



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES  
**AGENDA**

**COLUMBIA GATEWAY  
URBAN RENEWAL ADVISORY COMMITTEE**

Conducted in a Handicap Accessible Meeting Room

Tuesday, November 16, 2010

5:30 pm

City Hall Council Chambers

313 Court St.

The Dalles, OR

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Approval of Agenda
- V. Approval of Minutes: October 19, 2010
- VI. Public Comment for items not on the agenda
- VII. 3<sup>rd</sup> Street Streetscape Project Discussion
- VIII. Property Rehabilitation Grant and Loan
  - A. Interest Buy Down Loan/Historic Design and Restoration Program - Scott Gayer
- IX. Executive Session
  - A. Recess to Executive Session in Accordance with ORS 192.660(2)(e) to Conduct deliberations with persons designated by the Governing Body to Negotiate Real Property Transactions.
  - B. Reconvene to Open Session
  - C. Recommendation from Executive Session
- X. Update of on-going Urban Renewal projects
- XI. Next Regularly Scheduled Urban Renewal Advisory Meeting:  
December 21, 2010
- XII. Adjourn



## **Columbia Gateway Urban Renewal Advisory Committee Minutes**

**Tuesday, November 16, 2010**

**5:30 PM**

City Hall Council Chambers

313 Court Street

The Dalles, OR 97058

*Conducted in a handicap accessible room.*

### **CALL TO ORDER**

Acting Chair Zukin called the meeting to order at 5:3 p.m.

### **ROLL CALL**

Present members: Chris Zukin, Ken Farner, Gary Grossman, Dick Elkins, Diana Bailey, Bill Dick

Absent members: Benjamin Hoey, Jennifer Botts, Dan Ericksen

Staff present: Nolan Young, City Manager, Gene Parker, City Attorney, Dan Durow, Community Development Dept. Director, Denise Ball, Planning Tech.

### **PLEDGE OF ALLEGIANCE**

Vice Chair Zukin led the group in the Pledge of Allegiance.

### **APPROVAL OF AGENDA ITEMS**

Gary Grossman moved to approve the agenda and Dick Elkins seconded. The motion carried unanimously, Hoey, Botts, and Ericksen absent.

### **APPROVAL OF MINUTES**

Vice Chair Zukin asked if there were any corrections or additions needed for the minutes of October 19, 2010. Gary Grossman moved to approve the minutes as submitted and Dick Elkins seconded the motion. The motion carried unanimously, Hoey, Botts, and Ericksen absent.

### **PUBLIC COMMENT**

Steve Lawrence, Volunteer President of the Civic Auditorium Board, spoke to the Committee regarding his feelings on the Granada block purchase and development by the Urban Renewal Agency. Mr. Lawrence provided a copy of his comments to the Committee, hereby attached to these minutes as Exhibit 1. Mr. Lawrence ended his comments by asking the Urban Renewal Advisory Committee to recommend full funding in the amount of \$3,000,000 to finish the theater

Urban Renewal Advisory Committee  
Minutes – November 16, 2010

renovations in the Civic building and to “lend its expertise in planning, design, engineering and construction”. He added that the Civic Auditorium should be considered as part of the infrastructure of The Dalles.

The Advisory Committee had no discussion and made no recommendation following Mr. Lawrence’s public comment.

### **3<sup>RD</sup> STREET STREETSCAPE DESIGN RECOMMENDATIONS**

Director Durow presented the Staff Report. He explained that Staff has reviewed the performance of products used in the 2<sup>nd</sup> Street Streetscape project and evaluated new products for the 3<sup>rd</sup> Street Streetscape. The following design changes being considered are:

1. Crosswalks
2. Trees, wells, and grates
3. Sidewalk scoring tool standard
4. On-street parking ‘T’ and ‘L’ markings.

#### **Crosswalks**

Director Durow gave a Smart Board presentation on the proposed new product for the crosswalks called StreetPrintXD. The product is an aggregate-reinforced thermoplastic that bonds directly with asphalt, is repairable, and can be applied under traffic. Both Director Durow and City Engineer Dale McCabe have attended a presentation and demonstration of the product. City Engineer McCabe told the Committee that the product is in use at the intersection of 232<sup>nd</sup> between Division and Kelly. Director Durow said he has driven over these crosswalks in Springfield and they are not annoying.

Dick Elkins asked if the City has problems with damage repair of the existing concrete crosswalks and Durow replied there have been no repairs yet. Elkins said the new product appears to be around 12% higher than concrete. Durow said the bidding climate will determine what the actual cost will be. Current price for the new product ranges from \$9 to \$13 sq. ft. Also, the product must be installed by a certified contractor. There are three or four in the Portland area and at least one in Bend. Repairs, however, can be performed by the Public Works Dept.

Chris Zukin asked if the repairs for the new product would be the same as for asphalt and Durow said yes. McCabe added that the problem with the concrete crosswalks is the need to work around them and reset equipment when asphalt repairs are taking place.

Dick Elkins asked McCabe if the City Engineering Department has a preference. City Engineer McCabe said the Engineering Department has no preference but the City Street Department prefers the new product.

Ken Farner said he would like Staff to pursue the use of this product but would like a more definite price based upon current bids before making a recommendation.

Diana Bailey agreed with Farner and asked for detailed price information in order to compare “apples to apples”.

City Manager Young suggested that Staff obtain additional information and come back to the Advisory Committee at their next meeting. Young proposed the following information:

1. Determine actual unit bid price on proposed StreetPrintXD XD material and installation for 3<sup>rd</sup> Street project, based upon completed projects in Portland and Bend.
2. Provide a three year repair estimate: new product vs. concrete crosswalks, equipment needs, and maintenance requirements, both labor and materials.
3. Provide “best guesstimate” on price of removing current crosswalks and replacing with new product.

The Committee agreed that this information would allow them to make a recommendation at their next meeting.

### **Trees, Wells, and Grates**

Director Durow explained that the City hired an Arborist, Steve Goetz, to provide a report on the condition of the trees on 2<sup>nd</sup> Street. Mr. Goetz suggests that 33 of the 100+ trees should be replaced, others need additional care, and the greater number of the trees are in good to excellent shape. Proposed planting changes would increase the size of the tree well and grates to give the roots more room to grow giving greater support to the tree as it grows. A revised watering tube system and consistent hand watering is recommended over an irrigation system. There will also be a larger granular base rock with voids between the rocks to provide better growing conditions for the roots.

Also recommended is to plant a variety of tree species. This type of planting will protect against losing all of the trees if one species is infected with a killing disease. One species per block (or two blocks) is proposed. 3<sup>rd</sup> Street has fewer buildings that abut the sidewalk, which allows for different types of tree canopies and tree heights. The specific tree species will be determined at a later date. A maintenance program that includes regular tree care and tree wrapping to avoid sun scald will be part of the language in the maintenance agreement with Parks and Recreation.

Diana Bailey asked if the same planting pattern would be used. Director Durow said yes, with some slight variations to allow for some existing trees that property owners wish to keep.

Acting Chair Zukin said he doesn't believe that trees should be on downtown streets. They block buildings and signs. He would be in favor of Mugo pines or statues. Zukin requested a consideration of street tree elimination. Director Durow said this was a shared opinion during 2<sup>nd</sup> Street discussions. The compromise was the columnar maple tree. With proper pruning the trees should grow tall and narrow. A majority did want the trees to break up the hardscape. All but one of the Committee members agreed with the tree design change proposal.

Dick Elkins suggested looking at the Hibiscus shrub. He has them in his garden and they can grow up to 8' high. They do bloom profusely and could create more droppings and mess than a tree however. Elkins added that he like the downtown trees and they do add shade.

Ken Farner stated that the businesses should have a say in the variety of tree on 3<sup>rd</sup> Street. He also appreciates the aesthetics of the greenery.

### **Sidewalk Scoring Tool Standard**

Director Durow explained that the same pattern will be used on the sidewalks with less aggressive scoring. This will create less conflict with high heels and the buildup of debris in the scores. The general rule is scoring  $\frac{1}{4}$  the depth of the sidewalk. A 4" sidewalk thickness would have a 1" score depth.

Diana Bailey asked how the ADA ramps will be built. Mike Bosse, Engineer, told her he will follow all new ADA standards with truncated domes.

The Committee members were in consensus on this design standard.

### **T and L Markings**

Director Durow explained that the "T" and "L" on-street parking markings will not be included in the 3<sup>rd</sup> Street design. Discussions with other Cities indicated that unmarked parking worked well.

Diana Bailey said she would like to see yellow sections around trees and mailboxes so people do not open their car doors into them.

The Committee members were in consensus on this design standard.

Gary Grossman moved to recommend to the Urban Renewal Agency the 3<sup>rd</sup> Street streetscape project design changes for trees, tree wells and grates, sidewalk scoring tool standard, and the on-street parking "T" and "L" markings as proposed in the Staff Report. The crosswalk design change is sent back to Staff to provide more information at the next Urban Renewal Advisory Meeting. Diana Bailey seconded the motion and it carried unanimously, Hoey, Botts, and Ericksen absent.

## **ACTION ITEMS**

### **Property Rehabilitation Grant and Loan Recommendations**

Eric Nerdin presented the Staff Report for the application submitted by Scott Gayer. This application is for interest rate subsidy. Mr. Gayer has obtained preliminary approval of a loan from Columbia Bank and is applying to have The Dalles Urban Renewal agency pay the interest on this loan. The purpose of the loan is to convert the 2<sup>nd</sup> story level to residential apartments, build ADA restroom facilities on the main street level and to restore skylights and create a roof access. The project cost is estimated at \$425,000. Project costs that exceed the loan amount will be paid by Scott Gayer. Additionally, a weatherized and more energy efficient building will be much attractive to tenants for both the upper unused space and the main floor commercial area.

Diana Bailey asked if the scoring sheet is comparable to previous applications and Committee members said it does match up.

Chris Zukin said the addition of the upper level apartments make this a very attractive and exciting application. This will be a huge step forward in the development of downtown second story living space.

Dick Elkins agreed and pointed out that this building is privately owned and produces tax revenues. Elkins feels this building is at the top of his list for saving.

Dick Elkins moved to recommend that the Urban Renewal Agency approve the request for an interest rate subsidy of 100% of interest paid by applicant, with a maximum interest rate of 8.5%, as submitted, for the period of fifteen years (15) or the expiration of the Urban Renewal agency, whichever occurs first an contingent upon obtaining any required approvals and permits required to complete this project. Ken Farner seconded the motion and it carried unanimously, Hoey, Botts, and Ericksen absent.

#### Executive Session

- A. Recess to Executive Session in Accordance with ORS 192.660(2)(e) to Conduct deliberations with persons designated by the Governing Body to Negotiate Real Property Transactions. (6:48 pm)
- B. Reconvene to Open Session (6:56 pm). Gary Grossman left the meeting at 7:03 pm.
- C. Recommendation from Executive Session: There was no action taken following the executive session.

#### ON-GOING PROJECTS

City Manager Young and Director Durow told the Committee:

- James Martin is moving ahead with the purchase of the Sunshine Mill.
- Two hundred and eighty juniper bushes were replanted in the roundabout landscaping. It was determined that the bushes died due to lack of water.
- CH2M Hill is proceeding with the roundabout lighting design.
- Commercial Dock - The agreement with the Confederated Tribes has not taken place in time for the In-Water Work Period, November 15 through March 15. The project will be postponed until next year.
- The Washington~<sup>1st</sup> Street Undercrossing: Projected start date is 2011, pending funding.

- Third Street Streetscape should be starting this time next year. The LID process is in progress.

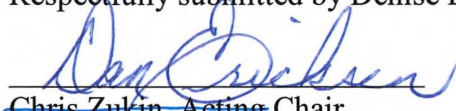

### **FUTURE MEETINGS**

The next scheduled meeting is Tuesday, December 21, 2010.

### **ADJOURNMENT**

The meeting was adjourned at 7:15 pm.

Respectfully submitted by Denise Ball, Planning Tech.

  
Chris Zukin, Acting Chair  






## AGENDA STAFF REPORT

### URBAN RENEWAL ADVISORY COMMITTEE

**DATE:** November 16, 2010

**TO:** Urban Renewal Advisory Committee

**FROM:** Dan Durow, Urban Renewal Manager

**THRU:** Nolan Young, City manager

Two handwritten signatures in blue ink. The first signature is a cursive 'D' followed by a loop, likely for Dan Durow. The second signature is a cursive 'N' followed by a loop, likely for Nolan Young.

**ISSUE:** Design Recommendations for the 3<sup>rd</sup> Street Streetscape Project.

**BACKGROUND:** In the first half of 2001, the 2<sup>nd</sup> Street Streetscape project was constructed based upon a design completed in the early 1990's. This design was prepared by the City's Urban Renewal consultant who was also a landscape architect. Some modifications were made to that design as the Urban Renewal Agency prepared it for construction. Since 2001, there has been a 9-year opportunity to see how well the design elements and engineering standards have preformed. In addition, there are now new products on the market that did not exist in 2001.

City staff has been carefully reviewing the performance of the 2<sup>nd</sup> Street Streetscape project and evaluating new products. This report will explain what design changes are being considered by staff so that the URAC can make their recommendations to the Urban Renewal Agency on these design changes. The design changes being considered are as follows:

1. Crosswalks
2. Trees, wells, and grates
3. Sidewalk scoring tool standard
4. On-street parking 'T' and 'L' markings

**1. Crosswalks.** The design on 2<sup>nd</sup> Street is a concrete crosswalk. They are one-foot thick and get installed after the street is paved. This results in cutting and removing four, 10-foot wide sections of new asphalt at each intersection and replacing them with concrete. It's done on one-half of the road at a time so traffic can continue to move



through the project area while the concrete hardens. The concrete wears at a different rate than the asphalt because of the use of studded tires.

**Design Change Proposal:** Staff has been looking into a new product that would, if approved, eliminate the concrete crosswalks and still provide for a visual and attractive crosswalk marking. The product is called StreetPrintXD, which didn't exist in 2001. It is



an Aggregate-Reinforced Thermoplastic that bonds directly with the asphalt, wears at the same rate as the asphalt, and is repairable. It can be applied under traffic as shown in the photo. This installation was a demonstration by the manufacturer in Springfield this summer attended by Dan Durow. Several Public Works staff also

viewed an installation demonstration just a few weeks ago. There are several crosswalk designs and colors from which to choose or a custom designs and colors can be created. Staff will provide several crosswalk designs for discussion.

The cost of putting in concrete crosswalks is about \$8.00 sq. ft. and StreetPrintXD crosswalks between \$9.00 and \$13.00 sq. ft. depending on the quantity and other factors. The 3<sup>rd</sup> Street project has 44 crosswalks planned for an approximate area of 18,000 square feet. Concrete crosswalks would cost about \$144,000 and the StreetPrintXD crosswalks would cost between \$162,000 and \$234,000. Staff will be presenting more information on this product at the meeting including an on-line video of the product.



Another design consideration, if StreetPrintXD is used for 3<sup>rd</sup> Street, is how visually and functionally compatible would it be with the concrete crosswalks on 2<sup>nd</sup> Street. The concrete crosswalks on 2<sup>nd</sup> Street are holding up well compared to the asphalt. When the asphalt needs to be repaired (and some sections need to be repaired soon), the concrete crosswalks will present a challenge for the paving equipment and ultimately add to the cost. At the time of repair, the crosswalks

could be removed and the StreetPrintXD applied to the new asphalt. StreetPrintXD can also be ground up just like asphalt when it needs to be removed. The StreetPrintXD cannot be applied to concrete; it is specifically design to bond with asphalt. Initial installation is done by a certified contractor for warranty reasons but repairs can be done by City crews. There are several certified contractors in our area so we can expect competitive bids. **Cost impact estimate: An increase from \$8,000 to as much as \$90,000. Long-term maintenance costs will be more than concrete.**

## **2. Trees, Wells, and Grates.**

The Design on 2<sup>nd</sup> Street is a 3 x 3 foot tree well and grate with watering tubes that extend down about three feet used for hand watering.

This size of tree well provides just enough room for the root ball of a 2+ inch diameter tree to be planted. As the trees have increased in size, the area left for root growth has been very limited. This has resulted in a few trees getting unstable as there is a lack of good root structure to hold up the tree as it gets bigger. This past spring after the leaves appeared and the wind began to blow, one tree tipped over into the awning of a building and had to be removed because of this.

The tree variety originally planted is the Columnar Norway Maple, which was a very good choice for our area and planting conditions. Some replacement trees planted over the past several years include the Armstrong Red Maple. This was done by mistake and although they are okay they have not done as well as the original variety.

The Agency hired a professional arborist to provide a report on the condition of the trees along 2<sup>nd</sup> Street. His report suggests that 33 of the 100+ trees be replaced. Some others need additional care while the greater portion of the trees is in good to excellent shape. Most of those to be replaced have been budgeted for this year in the general fund. Replacement of those trees will be completed this spring.

***Design Change Proposal:*** Staff has had several discussions with the arborist about design changes to better accommodate trees in the streetscape design. Providing for trees in a downtown setting is all about compromise. Trees do best when the roots are not restricted with a paved hard surface and are allowed to grow naturally with good light and water, a park-like setting. This is not possible in a downtown area with paved surfaces, so a compromise must be reached that will allow the trees to be healthy but not impede the use of the downtown for buildings, sidewalks, parking, and commerce.

Most of his recommendations for the trees were included in the roundabout design as last minute design changes. However, some of the changes made for the trees in the roundabout are not directly transferable to the 3<sup>rd</sup> Street project. One example is the tree well opening, which was expanded to 3 feet by 10 feet. In the roundabout, the design excluded the tree grate along the planter strip. This works for the roundabout where there is no parking and therefore no pedestrians crossing from the vehicle to the sidewalk. This would not be possible where pedestrians frequently cross from their vehicle to the sidewalk where parking is allowed in the downtown area. Stepping through an area with river rock or some other material would not be safe for most people; a grated or hard surface is required.

Based upon discussions with the arborist, staff is recommending that the tree wells with grates be increased to 4 by 5 to 6 feet. This compromise will give the tree roots more room to grow giving more support to the tree as it gets bigger and more water inflow, but will increase the tree well and grate one foot into the designed six-foot sidewalk area. The grate will allow for safe pedestrian access around the tree area. Hand watering and the use of watering tubes that extend under the paved surfaces are recommended over an irrigation system. Irrigation systems are costly and hard to maintain with a growing root system. In addition, he has recommended that larger granular base rock with voids

between the rocks (maybe 1.5" rock with no fines) be used to provide better growing conditions for the roots.

The arborist recommended planting several different tree species. The main reason is if a killing disease gets started all the trees will die and need to be replaced. Other cities have learned expensive lessons planting one species. He recommends planting one species per block or two. He has provided a list of acceptable tree species for our area that would survive in the 4 by 5 to 6 foot opening. The 3<sup>rd</sup> Street frontage is much different than most of the 2<sup>nd</sup> Street frontage in that there are fewer buildings that abut the sidewalk. This opens up more types of tree canopies and tree heights. Staff agrees with the arborist's recommendation for planting several tree species. The specific tree species will be determined at a later time. He also recommends a maintenance program that includes regular tree care including wrapping to avoid sunburn. This can be accommodated best by making sure the language in the Park and Recreation tree maintenance contract is clear about what is expected. ***Cost impact estimate: Not yet determined but a little more than the current design due to a larger grate, which is more than the cost of pavers, and more watering pipe. The larger base rock should be roughly equal in cost with other fill material. Tree species costs should be roughly equal. Long-term tree replacement and maintenance costs should be lower.***

**3. Sidewalk scoring tool standard.** The 2<sup>nd</sup> Street standard tool for scoring the sidewalks created an aggressive score line. This caused some problems for shoveling snow, for people with high heels or a mobility issue, and to some extent people in wheel chairs. A positive effect is that very few skateboarders skate on the sidewalks. As the construction progressed, it was determined that a less aggressive tool would be used in the crosswalks.

***Design Change Proposal:*** Staff is recommending that the standard tool used in the 2<sup>nd</sup> Street crosswalks be used for the sidewalks in the 3<sup>rd</sup> Street project, and that the same historic sidewalk scoring pattern be continued. ***Cost impact estimate: No change.***

**On-street parking "T" and "L" markings.** The 2<sup>nd</sup> Street project included the "T" and "L" on-street parking marks to assist drivers to park only in those areas that would not interfere with opening doors into objects along the curb. An 18 to 22 foot parking space was used with a yellowed curb area of 4 to 5 feet between every two parking spaces. After the project was complete, parking patterns and habits were observed and it was determined that more often than not the parking marks did not help. This was due to several factors including the length of the vehicles, which can vary greatly. It was also determined that enforcement was not possible as it is not illegal to park outside the "T" and "L" marks as long as it is not along a yellowed area.

Staff called other cities that had "open" or "unmarked" parking in their downtown areas. They indicated that unmarked parking worked well. In fact, there was no noticeable difference between parking patterns marked or unmarked. Staff allowed the "T" and "L" markings on 2<sup>nd</sup> Street to just fade over time.

***Design Change Proposal:*** Staff is recommending that the “T” and “L” on-street parking markings not be included in the 3<sup>rd</sup> Street design. The maximum amount of parking space will be designed into the project. ***Cost impact estimate: Not yet determined but less by the amount of painting cost for the “T” and “L” markings.***

#### **BUDGET IMPLICATIONS:**

The net effect of the recommended design changes is not yet determined and the engineer’s final estimate has not been completed because the design is still in progress. The budget in Urban Renewal for the 3<sup>rd</sup> Street Streetscape project is \$2,750,000. Property owner contributions are expected to be over \$300,000. There are no grants identified as of this date.

**STAFF RECOMMENDATION:** [Suggested motion] ...move to recommend to the Urban Renewal Agency the 3<sup>rd</sup> Street Streetscape project design changes for crosswalks, trees, tree wells and grates, sidewalk scoring tool standard, and the on-street parking “T” and “L” markings as proposed in the staff report.

#### **ALTERNATIVES**

1. Recommend only some of the design changes to the Urban Renewal Agency.
2. Recommend that all the design elements remain the same.





## AGENDA STAFF REPORT


### URBAN RENEWAL ADVISORY COMMITTEE

**Meeting Date: November 16, 2010**

**DATE:** November 8, 2010

**TO:** Urban Renewal Advisory Committee

**FROM:** Eric Nerdin, Urban Renewal Contract Consultant

**THRU:** Dan Durow, Urban Renewal Manager 

**ISSUE:** Interest rate subsidy application review and recommendation to the Agency Board – Scott Gayer application.

#### BACKGROUND:

On June 14, 2010, the Urban Renewal Board approved a \$3,000 grant to Scott Gayer to obtain professional architectural and engineering services for converting the 2<sup>nd</sup> story level to residential apartments, build ADA restroom facilities on the main street level and to restore skylights and create a roof access. The majority of the design and engineering work is done, but the final results have not yet been provided to Scott Gayer. It was indicated in the Design and Engineering Grant application that upon completion of the architectural and design work, Scott Gayer would be applying for an interest rate subsidy from the Urban Renewal Redevelopment Loan program. Based on the design and engineering work completed so far and the construction bids obtained, Scott has determined that project cost range is \$375,000 to \$425,000. Scott has obtained a preliminary letter of intent from Columbia State Bank to potentially finance this project at a yet to be determined level of financing and terms. The loan application and supporting documentation has been provided to Columbia State Bank and is in their review and underwriting stage at the time of this staff report.

Scott has a high quality business tenant who has signed a lease for the main floor of this building. This tenant needs to occupy this space by April 2011. The tenant is paying for much of their own leasehold improvements, but Scott needs to pay for other building improvements, including the roof and HVAC.

The current building (Citizens National Bank) at 300 E. 2nd Street in The Dalles was built in approximately 1920 replacing the French & Company Bank building, which was built in 1879. Scott Gayer purchased the building around 1975 and it was home to Gayer Jewelers. It has been vacant for the past two years since Gayer Jewelers closed for business. Two of the occupants before Gayer Jewelers, going back to its days as a bank, are Lands Camera and The Dalles Pharmacy (which had a soda/ice cream fountain). Historically the upstairs has been rented as offices for a wide variety of professions starting with doctors and dentists and later credit union and state government offices, among others. For the past 12-15 years it has been the art studio of Scott Gayer.

This building is approximately 4,750 square feet with multiple levels, including a street level, mezzanine level, 2<sup>nd</sup> story and small mechanical room as the basement level. The main level does not have restroom facilities, although the mezzanine level between the 1<sup>st</sup> and 2<sup>nd</sup> levels does have restroom facilities. The 2<sup>nd</sup> story is accessed by a separate outside entrance with an inside staircase near the alley on the south side of the building that intersects with Washington Street.

The approved Urban Renewal Agency Administrative Plan in Section I. Historic Design and Restoration Program states:

## **I. Historic Design and Restoration Program**

The Urban Renewal Agency (hereinafter, "Agency") will provide design services and loan interest rate subsidies to assist in the financing for the restoration and renovation of historic buildings and buildings located in the Historic Districts in the Urban Renewal Area. The intent of the Agency is to encourage property owners or business owners to do restoration of the exterior facades of the buildings to their original design and character or compatible design and to do other qualified work, which will increase the value and use of the buildings. These actions will upgrade the physical characteristics of the city and improve the value of buildings by preserving the thriving historic character of the downtown and other historic districts.

The Agency will subsidize interest rates on loans to pay for the restoration work according to the approved designs. The Agency will buy down the interest rate that the bank charges up to 12 points below the bank's standard rate for such loans (1 point equals a 1% annual interest rate). The effective rate for the borrower will be 0% in most cases.

### **Eligible projects:**

The program covers a wide variety of activities providing quality exterior improvements or rehabilitation intended to restore facades and exteriors and some types of interior work. The Project must be located inside of the Historic Districts and the Urban Renewal Area or must be designated as a historic building and within the Urban Renewal Area. The following list is not exhaustive, but covers the majority of types of projects that are eligible:

1. Replacement, repair or alteration of building exteriors (facades) or elements such as doors, windows, porches, balconies, etc.
2. Repair or replacement of awnings, cornices or decorative details.



3. Exterior painting and cleaning (major, not maintenance).
4. Masonry repair or cleaning.
5. Sign repair, replacement or removal.
6. Rehabilitation of interiors of second stories or above to make the space usable if not currently in use or to allow for a higher and more valuable use.
7. The following interior work may be eligible only if done in conjunction with and as an integral part of an overall qualifying project:
  - a. General access to building and elevators to access upper floors.
  - b. ADA access projects including ADA restrooms.
  - c. HVAC.
  - d. Major commercial kitchen construction and fixtures (not stand alone equipment).
  - e. Major building code compliance.

**Ineligible activities:**

1. Maintenance cleaning
2. Property maintenance
3. Building interiors other than those specifically allowed in number 6 and 7 above
4. Building acquisition
5. Refinancing of existing debt. \*see #5 below in Conditions and considerations
6. Inventory or other working capital
7. Administrative costs or payments to borrower

**Conditions and considerations:**

1. All projects are to be approved by the Historic Landmarks Commission and in accordance with the Secretary of the Interior's Standards for Rehabilitation Guidelines and The Dalles Historic District guidelines.
2. Projects assisted by this program are to be exterior rehabilitation and/or renovation projects showing significant aesthetic improvement to the property or qualifying interior projects that provide significant increase in value of the property and its use.
3. If the property owner or business owner chooses not to apply for the design services grant but applies for a loan under the program, the project must still be reviewed by the Historic Landmarks Commission and meet design standards to be eligible for interest rate subsidy.
4. Participating commercial banks will make the loans under this program. Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the bank. Obviously, the project must be feasible and have an acceptable prospect of repayment.
5. If the Bank requires the refinancing of existing debt to obtain a first lien position in the collateral in order to approve the financing, the Agency will only pay the interest rate subsidy on the portion of the loan which was actually used for the eligible improvements.

All loans made under this program are subject to availability of program funds to support the interest rate subsidy.

### **Historic Restoration Loan Application:**

#### **Bank Loan Process**

The applicant will take the full Urban Renewal application and certificate of approval to the participating bank where they obtained the conditional commitment for the bank's final consideration. Loan decisions, underwriting standards and collateral requirements will be entirely at the discretion of the bank. The terms will be at the discretion of the bank, but the Agency will buy down the interest rate that the bank charges up to 12 points below the bank's standard rate for such loans. If the bank loans money for any part of the project, which is for ineligible purposes, the Agency will subsidize interest only on that portion of the loan, which is for eligible purposes.

#### **The loan application requires at minimum the following:**

1. Certificate of approval from Agency.
2. Letter of approval from Historic Landmarks Commission.
3. A summary of the project outlining the work to be done.
4. Complete plans and specifications.
5. Costs estimates or bids from contractor.
6. Evidence that building permits or any other required permits are in place.
7. Preliminary commitment of any other funds to be used in the project.
8. Amount of loan requested and proposed terms being requested.
9. Bank's loan application and any other information the bank requires, such as current financial statements, including Balance sheets and Income statements.

#### **Other program considerations:**

1. The term of the loan cannot exceed the life of the Agency.
2. The applicant (borrower) must provide the bank with any collateral required by the bank.
3. The borrower must provide the bank with Agency certification of completion of the work as specified and approved or the bank will be required to declare the loan in default and the permanent financing will not be put into place.
4. If the loan is in default for the above or any other reason:
  - a. The entire loan will become immediately due and payable.
  - b. The bank will take any actions allowed by law, such as repossession of collateral, etc.

The approved Urban Renewal Agency Administrative Plan was amended on September 27, 2010 to pay the interest rate subsidy as a monthly reimbursement to the approved

applicant when proof of monthly loan payment to the lending bank is provided to the City of The Dalles according to the approved amendment.

(Note: See full plan, amendments and related staff reports for additional information.)

**APPLICATION:**

The application from Scott Gayer was received on November 8, 2010.

This application is for an interest rate subsidy on loan of an estimated \$425,000; the actual loan amount will be determined by Columbia State Bank. The professional architectural and engineering study indicates to convert the 2<sup>nd</sup> story level to residential apartments, build ADA restroom facilities on the main street level and to restore skylights and create a roof access would cost an estimated \$425,000. Project costs that exceed the loan amount will be paid by Scott Gayer.

Currently, Scott Gayer is working with Columbia State Bank. Although Columbia State Bank has provided a preliminary letter of intent, the final approval has not yet been obtained, so the lending financial institution could change. However, Scott Gayer has a lot of flexibility with this project and can scale it to the amount of funding that is approved. Scott also has additional real estate collateral that can be used to secure the level of funding necessary to complete this project.

This project will include extensive demolition/deconstruction on the 2<sup>nd</sup> level, new electrical and plumbing throughout much of the building, new roofing, alarms, sprinkler system or a 2 hour burn ceiling between main and 2<sup>nd</sup> levels and upgraded HVAC systems. These improvements and restorations will preserve the building as well as increase its overall use, particularly of the 2<sup>nd</sup> level.

The project timeline to date has been:

Obtain Urban Renewal Grant: May 2010

Begin Design Engineering Study: June 2010

Complete Design and Engineering Study: November 2010

The following is an estimated timeline for the remainder of the project:

Obtain bids for restoration construction: May - November 2010

Identify and obtain required project funds: May - November 2010

Start restoration construction project: November 2010

Complete restoration project: April 2011 (*this date depends significantly on the amount of financing provided by the financial institution and the timeline provided by the chosen contractor*)

The progress of the overall redevelopment and restoration project will depend on the total costs associated with the entire project. If the associated costs of this project as outlined in a design and engineering study are beyond the means of the applicant, then this project will not be completed at the level outlined in this application. The total amount of approved financing for this project could change. Preliminary information from

Columbia State Bank indicates a potential loan amount of \$425,000, but this amount is dependent upon the appraisal of the building and estimated value of the proposed improvements. This amount is used in this application for calculating budget implications, but could change.

**LOAN AND INTEREST RATE SUBSIDY INFORMATION:**

Estimated bank loan terms: *(In a discussing with Columbia State Bank commercial loan officer, the estimated loan terms below were projected as conservative and the actually loan term will most likely be more favorable.)*

Interest Rate: 6% - 8.5% range

Term: 15 years with interest rate adjustments every 5 years

Payment: \$4,185 monthly – calculated with a \$425,000 loan amount and 8.5% interest rate; Initial Principal and interest breakdown: \$1,175 principal and \$3,010 interest.

Type of loan: Construction loan converting to permanent loan after drawdown period

Interest Charged: FY 2010 – 2011: \$14,000. FY 2011 – 2012: \$35,500 and three fiscal year average of \$34,250.

**BUDGET IMPLICATIONS:**

*(These are estimates only since the loan amount and terms are unknown.)*

For fiscal year 2010 – 2011, the Urban Renewal Agency has a budget of \$293,655 for grants and interest rate buy-downs. \$70,000 of this budget is for new expenses, \$54,155 is for existing interest rate buy-down obligations and the remaining \$169,500 is for anticipated projects. During fiscal year 2010- 2011, the Urban Renewal Agency had approved additional interest rate buy-down obligations to Dong Xi, LLC in the approximate amount of \$5,400. The interest average for the first three years for Dong Xi, LLC is \$6,850 with fiscal year 2011 – 2012 starting at approximately \$7,000. For fiscal year 2010 -2011, there is \$64,600 remaining for new grants and interest rate buy-downs.

The exact amount of the commercial loan to be obtained by Scott Gayer is unknown, but is likely to be in the \$375,000 - \$425,000 range to complete the project and the interest rates typically charged for construction loans range from 6% - 8.5%. The estimated interest amount charged on a \$425,000 loan during fiscal year 2010 – 2011 is difficult to estimate due to the initial phase of this loan being a construction loan. On this type of loan, interest only accrues on the balance of funds paid out as the construction project progresses. Since this project will take several weeks to complete the full loan amount will not be reached until approximately April 2011. Using a possible loan amount of \$425,000 and possible 8.5% annual interest with a 15 year amortization, the interest charged for fiscal year 2010 – 2011 is estimated to be \$14,000. In this loan scenario, the next three years of annual interest paid is estimated to be an average of \$34,250, with fiscal year 2011 – 2012 starting at \$35,500 of estimated interest.

**CONDITIONS:**

1. Any project approved for an Urban Renewal Agency interest rate subsidy must be approved by the Historic Landmarks Commission. Approval by this commission has not yet been obtained for this project due to the commission's next meeting time being after this Urban Renewal Agency meeting.

2. Only eligible components of the remodel and rehabilitation of this project will qualify for any approved interest buy-down approvals. Ineligible components will reduce the percentage of interest subsidy paid by the Urban Renewal Agency by the percentage of the ineligible component percentage of the total project.

**RECOMMENDATION:**

**Staff Recommendation:** Move to recommend that the Urban Renewal Agency approve the request for an interest rate subsidy of 100% of interest paid by applicant, as submitted, for the period of fifteen years (15) or the expiration of the Urban Renewal agency, whichever occurs first and contingent upon obtaining any required approvals and permits required to complete this project.

**ALTERNATIVES:**

Alternative 1: Move to recommend that the Urban Renewal Agency decline the grant request.

Alternative 2: Move to recommend that the Urban Renewal Agency approve a interest rate subsidy at less than 100% (*insert proposed interest rate percentage*) of interest charged to applicant by their bank on the loan for this project.

**ATTACHMENTS:**

1. The Dalles Urban Renewal Agency application submitted by Scott Gayer
2. Project Selection Score Sheet – scored by staff
3. Preliminary loan application letter of intent from Columbia State Bank
4. Construction bid sheet
5. Architectural drawings of proposed project – 6 pages
6. Photos of building – 2 pages



November 8, 2010

Dan Durow

Community Development Director

City Hall

313 Court St.

The Dalles, Or 97058

Re: Scott Gayer Urban Renewal Project

Dear Mr. Durow,

I am writing to inform you that Mr. Gayer has provided Columbia State Bank a complete application package with supporting documents as were requested. As we just received this earlier this morning we are naturally unable to provide a pre-approval in time for your meeting on his behalf. I have studied through the package initially, and after discussions with Mr. Gayer about the project, feel that his request is viable. I will prepare the loan write-up request as soon as possible, and inform you when a pre-approval has been received. The pre-approval will certainly be subject to a new commercial appraisal and possible other items.

The intended new loan would include terms for the construction credit line portion which has interest only payments on the increasing balance, and terms to modify the loan when construction is completed for the amortized monthly principal and interest payments. We will provide a preliminary idea of interest rate at that time, but it would appear to be more favorable than the estimated rate chosen in the Urban Renewal application processes. If you have any questions please give me a call. Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Damon R. Hulit', written over a horizontal line.

Damon R. Hulit



Damon Hulit  
Vice President  
Commercial Banking Officer

The Dalles Branch  
316 East 3rd Street  
PO Box 1030  
The Dalles, OR 97058

p. (541) 387-3443  
c. (541) 400-0468  
f. (541) 296-1372

[dhulit@columbiabank.com](mailto:dhulit@columbiabank.com)



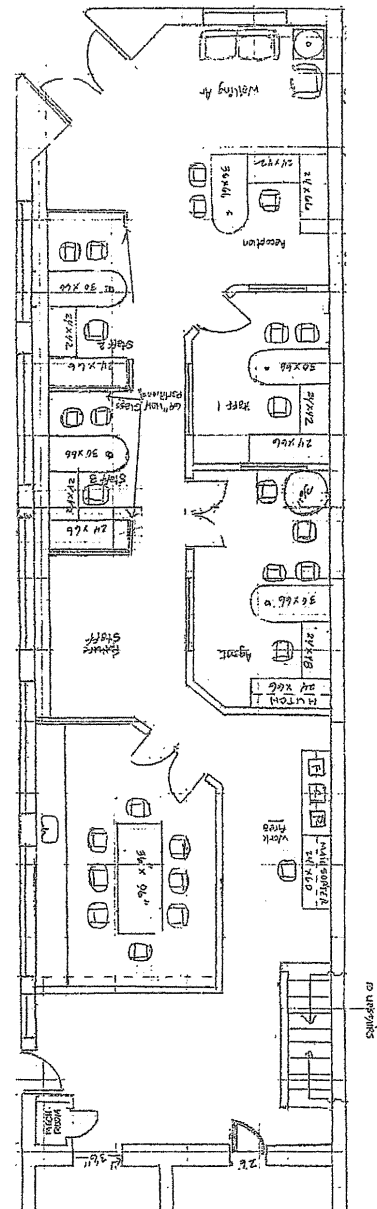
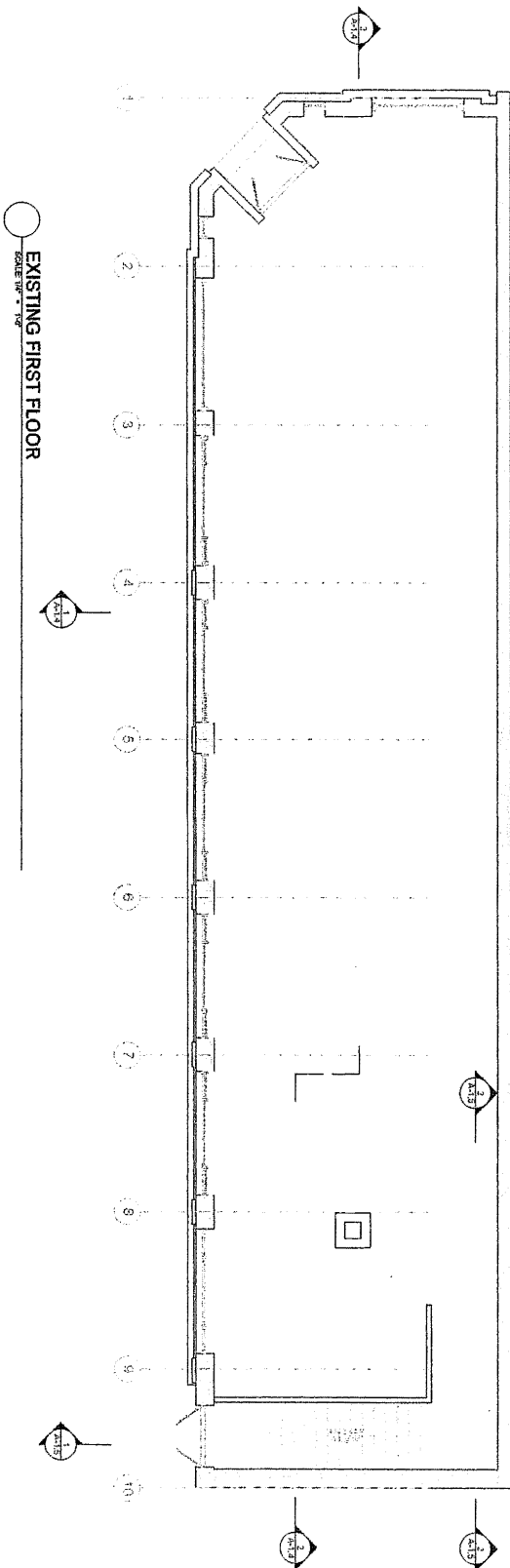
**Points Awarded:**

Priority consideration will be given to each proposed project. Points will be allowed for factors indicated by well-documented, reasonable plans, which, in the opinion of the Agency, provide assurance that the items have a high probability of being accomplished. If an application does not address one of the categories, it receives no points for that category. The possible points are listed for each.

- |    |   |    |
|----|---|----|
| 1. | The project contributes in the effort to place unused or underused properties in productive condition and eliminates blighted conditions. <b>(10 points)</b><br>Blighted Areas are defined in the Urban Renewal Plan in section 203. As part of that definition one of the conditions that characterize a blighted area is defined as follows:  | 10 |
|    | <p><i>A. The existence of buildings and structures, used or intended to be used for living, commercial, industrial or other purposes, or any combination of those uses, which are unfit or unsafe to occupy for those purposes because of any one or a combination of the following conditions:</i></p> <ol style="list-style-type: none"> <li><i>1. Defective design and quality of physical construction;</i></li> <li><i>2. Faulty interior arrangement and exterior spacing;</i></li> <li><i>3. Overcrowding and a high density of population;</i></li> <li><i>4. Inadequate provision for ventilation, light, sanitation, open spaces, and recreational facilities; or</i></li> <li><i>5. Obsolescence, deterioration, dilapidation, mixed character or shifting of uses;</i></li> </ol> |    |
| 2. | The project develops, redevelops, improves, rehabilitates or conserves property in ways which will:   |    |
|    | <p><b>A. Encourage expansion and development of jobs, (20 points)</b></p> <p>1 job per \$10,000 or less granted – (20 points)</p> <p>1 job per \$10,001 to 20,000 granted – (15 points)</p> <p>1 job per \$20,001 to 35,000 granted – (10 points)</p> <p>1 job per \$35,001 to 50,000 granted – (5 points)</p>  | 0  |
|    | <p><b>B. Increase property values and tax base, (15 points)</b></p> <p>Increase taxable value by \$50,000 or more – (15 points)</p> <p>Increase taxable value by \$25,000 to \$49,999 – (10 points)</p> <p>Increase taxable value by \$5,000 to 24,999 – (5 points)</p>   | 15 |
|    | <p><b>C. Conserve historically significant places and properties, (25 points)</b></p>   | 25 |

D. Make The Dalles a more attractive and functional city in the following ways:		
i. Shows significant aesthetic improvement to the property (10 points)		0
ii. Provides needed services or community function (10 points)		0
iii. Serves a significant portion of the community, (5 points)		0
iv. Enhances the quality of life for residents of the city (5 points)		0
3. The project leverages other public and/or private sources of funding. (15 Points)		5
\$1 Urban Renewal grant to \$3 (or more) other funding – (15 points)		
\$1 Urban Renewal grant to \$2 other funding – (10 points)		
\$1 Urban Renewal grant to \$1 other funding – (5 points) 1:1.29		
4. The Applicant shows that it is financially able to complete the project and maintain the property. (10 points)		10
6. Administrative – The Agency may assign additional points for project considerations which do not fit into one of the above categories, but which provide compelling evidence that the project will further the goals of the Agency; or, if the project meets one or more of the above factors in a way that is far beyond the norm for that category. The assignment of points in this category will be by memorandum stating the reasons and will be maintained in Agency files. (25 points)		0
<b>TOTAL</b>		<b>65</b>





FIRST FLOOR

1

Gayer Building  
Scott Gayer  
300 East 2nd Street  
The Dalles OR

97058

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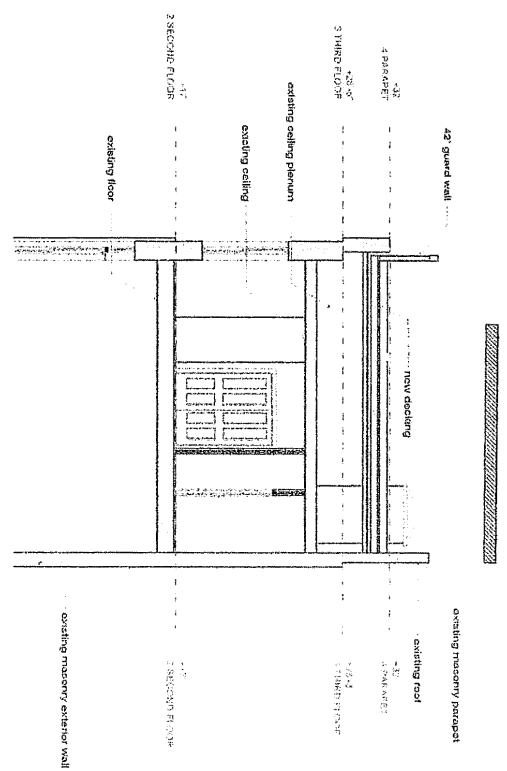


**SECOND FLOOR**  
**SCALE 1/4" = 1'-0"**

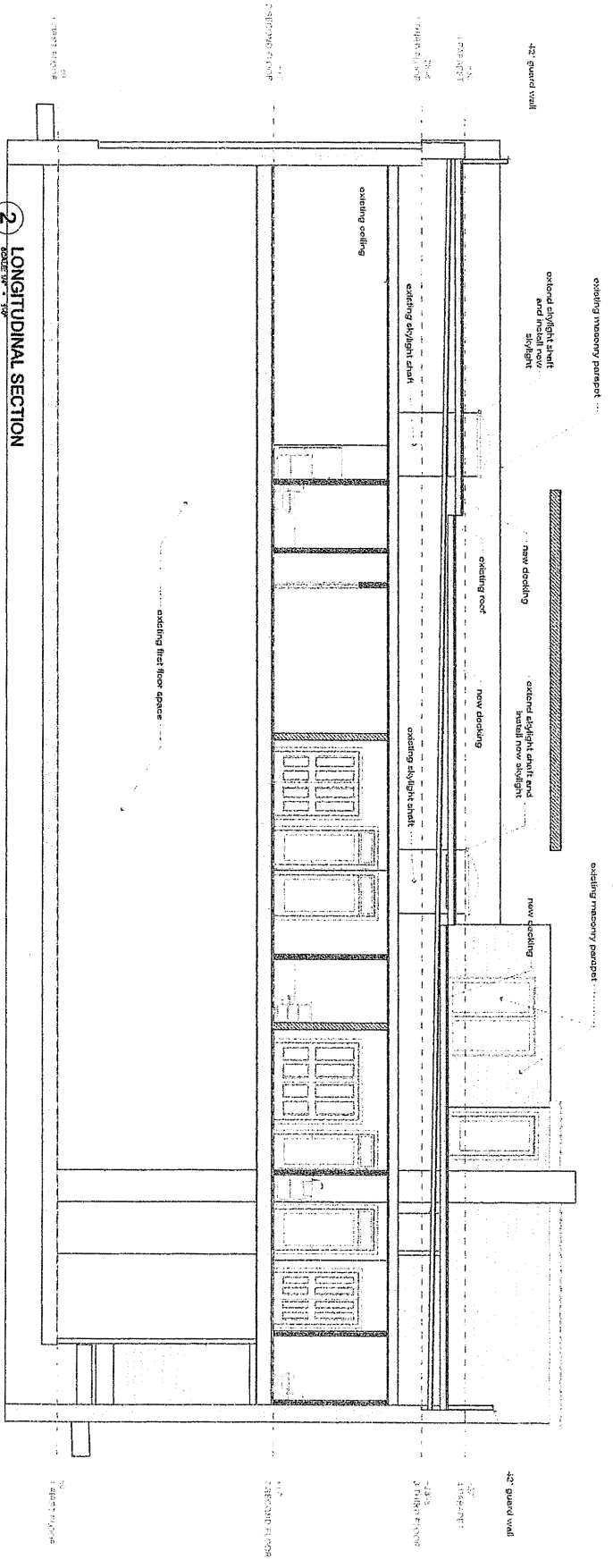


EXISTING SECOND FLOOR





**1** CROSS SECTION AT CANOPY  
SCALE: 1/4" = 1'-0"



**2** LONGITUDINAL SECTION  
SCALE: 1/4" = 1'-0"



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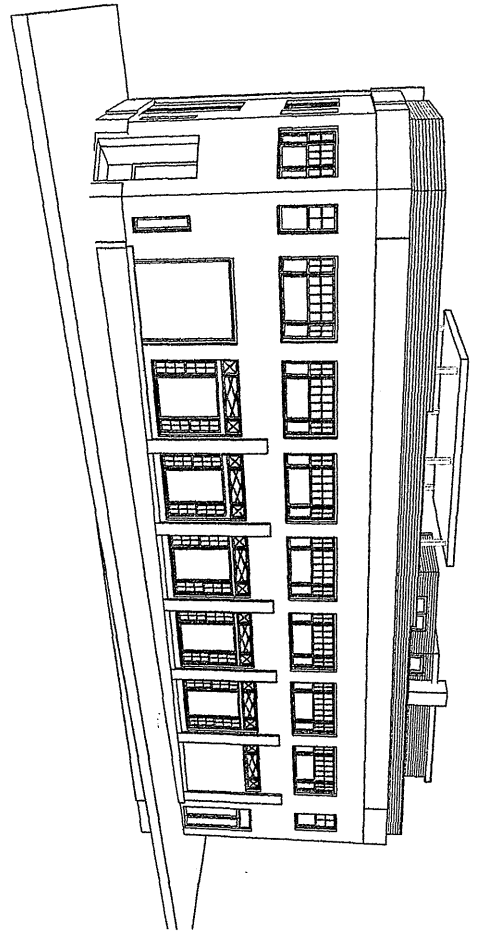
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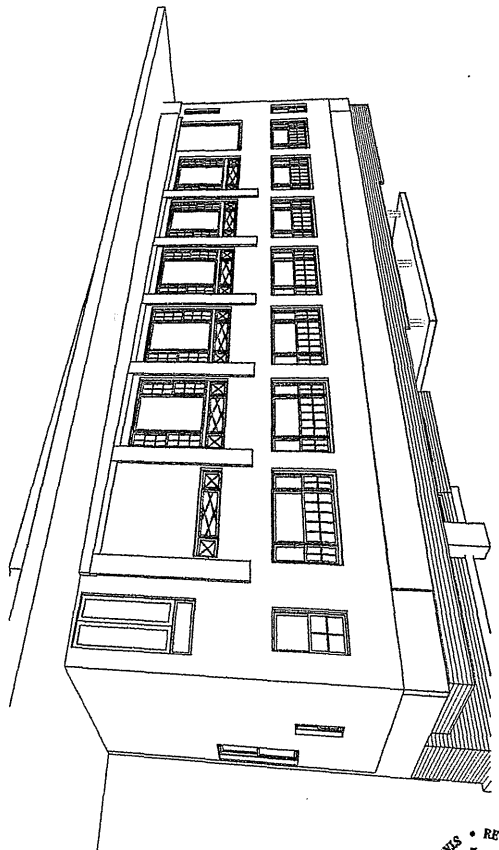
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300 East 2nd Street  
The Dalles OR  
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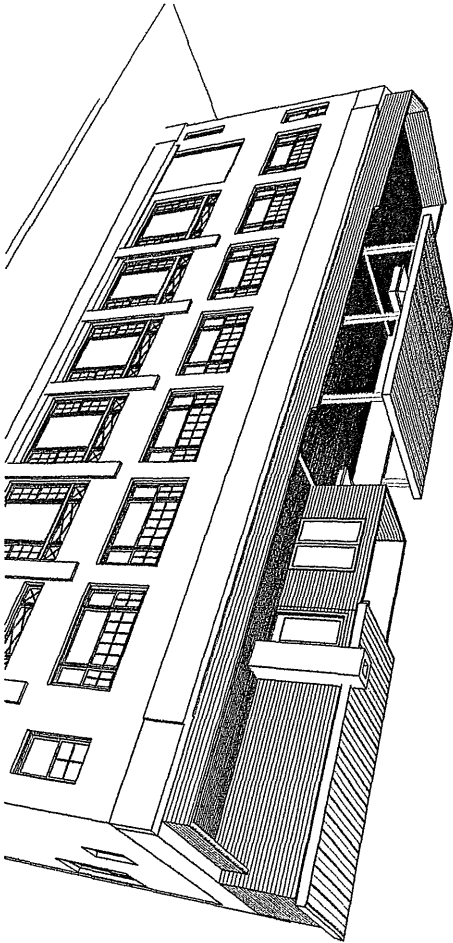




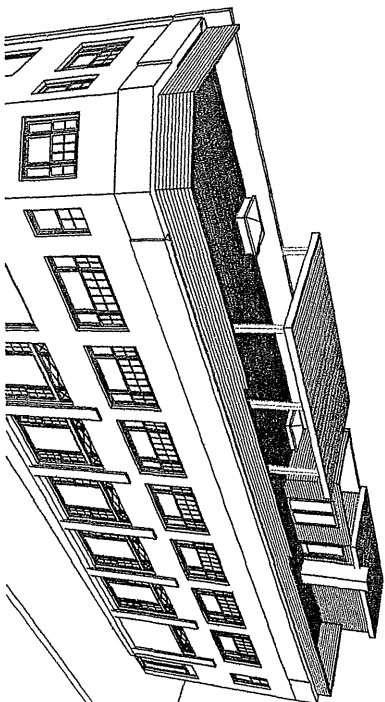
4 NW Exterior View  
SCALE 1/8" = 1'-0"



3 SW Exterior View  
SCALE 1/8" = 1'-0"



2 SW Roof View  
SCALE 1/8" = 1'-0"



1 NW Roof View  
SCALE 1/8" = 1'-0"



Issue date

Date of printing  
10/20/10

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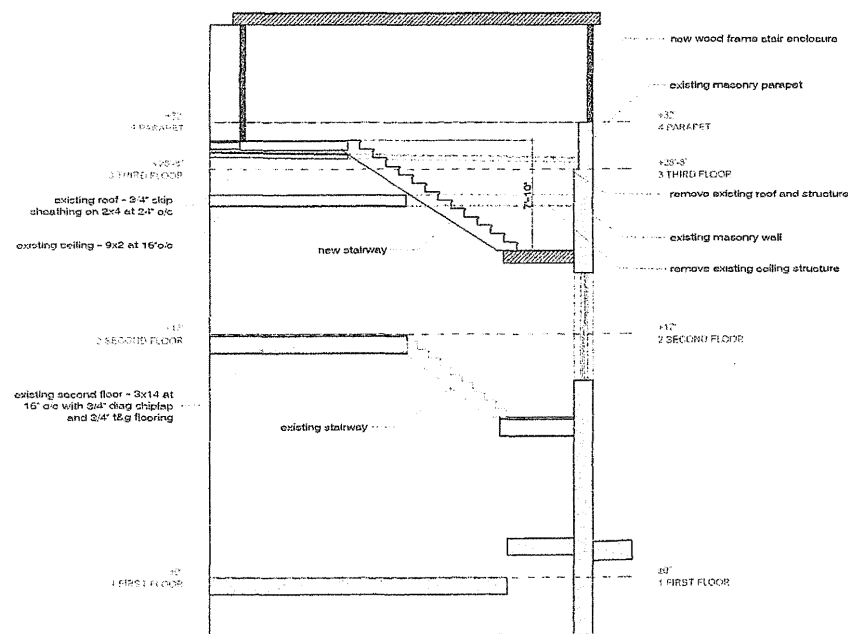
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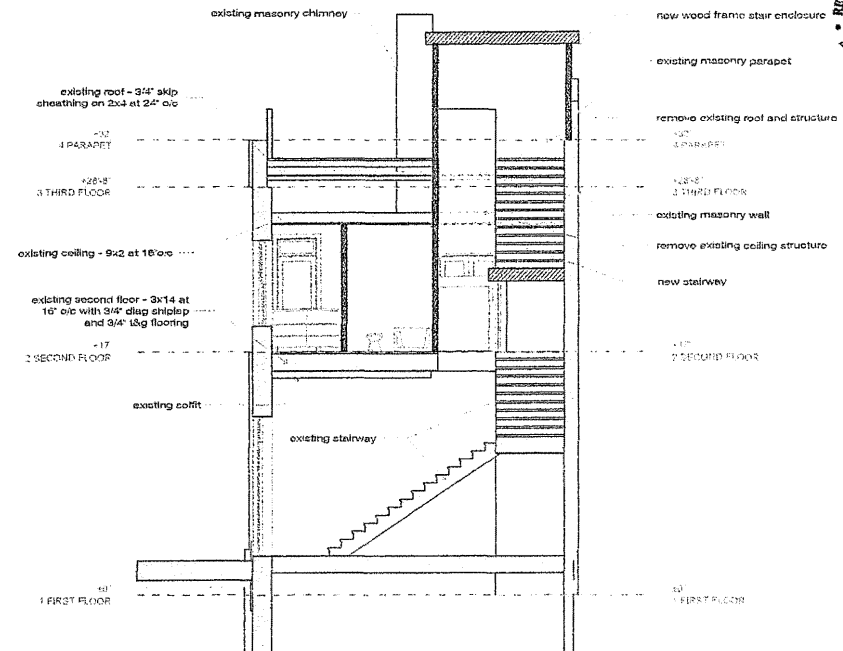
Gayer Building  
Scott Gayer  
300 East 2nd Street  
The Dalles OR

6

3D VIEWS



2 N/S SECTION at STAIRS  
SCALE: 1/4" = 1'-0"



1 CROSS SECTION at STAIR  
SCALE: 1/4" = 1'-0"



issue date

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Gayer Building  
Scott Gayer  
300 East 2nd Street  
The Dalles, OR 97058

sheet

Gayer Jeweler Building

Type of Work		notes
Permits		
Port o potty	\$600.00	
Enginnering <i>+ PLANS</i>	<i>8,000</i>	
Framing Labor	\$15,000.00	
Framing material	\$6,500.00	
Soffit material & labor	\$2,000.00	can maybe have suspended ceiling downstairs and split cost on that?
Roofing	\$27,500.00	
skylight(sheetrock shaft)	\$3,500.00	allowance, couldn't find the type that owner wanted
Windows	<i>+ DOWN</i> \$25,000.00	allowance
Window Install	\$3,500.00	
Interior stair	\$3,000.00	labor only
Railings/gaurdrail	\$5,000.00	hardi painted same color as building allowance
Plumbing	\$12,278.55	extra cast iron drop add \$250.00
pluming fixtures	\$10,000.00	allowance
Fire sprinklers	<i>27,000</i> <del>\$6,000.00</del>	
Electrical	\$32,200.00	buget number allowance for fixtures included
Hvac	<i>+ DOWN</i> \$21,500.00	<i>+ 8</i>
Insulation	\$7,500.00	
Drywall	\$11,568.49	
Paint Interior	\$6,000.00	
Paint exterior	\$2,000.00	
Cabinets & vanitys	\$5,000.00	allowance
Cabient and vanity Install	\$1,500.00	
countertops	\$3,500.00	tile standard grade
Interior Doors	\$1,000.00	new jambs, old ones will be too hard to save
Door labor	\$2,000.00	
tub/tile surround	\$4,500.00	
carpet and hardwood	\$15,000.00	allowance
Tile flooring	\$2,000.00	
Interior trim	\$7,500.00	
Trim and finish labor	\$7,500.00	
Closets and pantry	\$4,500.00	
Decking for roof	\$15,000.00	timber tex composite. Upgraded pvc
Patio cover upstairs	\$15,000.00	
Mechanical room	\$40,000.00	
tractor/crane rental	\$2,500.00	
Blinds	owner responsibility	
Hardware	\$2,000.00	allowance
Mirrors	\$1,000.00	allowance
Shower doors	\$3,000.00	allowance
Appliances	owner responsibility	
Appliance install	owner responsibility	can usually get free from whereever you purchase them from!
glass above doors	\$2,500.00	allowance
Clean up	\$15,000.00	
Sub-Total	\$350,647.04	
3% contingency		

18  
33  
8  
68  
\$410K  
425K



