Assistant to the City Manager provide support functions to the Agency.

In the review of Agency administrative items, staff drafted Board By-Laws and minor amendments to the Property Rehabilitation Loan and Grant Program Guidelines. The Board deferred action on the program guidelines amendments and has not yet approved the draft By-Laws.

The Urban Renewal Manager also has direct contract/project management responsibility for the 1st Street/Riverfront Connection Project and the various consultant studies associated with the Tokola Properties project.

Agency staff have been working with the Northern Wasco County Parks and Recreation District on the Mill Creek Trail concept plan. The Agency's current budget identifies \$94,500 in funds to assist in the design and engineering costs of the project. The District Board recently decided to segment the project into two phases and to pursue development of the first phase, which is located within the Thompson Park property. Design and engineering costs for Phase 1 are estimated at \$75,000. Staff will propose funding at this amount in the Agency's FY2018-19 budget.

In response to Board discussions staff has contacted two consulting firms to facilitate a downtown visioning exercise and to prepare potential amendments to the urban renewal plan. If the Board wants to pursue these work efforts, they could be funded and undertaken in FY2018-19.

Future Matters

Future activities of the Agency and Board can be divided into short-term (1-2 years), mid-term (3-6 years) and long-term (6+ years). The most immediate actions are those related to the three short-term priorities identified by the Board at their meeting of October 30, 2017; the Tokola Properties mixed use project, the GBHD, LLC hotel proposal and the 1st Street/Riverfront Connection Project.

The Tokola Properties and GBHD, LLC proposals have requested Agency assistance totaling approximately \$2.8 million in the form of land/property transfers, fee waivers and monies for other development costs. A comprehensive assistance package will be drafted and presented to the Board, subject to the approval of a DDA/ENA for each of these projects. Depending upon the level and/or form of assistance, City Council action may be required.

The history of the 1st Street/Riverfront Connection project over the past 10+ years is complicated. The project was put on hold a few years ago due to the expanding scope and cost considerations. Staff is moving forward with a contract amendment with the City's project engineer (KPFF Engineering) to refine a revised project description and to provide current construction cost estimates. This new information will be brought to the Agency Board and City Council for a decision on whether to proceed with the project. If the Council/Board decide to continue the project, staff and ODOT estimate that the

FY2018-19 local match will be approximately \$36,000. As currently envisioned these dollars would fund preparation of final design/construction documents and acquisition of right-of-way. The goal would be to complete these tasks in FY2018-19, and have the project bid ready in FY2019-20.

Funding for a major portion of this project is from a direct federal appropriation that is managed by ODOT. The City's local match for the federal funds is 10.27%. If it is decided not to pursue this project, the City would be responsible for approximately \$220,000 in reimbursement costs for the federal funds already spent.

The coming year should also see progress on the Mill Creek Trail (as referenced above), and if appropriate preparation of a downtown vision plan and related amendments to the urban renewal plan.

The mid-term period, beginning in FY2020-21, should see completion of the Tokola Properties project and the hotel proposal, provided entitlements and funding are secured in a timely manner. Staff is of the opinion that during this period it would be timely for the City and Agency to revisit the issue of downtown parking, specifically the supply and management of public parking. If the forecasts of increased downtown activity are accurate, demand for parking should also increase which may justify the need for additional public parking, including the construction of a parking structure. Financing for such an undertaking would be dependent upon the financial strength of the Agency and any potential partners.

Long-term priorities of the Agency are dependent upon the Board's decision to extend the "life of the Agency" and the retirement of the 2009 Bond Issue, currently scheduled to be paid off in FY2028-29. Such discussions would include projected Agency revenues, property value assessments, status of urban renewal plan projects and the Agency's ability to issue new debt. If the Board were to decide not to issue new debt, then a decision would be needed to either dissolve the Agency upon the retirement of the 2009 Bond Issue debt or continue the Agency and fund projects/programs subject to the availability of adequate funding. If the Board were to decide to extend the "life of the Agency" and issue new debt, then a robust review of the current urban renewal plan would be warranted.



CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
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MEMORANDUM

To: Urban Renewal Advisory Committee & Urban Renewal Agency

From: Garrett Chrostek, Administrative Fellow

Date: June 7, 2013

Re: Urban Renewal Performance Evaluation

Executive Summary

This memorandum attempts to measure the effectiveness of the Columbia Gateway Urban Renewal Agency ("URA") in its efforts to increase the tax base of the Urban Renewal District ("District"), to increase the level of development within the District, and to leverage URA funds for investments within the UR District.

Identifying a true causal relationship between the Agency's efforts and development outcomes is challenging on account of the myriad external factors that influence development decisions and results within the District. However, there are a number of readily available indicators that can serve as a proxy for URA effectiveness. Specifically, this memorandum examines the changes in real market values and assessed values within the District and compares those values to figures from the City of The Dalles's taxing jurisdiction as a whole. The property tax section also examines several specific project properties for changes in real market value, assessed value, and property taxes paid. The memorandum then investigates improvement to land ratios to evaluate the Agency's ability to encourage efficient utilization of property within the District. Finally, this memorandum explores sources of urban renewal project funding to assess the Agency's ability to leverage URA dollars to pursue investment within the URA District.

Results from this analysis suggest that the Agency has positively influenced property tax base growth within the District, supported more efficient land uses within the District, and successfully leveraged Agency funds for investment within the District.

Property Tax Analysis

Overview: Under Ballot Measures 5 and 50, property taxes are the lower of the real market value or the assessed value. The assessed value is a complicated formula based on 1990 property values and, regardless of whether taxes on an individual property are calculated based on the real market value or the assessed value, property taxes for that individual tax lot generally cannot increase by more than 3% per year. Because real market value growth rates have historically exceeded 3% per year there is typically a substantial gap between the real market and assessed values on the average property. Within the District, assessed values average 77% of real market values. Therefore, a 3% increase in the assessed value can serve as a baseline for what likely would have occurred if the District had never formed.¹

Annual property tax growth rates within a taxing district and on an individual property can exceed the standard 3% increase when development transpires² through property renovations, additions, or new constructions.³ Stimulating development is the primary goal of urban renewal for the very reason that these actions add to the tax base above the standard growth rate. Accordingly, a basic measure of the effectiveness of the URA, and any specific project, is to determine if the effort produced growth rates in assessed values above 3% per year.

It should be noted that this analysis only investigates direct effects of URA investment in the form of property taxes. It does not attempt to measure such indirect economic impacts as jobs generated, businesses opened, houses built/purchased/improved by persons employed within the URA, or other increased economic activity outside the URA spurred by investment within the URA. Statistics on these secondary impacts are not widely available and it would take significant resources to develop these datasets.

Property Tax Growth Rates In The District: The District was established in 1990. To get a sense of the “normal” trajectory of property taxes without the URA, this section compares growth rates within the District to those within the City of The Dalles’s taxing district. It should be noted that this is not a true with/without analysis as other financial incentives to development are available outside the URA district and growth rates are somewhat conflated as the URA is within the City of The Dalles’s taxing district.

Another factor complicating this analysis is that the boundaries of both the District and the City have changed over time. The most recent major adjustment to the size of the District occurred in 1998 when it was reduced from 556.16 to 318.12 acres. The City also experienced boundary

¹ Assessed values can be less than 3% per year when real market values fall below assessed values or when individual properties are assessed at a lower rate because the condition of the property is in decline. While this is typically a rare event, recent turmoil in the real estate market did result in declines in assessed values for some specific properties within the City of The Dalles.

² Increased investment in personal property will also contribute to higher aggregate growth rates

³ When these actions occur on an individual property, the property is reappraised and an assessed value is calculated by taking the new market value and multiplying it by the average difference between the market and assessed values for similarly situated properties.

changes in the form of annexations. Annexations have the effect of inflating growth rates within the City's tax district when evaluated in comparison to the relatively fixed boundaries of the District. More precisely, annexations add to a specific jurisdiction's tax base just as new development would. However, those annexations are not genuine "new development," but rather "old development" that was simply added to the tax rolls by the changing of a line of a map. The available data does not allow for controlling the influence of annexations.

Growth rates in real market and assessed values for both the District and the City of The Dalles are summarized in the Table I below. Chart I below depicts growth rates in assessed values from 2000-2012 using 1999 assessed values as the base year.

Table I

Year	Urban Renewal				City of The Dalles			
	Real Market Value	Change	Assessed Value	Change	Real Market Value	Change	Assessed Value	Change
1991			9,901,549	-			305,002,343	-
1992			13,951,014	29.03%			338,832,980	9.98%
1993			8,273,833	-68.62% ⁴			361,571,408	6.29%
1994			15,167,840	45.45%			443,768,554	18.52%
1995			23,828,743	36.35%			463,202,855	4.20%
1996			36,398,789	34.53%			495,528,450	6.52%
1997				-			432,554,315	-14.56%
1998			41,512,537	-			441,801,391	2.09%
1999			33,782,855	-22.88% ⁵			481,336,658	8.21%
2000			36,523,548	7.50%			509,069,413	5.45%
2001			38,773,394	5.80%			529,420,088	3.84%
2002	74,013,132	-	43,063,854	9.96%	767,723,582	-	543,933,019	2.67%
2003			47,772,542	9.86%			560,718,152	2.99%
2004	85,917,408	-	47,295,805	-1.01%	837,845,005	-	577,238,384	2.86%
2005	89,505,119	4.18%	47,425,924	0.27%	910,362,426	8.66%	607,570,321	4.99%
2006	98,492,382	10.04%	51,577,710	8.05%	1,180,153,995	29.64%	640,712,244	5.17%
2007	128,844,084	30.82%	56,349,803	8.47%	1,515,474,397	28.41%	705,537,211	9.19%
2008	139,225,546	8.06%	61,466,735	8.32%	1,582,343,795	4.41%	752,003,143	6.18%
2009	142,556,641	2.39%	63,591,014	3.34%	1,608,880,262	1.68%	794,460,819	5.34%
2010	122,880,239	-13.80%	65,429,831	2.81% ⁶	1,259,032,060	-21.74%	831,903,391	4.50%
2011	122,223,619	-0.53%	62,695,904	-4.36%	1,366,065,504	8.50%	894,832,152	7.03%
2012	123,417,446	0.98%	70,839,260	11.50%	1,295,466,057	-5.17%	914,015,929	2.10%
Avg.		5.27%		5.42% ⁷		6.8%		4.79%

Since 2000, the first year growth rate data is available following a full year of the 1998 District boundary amendment, the District experienced assessed value growth rates in excess of 3% in 9

⁴ UR District reduced from 628.02 to 556.16 acres by Plan Amendment #2.

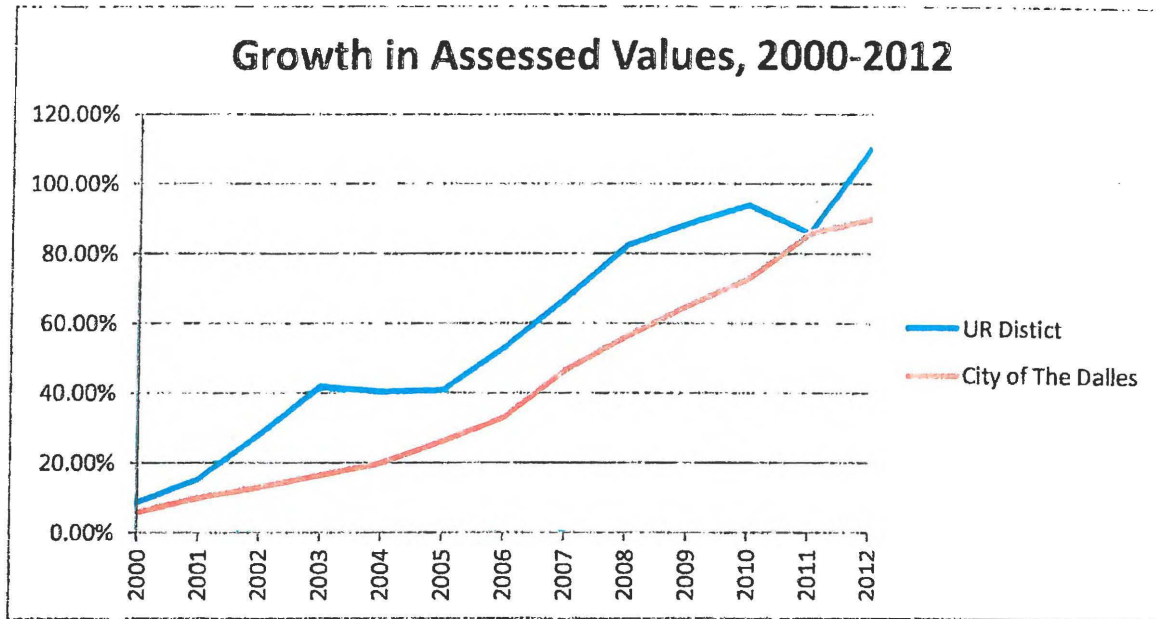
⁵ UR District reduced from 556.16 to 318.12 acres by Plan Amendment #5.

⁶ UR District increased from 318.12 to 319.7 acres by Plan Amendment #10.

⁷ Average of years 2005-2012

of 13 years. During this period, assessed values within the UR District increased by an average of 5.42% per year whereas assessed values in the City as a whole increased by an average of 4.79% per year. As a result, and as shown on the Chart below, assessed values within the District have increased nearly 110% whereas values in the City as a whole increased by nearly 90% from 1999 base values.

Chart I



From 2005, the second year real market values were consistently reported, real market values within the District increased an average of 5.27% per year compared to 6.80% per year in the City as a whole. As discussed above, assessed value is the more important indicator of determining the effects of UR because assessed values generally dictate property taxes and significant amounts of the development outside the District, particularly in the Port area, are subject to property tax abatement agreements.

It must be restated that although assessed values experienced greater growth inside the District than outside the District, this result does not mean that the URA necessarily caused the disparity. There are differences in the mix of businesses, land uses, and economic development opportunities between the two areas and other conflating factors such as annexations. Yet, the analysis on individual projects below supports the inference that the URA played a role in the higher growth rates within the UR District.

Specific Projects: This section analyzes several recent projects for their return on investment as measured by the difference in real property taxes between actual/projected property taxes and the standard 3% increase. As footnoted above, properties are appraised on a six year cycle by the Assessor's office. Accordingly, some projects are too new to be fully measured through an analysis on property taxes. This analysis does not include any increased investments in personal property.

Table II

Project	URA Investment ⁸	Real Market Value Before ⁹	Current Real Market Value	Assessed Value Before	Current Assessed Value	Difference in Taxes To Date ¹⁰	Projected Difference in Taxes ¹¹
Commodore II	\$102,000	\$195,270	\$9,622,380	\$167,930	\$5,600,287	\$2,819 ¹²	\$320,083
Columbia Bank (2001)	\$570,000	\$516,000	\$5,339,920	\$457,361	\$3,129,546	\$382,265	\$993,111
Sunshine Mill (2009)	\$80,000	\$469,720	\$834,100	\$461,994	\$790,728	\$46,361 ¹³	\$359,983 ¹⁴
Sigman's Flowers (2002)	\$72,000	\$99,350	\$282,280	\$91,939	\$99,350	(\$3,440) ¹⁵	(\$7,788) ¹⁶
Canton Wok (2011)	\$18,000	\$543,990	\$598,000	\$543,990	\$582,640 ¹⁷	\$1	\$29
Don Xi (2010)	\$59,000	\$142,280	\$139,140	\$91,254	\$96,810	\$470	\$8,856
Gayer (2011)	\$163,000	\$191,770	\$273,930	\$131,835	\$205,459 ¹⁸	\$1,355	\$36,409
Hilco Gas Station (2004)	\$46,000	\$79,310	\$1,037,760	\$139,270	\$784,486	\$61,631	\$291,461
Creek View Townhomes (2007)	\$30,000	- ¹⁹	\$1,766,750	-	\$1,358,871	\$128,887	\$479,799
Griffith Motors (2007)	\$39,000	\$402,740	\$5,369,660	- ²⁰	\$4,113,983	\$130,038	\$1,628,661
Totals	\$ 1,179,000	\$2,640,430	\$25,263,920	\$2,085,573	\$16,762,160	\$750,387	\$4,110,604

⁸ This is the total amount of money either expended or committed to the specific project to date for which the URA does not expect to be repaid. In other words, loans and property purchases for which there is a buy-back provision are excluded. The figures are unadjusted for time value. They do not include URA funds spent on staff time or opportunity costs of pursuing other investments.

⁹ The word "before" in relation to property values refers to the real market and assessed values in the year prior to the property being reappraised with the improvements funded with URA support.

¹⁰ The "Difference in Taxes" to date and projected columns are effectively the return on the URA's investment. They measure the difference between the actual property taxes paid to date/projected property taxes with the URA investment and the amount of property taxes the property would have paid if the property had continued tax growth at 3% per year from the assessed value before URA investment.

¹¹ The projected difference in taxes assumes that the improvements will maintain their value over twenty years and thus is calculated for the twenty years following the property being reappraised with URA investment. Where no taxable property existed prior to the project, this number represents total projected taxes.

¹² The Commodore II is enrolled in a state historical special assessment program that keeps taxes at or below the level paid prior to making improvements. The difference in taxes to date value is only positive because they paid a year of property taxes after some of the improvements were completed at the full rate. This 15 year special assessment expires in 2017.

¹³ The Sunshine Mill properties did not pay property tax from 2004-2009 and thus this number is the total tax paid on those properties since 2010.

¹⁴ This figure only contemplates the Sunshine Mill's current uses as a winery, bottling plant, and tasting room.

¹⁵ Sigman's is enrolled in a state historical special assessment program that keeps taxes at or below the level paid prior to making improvements. This 15 year special assessment expires in 2018.

¹⁶ If Sigman's was not enrolled in the state program the projected difference in taxes would be \$38,495

¹⁷ Canton Wok has not been reappraised since the URA's investment.

¹⁸ Portions of the improvements to the Gayer Building have not yet been appraised

¹⁹ The lots where the townhomes are located did not exist prior to the development and it was too difficult to determine the value of the portions of the original parcels where that development occurred.

²⁰ The Griffith property on West 6th was in public ownership and never had a maximum assessed value.

Results from this analysis show that the Agency has added \$750,387 in property taxes to date from the projects listed above alone. Extrapolated to the usable life of the improvements, these projects are projected to contribute \$4,110,604 in total property taxes as compared to if the projects never occurred. While not all of the projects have been winners when narrowly measured in terms of property taxes, this portfolio nonetheless presents 349% growth in URA investment and many of the improvements will last longer than the 20 years that formed the basis of this analysis.

Improvement to Land Value Ratio

Overview: A second means to evaluate Agency performance is to examine the “Improvement to Land Ratio” or “I:L.” This ratio is the relationship between a property’s improvement value (the value of buildings and other improvements to the property) to its land value and is generally an accurate indicator of the condition of real estate investments. In urban renewal areas, the I:L may be used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives. Specifically, urban properties with low I:L ratios suggest that the property is underutilized and pockets of underutilized land are indicative of blight. As identified in the Urban Renewal Plan, a healthy condition of real estate investment in the District would be 7:1. The table below shows the I:L for properties within the District over time using real market values.

Table III

Year	I:L for District
1990	1.70:1 ²¹
2000	1.74:1
2005	2.30:1
2012	2.83:1

As depicted in Table III above, the level of development within the district has increased in intensity over time. In other words, land within the District is being more efficiently used today than it was prior to formation of the Agency. However, the I:L ratio remains far beneath the healthy level identified in the Urban Renewal Plan.

Leverage

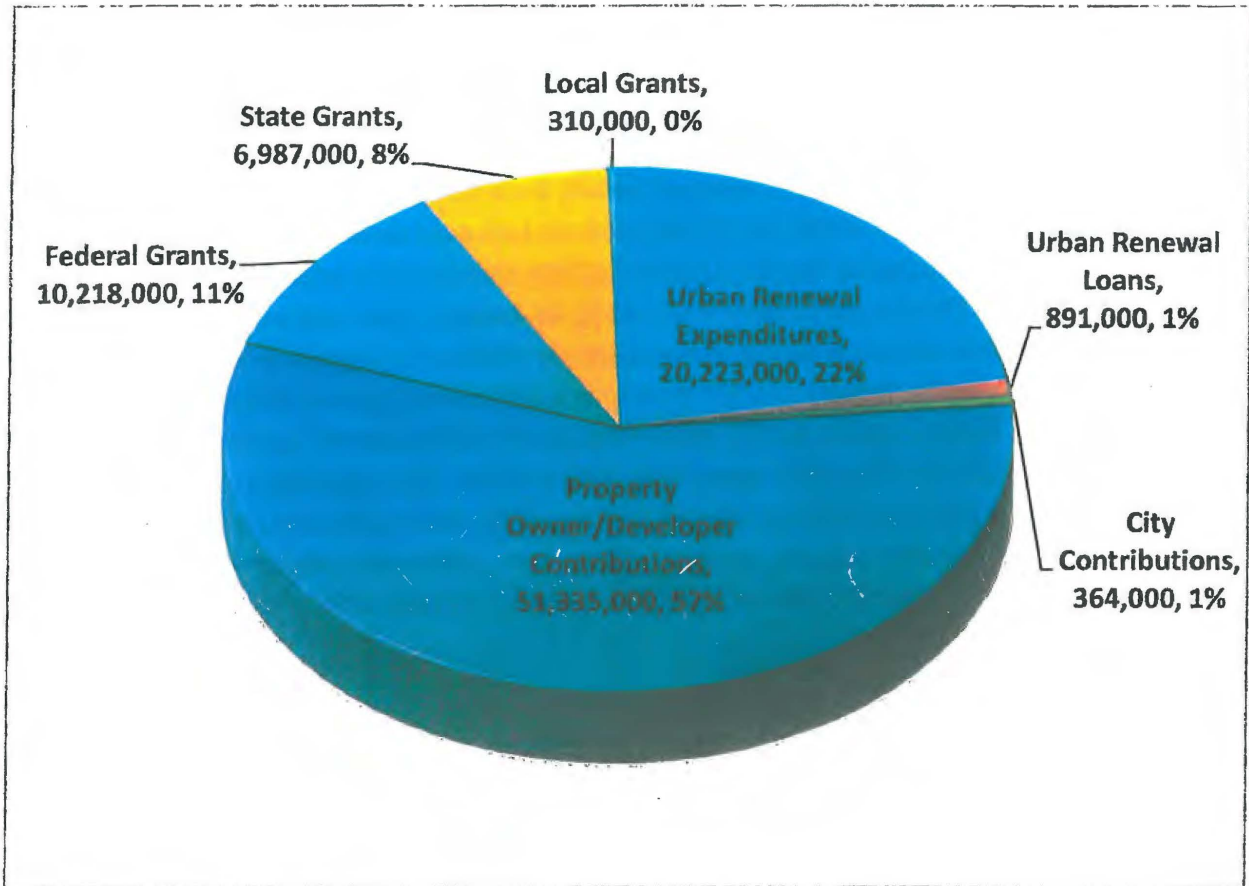
Overview: The final indicator of UR effectiveness in this report is the ability of an Agency to leverage its resources to recruit partners and attract outside funding from both public and private sources. Using nominal dollars unadjusted for time-value, the URA has been able to bring in over three and a third dollars of outside funds for each dollar (3.42:1) expended by the URA. A majority of these leveraged dollars (57%) came from private sources. This figure does not include loans and property purchases for which the agency expects to be repaid or to resell. Totals reported below include the estimated outside funding of projects currently in progress.

²¹ This ratio is inflated because it excludes vacant land within the district whereas later figures include all properties. It should also be noted that the District was roughly twice the size in 1990 as it was in 2000.

Table IV

Funding Source	Amount
Urban Renewal Expenditures	\$20,223,000
Urban Renewal Loans	\$891,000
City Contributions	\$364,000
Property Owner/Developer Contributions	\$51,335,000
Federal Grants	\$10,218,000
State Grants	\$6,987,000
Local Grants	\$310,000
Total	\$90,328,000²²

Chart II



Specific Projects: This section analyzes several projects to assess the amount of leverage involved. Projects with private partners currently in progress are subject to confidentiality agreements and are not

²² This total excludes loans made by the Urban Renewal Agency because those funds are expected to be repaid.

reported in this table. However, the aggregate leverage of several categories of UR projects is reported. Results shown below in Table IV provide further evidence of the Agency's ability to bring in more money from outside sources than it is expending from urban renewal funds.

Table V

Project	UR Contribution	Outside Contributions	Leverage
Commodore II	\$102,000	\$7,000,000	68.63:1
Union Street Underpass	\$2,294,000	\$4,826,000	2.10:1
East Gateway Roundabout	\$1,718,000	\$3,289,000	1.91:1
Marine Terminal	\$2,801,000	\$4,555,000	1.62:1
Mill Creek Greenway Property Acquisition	\$82,000	\$484,000	5.90:1
Interest Rate Buy Down Projects	--	--	4.04:1
Demolition Grant Projects	--	--	5.60:1
Civic Improvements Grant Program	--	--	.82:1

Conclusion

As evidenced by the growth rates in assessed values, the return on select projects, and the I:L ratio, economic conditions within the UR district have improved since formation of the District. The evidence further suggests that the Agency's efforts contributed to improved development outcomes with the District, particularly in its ability to leverage urban renewal dollars. The largest question this analysis is unable to investigate is whether the Agency achieved this level of performance efficiently. Inquiry into this questions would be best pursued through a comparison of growth rates, leverage ratios, and I:L ratios from similar urban renewal agencies. Unfortunately, such data from other agencies is not available. The Association of Oregon Redevelopment Agencies is in the process of forming a task force to develop performance measures for Oregon urban renewal agencies. When such performance measures are available, this analysis should be updated and a comparative investigation should be pursued.



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA STAFF REPORT

AGENDA LOCATION: VII.

DATE: May 15, 2018

TO: Chair and Members of the Agency Board

FROM: Angie Wilson, Finance Director

ISSUE: Public Hearing on Columbia Gateway Urban Renewal District Approved Budget for FY18/19 as Required by Oregon Budget Law, and Consideration of Resolution No. 18-003 Adopting the FY18/19 Budget for the Columbia Gateway Urban Renewal Agency, Making Allocations, and Certifying a Request for Maximum Tax Revenue to the County Assessor

BACKGROUND

The Agency Budget Committee reviewed the proposed budget and approved that budget on April 17, 2018. The Urban Renewal Agency Board will hold the required Public Hearing on May 15, 2018, and will consider the proposed resolution adopting the budget on that same agenda.

BUDGET IMPLICATIONS

At this time staff has no recommendations for changes to the budget approved by the Urban Renewal Budget Committee. If staff should identify any changes that may be needed, they will inform the Board during the Public Hearing.

If the Board determines that additional changes are necessary, Oregon Budget Law allows a governing body, prior to final adoption, to make changes to a fund approved by the Budget Committee in the amount of \$5,000 or 10% of the operating portion of that Fund, whichever is greater. The operating portion includes the Personnel, Materials & Services, and Capital Outlay categories, but does not include Interfund Transfers, Contingencies, or Unappropriated amounts. If the changes the governing body wishes to make are greater than these limits allow, another Public Hearing must be held on June 19, 2018, with the required published notices, prior to adoption.

URBAN RENEWAL BOARD ALTERNATIVES

1. **Staff recommendation:** *Hold the Public Hearing and Move to Adopt Resolution No. 18-003 Adopting the Fiscal Year 2018-2019 Budget for the Columbia Gateway Urban Renewal Agency, Making Allocations, and Certifying a Request for Maximum Tax Revenue to the County Assessor.*
2. Make changes to the approved budget, subject to the limitations and requirements described above, and adopt the budget as amended.

Attachment

Resolution No. 18-003 Adopting the Fiscal Year 2018-2019 Budget for the Columbia Gateway Urban Renewal Agency, Making Allocations, and Certifying a Request for Maximum Tax Revenue to the County Assessor.

RESOLUTION NO. 18-003

**A RESOLUTION ADOPTING THE FISCAL YEAR 2018-2019 BUDGET FOR
THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY, MAKING
ALLOCATIONS, AND CERTIFYING A REQUEST FOR MAXIMUM TAX
REVENUE TO THE COUNTY ASSESSOR.**

WHEREAS, the Urban Renewal Budget Committee, on April 17, 2018, solicited public comment on the proposed budget and approved a balanced budget for FY18/19; and

WHEREAS, in accordance with State Law, the Urban Renewal Board of Directors held a Public Hearing on the approved budget on May 15, 2018; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY AS FOLLOWS:

Section 1. Adoption of the Budget for FY18/19.

The Board of Directors of the Columbia Gateway Urban Renewal Agency hereby adopts the budget for Fiscal Year 2018-2019 in the total of **\$3,786,125**, now on file in the office of the City Finance Director.

The amounts for the Fiscal Year beginning July 1, 2018 and for the purposes shown below are hereby appropriated:

Capital Projects Fund (200)	
Columbia Gateway Urban Renewal Operations	\$ 2,183,999
Debt Service Fund (210)	
Debt Service	\$ 1,602,126
Total Appropriations, All Funds	<u>\$ 3,786,125</u>

Section 2. Certifying to County Assessor.

The Board of Directors of the Columbia Gateway Urban Renewal Agency resolves to certify to the County Assessor, for the Columbia Gateway Downtown Plan Area, a request for the maximum amount of revenue that may be raised by dividing the taxes under Section 1c, Article XI, of the Oregon Constitution and ORS Chapter 457.

PASSED AND ADOPTED THIS 15th DAY OF MAY, 2018.

Voting Yes: _____

Voting No: _____

Absent: _____

Abstaining: _____

AND APPROVED BY THE CHAIR OF THE BOARD THIS 15th DAY OF MAY 2018.

SIGNED:

ATTEST:

Linda Miller, Chair

Paula Webb, Planning Secretary