

IMPROVING OUR COMMUNITY



COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA
COLUMBIA GATEWAY
URBAN RENEWAL ADVISORY COMMITTEE
Special Meeting

Conducted in a Handicap Accessible Meeting Room

Tuesday, August 30, 2011

5:30 pm

Sunshine Mill Winery

901 E. Second Street

The Dalles, OR

- I. Call to Order
- II. Roll Call
- III. Approval of Agenda
- IV. Action Item: Request to use funds for stabilization of the Wasco Warehouse which is a part of the Sunshine Mill Winery. Applicant: Sunshine Mill Winery
- V. Next Regularly Scheduled Urban Renewal Advisory Meeting: September 20, 2011
- VI. Adjournment



COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

MEMORANDUM

TO: Urban Renewal Advisory Committee

FROM: Dan Durow, Community Development Director

THUR: Nolan Young, City Manager

DATE: August 23, 2011

RE: Request from Sunshine Mill Developer

BACKGROUND: The original plan for the development of the Sunshine Mill property included the full demolition of the current historic warehouse structure. Urban Renewal committed to the demolition, which had been estimated at \$80,000.

The developer's plan has evolved because of the success of the wine business that is taking place in the large mill building. Because of a developing need for warehouse space, the developer desires to keep the historic warehouse building. In order to do so significant work is needed to make the building safe for occupancy. The developer is requesting to be able to utilize the \$80,000 set aside for demolition to assist with these development costs. Attached are two documents from the developer spelling out the request in more detail.

1. Proposed utilization of the warehouse building and
2. A five year plan for the warehouse and milling company

BUDGET IMPLICATIONS: The proposed change would be revenue neutral for the Urban Renewal Agency, as it is a redirection of the \$80,000, intended for demolition. The demolition funds had not been included in the current budget, however, there are sufficient funds available under uncommitted project funds (\$107,118) or \$69,253 in unanticipated beginning fund Balance.

COMMITTEE ALTERNATIVES:

1. Recommend to the Urban Renewal Agency Board that the \$80,000 designated for demolition of the warehouse building be utilized for stabilization of the warehouse building.

2. Recommend to the Urban Renewal Agency some other amount for stabilization of the warehouse building.
3. Request additional information in order to make a recommendation.
4. Decline the request.

Proposed Utilization of Wasco County Warehouse Building

I. History of the project.

The original project Sunshine Mill Development design was focused on creating local jobs and to develop a destination aspect to the East end of The Dalles, by having a famous winery occupy the property. Sunshine Mill, LLC developer partnered with the Urban Renewal to create federal funding sources to redevelop 2nd Street and Brewery Grade intersection, through which over \$2 million was raised by projected job creation activities of the winery tenant of the Sunshine Mill. The first phase of the development was to occupy the ground level of the Historic Sunshine Mill property and sustain it economically with the growth of the wine business. This project allowed the Historic Sunshine Mill Buildings and Silos to not be torn down.

The business further aided the City of The Dalles, through its job creation activities, to raise additional federal funds of \$1 million for the new docking facilities on the Columbia River.

The wine business includes Quenett winery and Copa Di Vino and has been successful in the first phase in reaching goals of occupying the property, creating jobs and creating a destination winery, and sustaining the property.

The unique Copa Di Vino wine by the glass product, which is now sold nationally with great success, and its home the Historic Sunshine Mill have been filmed and broadcast on Prime Time ABC television three times in the last 5 months. The property and the winery have also been featured in 23 other news, magazine, and television shows and publications;. Highlights include a six part series of articles in the national newspaper

The USA Today, and full page pictures of the Sunshine Mill in Sunset Magazine, as well as the cover picture in The Oregonian's Travel Section. The Sunshine Mill now greets visitors, both national and international, daily.

II. The proposal for elimination of demolition of the Wasco Warehouse and Milling Company building.

Located on the west end of the Sunshine Mill development is the Wasco Warehouse. This building was constructed in 1890 as storage to the former flour mill on the property, The Wasco Milling Company, a five story flour mill that burned down in 1904.

The warehouse has served the community well, for over 120 years. Its unique design was very common in the middle 19th century but few buildings like it exist today as warehouses were the first to be replaced by more modern structures. The warehouse began to fall into disrepair when it lost its adjoining twin structure in 2006. Because of the loss of the sister warehouse the building has suffered damage from lack of weather protection on the north wall.

The cost to demolish the building has previously been bid at around \$80,000. Demolition costs detailed in a proposed land sale contract would be the financial responsibility of the Urban Renewal Agency.

In discussions between the developer, Sunshine Mill, LLC and Urban Renewal the developer has consistently asked for time to see if the winery business could develop in such a way that the shameful loss of the Historic warehouse building through demolition could be possibly avoided.

Intrinsic to the strategy has been for the developer to continue to invest into the business making job creation at the mill and growing the business to a point that the warehouse, based on its proximity to the wine business, would show value in a way that the building could have occupancy needs that would sustain the business growth as well as the historic warehouse building.

Sunshine Mill and its tenant, TGE, LLC have seen wine business grow from three full time employees in 2009 at the inception of the property occupancy, to the current staffing levels for the business of twenty one full time employees and six part time employees.

The business has continued projections for growth and feels that the warehouse can be of value if it is not demolished. The space will be used for warehousing of finished and unfinished wine goods. The investment over a five year period for restoration and full utilization of the building is estimated at \$350,000. The engineering for the restoration has been completed by the local engineering firm, Tenneson Engineering.

Currently there is imminent further potential damage to the building if it is not sealed and occupied before this winter. Sunshine Mill LLC is asking for the Urban Renewal Agency to redirect the currently committed \$80,000 for demolition to the project of restoring and occupying the warehouse. This funding would aid in weather sealing the roof and reconstruction of the North wall, and allow for immediate occupation of the building by the winery.

The Return on Investment for the redirection of committed funds will be in bringing a historic structure on to the tax rolls instead of creating an unused and most likely to be un-developed vacant lot.

Also for consideration is the impact to the current east section of downtown The Dalles of recent and future business vacancies (Tum a Lum Lumber Company and Griffith Motors), and under current economic forecasts more business vacancies may continue.

Sunshine Mill, LLC continues to support and contribute to the community in Job creation and the redevelopment of the Eastern Gateway of The Dalles, and looks forward to the continued growth in the context of history to the community of The Dalles.

Thank you for your considerations to the matter.

James Martin

Sunshine Mill LLC.

Five year plan for Wasco Warehouse & Milling Company

The initial two to five year plan for occupation of the Wasco Warehouse Milling Co. building will include storage for unfinished and finished goods for Copa Di Vino. Goods include wine bottles, corks, boxes, and our Copa cups. This building will also house pallets of our finished product, Copa Di Vino. The ground level storage that this building provides is extremely important to the wine business as storage capacity of the Mill has reached maximum limits.

To occupy this building by winter 2011, we need to begin weatherization projects now. Projects slated to begin in September 2011; include repairing the north wall, extending the roof line, and securing the roof to the building. The north wall of the warehouse must be strengthened which includes reconstruction of the upper portion. After completion of these projects, an entrance on the northeast corner must be added for ease of access to ground floor of the building. Completion of these projects will allow work to begin on the inside of the building during the winter season. Inside work to be completed in the fall of 2011 includes: removal and replacement of damaged flooring with gravel, as well as installation of electricity to the building. Sunshine Mill will also ensure that all occupancy codes are met.

Winter 2011 through spring 2013 includes plans to fully restore and occupy the remainder of the building, including its office space. Full safety precautions will be taken into consideration prior to occupancy of the building. Fire and emergency exit lights, a fire alarm, and sprinkler system will be installed. This step will also include laying concrete on the ground floor of the warehouse, and for the initial run pad. Loading docks

will also be installed in this period. Exterior repairs to the building will occur during the summer of 2012; these will include painting and landscaping.

Fall 2013 starts the third year of occupation for the warehouse building. We forecast a need for additional loading docks during this time, which would include installation of all weather loading docks. An HVAC system will be installed, and storage bay areas with complete roll up doors will be added during this time frame.

Growth expectations for Copa Di Vino are expected to continue at current rates. Two rounds of equity financing over a three year period are expected for the company. The second phase of the business includes bottling wine for other wine companies, which has already begun and is expected to be 30-60% of the company's business over the next three to five years. Copa Di Vino's target level for employment include a need for another 20-30 full time employees over the next three years because of the phenomenal growth and demand of our product. Without the use of the warehouse the winery will be challenged to grow at this site and would need to look for alternatives to the production space due to the limited ground floor space at the Sunshine Mill. This is a good problem, but one that needs solutions.

Current status of exterior properties painting and reconditioning project Timeliness for completion of these projects have been delayed because of other business needs and challenges listed below.

Because the wine business had tremendous national exposure and phenomenal growth, the original staff to complete repairs became immediate full time employees working around the clock to fill orders. We are currently set up to begin concrete repair on the Sunshine Mill which is necessary for building integrity and safety. We are actively

recruiting staff that is adequately trained to work on vertical wall scaffolding. Once full inventory of repair issues are indentified and fixed a thorough exterior cleaning of the silo building will begin. Because of its proximity to the rail road tracks it will not only have to be pressure washed but a thorough soaking of the paint to leach out railroad smoke stains must also be completed.

Painting on the building would be expected to occur on non-windy days starting in the spring of 2012. The mill building also will follow in this same process with hopes of completion in 2013.

Please forward any other questions or solutions to ashley@sunshinemill.com or call 541-298-8900