



## Columbia Gateway Urban Renewal Advisory Committee Minutes

**Tuesday, January 18, 2004**

City Hall Council Chambers

313 Court Street

The Dalles, OR 97058

*Conducted in a handicap accessible room.*

### **CALL TO ORDER**

Chair Dan Ericksen called the meeting to order at 5:32 p.m.

### **ROLL CALL**

Administrative Secretary Denise Ball conducted roll call.

Present members: Dan Ericksen, Randy Carter, Jack Evans, Dick Elkins, Nikki Lesich, Chris Zukin, and Ken Farner

Absent members: None

Staff present: Nolan Young, City Manager, Dan Durow, Community Development Director, Gene Parker, City Attorney, Denise Ball, Administrative Secretary

### **PLEDGE OF ALLEGIANCE**

Ericksen lead the group in the Pledge of Allegiance.

### **APPROVAL OF AGENDA ITEMS**

Carter moved to approve the agenda as amended and Farner seconded. The motion carried unanimously.

### **APPROVAL OF MINUTES**

Chair Ericksen asked if there were any corrections or additions needed for the minutes of September 21, 2004. There were none. Lesich moved to approve the minutes as submitted and Evans seconded the motion. The motion passed unanimously.

## **PUBLIC COMMENT**

None.

## **ACTION/RECOMMENDATION**

Expenditure on Flour Mill for Structural Analysis- Durow presented the Staff Report. He is requesting Urban Renewal funds for a structural analysis. If the study is over \$15,000, a Request for Proposals is required. There is not enough time to go through the process and have the information available to prospective developers before the March 11, 2005 deadline on the current Request for Proposals for redevelopment of the site. One estimate for the structural analysis, from Tenneson, is in the neighborhood of \$28,000 and does include the warehouse and the silos in the scope of work. A prospective developer has obtained another estimate in the \$16,000 range. Durow feels it may be possible to keep this study below the \$15,000 level so that an RFP process will not be necessary and the study can be done sooner.

The Committee and Staff discussed the possibility of having the study paid for out of escrow. Ericksen said an offer by the City to exercise the purchase option could be deemed a viable project, which could trigger Cereal Foods to pay for the study.

Durow said he is asking the Committee to recommend an authorization for up to \$15,000 for an engineering study.

James Martin, local businessman, The Dalles, said he has been in contact with the company who had provided the \$16,000 estimate. Martin said additional costs associated with the study would place their estimate in the \$28,000 range also. The previous quote did not cover all the necessary work.

Durow said that information changes everything.

Ericksen asked if a study on just the mill building would be beneficial.

Martin said one of the issues is the demolition cost of the silos. No one knows exactly how they are constructed and he has had estimates of \$200,000 to \$500,000 for the silo demolition. X-raying the structures will provide crucial information for developers.

Durow said the current agreement with Cereal Foods states that the City must have a viable project before Cereal Foods will spend money on a structural analysis study.

Ericksen asked if there was a way to negotiate with Cereal Foods to pay for the study and contract the work. Urban Renewal would pay them back., and that way the long RFP process could be avoided.

Durow said yes we could do that. However, the purchase option agreement would then have to be amended. That process would take at least six weeks. The study will take two months. Again, the information would not be available in a timely manner.

Farner suggested an alternative of letting the purchase option expire and then trying to buy the property for less money. That, however, may not be what happens.

Ericksen asked what Urban Renewal has invested in the property right now. Durow said the original Purchase option was \$27,000 and the option extension was \$13,500 for a total of \$40,500. An additional \$2,750 was paid to Tenneson for a property survey.

Lesich said that \$16,000 to \$28,000 is quite a difference for estimates on studies. Lesich asked if there were anything tangible to look at and compare.

Durow said the information he was provided by James Martin tonight, indicates that both firms' estimates are in the \$28,000 range. These were verbal quotes and are now fairly competitive.

James Martin pointed out that Tenneson had about a month to put their estimate together while the company he asked in Seattle provided him a proposal within a day. Their original \$16,000 proposal was lacking a few things and by the time they were added their quote was equivalent to Tenneson's.

Durow clarified that these were ballpark estimates. A formal bid will require much more detail for the study.

Carter said the ideal scenario would be to get the necessary funding to have the engineering study completed and get the results back before March. At that point in time Urban Renewal would have a better understanding of what the attributes and difficulties with the property are. At that point either Urban Renewal or a developer has to decide to purchase the property and go ahead with development. If the decision has to be made in March, either way, Carter said he doesn't see what the value equation is.

Durow said if there are no proposals turned in by the March deadline, Urban Renewal will have to decide to purchase the property or let it go. The purchase option is not up until May 14.

Evans asked what impact the purchase would have on Urban Renewal. Evans said he doesn't remember if it was a budgeted item.

Durow said it is a budgeted item.

Evans pointed out that one of the responsibilities of Urban Renewal is to eliminate blight. Evans said he recommends moving forward with this project.

Ericksen feels this property has a great possibility of increasing in value in the near future. He said he believes the opportunity is here and now for the development and ownership of this property.

Lesich said she does not understand why Urban Renewal would set a limit on an RFP and then tell the public what the limit is. Lesich said if she were a bidder, she would make sure she would be bidding toward the high end of the scale.

Young said the limit would let Staff know exactly how much the contract price can be. If the Committee wants to allow an unlimited amount, then no dollar amount needs to be stipulated. The engineering estimate is public knowledge.

Zukin asked for clarification on why Cereal Foods would not pay for the structural engineering study. Durow said they would pay for it if there were a viable project; they just don't want to waste the money.

Ericksen pointed out that the study has to be done even if the building has to be demolished. It doesn't appear that the money will be wasted. If the study creates a sale, then the money would not be wasted.

Carter asked who has the risk right now and who is Urban Renewal trying to mitigate the risk for: the potential developer or the City or should it be both?

Ericksen said he does not want the purchase option to expire without Urban Renewal taking some action on the property. Ericksen would like Cereal Foods to credit the City in escrow for the cost of the study when the sale takes place.

Carter said he doesn't understand why Cereal Foods would not extend the purchase option for another six months.

Durow said what he has been told is that the Board of Directors of Cereal Foods do not want this to just drag along.

Durow said the environmental study should be done at the same time as the engineering study.

Farner said the only way to make sure the development is done well, and right, and timely is to have control of the property.

Ericksen said he would like Staff to approach Cereal Foods and offer to exercise the purchase option if they will pay for the structural and environmental studies.

Carter said he doesn't think the building should be purchased until the cost of demolition of the silos is known.

Ericksen said this is one of the reasons there is urban blight all over the country. It is cheaper to leave it than to tear it down.

Martin said he believes Cereal Food thinks the cost of the structural study is \$5,000 to \$7,000. He went on to say that once Cereal Food hears the price of \$28,000 they won't be interested in paying for the study. Martin said the City should be committed to purchasing the property and paying for the studies.

Ericksen said in that case the City should try to negotiate with Cereal Food for at least half the cost.

Young added that the agreement says that the cost of those studies should not exceed the option fee. That fee is \$27,000. Young does not feel it could be stretched to include the additional \$13,500 for the six-month extension.

Farner said that Urban Renewal has the capacity to bring unrecoverable capital into the project to make it work. The control of how the project gets developed is the consideration.

Farner moved to recommend to the Urban Renewal Agency that they proceed with a Request for Proposals for an engineering study on the Flour Mill property. Evans seconded the motion and it carried unanimously.

The members of the Urban Renewal Advisory Committee were in consensus that Staff approach Cereal Foods regarding the financial aspects of the studies and the use of the escrow money for those studies.

Evans said that Urban Renewal has to have an escape. If the study shows it will cost \$700,000 for demolition it makes no sense, blight or no blight, to step into that kind of an obligation.

Ericksen said that is the problem with blighted properties – they don't make financial sense for demolition for anybody, especially the person who owns it. It is not a typical bankers decision. The Committee agreed, after a brief discussion, the environmental study should be part of the RFP process.

Farner moved to recommend to the Urban Renewal Agency that they include an environmental study with the RFP process for the engineering study. Evans seconded the motion and it carried unanimously.

The Committee discussed different versions of their third motion and finally approved language proposed by Gene Parker, as follows:

Farner moved to recommend that the Urban Renewal Agency prepare for the possible exercise of the option to purchase the Flour Mill property subject to the receipt of favorable structural engineering and environmental analysis. Elkins seconded the motion and it carried unanimously.

The members of the Urban Renewal Advisory Committee were in consensus that Staff approach Cereal Foods regarding the financial aspects of the studies and the use of the escrow money for those studies.

### **DISCUSSION**

Property Rehab. Demolition – Durow presented the Staff Report. A developer has asked if the Urban Renewal Demolition fund of \$50,000 could be spent on environmental clean-up.

Parker advised the Committee that the risk of potential liability of finding a hazardous waste during an environmental clean-up could put the Agency on the hook for the entire clean-up.

After a brief discussion Staff and Committee members were in consensus that Urban Renewal will not fund environmental clean up.

Lesich asked if Urban Renewal monies could be spent outside the district on cleaning up a burnt home and Durow said the money could only be spent in the Urban Renewal area.

### **FUTURE MEETINGS**

The next regular meeting is scheduled for February 15, 2005, at 5:30 P.M. Durow will not be available on that date so a new date could be selected if a meeting is necessary.

### **ADJOURNMENT**

The meeting was adjourned at 7:30 P.M.

Respectfully submitted by Denise Ball, Administrative Secretary.

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Dan Ericksen, Chair