

AGENDA

WARRENTON URBAN RENEWAL AGENCY

August 22, 2023 – 6:00 P.M.

Warrenton City Commission Chambers – 225 South Main Avenue
Warrenton, OR 97146

Public Meetings will also be audio and video live streamed. Go to <https://www.ci.warrenton.or.us/administration/page/live-stream-public-meetings> for connection instructions.

1. CALL TO ORDER
2. ROLL CALL
3. CONSENT CALENDAR
 - A. Urban Renewal Agency Meeting Minutes – 6.27.23
4. BUSINESS
 - A. Consideration of Urban Renewal Advisory Committee Recommendation
 - B. Consideration of Business Proposal
5. ADJOURN

Warrenton City Hall is accessible to the disabled. An interpreter for the hearing impaired may be requested under the terms of ORS 192.630 by contacting Dawne Shaw, City Recorder, at 503-861-0823 at least 48 hours in advance of the meeting so appropriate assistance can be provided.

MINUTES
Warrenton Urban Renewal Agency
June 27, 2023
Warrenton City Hall - Commission Chambers
225 S. Main
Warrenton, Or 97146

Chair Balensifer convened the Urban Renewal Agency meeting at 7:57 p.m.

Commissioners Present: Chair Henry Balensifer, Mark Baldwin, Tom Dyer, Gerald Poe, and Paul Mitchell

Staff Present: Executive Director Esther Moberg, Public Works Director Greg Shafer, Acting Harbormaster Don Beck, Marina Office Assistant Jessica Megowan, Finance Director April Clark, Deputy City Recorder Hanna Bentley, Water Treatment Plant Operator Dave Davis, and Secretary Dawne Shaw

CONSENT CALENDAR

A. Urban Renewal Agency Meeting Minutes – 6.13.23

Commissioner Baldwin made the motion to approve the consent calendar as presented. Motion was seconded and passed unanimously.

Dyer – aye; Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer - aye

PUBLIC HEARINGS

Chair Balensifer opened the public hearing on Resolution No. 23-02; adoption of the Warrenton Urban Renewal Agency FY 2023-2024 Budget. Formalities followed. No conflicts of interest or ex parte contacts were reported. Finance Director April Clark presented the budget and noted it was approved by the Warrenton Urban Renewal Agency Budget Committee. The total appropriations for the budget is \$7,771,034. Chair Balensifer asked for public comment. No one spoke in favor or opposition. There being no further comments, Chair Balensifer closed the public hearing.

Commissioner Dyer made the motion to adopt Resolution No. 23-02; adopting the Urban Renewal Agency budget for FY 23-24 Motion was seconded and passed unanimously.

Dyer – aye; Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer - aye

BUSINESS ITEMS

Executive Director Esther Moberg reviewed a contract amendment for additional costs for a grease inceptor and to bring the area up to the city's own code. She stated the plans she was given were over the original \$100,000 do not exceed amount and noted that according to the plans that number would be closer to \$130,000. Chair Balensifer noted that if \$30,000 is the biggest budget change that they have had for a project that started in is pretty good and commended Ms. Moberg. Chair Balensifer asked about the

damaged sidewalk. Ms. Moberg noted that would be replaced in the upcoming improvements. Brief discussion continued. Ms. Moberg noted this change is within her spending authority, but she wanted to make sure they were aware of the budget change. Chair Balensifer noted that since the previous action was a “Not to Exceed” it would be good to take action to approve the change in cost.

Commissioner Poe made the motion to approve the overage for grease trap installation at the city food cart pod Motion was seconded and passed unanimously.

Dyer – aye; Baldwin – aye; Poe – aye; Mitchell – aye; Balensifer - aye

There being no further business Chair Balensifer adjourned the URA meeting at 8:02 p.m.

Respectfully prepared and submitted by Hanna Bentley, Deputy City Recorder.

APPROVED:

Henry A. Balensifer III, Chair

ATTEST:

Dawne Shaw, Secretary



Committee Recommendation: Warrenton Urban Renewal

August 15, 2023

Recommendation Title:

Renovation of the Building at the Corner of First Street and Main (the Fenton Building)
into a Community Center for all Ages

Vote Outcome 4 In Favor - 0 Opposed - 0 Recused Opposition Statements? No

Recommendation Narrative:

The recommendation is to use \$650,000 of Urban Renewal funds to transform the Fenton Building into a mixed-use community center for all ages to enjoy year round and small businesses can rent space without having to spend vast amounts of money up front. The existing six apartment units on the second floor will undergo necessary repairs and remain as affordable housing.

A few of the proposed business ideas are a coffee shop where one could spend time reading a book or using a laptop, or chatting with friends over coffee and pastries, a classroom/meeting room for the community to use, a kid's area and some specific amenities for pre- and teenagers to gather in a safe place. There could be a flower shop with gardening classes, a shop for kayak/ paddleboard rental or purchase and a place for local artisans and artists to display their wares for sale and give local musicians an audience.

We feel this would benefit the entire community and attract more foot traffic to benefit the existing businesses surrounding the center.

The original offer to the seller was \$650,000, the buyers have not heard back from them. There are no other offers. The buyers would use \$400,000 of the Urban Renewal funding to purchase the building and \$250,000 toward renovation expenses.

*Attach opposition statements and/
or additional narratives/info.*

Tess Chedsey

Chairperson



AGENDA MEMORANDUM

TO: The Warrenton Urban Renewal Agency
FROM: Esther Moberg, Executive Director
DATE: 8/22/2023
SUBJ: WURAC recommendation re: Business Proposal

SUMMARY

The Warrenton Urban Renewal Advisory Committee received a proposal from Sollacio's regarding a request for Urban Renewal funds to spearhead their business plan for the building at 1st and Main (former Fenton Building). The Warrenton Urban Renewal Advisory Committee voted unanimously to recommend proceeding with the grants from Urban Renewal. The Executive Director sees this opportunity to maximize Urban Renewal's plan to deliver a Business reinvigoration in the heart of downtown Warrenton and also recommends proceeding with this request. The Executive Director would recommend an agreement with the grant that would cover some basic parameters for business use as well as fall backs should the terms of the agreement not proceed (business plan never executed after 5-10 years, parties go bankrupt or into foreclosure, etc.). The second grant for renovation would be paid out once the building was in escrow.

RECOMMENDATION/SUGGESTED MOTION

I make a motion to approve the two requested grants of \$400,000 and \$250,000 to reinvigorate the Former Fenton building.

ALTERNATIVE

- 1) Other action as deemed appropriate by the City Commission
- 2) None recommended

FISCAL IMPACT

N/A or...budgeted....or how funded

Approved by City Manager: _____

All supporting documentation, i.e., maps, exhibits, etc., must be attached to this memorandum.

Fenton Building													
10-Year Proforma													
	Transition (Year 1)	Transition (Year 2)	Stabilized										
	Year 1 (Current)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	
Gross Rents (see Rents page for details) ¹	\$ 72,000	\$ 102,600	\$ 147,600	\$ 150,552	\$ 153,563	\$ 156,634	\$ 159,767	\$ 162,962	\$ 166,222	\$ 169,546	\$ 172,937	\$ 176,396	
Vacancy factor (7%)	\$ (5,040)	\$ (7,182)	\$ (10,332)	\$ (10,539)	\$ (10,749)	\$ (10,964)	\$ (11,184)	\$ (11,407)	\$ (11,636)	\$ (11,868)	\$ (12,106)	\$ (12,348)	
Total Operating Income	\$ 66,960	\$ 95,418	\$ 137,268	\$ 140,013	\$ 142,814	\$ 145,670	\$ 148,583	\$ 151,555	\$ 154,586	\$ 157,678	\$ 160,831	\$ 164,048	
Property Taxes (25% increase in Year 1) ²	\$ 3,641	\$ 3,641	\$ 4,551	\$ 4,688	\$ 4,828	\$ 4,973	\$ 5,122	\$ 5,276	\$ 5,434	\$ 5,597	\$ 5,765	\$ 5,938	
Insurance ³	\$ 3,500	\$ 3,500	\$ 3,605	\$ 3,713	\$ 3,825	\$ 3,939	\$ 4,057	\$ 4,179	\$ 4,305	\$ 4,434	\$ 4,567	\$ 4,704	
Utilities (see Utilities page for details) ³	\$ 11,100	\$ 11,100	\$ 11,100	\$ 11,489	\$ 11,891	\$ 12,307	\$ 12,738	\$ 13,183	\$ 13,645	\$ 14,122	\$ 14,617	\$ 15,128	
Maintenance (20% then 10% upon stabilization) ³	\$ 13,392	\$ 19,084	\$ 13,727	\$ 14,001	\$ 14,281	\$ 14,567	\$ 14,858	\$ 15,155	\$ 15,459	\$ 15,768	\$ 16,083	\$ 16,405	
Property Management (7%)			\$ 9,609	\$ 9,801	\$ 9,997	\$ 10,197	\$ 10,401	\$ 10,609	\$ 10,821	\$ 11,037	\$ 11,258	\$ 11,483	
Reserves (4%)		\$ 3,817	\$ 2,059	\$ 2,100	\$ 2,142	\$ 2,185	\$ 2,229	\$ 2,273	\$ 2,319	\$ 2,365	\$ 2,412	\$ 2,461	
MISC. (Conservative additional 5%)		\$ 4,771	\$ 6,863	\$ 7,001	\$ 7,141	\$ 7,283	\$ 7,429	\$ 7,578	\$ 7,729	\$ 7,884	\$ 8,042	\$ 8,202	
Total Operating Expenses	\$ 31,633	\$ 41,141	\$ 51,514	\$ 52,793	\$ 54,105	\$ 55,452	\$ 56,835	\$ 58,254	\$ 59,711	\$ 61,208	\$ 62,744	\$ 64,321	
Expense ratio	47%	43%	38%	38%	38%	38%	38%	38%	39%	39%	39%	39%	
Net Operating Income	\$ 35,327	\$ 54,277	\$ 85,754	\$ 87,221	\$ 88,709	\$ 90,218	\$ 91,749	\$ 93,301	\$ 94,875	\$ 96,470	\$ 98,087	\$ 99,726	
Debt service (Interest) - Transition Year (interest-only)	\$ 25,290	\$ 8,430											
Debt Service (Interest + Principal) - Stabilized loan		\$ 42,678	\$ 56,904	\$ 56,904	\$ 56,904	\$ 56,904	\$ 56,904	\$ 56,904	\$ 56,904	\$ 56,904	\$ 56,904	\$ 56,904	
Free Cash Flow	\$ 10,037	\$ 3,169	\$ 28,850	\$ 30,317	\$ 31,805	\$ 33,314	\$ 34,845	\$ 36,397	\$ 37,971	\$ 39,566	\$ 41,183	\$ 42,822	
Contributions/Distributions			\$ 28,850	\$ 30,317	\$ 31,805	\$ 33,314	\$ 34,845	\$ 36,397	\$ 37,971	\$ 39,566	\$ 41,183	\$ 42,822	
Debt Coverage Ratio			1.51	1.53	1.56	1.59	1.61	1.64	1.67	1.70	1.72	1.75	
Estimated Property Value			\$ 1,008,867.88	\$ 1,026,126.86	\$ 1,043,633.67	\$ 1,061,390.00	\$ 1,079,397.49	\$ 1,097,657.65	\$ 1,116,171.94	\$ 1,134,941.72	\$ 1,153,968.25	\$ 1,173,252.68	
Loan Balance			\$ 649,727.84	\$ 637,925.03	\$ 625,268.99	\$ 611,698.04	\$ 597,146.05	\$ 581,542.10	\$ 564,810.13	\$ 546,868.61	\$ 527,630.09	\$ 507,000.82	
Net Equity			\$ 359,140.04	\$ 388,201.83	\$ 418,364.68	\$ 449,691.96	\$ 482,251.44	\$ 516,115.55	\$ 551,361.81	\$ 588,073.11	\$ 626,338.16	\$ 666,251.86	
Free Cash Flow to Investors/Managing Partners			\$ 28,849.77	\$ 30,316.78	\$ 31,804.86	\$ 33,314.15	\$ 34,844.79	\$ 36,396.90	\$ 37,970.62	\$ 39,566.05	\$ 41,183.30	\$ 42,822.48	
% Cash on cash return			7.40%	7.77%	8.16%	8.54%	8.93%	9.33%	9.74%	10.15%	10.56%	10.98%	

Assumptions

Annual increase, rent	2.00%	¹
Annual increase, property taxes	3.00%	²
Annual increase, expenses	3.50%	³
Purchase	\$ 750,000.00	
Reno Budget (see Reno Budget page for details)	\$ 531,000.00	
Total Investor Capital	\$ 390,000.00	
Hard Money Interest-only Loan	\$ 281,000.00	
Hard Money Interest Rate	12%	
Hard Money Interest \$ (Annuallized)	\$ 33,720.00	
Traditional Bank Loan	\$ 671,000.00	
Bank Loan Rate	7%	
Bank Loan Amortization	25	
Loan Origination	1.00%	
Other Soft Costs (see Soft Costs page for details)	\$ 40,000.00	
Cap Rate (projected, stabilized)	8.50%	
Maintenance (Transition)	20%	
Maintenance (Stabilized)	10%	
Property Management	7%	
Reserves (Transition)	4%	
Reserves (Stabilized)	2%	
Misc (Conservative Expense)	5%	

URF (Acquisition)	\$ 400,000.00
Investors (Acquisition)	\$ 390,000.00
URF (Reno)	\$ 250,000.00

Year 3 Sale (Simulation)

Sale Price	\$1,010,000
Selling Costs	-\$60,600
Loan Payoff	-\$649,728
Net Proceeds	\$299,672
CoC Return	76.8%
Annual CoC Return	19.2%

67% <-- LTV

Trade	Nat'l Average per sq ft (err on high-end)	Source	Applicable Sq ft	Est. Cost	Notes
Electrical Upgrades	\$ 9.00	Source	5,100	\$ 45,900.00	Wiring is exposed, may reduce cost of demo/install
Structural	N/A	Source	N/A	\$ 50,000.00	Rough estimate - consulting with
Lighting	\$ 4.00	Source	5,100	\$ 20,400.00	Focus on commercial space
Insulation	\$ 5.00	Source	5,100	\$ 25,500.00	Focus on commercial space
Drywall	\$ 4.00	Source	5,100	\$ 20,400.00	Focus on commercial space
Flooring	\$ 7.00	Source	5,100	\$ 35,700.00	Focus on commercial space
Roof Repair (Asphalt)	\$ 8.00	Source	4,000	\$ 32,000.00	Est. sq footage, assuming repairs are needed (may not be the case)
Siding Repairs	\$ 25.00	Source	3,000	\$ 75,000.00	Est. sq footage for south facing side
Plumbing	\$ 5.25	Source	10,200	\$ 53,550.00	May not be needed, erring conservative
Signage	N/A	Source	N/A	\$ 10,000.00	2-3 signs, rounded up to 10K
Trash enclosures	N/A	Source	N/A	\$ 10,000.00	
Exterior / Landscape	\$ 15.00	Source	2,000	\$ 30,000.00	Unsure of source validity - rounded up
Design/Engineering	15%	Source	5,100	\$ 61,267.50	
Furnishing	N/A	Source	N/A	\$ 20,000.00	
Overrun (10%)	10%		N/A	\$ 40,845.00	
				\$ -	
				\$ 531,000.00	

	Unit	Sq. Ft	\$/Sq. Ft.	Bd/Ba	Current Rents	Projected Rents	Notes
2nd Floor Res.	1		N/A	Studio	\$ 1,000.00	\$ 1,050.00	
	2		N/A	Studio	\$ 1,000.00	\$ 1,050.00	
	3		N/A	Studio	\$ 1,000.00	\$ 1,050.00	
	4		N/A	Studio	\$ 1,000.00	\$ 1,050.00	
	5		N/A	2/1	\$ 1,000.00	\$ 1,500.00	Current rent approximate
	6		N/A	2/1	\$ 1,000.00	\$ 1,500.00	Current rent approximate
1st. Floor Comm.	Anchor 1	1500	\$ 1.60	N/A	N/A	\$ 2,400.00	Coffee / bake shop @ \$1.60/sq ft
	Anchor 2	1000	\$ 1.10	N/A	N/A	\$ 1,100.00	Business 2 (e.g., mercantile, arcade, floral, etc.) @ \$1.10/sq. ft.
	Micro 1	250	\$ 1.10	N/A	N/A	\$ 400.00	Actual square footage TBD - rent is greater of \$1.10/sq ft OR \$400/month
	Micro 2	250	\$ 1.10	N/A	N/A	\$ 400.00	\$1.10 /Sq Ft. or \$400/month minimum
	Micro 3	250	\$ 1.10	N/A	N/A	\$ 400.00	\$1.10 /Sq Ft. or \$400/month minimum
	Micro 4	250	\$ 1.10	N/A	N/A	\$ 400.00	\$1.10 /Sq Ft. or \$400/month minimum
Monthly Total					\$ 6,000.00	\$ 12,300.00	
Annualized					\$ 72,000.00	\$ 147,600.00	