

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING

July 19, 2022
5:30 p.m.

City Hall Council Chambers
313 Court Street, The Dalles, Oregon 97058
Via Zoom / Livestream via City Website

PRESIDING: Darcy Long (arrived at 5:57 p.m.), Kathy Schwartz

BOARD PRESENT: Diana Bailey, Staci Coburn, Tracy Dugick, Lindsey Giamei, Tim McGlothlin, Dan Richardson, and Shanon Saldivar

BOARD ABSENT:

STAFF PRESENT: Urban Renewal Manager and CDD Director Alice Cannon, City Attorney Jonathan Kara, Senior Planner Joshua Chandler, Associate Planner Kaitlyn Cook

CALL TO ORDER

Vice Chair Schwartz called the meeting to order at 5:36 p.m.

PLEDGE OF ALLEGIANCE

Board Member Richardson led the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Dugick and seconded by Coburn to approve the agenda as submitted. The motion carried 8/0; Bailey, Coburn, Dugick, Giamei, McGlothlin, Richardson, Schwartz and Saldivar in favor, none opposed, Long absent.

APPROVAL OF MINUTES

It was moved by Richardson and seconded by Dugick to approve the minutes of May 17, 2022 as submitted. The motion carried 8/0; Bailey, Coburn, Dugick, Giamei, McGlothlin, Richardson, Schwartz and Saldivar in favor, none opposed, Long absent.

PUBLIC COMMENT

None.

BOARD MEMBER COMMENTS / QUESTIONS

None.

DISCUSSION ITEMS

Staffing Transition in Community Development and Urban Renewal Program

Director Cannon stated it had been her honor to work with the Board. July 22 will be her last day as Community Development Director. Cannon will continue as a consultant for Urban Renewal.

City Manager Klebes said it was a pleasure to work with Manager Cannon. The City will contract with Cannon to assist with Urban Renewal projects and the Planning Department. The job description is under review to continue as Planning Director, and as a separate Economic Development staffer. Discussion will continue with City Council for authorization and approval. This process will move forward over the next few months. Between now and the end of the year, Manager Cannon will be available to assist with projects.

Board Members Richardson and Coburn thanked Director Cannon for her leadership and contributions.

STAFF COMMENTS / PROJECT UPDATES

Director Cannon stated she had not received final word on the Tony's Building grant from Business Oregon.

Hanlon Development submitted the first development proposal for a downtown property. The request is to increase the allowed height of a mixed-use structure consisting of 100 residential units on four floors in addition to ground floor commercial space. Director Cannon anticipates submittal of a grant application under the new Incentive Program. Cannon noted applicants must have an approved building permit prior to grant application.

DISCUSSION ITEMS (continued)

Urban Renewal Incentive Program Update and Discussion

Director Cannon directed attention to the Incentive Program application packet. Cannon said the application is straightforward and intuitive. The Board reviewed much of the content in May. The application will be available on the City's website.

Applicants should contact CDD to determine eligibility, the category they qualify for, the amount of money available and next steps. Staff will talk through the applicant's proposed development plan, program elements and estimated costs. Applicants would then submit their application.

Applications at less than \$50,000 will be approved at the staff level. Applications greater than \$50,000 will go to the Board for approval. The goal is to have the review and decision within 60 days from the date of completeness. Following approval, the applicant will receive a grant agreement detailing the conditions of approval.

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Applicants must have an approved building permit to be eligible. Projects for maintenance or repairs that do not require a building permit would not be noticed by the County Assessor, therefore ineligible for increased taxing. The goal of Urban Renewal is to raise property values.

Chair Long joined the meeting at 5:57 p.m.

Board Member Schwartz referred to the \$50,000 threshold, and asked who, in this interim period, would make the decisions. Director Cannon thought it would be Interim Director Joshua Chandler, but will confirm with the City Manager. Director Chandler will receive advice and recommendations from Cannon in her role as consultant.

Board Member Giamei asked why the threshold increased from \$10,000 to \$50,000. Director Cannon replied the Board approved the increase at an earlier meeting. The increase provides a streamlined approach allowing staff to quickly make decisions.

Board Member Giamei stated \$50,000 is a significant amount of money for a decision by one person. An applicant, with what could be a viable project, may be turned away on step one or two, instead of submitting the application, going through the process, and presenting it to the Board for a decision. \$50,000 is a high threshold.

Director Cannon replied the process is binary; the application either meets, or does not meet, the requirements. The building permit is a threshold that ensures the Agency that the development investment is noticed by the County Assessor's office, and is of a size to prevent an inundation of grant applications for smaller improvements. It will be the Board's decision.

Board Member Giamei stated \$5,000 would go a long way toward smaller business improvements. She was concerned there was a shift toward funding large projects. Smaller projects also have impact. The Board should ensure smaller projects are not lost.

Director Cannon clarified that Urban Renewal funds are intended for use on capital projects. Those funds are not allowed for maintenance, other than operations associated with running the Agency. Cannon reiterated the number one goal of Urban Renewal is to raise property values and get increased investment and prosperity in an area.

Board Member Giamei stated tenant improvements were one of the line items. The building permit is unnecessary as a primary component. Flooring in a 5,000 SF building could cost \$15,000, a significant amount of money to improve the property.

Director Cannon stated it is easiest to screen applications with a clear and objective standard; a building permit is clear and objective. Flooring that increased occupancy of an area would require a permit.

In reply to Chair Long's question, Director Cannon stated a building permit is a threshold that triggers a reassessment of the building value on which taxes are calculated.

Board Member Bailey requested clarification on "Eligibility of Proposed Project | Public Funding" which refers to the proposed project and public funding received from other grants within the past five years. If individuals are not required to come to the Board, which has a broad scope and knowledge of the various public-funding entities, how will that be policed?

Director Cannon replied other than the vertical housing tax abatement, any other tax abatement programs will disallow the project. This question would not exclude an application unless the property has an existing tax abatement.

Board Member Saldivar asked if a formal scoring process would be the same process for applications under and over \$50,000. Director Cannon replied the application does not have a scoring system. If the application can meet the basic thresholds, funds will be awarded.

Based on discussion regarding a “soft launch”, Director Cannon suggested a complete launch the week of August 1, 2022. Marketing will include a mailer sent to property and business owners in the district. A web presence will be established, a press release sent to the media, and notice will be posted to Facebook and Instagram.

Chair Long noted the goal of Urban Renewal is to make a large impact on the infrastructure and appearance of downtown. If necessary, additional funds can be moved out of the category where it is held for future years to fund excellent projects that come forward. Projects under \$50,000 can be approved by Interim Director Chandler, and will benefit from a shorter processing timeline. The Board’s intent is to make the process easy, quick, and accountable.

Board Member Saldivar shared her concern with scoring, stating if a project met the metrics the Agency is rubber stamping the project. This is not a process that determines whether or not the project is a good fit.

Director Cannon noted the Board would have more discretion when an applicant requests more than the cap of \$700,000. The intent of staff’s recommended program is to provide a simple process, removing staff discretion and scoring from the approval process.

Board Member Richardson stated the Board wanted a streamlined, game changing program. It would be a disservice to small existing businesses to go up against large development for the same funding. Board Member Richardson suggested directing staff to look at separate, dedicated funding for existing businesses. For a small business, \$15,000 is a different order of magnitude than a development of dozens of units.

Board Member Giamei said this was a good proposal; a small amount of money can go a long way. It would be amazing to section off some money to ensure smaller projects are not brushed aside.

Director Cannon stated she was unsure if that type of funding could come from Urban Renewal’s budget; it may need to come from economic development or general funds.

Board Member Richardson proposed directing staff to proceed with the incentive program as outlined and proposed that staff research and develop a separate small business grant specifically for existing businesses.

Chair Long noted Board Member Richardson’s proposal was a function of City Council, and she would discuss the proposal at her next meeting with the City Manager. She added many options were available for the program, which is why funds were spent on the front end and roll out has taken so long. Because the Agency set a \$50,000 threshold and allowed staff approval, smaller funding amounts will go through quickly, jumping ahead of the line. Large, complex projects will go through a more vigorous process and come before the Board for decision. Chair Long

did not agree it was a “rubber stamp” at that point. The Board will still assess whether or not a project is appropriate downtown. The Agency is trying to trigger a tax value reassessment with these dollars. Without a building permit, the assessor will not reassess the value, which will not increase the tax base.

Board Member Coburn agreed with Chair Long’s statements. Coburn stated if the process is simple and requests less than \$50,000 flow through quickly, we can ensure our local community will benefit from these dollars. The Agency’s intent is to ensure businesses and dollars return to the tax rolls. By using the permit process, it will help ensure that goal is met.

Board Member Giamei requested clarification on the following statement under “Certification By Applicant”:

I understand that I will enter into a contractual grant agreement for the project and that, concurrent with paying out grant funds, a lien equal to the value of the grant funds disbursed or SDC credits received will be imposed on the property for fifteen (15) years after project completion. The lien will be released 15 years after project completion and written notice delivered to the Agency Manager by the property owner.

City Attorney Kara stated the purpose is to provide the Agency with security for an investment. All grants generally include some assurances that awarded funds will be used sensibly, transparently, and consistently with the application. Essentially, a lien is assessed against the title to the real property. The owner signs with the understanding the amount awarded will be assessed as a lien against the property. In the event of noncompliance with the terms of the grant agreement, a lien will be assessed.

Board Member Giamei said based on anticipated funding, grant funds will be committed prior to the commencement of work but will not be disbursed until the applicant provides proof of payment for the completed improvements. She questioned the necessity, and stated it does not make sense to impose a lien on property when the applicant has completed the project and paid up front.

Director Cannon replied grant funds will be awarded on a reimbursement basis. The applicant pays up front, the grant awarded, and funds reimbursed after improvements are completed. The lien is different. The lien is placed on your property after grant funds are awarded to ensure improvements are kept in place for 15 years, and Urban Renewal funds are not wasted. Cannon added the verbiage should be clarified.

Board Member Giamei said she would be concerned, as a property owner, to sign for a lien against the property.

City Attorney Kara explained soft contract language had, in the past, exposed the Agency to liability. Since public money is being used to fund private improvements, it is imperative that legal protections are in place. The second part is understanding that funds will be awarded pursuant to the terms of the grant agreement. That agreement will specify, based on the application, that funds will be awarded on a reimbursed basis. These are two completely different topics. To the extent it is not obvious these are two different topics, we will absolutely take a look at this to ensure clarity and transparency.

Director Cannon stated she would use the Board's feedback to research consistency with our peer communities. If inconsistent, she will return and share how other communities handled those situations, and provisions included in their grant agreements.

Board Member Bailey asked if the lien could be reduced over the years annually to make it more palatable to both the taxpayer and the business owner. Director Cannon replied she would research a reduction.

In response to Board Member Schwartz' inquiry, City Attorney Kara replied the lien verbiage would be determined when we finalize the terms of the funding agreement. If the Agency cannot enforce the terms of its own grants, we are squandering public resources.

Board Member Richardson asked if staff, while researching the possibility of a depreciating lien, research the possibility of liens with variable terms based on the amount of requested funding. Director Cannon replied she would research options.

Chair Long asked, if in the remainder of the lien time the property is and transferred to a new owner, the new owner cannot tear down the property.

City Attorney Kara replied it is a restriction on the title. The agreement is with the land itself.

Chair Long asked if the application packet revisions would delay the program.

Director Cannon replied the launch could move forward. Modifications can be made to the lien program. If launched August 1, it will be much later before a lien would be attached.

City Attorney Kara stated no formal board action was requested at this time; formal board action would come with the award of any grants in excess of the Director's spending threshold. The Director, as the Agency's manager, has a contracting spending authority. These grants would fall under the established threshold of \$50,000. Anything above that would come to the Board for approval. The board can assign conditions on that approval on a case-by-case basis. With the understanding applicants for these funds would already go through a land use process as well, it seems timely that this be launched in the next week as opposed to waiting. There is sufficient legal authority to do it that way.

Board Member Schwartz questioned the need for another funding category for small business, when the grant program has a threshold of \$50,000. The issue is whether the project will be an impactful, infrastructure type of project. Not a small business or a large business. I'm wondering if that is really important work for staff to do, set up a separate category.

Chair Long asked if there was a consensus in favor of a separate fund for small business. Four Board Members were in favor, five were opposed.

Board Member Richardson stated he was not asking for a full-fledged program. He asked for some reflection on how we might also, separately, have a small grant program below the threshold of the building permit for that game changing project.

Director Cannon said in her assessment, we cannot spend Urban Renewal dollars on non-capital projects. If there is consensus, Director Cannon will follow up with the City Manager, possibly as a function of a future economic development program.

Board consensus was in favor of Director Cannon initiating a conversation with the City Manager.

Director Cannon thanked the Board for their input.

Board Member Schwartz left the meeting at 7:05 p.m.

Chair Long recessed the meeting at 7:07 p.m. The meeting resumed at 7:12 p.m.

First Street Project Update and Next Steps

Director Cannon introduced Project Consultant, Travis Kruger, of HDR. Mr. Kruger provided assistance in working with the Oregon Department of Transportation (ODOT) on various complexities of the First Street Project. Cannon said the project was at a milestone decision point. Does the City want to continue working with ODOT using a federal grant, or forego that partnership and deliver the project locally? As an ODOT requirement, the contracts are with City Council. With Board consensus, an update will be provided at City Council in September for a final decision. If further questions remain, staff will research and return at future meeting.

Mr. Kruger presented a project status update, funding discussion and next steps, Attachment 1.

Mr. Kruger's analysis compared the costs of an ODOT-delivered project against a City-delivered project. A June cost estimate showed the City could complete the project one to three years earlier with a savings of approximately \$821,000. This amount includes repayment of approximately \$320,000 to ODOT for grant funds expended by the City. Mr. Kruger recommended project delivery by the City of The Dalles and KPFF.

Director Cannon added if the ODOT agreement is terminated and we retain KPFF, the City would open a new contract with KPFF that would outline the scope of work and costs. The City has a construction inspector on staff to assist; specialized inspections will be coordinated with KPFF. Director Cannon noted this approach would be more nimble.

Director Cannon stated First Street is in disrepair and hazardous. It needs to be repaired.

Board Member Giamei asked if this project would still be number one on the list of things to do, or potentially scaled back to some extent to use the funds on another project, also on the list.

Director Cannon replied she did not have an answer. Cannon felt it more important than Third Street due to the hazards.

Public Works Director Dave Anderson stated as far as a prioritization between First Street and Third Street, First Street may be more important. The City has very old utilities under both streets. Many underground water lines date back to the early 1900s. The City has very old sewer lines, although some were replaced with the Second Street Streetscape Project. The City would consider those upgrades with either First or Third Streets. The thing lending some priority to First Street is the investment made thus far, and the value of the engineering. The City is currently at about 95% design on this. That is of value, a significant investment to reach this point. Director Anderson estimates engineering, not yet done for Third Street, would be \$1 million to \$1.5 million for Third Street to reach the same point of progress of First Street currently. A lack of maintenance has been done on First Street because this project has been delayed. There has been no significant street or pavement maintenance; sidewalks have not been

updated for a number of years. Director Anderson said his preference would be to move forward with the implementation of First Street rather than backing up and revising Third Street.

Board Member Saldivar asked what environmental studies would be overlooked at the City level, compared to the Federal level. Environmental studies can be cumbersome, but there is also some benefit. What would be lost by eliminating the federal studies? Mr. Kruger replied some of the same monitoring is still required. There are significant cultural areas of concern there; those studies are required.

Director Cannon said the rock wall on First Street is a listed resource on the historic inventory. The wall should be replaced; at some point, it will fall down. The Historic Landmarks Commission will need to be comfortable with a design solution. One possibility is mitigation. Located in China Town, the wall is very prominent. How do we replace it, what with, what can we do to preserve the history of the wall? Some possibilities to honor the history of the area include interpretive placards or a Chinese symbol for The Dalles stamped in the concrete.

Board Member Saldivar said with fewer required environmental studies, the resulting project may not have as many requirements as a federally funded project.

Mr. Kruger replied that was correct. Some of the same requirements remain. For example, during excavation of the wall, someone should observe to ensure nothing of significance is uncovered. That is a requirement with either scenario. Some of the more expensive tasks would be eliminated.

Board Member Richardson confirmed with Mr. Kruger that the remaining federal funds, if kept, will cost us more in time, but also more money than they are worth. It would cost more to spend than return the funds. Mr. Kruger agreed.

Board Member Richardson asked if there was any conversation for trying for 2023 as opposed to 2024 for construction.

Mr. Kruger replied some of the long lead-time tasks are for right-of-way coordination which will take somewhere between a year to a year and a half. That's the critical path at this point, and the reason we need a decision.

Board Member Richardson asked if there were aspects of this not discussed that would make it arguably worthwhile to keep the federal funds. Mr. Kruger replied if the funding was three times as much as the award, it would be a much different calculus for comparing the two options.

Board consensus was in favor of terminating the ODOT agreement.

ADJOURNMENT

Being no further business, the meeting adjourned at 7:43 p.m.

Meeting conducted in a room in compliance with ADA standards.

Submitted by/
Paula Webb, Secretary
Community Development Department

SIGNED:


Darcy Long, Chair

ATTEST:


Paula Webb, Secretary
Community Development Department



The Dalles First Street Project – Federal Funding Update

Travis Kruger, PE (HDR)



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Attachment 1

- 01** Project Status
- 02** Funding discussion
- 03** Next steps

Project Status:

- HDR - assisting The Dalles as owner's rep and ODOT coordinator
- KPFF - project consultant and design firm
 - Plans are currently at 95% complete
 - Major design and coordination tasks remaining:
 - Finalize retaining wall design from Union to Washington
 - Finalize ROW coordination with railroad
- Finalization of plans and bid documents currently paused to address funding questions and next steps

Funding discussion:

- Federal funding background
 - Project was originally partially funded by federal ARRA grant 2009-2010
 - Federal funds were approximately \$1.6 million
 - Using the federal funds introduces federal nexus for considerable State involvement
- Current plans now include retaining wall reconstruction, triggering additional federal funding requirements (completed by ODOT)
 - Section 106 of NEPA permitting
 - Between 2 – 3 years of additional ODOT review and permitting time
 - Construction monitoring

Funding discussion (cont):

- Primary risks of using federal funds:
 - Adding 2 to 3 years to schedule (2026)
 - Unprecedented construction cost escalation and labor shortage
 - Challenges with federal funding aspects of the project:
 - environmental permitting
 - ROW coordination
 - Private property coordination and improvements
- Analysis of delivering thru The Dalles and KPFF staff
 - Do not utilize the federal funding
 - The Dalles staff to bid the project
 - KPFF to assist The Dalles with construction management
 - Cost savings to deliver “locally”?

Funding discussion (cont):

- Federal funded delivery (ODOT):
 - 2026 construction and associated cost escalation (app. \$1.7 million)
 - Extensive ODOT costs for construction monitoring and environmental permitting (app. \$500K)
 - Approximately \$5.1 million anticipated cost-to-complete project and construction

- KPFF / The Dalles delivery
 - 2024 construction and substantially reduced cost escalation (2 less years of increases)
 - Simplified construction monitoring and environmental review
 - Approximately \$4.3 million anticipated cost to complete project and construction
 - Conservative savings of approximately \$800K (including loss of federal funds)

Next Steps:

- Recommend “local” project delivery (The Dalles and KPFF)
 - Void existing ARRA grant awarded to The Dalles
 - Repayment of approximately \$300k of ARRA funds used to date
 - Contract with KPFF to include previously assumed ODOT task items:
 - Additional environmental permitting and construction monitoring
 - Additional construction management tasks
 - Additional ROW coordination
- 2024 construction is goal