

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

February 20, 2024

5:30 p.m.

City Hall Council Chambers  
313 Court Street, The Dalles, Oregon

Via Zoom

<https://us06web.zoom.us/j/86259459367?pwd=Z0Nnd3E4bkxBUVhXQkRKTKJCdEJ6QT09>

Meeting ID: **862 5945 9367** Passcode: **292293**

Dial: 1-669-900-6833 or 1-253-215-8782

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. ELECTION OF OFFICERS
6. APPROVAL OF MINUTES – January 30, 2024
7. PRESENTATION
  - A. Annual Financial Report and Audit FY 2022-23
8. PUBLIC COMMENT – During this portion of the meeting, anyone may speak on any subject that does not later appear on the agenda. Five minutes per person will be allowed.
9. ACTION ITEMS:
  - A. Tony Zilka Incentive Program Request: 201/203 Washington Street
10. DISCUSSION ITEMS:
  - A. Columbia Gateway Urban Renewal District Fiscal Analysis, Part I
11. BOARD MEMBER COMMENTS / QUESTIONS
12. STAFF COMMENTS / PROJECT UPDATES
13. ADJOURNMENT

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Meeting conducted in a room in compliance with ADA standards.

Prepared by/  
Paula Webb, Secretary  
Community Development Department

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**SPECIAL MEETING MINUTES**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING**

January 30, 2024

5:30 p.m.

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

**PRESIDING:** Darcy Long, Chair

**BOARD PRESENT:** Walter Denstedt, Scott Hege, Tim McGlothlin, Dan Richardson,  
Marcus Swift and Ben Wring

**BOARD ABSENT:** Staci Coburn and Shanon Saldivar

**STAFF PRESENT:** Director and Urban Renewal Manager Joshua Chandler, Economic  
Development Officer Dan Spatz, City Attorney Jonathan Kara,  
Secretary Paula Webb

**CALL TO ORDER**

The meeting was called to order by Chair Long at 5:30 p.m.

**PLEDGE OF ALLEGIANCE**

Chair Long led the Pledge of Allegiance.

**APPROVAL OF AGENDA**

Item 8. A. was relocated to Public Comment, Item 6.

Action Items were rearranged in the following order:

- A. Agency Goals and Objectives Draft Revision and Review
- B. Urban Renewal Funding Consideration – Gitchell Building Light Projection Project
- C. Tony's Building Property – Redevelopment Options

It was moved by Hege and seconded by Richardson to approve the agenda as revised. The motion carried 7/0; Baker, Denstedt, Hege, Long, McGlothlin, Richardson and Wring voting in favor, none opposed, Coburn and Saldivar absent.

**APPROVAL OF MINUTES**

It was moved by Denstedt and seconded by McGlothlin to approve the minutes of December 19, 2023 as submitted. The motion carried 7/0; Baker, Denstedt, Hege, Long, McGlothlin, Richardson and Wring voting in favor, none opposed, Coburn and Saldivar absent.



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## **PUBLIC COMMENT**

Scott Baker, Executive Director, Northern Wasco County Parks and Recreation District (NWPRD), 602 W. Second Street, The Dalles

Mr. Baker stated the Mill Creek Greenway is a bike and pedestrian friendly walkway along Mill Creek. The segment mentioned tonight connects Second Street to Sixth Street via the riparian zone along Mill Creek. This segment necessitates an elevated boardwalk, cantilevered over the creek to protect fish, habitat, and to remain in the shaded riparian area.

The preliminary design estimate is approximately \$3 million. An Oregon Department of Transportation (ODOT) grant was awarded with a match requirement of 10.25%. Matching funds were largely provided by Urban Renewal and in part by the NWPRD.

The Architecture and Engineering (A&E) section is coming up. This design will expand on the original preliminary design to create construction document for use in securing bids.

ODOT's administrative work was completed, followed by a bid package for design work. The design RFP is now under Department of Justice review. Once reviewed, it will be posted to OregonBuys. Interested bidding parties are referred to ODOT. The RFP is expected to go through August, 2025, due to the difficulties of the project. The project will then go out for construction bids.

Mr. Baker encouraged new Board Members to visit the NWPRD website. Go to [nwprd.org](http://nwprd.org), choose Parks & Trails, then Mill Creek Greenway to view a video of the project details. The video may also be found at <https://www.youtube.com/watch?v=7gQW2gWHG48>.

Mr. Baker added construction may have to work around fish windows for in-water work.

Claire Graper, resident of The Dalles

Ms. Graper did not realize Tony's [401-407 E. Second Street] would be demolished until it was gone. She said City Council is making many changes now, especially to portions of our legacy as a community. Ms. Graper would like to see more outreach to the community.

Chair Long said the Agency is increasing public outreach. Everyone was disappointed that Tony's had to be demolished; due to asbestos and leakage it would cost more to repair than to replace.

Ms. Graper asked if community involvement would be a core part of plans for the property. Chair Long replied meeting agendas are published and invite community feedback. Community input is always welcomed.

Ms. Graper stated the City is failing to involve the community. She asked how the City would reach out to every member of the community. Board Member Richardson replied many community members and public representatives are involved. It is difficult to have a community conversation given that our media environment has been splintered; there is not one specific source. Board Member Richardson said in his personal opinion, people that want to know the business of the City can keep track of the basic or major developments by reading about them or attending meetings.

Chair Long offered to contact Ms. Graper for a longer conversation.

Rick Wolfe, The Dalles, Oregon

Mr. Wolfe commented on the members of the Historic Landmarks Commission. He stated they are all organizations, not the public at large. The community's trust is being eroded. Chair Long

replied this is a City Council issue. The Urban Renewal Agency Board is a separate entity from the City. Chair Long offered to speak with Mr. Wolfe at another time.

## **ACTION ITEMS**

### **Agency Goals and Objectives Draft Revision and Review**

Economic Development Officer (EDO) Spatz presented the staff report. He noted the Agency's remaining debt capacity, estimated at \$6.2 million, will be presented as \$5,756,258 in the Fiscal Analysis in February. This figure does not include pending projects: Basalt Commons, Federal Street Plaza, and E. Third Street parking lot. Director Chandler added funds are set aside for First Street. However, cost escalations will require additional funds. Final estimates for the First Street project will be available in March.

In response to Board questions, Staff replied:

- Approximately \$3.5 million is set aside for the First Street Streetscape.
- Developers of Basalt Commons are closing in on financing.
- Affordable childcare was removed from Exhibit D [Attachment D] in error.
- EDO Spatz would like to include affordable housing in the goals and objectives.

Board Member Richardson appreciated the alternatives present. Attachment D includes metrics. Attachment D, point D. 2. states, "Provide an adequate amount of properly located and designed off-street accessible parking..." We have plenty of parking at the current time, in my opinion. Richardson suggested revision to, "parking maintained" or "parking ratio."

EDO Spatz replied he used a grant writing approach, which includes measurable outcomes.

Board Member Swift referred to a prior discussion about increased communication and opportunities. He is excited this is now included in the goals and objectives. EDO Spatz replied Staff is envisioning a return to public meetings, and additional information on the website.

Chair Long requested clarification on, "Support the respective missions of the Urban Renewal public taxing districts." EDO Spatz referred to a past discussion, which asked if there is a more tangible way Urban Renewal can benefit, e.g., the fire department. EDO Spatz wanted to capture all of the taxing districts, rather than just one, with that suggestion. If the Agency continues, and if the Agency decides to have a new district, would there be other intentional ways to benefit the taxing districts – infrastructure, buildings, Mill Creek Greenway.

Chair Long emphasized the need for clear intent in goals and objectives.

Item C. 4. states, "Expand the availability of family-wage housing..." Chair Long noted there are actual definitions of housing, low-income, family wage or work force in State statute. Second level projects can be so expensive they cannot pencil out without significant assistance, and may be unable to be low-income housing.

Director Chandler suggested the use of "housing" in general. The Board could then decide on a project-by-project basis.

EDO Spatz asked if the Board had a preference among the Attachments.

Board Member Richardson preferred Attachment C, with the deletion of Item D. 5. "Support the respective missions of Urban Renewal public taxing districts, or." The Agency has a mission, as do individual taxing districts – the missions do not need to be tangled up.

Board Member Denstedt added the Fire District wants to determine how their funds are used, rather than Urban Renewal. His impression is the Agency will run out of money prior to 2029.

EDO Spatz replied the debt payment schedule for the current Maximum Indebtedness (MI), for the original \$29 million authorized debt, is scheduled to terminate in 2029. The Agency can continue without a district. Elaine Howard, consultant, added some agencies have program income, perhaps from property sales, that allow the agency to continue with smaller projects to keep the business community lively and vital.

Chair Long said there may a way to highlight that we want to be mindful of the way Agency decisions impact other agencies.

EDO Spatz asked if the Board preferred Attachment C.

Board Member Swift preferred Attachments C or D.

Director Chandler noted Attachments A and B retain the original order of goals and objectives. Attachment C responds to earlier discussions regarding improved flow, and removed redundancies.

EDO Spatz stated Attachment C puts emphasis on public outreach and awareness.

Board Member Wring referred again to housing. He suggested changing, Attachment C, Item D. 6. "Expand the availability of family-wage housing and affordable child care." to "Expanding housing for residential property" to allow decisions based on the pros and cons of individual projects. Ms. Howard agreed with this recommendation and noted secondary points could include upper floor residential, family wage housing, etc. A more general goal could increase housing in the area.

Chair Long noted the Board consensus for Attachment C with recommended changes.

EDO Spatz turned the meeting over to Elaine Howard.

Ms. Howard replied to questions submitted by the Board (questions are in boldface).

**What is the best practice to share with the community the successes of Urban Renewal?  
How are other communities doing this – frequency, method, information share, etc.?**

The best practice depends on what works in your own community. Some examples:

- In La Grande, a sign at the property states, "Urban renewal has helped finance this project. For information go to..." followed by links. Once the project is completed, a sign is posted stating, "This project was funded through..." not only urban renewal, but any lender involved in the project. There is a temporary construction sign followed by a permanent sign. This works well for building rehabilitation, a storefront loan, new housing, etc. Other urban renewal areas also follow this process.
- If the project has a grand opening covered by a newspaper, the Agency should provide facts about the project, including the fact that financing from Urban Renewal caused the project to happen. This will ensure Urban Renewal does not get lost as an important aspect of the project.
- Post monthly or bi-monthly about current or historical projects saying this is a project completed through urban renewal. Include the important components: leverage amount of urban renewal funding vs. private funding, the number of jobs created, or the historic resource improved.

- Primarily, documenting and sharing successes.
- Add to the website fact sheets that provide information about individual projects.

### **How are urban renewal agencies working to set goals for the completion of agency?**

Goals for an agency are separate from goals for a plan. Lincoln City has agency goals, but in the urban renewal plans they incorporate a portion of those goals with a subset of objectives. Understanding if your goals are agency goals or plan goals is important.

Setting goals for completion of the Agency is the process you are in now. The Board has just discussed goals. At the next meeting, the Board will discuss how much money is left to spend through the remaining MI, which is not a lot of money.

The Board will then compare remaining funds to the projects you want to complete. A limited group of projects are left because the amount of MI is limited. Setting goals for completion of those projects will then be identifying which of the projects underneath the goals can be implemented first.

Urban Renewal is an implementation tool. Many times those goals come from other things – comprehensive plans, housing action plans, or downtown plans. Usually Urban Renewal is what implements those other plans and makes them happen.

### **What are other agencies using to measure success, completion of an agency, and how do we know if we are successful?**

There is no overall answer for this question. The Hood River waterfront was an urban renewal area. Measurement for that success was job creation, development, and park improvements. Implementing infrastructure projects allowed the development to occur.

Measuring success depends on the type of district you have, and what the agency is trying to accomplish. It is different in every example.

### **When is blight eliminated in our current Agency?**

The actual goal of urban renewal is not to eliminate blight. Blight is necessary to establish an urban renewal agency and plan, but the goal generally is to create better economic conditions and improve the community. This is accomplished through addressing blight.

- Are downtown storefronts full?
- Is our community receiving the desired services downtown?
- Do we have an active downtown?
- Have we had successes through the improvement of our district in terms of business, jobs, sense of place, and sense of safety?

### **Are agencies being set up now with a way to measure completion?**

Not necessarily. Lake Oswego measured success with the completion of Boones Ferry Road, which provided a safer community with easier access to business, and a better business environment for new businesses. It is not always necessary to establish metrics.

Board Member Denstedt stated the Fire District did not want to fund projects that would not increase the tax rolls. Ms. Howard replied a vibrant, interesting, lively, safe community is more likely to attract new businesses, indirectly raising the tax rolls.

Board Member Richardson mentioned the Fire District had benefitted from the community with the addition of a fire station on the east side of town and the training tower.

Board Member Denstedt added the need for funding has always existed. Primary concerns are a shortage of paramedics and the inability to attract staff and volunteers.

Board Member Richardson felt this would be a useful offline conversation. He felt there are several areas of medical and medical adjacent personnel that we might as a community invest in.

Ms. Howard asked the Board if they felt the goals and objectives covered everything they want to accomplish over the next few years. Are there things the Board could address through Urban Renewal funds, not presently on the list or covered, that should receive consideration to ensure funds will be spent on the top priorities of our community needs?

*Rick Wolfe, The Dalles, Oregon*

At the intersection of 3<sup>rd</sup>, 4<sup>th</sup> and 6<sup>th</sup> Streets a young woman was involved in a fatal accident. Mr. Wolfe said the wall should be repaired. A section of the retaining wall is missing and is an eyesore. Chair Long replied this item is outside of the Urban Renewal boundary. The City Manager's office can direct you to the correct department within the City.

As a member of the Parks and Rec Board, Board Member Swift invited Mr. Wolfe to reach out.

Ms. Howard said Nick Popenuk, Tiberius Solutions, will be at the next meeting to report on the Agency's financial status.

EDO Spatz stated the February agenda will include the Agency audit and annual fiscal report. The Board will then go into a comprehensive analysis of Agency accomplishments, return on tax value, and things of that nature. These topics will likely carry over into the March meeting.

Urban Renewal Funding Consideration – Gitchell Building Light Projection Project

Special Projects Coordinator (SPC) Ann Moorhead provided the staff report and presentation, Attachment 1.

In response to Board questions, SPC Moorhead replied:

- The Winslow Group will administer the project and content.
- The ongoing costs will be electrical and possibly maintenance; the City will be responsible for the costs. The equipment will become City property.
- The projectors do not have a dual purpose; designed only to project restored images of the signs.
- The point of this project is to recall the historic aspect of the structure. Other purposes would double the original cost and maintenance.
- There are six different projectors, with two projectors per sign. The photos will fade in and out.
- The project intent is to capture interest and attract visitors.
- The estimated life span is ten years.
- The Waldron Drug/Gitchell Building has a new roof. It is not suitable for occupancy, but 10 years from the structure will remain. The long-term future of the building is unknown.

- The 1<sup>st</sup> Street retaining wall does not affect the building.

Eric Gleason, 704 Case Street, The Dalles, representing The Friends of the Waldron Brothers Drugstore

Mr. Gleason stated the group is still active in the community and working to collaborate with the City for the long-term future of the building. We recognize there are challenges, but do not see those challenges as insurmountable. The Light Projection Project is good initial first step to increase the building's visibility in the community. We hope to partner with the City on further restoration work.

Board Member Wring asked if there are any similar alternatives from a cost perspective. SPC Moorhead replied she could find no alternative source for both the projection ability at this scale along with the restoration.

It was moved by Hege and seconded by McGlothlin to authorize the Agency Manager to execute and implement the Gitchell Building Light Projector Project with Winslow Studio in an amount not to exceed \$24,400.00 as presented. The motion carried 6/0; Hege, Long, McGlothlin, Richardson, Swift and Wring voting in favor, Denstedt opposed, Coburn and Saldivar absent.

Tony's Building Property – Redevelopment Options

EDO Spatz presented the staff report.

Board Member McGlothlin asked how much it would cost for marketing. EDO Spatz said Staff would return with an estimate. Staff would seek competitive bids for publications, design and advertising costs.

Board Member McGlothlin stated future use should be compatible with the community. Chair Long suggested contacting The Dalles Main Street and the Beautification Committee.

Board Member McGlothlin is in favor of researching marketing and reviewing outside proposals. He would like to pursue something attractive from the highway, that would produce revenue, and support community activities. Board Member McGlothlin would like many opportunities to choose from.

Board Member Richardson leaned toward a Request for Expressions of Interest (RFEI) with some parameters, expressions of interest that are serious, useful and appropriate for the site. Some criteria might be: complements a future Federal Street Plaza, increases downtown foot traffic, complements existing or planned major developments, and tax benefits.

Board Member Denstedt preferred waiting for final decisions on Basalt Commons and the Federal Street Plaza. If the property is later for sale, it may have increased in value.

Board Member Swift supports the RFEI and the Federal Street Plaza as a part of that development. He does not want to limit the focus. If someone were to come forward with a great idea for housing, he would be in favor of that.

Board Member Wring seconds housing, or potentially mixed-use of residential with a public space. He said competition is a good thing. We have a lack of residential housing, and would like increased availability. The RFEI is interesting, but he is very interested in the value of the parcel, not just revenues from a sale, but also in the potential tax revenues over time. The cost of initial buy-in along with demolition costs are well over a \$1 million investment.

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Director Chandler replied Business Oregon contributed \$60,000. We budgeted \$750,000 for demolition and abatement; the project's actual cost was approximately \$500,000.

Board Member Swift noted the example of Talent's RFEI is from 2017. He would like to discover the results of the RFEI. EDO Spatz replied Staff will research the results.

Board Member Hege was not in favor of leaving the property in its current, unattractive state. He said the Agency should be straightforward and proceed with an RFP. It is the easiest way to determine private sector interest in the parcel in its current condition.

Chair Long was in favor of the RFEI. It is less expensive for applicants to forward their proposals. It gives the Agency a great opportunity to involve the community and gather feedback. It could also be an opportunity to advance outreach. A QR code could lead to a website with current information on activity. This would also attract interest in proposals. Chair Long added any action will take time. This is an opportunity to reach out to the Chamber of Commerce for Cherry Festival, and pursue other short-term ideas like a farmer's market.

EDO Spatz credited Mr. Wolfe for his efforts collecting the community's ideas.

*Rick Wolfe, The Dalles, Oregon*

Mr. Wolfe stated the community wants to know what is going on. There is interest in a pickle ball court. Wolfe suggested an overlay for a common space. Most were not in favor of a parking lot. Mr. Wolfe offered his assistance in reaching out.

Chair Long asked if there was consensus. EDO Spatz felt there was consensus for an RFP or RFEI, or blur the lines between both.

Director Chandler thought it should be one or the other. An RFP asks for much more information. The Board would need to decide what to include in the RFP to attract the best applicants. An RFEI opens an opportunity for interested parties to come up with ideas, and then we create an RFP to develop the idea. A large sign with a QR code on the fence could invite community ideas, "What would you like to see here?" Scan the QR, a simple action takes you to fill out your suggestion. We can then take those suggestions and determine if they should go in an RFP. The RFEI puts it out to developers for their ideas. Director Chandler's suggestion is to choose either the RFP or RFEI.

Board Member Wring agreed with Board Member Hege; we should be very decisive. He would like to better understand the value of the lot and to consider selling, but to also consider an RFP to develop the property.

Chair Long said it was important to act, but when interest rates go crazy, people will not put forward proposals or will offer very limited options. She is more concerned with securing a worthwhile project, rather than rushing in and receiving limited proposals. It takes longer for an RFEI, but gives people more time to digest and think of good ideas. It is important to take our time and get it right the first time.

EDO Spatz said this would be a two-step process to gather and filter community visions. It becomes an outreach function.

Chair Long replied after receiving proposals, the Board could then judge whether or not the applicant could complete the project. She thought, but was not sure, that you could proceed to the Development and Disposition Agreement (DDA) step.

Board Member Hege asked if RFEIs work. We could collect multiple suggestions, and the developer may decline.

EDO Spatz said he would like to find the results of the Talent RFEI and then return with bulleted elements for either the RFP or RFEI.

Board Member Hege said ultimately we have a piece of property in which we want someone to make an investment, to add tax value and create opportunities.

Board Member Richardson used the term “criteria,” and thought it might not quite be the right word. Whether and RFP or RFEI, we should be clear. Broadly, how will we evaluate something? We may receive many suggestions that are not applicable.

Chair Long replied the RFEI has minimum criteria, but requires well planned ideas. Board Member Hege noted general requirements can be included in an RFP.

EDO Spatz added there is certainly interest now in the property.

Chair Long does not want the property to be tied up, and then have no development for a long period.

EDO Spatz said he will return with something. Director Chandler stated this will not be put on the back burner. The next two meetings will be very busy, but Staff should have something by the April meeting. He added Talent was devastated by fire; it is unsure if the project moved forward. Talent will not be used as an example for our project. It is time this moved forward.

#### **BOARD MEMBER COMMENTS / QUESTIONS**

None.

#### **STAFF COMMENTS / PROJECT UPDATES**

EDO Spatz said a new Incentive Program application will be ready in February for a downtown building. Interior work is ongoing at Sunshine Mill. The Foley is making progress on repairs. The Dalles Inn is under new ownership, considering a very significant renovation and possible addition. There may also be some renovation at the old Post Office.

Staff will research signage and related costs.

#### **ADJOURNMENT**

The meeting adjourned at 7:56 p.m.

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*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



## GITCHELL BUILDING LIGHT PROJECTION PROJECT

URBAN RENEWAL FUNDING CONSIDERATION



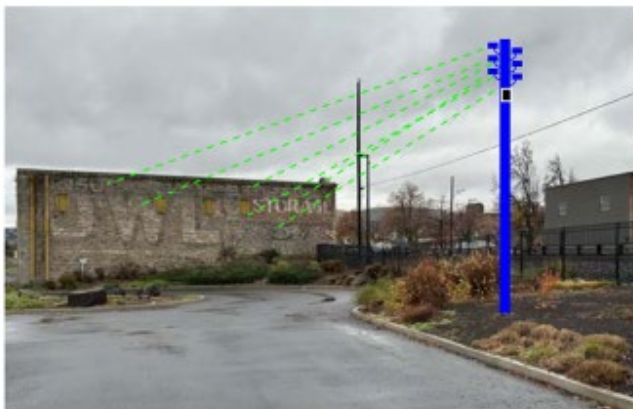
## THE OLDEST COMMERCIAL BUILDING





CURRENT WEST FACE

## INSTALLATION



Initial pole location mockup. 4 meters tall, pole mount attachments for 6x ROSCO ImageSpots.

- 4 M tall pole with six projectors
- Would cycle through the three layers of ghost signs:
  - The OWL Cigar sign
  - The red STORAGE sign
  - The black INSURANCE and STORAGE sign
- Would connect to the existing electrical line running through the landscaping for the street-side park lights

## PERMANENT LIGHT FIXTURE

- Uses a custom re-designed ghost sign printed onto custom templates which are backlit to project the image onto the wall.

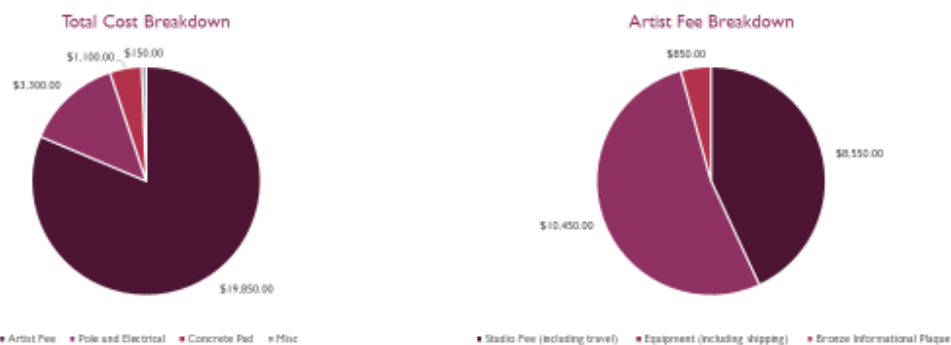


## PERMANENT LIGHT FIXTURE

- Installation would bring the signs back to life in the dark, transforming it from what it is (below) to a brilliant display of what it had been (right)



## FUNDING BREAKDOWN



**TOTAL COST: \$24,400**

## BOARD ALTERNATIVES

- **Staff recommendation:** Move to authorize the Agency Manager to execute and implement the Gitchell Building Light Projector Project with Winslow Studio in an amount not to exceed \$24,400.00, as presented.
- Make modifications and then authorize the Agency Manager to execute and implement the Gitchell Building Light Projector Project with Winslow Studio, as amended.
- Decline authorization and provide other direction to staff.





QUESTIONS?



COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

## AGENDA STAFF REPORT

AGENDA LOCATION: 7. A.

**MEETING DATE:** February 20, 2024

**TO:** Chair and Members of the Urban Renewal Agency Board

**FROM:** Dan Spatz  
Economic Development Officer

**ISSUE:** Annual Financial Report and Audit FY 2022-23

### **BACKGROUND**

Each year, the City of The Dalles' Finance Department oversees the preparation of two financial reports for the Urban Renewal Agency. A brief description of each of these reports has been provided below:

- 1) **Urban Renewal Agency Annual Audit.** Prepared by KDP Certified Public Accountants, LLP. – This independent audit includes review of agency-wide financial statements, fund financial statements, notes to the financial statements, and supplemental information for the 2022-2023 fiscal year. KDP conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The audit is included here as Attachment A.
- 2) **Urban Renewal Annual Financial Report.** Prepared by Elaine Howard Consulting, LLC. – Pursuant to Oregon Revised Statutes (ORS) 457.460, an Urban Renewal Agency must prepare a report on specific financial information no later than January 31 of each year. This report must be distributed annually by March 1 of each year to each taxing district affected by an agency urban renewal plan. In addition, notice shall be published once a week for not less than two successive weeks before March 1 indicating the statement has been prepared and is on file with the municipality and the agency and the information contained in the statement is available to all interested persons. This document is included here as Attachment B.

Staff will provide a brief summary of both reports at the February 20, 2023 meeting.

### **Attachments**

- **Attachment 1** – Urban Renewal Agency Annual Audit, FY 2022/2023 (KDP, LLP)
- **Attachment 2** – Urban Renewal Annual Financial Report, FY 2022/2023 (Elaine Howard Consulting, LLC.)

| COLUMBIA GATEWAY  
URBAN RENEWAL AGENCY  
A BLENDED COMPONENT UNIT OF  
THE CITY OF THE DALLES, OREGON  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023  
WITH  
INDEPENDENT AUDITOR'S REPORT





**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**The Dalles, Oregon**  
**Year Ended June 30, 2023**

**BOARD OF DIRECTORS**

<b><u>Name and Address</u></b>	<b><u>Term Expires December 31</u></b>
Ben Wring 3443 Columbia View Drive The Dalles, Or 97058	2024
Shanon Saldivar 710 E 18 <sup>th</sup> St. The Dalles, OR 97058	2023
Darcy Long 313 Court Street The Dalles, OR 97058	as appointed
Dan Richardson 313 Court Street The Dalles, OR 97058	as appointed
Timothy McGlothlin 313 Court Street The Dalles, OR 97058	as appointed
Walter Denstedt 708 W 13th Street The Dalles, OR 97058	as appointed
Staci Coburn 460 E Knoll Drive The Dalles, OR 97058	as appointed
Scott Hege 511 Washington Street The Dalles, OR 97058	as appointed
Scott Baker 602 W 2nd Street The Dalles, OR 97058	as appointed

**AGENCY ADDRESS**

Administrative Offices  
313 Court Street  
The Dalles, OR 97058



## Columbia Gateway Urban Renewal Agency

Year ended June 30, 2023

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## | Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

Agency Officials  
Columbia Gateway Urban Renewal Agency  
The Dalles, Oregon

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of the Columbia Gateway Urban Renewal Agency (the Agency), a component unit of the City of The Dalles, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter - Correction of Errors*

As discussed in Note 1 to the financial statements, the Agency corrected accounting errors associated with amortization of bond premiums and a cash imbalance. Our opinion is not modified with respect to these matters.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and General Fund budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The General Fund budgetary comparison information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund budgetary comparison information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Debt Fund budgetary comparison information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Debt Fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Oregon State Regulations***

In accordance with *Oregon State Regulations*, we have also issued our report dated December 15, 2023 on our consideration of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is fluid and cursive, with the first name "Jeny" and last name "Grupe" clearly distinguishable.

Jeny L. Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 15, 2023



## | Management's Discussion and Analysis

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Fiscal Year Ended June 30, 2023**

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Columbia Gateway Urban Renewal Agency (the Agency) for the fiscal year ended June 30, 2023. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

## **HIGHLIGHTS**

- The assets of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,396,400 (net position).
- The Agency's total net position increased by \$865,186. This increase is attributable to increasing property tax revenues, interest income, and includes a restatement of beginning net position resulting from a correction of an accounting errors outlined in Note 1 of \$103,753.
- The Agency's total liabilities decreased by \$780,992. This was primarily the result of debt service payments of \$575,000 but also included the effect of the correction described above.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements.

### 1. Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Columbia Gateway Urban Renewal Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the government's financial position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected property taxes).

The government-wide financial statements can be found on pages 1 and 2 of this report.



**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
Fiscal Year Ended June 30, 2023**

## 2. Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Agency maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the two funds.

The Agency adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

## 3. Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 17 of this report.

## 4. Required Supplementary Information and Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Agency's General Fund budget to actual statement. Required supplementary information can be found on page 18 of this report. Supplementary information including the Agency's Debt Service Fund budget to actual statement can be found on page 19 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities and deferred inflows of resources by \$3,396,400 at the close of the most recent fiscal year. In fiscal 2022, the assets exceeded liabilities by \$2,531,214. The primary purpose of the Agency is to utilize tax increment financing to fund various improvement projects as identified in the revitalization plan of the City.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
Fiscal Year Ended June 30, 2023**

Summary Statements of Net Position for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current and other assets	\$ 6,512,557	\$ 6,026,383
Capital assets	<u>1,069,787</u>	<u>1,471,767</u>
Total assets	<u>7,582,344</u>	<u>7,498,150</u>
<b>Liabilities</b>		
Long-term liabilities	4,168,020	4,313,901
Other liabilities	<u>17,924</u>	<u>653,035</u>
Total liabilities	<u>4,185,944</u>	<u>4,966,936</u>
<b>Net position</b>		
Net investment in capital assets	(3,098,233)	(3,457,793)
Restricted	6,134,687	5,508,373
Unrestricted	<u>359,946</u>	<u>480,634</u>
Total net position	<u><u>\$ 3,396,400</u></u>	<u><u>\$ 2,531,214</u></u>

The deficit in net investment in capital assets is the result of the Agency's liabilities used to finance the construction of public infrastructure assets, which are contributed to the City of The Dalles.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
Fiscal Year Ended June 30, 2023**

Summary Statements of Activities for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
<b>Revenues</b>		
General revenues:		
Property taxes	\$ 1,673,417	\$ 1,569,114
Other	(163,306)	87,969
Total revenues	<u>1,510,111</u>	<u>1,657,083</u>
<b>Expenses</b>		
General government	554,000	245,590
Interest on long-term debt	194,678	207,245
Total expenses	<u>748,678</u>	<u>452,835</u>
Change in net position	<u>761,433</u>	<u>1,204,248</u>
Net position - beginning of year	2,531,214	1,326,966
Prior period adjustment	103,753	-
Net position - beginning of year, as restated	<u>2,634,967</u>	<u>1,326,966</u>
Net position - ending	<u><u>\$ 3,396,400</u></u>	<u><u>\$ 2,531,214</u></u>

Net position increased during the year by \$865,186 primarily due to property tax revenues exceeding expenses. Change in net position decreased from fiscal 2022 due to increased expenses and a loss on sale of property of \$361,980 associated with Agency urban renewal projects.

The Agency's tax levy totaled \$1,722,715 and is restricted to urban renewal projects and the repayment of debt. The debt was issued to finance a number of improvements within the Urban Renewal District. The Agency's projects are constructed and, upon completion, ownership is transferred to the City of The Dalles, except for capital assets that are purchased to be refurbished and sold.

#### **BUDGETARY HIGHLIGHTS**

The budget was based upon an effort by management to continue with projects identified in the urban renewal plan and with other projects as opportunities arise. The Agency's General Fund original legal appropriations totaled \$5,385,466. Expenditures in the General Fund were \$4,831,466 under budget, due to no capital outlay as budgeted projects were delayed to future years.

#### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

##### ***Capital Assets***

As of June 30, 2023 the Agency had \$1,069,787 invested in capital assets. The Agency has no other capital assets since all of the projects become assets of the City of The Dalles. They have been transferred to the City and are no longer assets of the Agency. For further information regarding capital assets refer to Note 6.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
Fiscal Year Ended June 30, 2023**

***Debt Outstanding***

As of June 30, 2023, the Agency had \$4,168,020 in debt outstanding compared to \$4,773,804, as restated, last year. The \$605,784 decrease resulted from the annual principal payment and amortization of the premium on debt. For further information regarding debt refer to Note 7.

**ECONOMIC FACTORS**

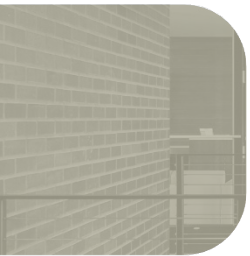
The Urban Renewal Agency continues to be an important partner in economic development within the City of The Dalles, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Urban Renewal projects that increase property values within the boundaries of the Agency result in greater tax increment resources. That tax increment is then used to pay debt service on bonds issued to fund projects and improvements.

**FINANCIAL CONTACT**

The Agency's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the Agency's Finance Director at 313 Court Street, The Dalles, Oregon 97058.



## | Basic Financial Statements



## **| Government-Wide Financial Statements**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

Item 7. A., Attachment 1

	Governmental Activities
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 6,124,141
Property tax receivable	80,971
Notes receivable:	
Current	25,000
Noncurrent	282,445
Capital assets:	
Nondepreciable	1,069,787
Total assets	<u>7,582,344</u>
<b>LIABILITIES:</b>	
Accounts payable and accrued expenses	1,222
Accrued interest payable	16,702
Long-term debt, net of unamortized premium	
Due within one year	626,968
Due in more than one year	<u>3,541,052</u>
Total liabilities	<u>4,185,944</u>
<b>NET POSITION:</b>	
Net investment in capital assets	(3,098,233)
Restricted for:	
Debt Service	802,738
System development	5,331,949
Unrestricted	<u>359,946</u>
Total net position	<u>3,396,400</u>
Total liabilities and net position	<u>\$ 7,582,344</u>

The notes to the financial statements are an integral part of this statement.

1

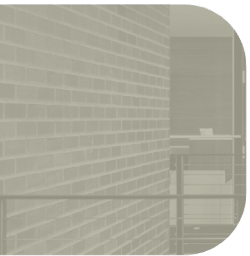
**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Item 7. A., Attachment 1

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
					Total Governmental Activities
Governmental activities:					
General government	\$ 554,000	\$ -	\$ -	\$ -	\$ (554,000)
Interest on long-term obligations	194,678	-	-	-	(194,678)
Total government	<u>\$ 748,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(748,678)</u>
General revenues:					
Property taxes revenue					1,673,417
Interest and investment earnings					189,441
Miscellaneous					2,568
Loss on sale of capital assets					<u>(355,315)</u>
Total general revenues					<u>1,510,111</u>
Change in net position					<u>761,433</u>
Net position - beginning of year					2,531,214
Prior period adjustment					<u>103,753</u>
Net position - beginning of year, as restated					<u>2,634,967</u>
Net position - ending					<u>\$ 3,396,400</u>

The notes to the financial statements are an integral part of this statement.





## | Fund Financial Statements

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2023**

Item 7. A., Attachment 1

	General Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 5,321,403	\$ 802,738	\$ 6,124,141
Receivables:			
Property taxes	80,971	-	80,971
Notes	307,445	-	307,445
Total assets	<u>\$ 5,709,819</u>	<u>\$ 802,738</u>	<u>\$ 6,512,557</u>
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	\$ 1,222	\$ -	\$ 1,222
Total liabilities	<u>1,222</u>	<u>-</u>	<u>1,222</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue - Property taxes	69,203	-	69,203
Unavailable revenue - Notes receivable	307,445	-	307,445
Total deferred inflows of resources	<u>376,648</u>	<u>-</u>	<u>376,648</u>
<b>FUND BALANCES:</b>			
Restricted for:			
Debt Service	-	802,738	802,738
System development	5,331,949	-	5,331,949
Total fund balance	<u>5,331,949</u>	<u>802,738</u>	<u>6,134,687</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 5,709,819</u>	<u>\$ 802,738</u>	<u>\$ 6,512,557</u>

The notes to the financial statements are an integral part of this statement.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

Item 7. A., Attachment 1

<b>TOTAL FUND BALANCE</b>		\$	6,134,687
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			1,069,787
Property tax receivable and notes receivable are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds.			
Property tax receivable	\$	69,203	
Notes receivable		<u>307,445</u>	
			376,648
Premium on long-term debt reported in the governmental activities is included in revenues in the fund financial statements on issuance of debt and therefore are not reported in the funds.			(98,020)
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.			
Long-term debt	\$	(4,070,000)	
Accrued interest		<u>(16,702)</u>	
			<u>(4,086,702)</u>
<b>TOTAL NET POSITION</b>		\$	<u><u>3,396,400</u></u>

The notes to the financial statements are an integral part of this statement.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

Item 7. A., Attachment 1

	General Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 873,399	\$ 800,938	\$ 1,674,337
Interest on investments	184,641	4,800	189,441
Miscellaneous	2,568	-	2,568
Total revenues	1,060,608	805,738	1,866,346
<b>EXPENDITURES:</b>			
Current:			
General government	263,648	-	263,648
Capital outlay	290,352	-	290,352
Debt service:			
Principal	-	575,000	575,000
Interest	-	227,738	227,738
Total expenditures	554,000	802,738	1,356,738
Revenues over (under) expenditures	506,608	3,000	509,608
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of property	128,709	-	128,709
Total other financing sources (uses)	128,709	-	128,709
Net changes in fund balances	635,317	3,000	638,317
<b>FUND BALANCES, BEGINNING (as restated)</b>	4,696,632	799,738	5,496,370
<b>FUND BALANCES, ENDING</b>	<u>\$ 5,331,949</u>	<u>\$ 802,738</u>	<u>\$ 6,134,687</u>

The notes to the financial statements are an integral part of this statement.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED 30, 2023**

Item 7. A., Attachment 1

Amounts reported in the statement of activities are different because:

Net change in fund balances - governmental funds		\$ 638,317
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Property taxes	\$ (920)	
Notes receivable	<u>(122,044)</u>	(122,964)
Governmental funds report expenditures for capital outlay while governmental activities report the expenditures as an increase in capital assets.		(361,980)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest	\$ 2,276	
Amortization of bond premium	<u>30,784</u>	33,060
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		<u>575,000</u>
Change in net position of governmental activities		<u>\$ 761,433</u>

The notes to the financial statements are an integral part of this statement.



## | Notes to Basic Financial Statements

## **Note 1 – Summary of Significant Accounting Policies**

The financial statements of the Columbia Gateway Urban Renewal Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the Agency accounting policies are described below.

### **The Financial Reporting Entity**

The Agency was created in 1990 by the City of the Dalles (the City) to assist in the redevelopment of blighted and deteriorated areas within the City through tax increment financing. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The Agency was formed primarily to carry out the terms of the Urban Renewal Plan, which is to eliminate blighting influences found in the renewal area, implement certain goals and objectives of the City of The Dalles' Comprehensive Plan, and assist in meeting the City's economic development objectives through redevelopment of key sites, property rehabilitation, improving infrastructure in the renewal area, and assisting with the construction of needed public facilities.

The Agency's governing body is identical to that of the City, and because the services of the Agency are for the benefit of the City, a determination was made by using guidance provided for in generally accepted accounting principles (U.S. GAAP) that the Agency is a blended component unit of the City. As a result, the Agency's financial statements are blended with those of the City by including them in the appropriate statements and schedules of the City's Annual Financial Report. Copies of which may be obtained from the City Administrative Offices, 313 Court Street, The Dalles, OR 97058.

### **Financial Statement Presentation, Measurement Focus, and Basis of Accounting**

#### **Government-wide Financial Statements**

The statement of net position and the statement of activities report information on all of the activities of the Agency. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. In the case of the Agency, no business-type activities exist.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The Agency does not have *program revenues* and reports taxes and investment earnings as *general revenues*.

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied. The effect of interfund activity within governmental activities such as transfers, advances and loans are eliminated.

The Agency applies restricted resources when an expense is incurred for purpose for which both restricted and unrestricted assets are available.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Financial Statements**

The Agency uses fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn is divided into separate funds. In the case of the Agency, fund financial statements are only presented using the governmental fund type, as no proprietary activity exist.

The governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus whereby only current assets (deferred outflows) and current liabilities (deferred inflows) generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balance present increases and decreases in those current net fund balances. Governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (1 month). Otherwise, they are reported as deferred inflow of resources (unavailable revenue). Property taxes, which are held at year end by the collecting agency, Wasco County, and are remitted to the Agency within the 1 month period, are reported as "Taxes Receivable."

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Agency; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

Financial operations of the Agency are accounted for in the following governmental funds:

**General Fund** – This fund accounts for the acquisition and development of capital improvement projects for the Agency. Revenues and other financing sources consist of property taxes, operating transfers from the debt service fund, bond proceeds, investment earnings and other miscellaneous revenues.

**Debt Service Fund** - Includes tax revenue deposits and debt payments for long term and short-term borrowing, including intergovernmental agreements with the City and lines of credit.



**Note 1 – Summary of Significant Accounting Policies (continued)**

**Cash and Investments**

The Agency's cash and investments include cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The Agency maintains merged bank accounts and investments for its funds in a central pool of cash and investments that are commingled with the City of The Dalles. The investment policy of the Agency is to invest in LGIP and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The Agency allocates earnings on investments to each fund based on average monthly cash balances throughout the year.

Investments are stated at amortized cost, which approximates market value.

**Receivables**

Non-current property taxes and special assessments receivable are treated as deferred inflows of resources as unavailable revenue in the governmental funds. Property tax receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible balances has been established for those accounts.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

**Property Taxes Receivable**

The Agency receives a tax increment under Section 1c, Article XI of the Oregon Constitution, and ORS Chapter 457. It states that the portion of the taxes representing the levy against the increase, if any, in true cash value of property located in the urban renewal area shall, after collection by the tax collector, be paid into a special fund of the Agency and shall be used to pay the principal and interest on indebtedness incurred by the Agency to finance or refinance the implementation of the Urban Renewal Plan. Property taxes receivable that are collected within 1-month after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred inflow of resources because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary because uncollectable property taxes become a lien of the property. Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are levied and payable on November 15. Taxes are administered by the County. Collection dates are November 15, February 15, and May 15. Taxes are billed and collected by Wasco County and remittance to the Agency is made at periodic intervals. The Agency levied taxes at its maximum taxing authority of \$1,722,715.

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. The remaining balance of taxes receivable is recorded as unavailable revenue because it is not deemed available to finance operations of the current period.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Capital Assets**

Capital assets include construction in progress and assets held for sale, and are reported in the governmental activities column of the statement of net position in the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Agency maintains a capitalization threshold of \$5,000 and a useful life of over one year. The Agency has no depreciable capital assets.

**Deferred Outflows/inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are no deferred outflows.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has property taxes and notes receivable that fit into this classification.

**Long-term Obligations**

The Agency reports long-term debt on the statement of net position. These obligations will be met using receipts from property tax and other special levies.

For governmental fund types, bond premiums and discounts are recognized during the current period. Bond proceeds and associated premiums or discounts are reported separately as another financing sources. Bonds payable are reported net of the applicable bond premiums or discounts, if any.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Net Position and Fund Balance**

Net position comprises of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. The Agency's net position is classified in the following two categories:

***Net investments in capital assets*** consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.

***Restricted net position*** is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the bonds. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

***Unrestricted net position*** consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned and unassigned.

***Non-spendable fund balance*** represents amounts not immediately converted to cash, such as prepaid items and inventory.

***Restricted fund balance*** includes amounts that are restricted by external creditors, granters or contributors, or restricted by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

***Committed fund balance*** represents amounts that have been committed by resolution by the City Council which is the Agency's "highest level of decision-making authority." Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the City Council adopts another ordinance to remove or revise the limitation.

***Assigned fund balance*** is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

***Unassigned fund balance*** represents the residual classification used for those balances not assigned to another category. Only the General Fund may have an unassigned balance.

There are no non-spendable, committed, assigned, or unassigned balances as of June 30, 2023.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the Agency's policy to use committed resources first, then assigned, and then unassigned as they are needed.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Restatements Due to Correction of Accounting Errors**

For the year ended June 30, 2023, restatements of previously reported balances were identified as follows:

General Fund beginning fund balance was restated in to correct a prior period misallocation of cash between two funds with the City's General Fund and the Agency's General Fund. This adjustment resulted in an increase in the City's General Fund. The effect of this correction is as follows:

**General Fund**

Fund balance - beginning of year, as previously reported	\$	4,708,635
Correction of error - cash		(12,003)
Fund balance - beginning of year, as restated	\$	<u>4,696,632</u>

Governmental Activities beginning net position was restated due to amortization of bond premiums being done on the straight-line basis although the interest method is required. Also, to correct a prior period misallocation of cash between two funds with the City's General Fund and the Agency's General Fund. Last, to remove assets available for sale which were previously sold. The effect of this correction is as follows:

**Governmental Activities**

Net position - beginning of year, as previously reported	\$	2,531,214
Correction of error - premium amortization		155,756
Correction of error - cash		(12,003)
Correction of error - capital assets		(40,000)
Net position - beginning of year, as restated	\$	<u>2,634,967</u>

**Adoption of New GASB Pronouncements**

During the fiscal year ended June 30, 2023, the Agency implemented the following GASB Pronouncements:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Implementation of this statement did not have a significant impact on the Agency's financial statements for the year ended June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Implementation of this statement did not have a significant impact on the Agency's financial statements for the year ended June 30, 2023.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Future GASB Pronouncements**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, *Accounting changes and error corrections – an amendment of GASB statement NO 62*. Issued June 2022, this statement updates accounting and financial reporting for (1) each type of accounting change and (2) error corrections made in fiscal years beginning after June 15, 2024.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the School for the fiscal year ending June 30, 2025.

The Agency will implement new GASB pronouncements no later than the required effective date. The School is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the Agency's financial statements.

**Note 2 – Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. For all funds, materials and services, capital outlay, debt service, transfers and contingency are the levels of control.

Original appropriations may be changed through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the general fund to an appropriation category in another fund. A supplemental budget is required if appropriations are expected to exceed authorized appropriation amounts. Budget amounts are as originally adopted, or as amended by the City Council. Expenditures were within authorized appropriations levels for the year ended June 30, 2023.

The Board of Directors must authorize all appropriation transfers and supplementary budgetary appropriations.

**Note 3 – Cash and Cash Equivalents**

Cash and cash equivalents are comprised of the following as of June 30, 2023:

Carrying amount of demand deposits	\$	228,951
Carrying amount of cash equivalents		<u>5,895,190</u>
	\$	<u><u>6,124,141</u></u>

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, commercial paper, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool.

**Note 3 – Cash and Cash Equivalents (continued)**

All deposits are held by the City of The Dalles on behalf of the Agency. The Agency considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty.

**Deposits** – The GASB has adopted U.S. GAAP, which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Agency at June 30, 2023. If bank deposits at year end are not entirely insured or collateralized with securities held by the Agency or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to \$250,000 by federal depository insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the Fiscal Year ended June 30, 2022, the total carrying amount of the City's deposits, as pooled with the Agency, in various financial institutions was \$240,954 and the bank balance was \$520,121. All deposits are held in the name of the Agency. Of the bank balance, the entire amount was covered by federal depository insurance or collateralized.

**Investments** – The Agency has invested funds in the State Treasurer's Oregon Short-Term Fund LGIP during fiscal year 2023. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294 .895). LGIP is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the Agency's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

**Credit risk** – State statutes authorize the Agency to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The Agency has no formal investment policy that further restricts its investment choices.

**Concentration of credit risk** – The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5.00% or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Agency has no such investments.

**Note 3 – Cash and Cash Equivalents (continued)**

*Interest rate risk* – The Agency has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

**Note 4 – Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – Unadjusted quoted prices for identical instruments in active markets.

**Level 2** – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

**Level 3** – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments reported as cash equivalents in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

LGIP balances are measured at amortized cost and are readily available to spend when needed. The balance in this pool is expected to stay fairly static as the interest rate in the pool is desirable. The risk associated with the LGIP is very low. The Agency only invests in the LGIP. The value of the Agency's investments as of June 30, 2023, was \$5,895,190.

**Note 5 – Note Receivables**

The Agency has an agreement for the sale of property. Monthly installments are to be paid over a period of 25 years with final payment in August 2044. The interest rate on the loan is 5% annually. The note is secured by real property and is considered fully collectible. During the year ended June 30, 2023, this note was repaid in full.

In April 2001, the Agency entered into a loan agreement to assist a borrower with an acquisition and rehabilitation project resulting in a note receivable. The principal on the note is due no later than December 31, 2026, and interest is payable at 1% annually. The note is secured by real property and is considered fully collectible. As of June 30, 2023, the outstanding principal balance is \$282,445. The agreement requires this amount to be paid on or before December 31, 2026.

**Note 5 – Note Receivables (continued)**

In January 2019, the Agency entered into an agreement for the sale of a property for redevelopment resulting in a note receivable. The purpose of the redevelopment is to support public objectives of the Agency's Urban Renewal Plan. The sixth addendum to the agreement revised the schedule of contract payments and closings which includes various principal payments through September 2023. The note is secured by real property and is considered fully collectible. As of June 30, 2023, the outstanding principal balance is \$25,000. This amount is anticipated to be paid in fiscal year 2024.

**Note 6 – Capital Assets**

The Agency constructs and refurbishes assets for the benefit of the City and local businesses, and any assets constructed or improved would become the property of the benefiting entity. The Agency also purchases property to be refurbished and sold. The 3rd Street Streetscape project is in the early stages of design and engineering and the project is waiting on final approval for construction. Costs incurred to date are \$52,668, with the estimated costs of \$3 million. The 1<sup>st</sup> Street Parking Lot project has started. Cost incurred to date are \$42,866.

At June 30, 2023, the capital assets of the agency consist of the following:

	Beginning Balance, as restated	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated				
Construction in progress	\$ 95,534	\$ -	\$ -	\$ 95,534
Assets available for sale	1,336,233	-	361,980	974,253
Total Capital Assets	<u>\$ 1,471,767</u>	<u>\$ -</u>	<u>\$ 361,980</u>	<u>\$ 1,069,787</u>

**Note 7 – Long-Term Debt**

The City issued \$12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. \$10,205,000 of the bonds was for the benefit of the Columbia Gateway Urban Renewal Agency and will be repaid from tax increment revenues within the Urban Renewal area with interest rates ranging from 2% to 5%, within an assistance agreement between the City and Agency. The bonds were issued to finance construction of public infrastructure improvements, urban renewal projects, to refinance the Urban Renewal Bonds Series 2002, to fund an urban renewal debt reserve, and to pay the costs of issuance. The Agency has pledged its tax increment revenues and earnings for repayment of the Agency portion of the obligation. If the bond is defaulted by failure to make required principal or interest payments or other covenants, action to enforce the financing agreement may take place for the outstanding balance of the obligation.



**Note 7 – Long-Term Debt (continued)**

Future maturities are as follows:

Fiscal Year	Principal	Interest	Premium/ Discount	Total
2024	\$ 600,000	\$ 200,425	\$ 26,968	\$ 827,393
2025	630,000	171,925	22,983	824,908
2026	660,000	142,000	18,802	820,802
2027	695,000	109,000	14,424	818,424
2028	725,000	74,250	9,822	809,072
2029-2033	760,000	38,000	5,021	803,021
Total	<u>\$ 4,070,000</u>	<u>\$ 735,600</u>	<u>\$ 98,020</u>	<u>\$ 4,903,620</u>

The following is a summary of changes in long-term debt during the fiscal year ended June 30, 2023:

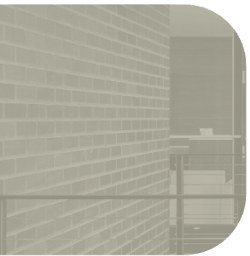
	6/30/2022 Balance (as restated)	Additions	Reductions	6/30/2023 Balance	Due Within One Year
<b>Urban Renewal Portion</b>					
Series 2009 FFCO	\$ 4,645,000	\$ -	\$ 575,000	\$ 4,070,000	\$ 600,000
Premium on Debt	128,804	-	30,784	98,020	26,968
	<u>\$ 4,773,804</u>	<u>\$ -</u>	<u>\$ 605,784</u>	<u>\$ 4,168,020</u>	<u>\$ 626,968</u>

**Note 8 – Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and the Agency has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

**Note 9 – Tax Abatements**

The City has authorized tax-exempt status for five qualified firms within the City: Escape The Dalles, Hydro USA, Powder Pure, 15 Mile Ventures, LLC, and Design, LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2023, the foregone property tax revenue is \$1,548,817.



## | Required Supplementary Information

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023**

Item 7. A., Attachment 1

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 791,018	\$ 791,018	\$ 873,399	\$ 82,381
Interest on investments	21,000	21,000	184,641	163,641
Miscellaneous	10	10	2,568	2,558
Total revenues	812,028	812,028	1,060,608	248,580
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Materials and services	2,350,960	2,350,960	263,648	2,087,312
Capital outlay	3,034,506	3,034,506	290,352	2,744,154
Total expenditures	5,385,466	5,385,466	554,000	4,831,466
Revenues over (under) expenditures	(4,573,438)	(4,573,438)	506,608	5,080,046
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of property	36,824	36,824	128,709	91,885
Total other financing sources (uses)	36,824	36,824	128,709	91,885
Net changes in fund balance	(4,536,614)	(4,536,614)	635,317	5,171,931
<b>FUND BALANCE, BEGINNING (as restated)</b>	4,536,614	4,536,614	4,696,632	160,018
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,331,949</u>	<u>\$ 5,331,949</u>



## | Supplementary Information

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2023**

Item 7. A., Attachment 1

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Property taxes	\$ 800,938	\$ 800,938	\$ 800,938	\$ -
Interest on investments	4,800	4,800	4,800	-
Total revenues	805,738	805,738	805,738	-
<b>EXPENDITURES:</b>				
Debt service:				
Principal	575,000	575,000	575,000	-
Interest	227,738	227,738	227,738	-
Contingency	802,738	802,738	-	802,738
Total expenditures	1,605,476	1,605,476	802,738	802,738
Net changes in fund balances	(799,738)	(799,738)	3,000	802,738
<b>FUND BALANCES, BEGINNING</b>	799,738	799,738	799,738	-
<b>FUND BALANCES, ENDING</b>	\$ -	\$ -	\$ 802,738	\$ 802,738

## INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Agency Officials  
Columbia Gateway Urban Renewal Agency  
The Dalles, Oregon

We have audited the basic financial statements of the Columbia Gateway Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 15, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of *Oregon Revised Statutes* (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.

In connection with our audit testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

### OAR 162-010-0230 Internal Control

In planning and performing our audit of the General Statements, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### **Restrictions on Use**

This report is intended solely for the information and use of the governing body and management of the Agency and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is fluid and cursive, with the first name "Jeny" and last name "Grupe" clearly distinguishable.

Jeny L. Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 15, 2023

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2023

2022/2023

Columbia Gateway Urban  
Renewal Agency

This report fulfills the requirements, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.



# Annual Report for Fiscal Year Ending June 30, 2023

## COLUMBIA GATEWAY URBAN RENEWAL AGENCY

### URBAN RENEWAL AREA BACKGROUND

The Columbia Gateway Urban Renewal Plan (Plan) was adopted by the City of The Dalles in 1990. A substantial amendment of the Plan was adopted in 2009 to increase the size of the urban renewal area and the maximum indebtedness allowed under the Plan.

#### Urban Renewal Mission Statement and Goals

The mission of the urban renewal agency is to eliminate blight and depreciating property values within the agency's jurisdiction and in the process, attract aesthetically pleasing, job producing private investments that will stabilize or increase property values and protects the area's historic places and values.

#### Goals and Objectives

To accomplish its mission, the agency will develop and implement an urban renewal program, the goals and objectives of which are:

- A. To make strategic investments of urban renewal funds so that unused and underused properties can be placed in productive condition and utilized in a manner consistent with the City's Comprehensive Plan and implementing ordinances;
- B. To participate by means of various urban renewal activities (e.g. land acquisition and disposition, rehabilitation loans, etc.) in specific opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will:
  - 1. Encourage the expansion and development of businesses that will produce jobs for the people of The Dalles and Wasco County; or
  - 2. Increase property values so that the area will contribute its fair share to the costs of public services, provided by the city, county, schools, community college, port and park and recreation district; or
  - 3. Insure a more attractive, functional and economically viable city; or
  - 4. Conserve historically significant places and properties
- C. To be responsive to the needs and the concerns of all people of the City of The Dalles in the details of amending and implementing the Urban Renewal Plan using multiple forms of outreach including; town hall meetings, the internet, news releases, and signs on projects; and

D. To encourage the maximum amount of public involvement and citizen participation in the formation and implementation of the Urban Renewal Plan by explaining and discussing the details of the Urban Renewal process:

1. To the public at town hall type gatherings;
2. To special interest groups, public service organizations, public bodies and the general public by invitation to Agency meetings;
3. By issuing periodic news releases;
4. By cooperating with the print and electronic news media by being available to discuss the Urban Renewal Plan and process;
5. By use of the Internet;

E. To provide an adequate amount of properly located and designed off-street parking, including disabled parking, in the downtown area, including a plan and program to effectively pay for, manage and maintain such parking;

F. To create positive linkages among the two sectors of the Urban Renewal Area - i.e. the Downtown and the West Gateway Area;

G. To cooperate, coordinate and assist in funding with the program to improve access and connections from downtown to the Riverfront and to provide facilities, such as trails and a public dock, to enhance public use of the Riverfront;

H. To improve the visual appearance, capacity, and traffic flow of streets that carry the major share of vehicular and pedestrian traffic in areas where development would otherwise be inhibited;

I. To assist property owners in the rehabilitation of their buildings and property to the extent that it helps implement the intent of redevelopment goals, policies, and standards, especially where rehabilitation may spur additional redevelopment activity;

J. To install and maintain coordinated street furniture, night lighting and landscaping in areas of maximum pedestrian concentration; including alley rights-of-way in the Downtown area;

K. In conjunction with specific urban renewal development or redevelopment projects, supplement existing funding sources to construct, install or replace publicly owned utility systems such as water, storm drains, and sanitary sewers where existing facilities are inadequate, undersized or otherwise substandard; and

L. To leverage the Agency's financial resources to the maximum extent possible with other public and private investments and other public and private funding sources.

M. To install underground utilities in areas of urban renewal projects including alley rights-of-way in the downtown area.

## FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

### Money Received

In FY 2022/2023, the Columbia Gateway Urban Renewal Agency received \$1,674,337 from property taxes.<sup>1</sup> The detailed revenues of the Columbia Gateway Urban Renewal Agency can be seen in Table 1.

**Table 1. Money Received During FY 2022/2023**

Revenues	General Fund	Debt Service Fund	Total
Property Taxes	\$873,399	\$800,938	\$1,674,337
Interest on Investments	\$184,642	\$4,800	\$189,442
Miscellaneous	\$2,568		\$2,568
TOTAL:	\$1,060,609	\$805,738	\$1,866,347

Source: Columbia Gateway Urban Renewal Agency Financial Statement FY 2022/2023 pg. 5

### Money Expended

Revenue received through urban renewal and spent on urban renewal activities is shown in Table 2.

**Table 2. Expenditures During FY 2022/2023**

Expenditures	General Fund	Debt Service Fund	Total
General Government	\$263,648		\$263,648
Capital Outlay	\$290,352		\$290,352
Debt Service			
Principal		\$575,000	\$575,000
Interest		\$227,738	\$227,738
TOTAL:	\$554,000	\$802,738	\$1,356,738

Source: Columbia Gateway Urban Renewal Agency Financial Statement FY 2022/2023 pg. 5

### Estimated Revenues

The estimated tax revenues from the FY 2022/23 adopted Columbia Gateway Urban Renewal Agency budget are \$1,650,188 from current year tax increment proceeds and \$34,900 from prior year taxes.<sup>2</sup>

<sup>1</sup> Columbia Gateway Urban Renewal Agency Audited Financial Statement FY 2022/2023, pg. 5

<sup>2</sup> Columbia Gateway Urban Renewal Agency FY 2023/2024 Budget, pg. 5-10

### Proposed Budget for Current Fiscal Year, FY 2023/24

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund is shown in Table 3 and Table 4 below. Table 3 shows the revenues and Table 4 shows the expenditures.

**Table 3. Budget FY 2023/24 Revenues**

Budget Category (Revenues)	General Fund	Debt Service Fund	Total
Beginning Fund Balance	\$4,613,867	\$802,738	\$5,416,605
Division of Taxes Current	\$855,476	\$794,712	\$1,650,188
Division of Taxes Prior Year	\$30,000	\$4,900	\$34,900
Unsegregated Tax Interest	\$2,800		\$2,800
Interest Revenues	\$29,000		\$29,000
Misc.	\$10		\$10
Loan Principal Repayment	\$25,000		\$25,000
Loan Interest Repayment	\$2,824		\$2,824
TOTAL:	\$5,558,977	\$1,602,350	\$7,161,327

The Columbia Gateway URA FY 2023/2024 Adopted Budget, pg. 5-9

**Table 4. Budget FY 2023/24 Expenditures**

Budget Category (Expenditures)	General Fund	Debt Service Fund	Total
Materials and Services	\$2,975,595	\$600,000	\$3,575,595
Capital Outlay	\$2,583,382	\$200,425	\$2,783,807
Reserve for Future Debt		\$801,925	\$801,925
TOTAL:	\$5,558,977	\$1,602,350	\$7,161,327

The Columbia Gateway URA FY 2023/2024 Adopted Budget, pg. 5-10

## Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 5. This information is from Wasco County Assessor records, Tables 4a and e. The figures for the permanent rate levy represent that levy in Wasco County only.

Urban renewal agencies do not create an additional tax. Instead, during the Agency's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The North Wasco School District #21 and Columbia Gorge Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

**Table 5. Impact on Taxing Districts FY 2022/2023**

Taxing Jurisdiction	Foregone Revenue to Urban Renewal	Total Permanent Rate Levy Imposed for Taxing District *	Urban Renewal as a Percent of Permanent Rate Levy
Wasco County	\$420,947	12,775,905	3.19%
Port of The Dalles	\$19,764	468,800	4.05%
Northern Wasco Park	\$67,227	1,177,203	5.40%
Mid-Col Fire & Rescue	\$207,940	4,367,170	4.55%
City of The Dalles	\$298,481	4,795,286	5.86%
Columbia Gorge Comm Coll	\$26,689	809,680	3.19%
Columbia Gorge ESD	\$46,284	1,392,186	3.22%
North Wasco School District 21	\$518,828	11,903,724	4.18%
Wasco County Soil Conservation	\$24,662	751,203	3.18%
4H Extension	\$24,662	747,376	3.19%
Wasco County Library	\$67,230	1,973,599	3.29%
<b>TOTAL:</b>	<b>\$1,722,715</b>		

Source: FY 2022/2023 Sal 4a and 4e from Wasco County Assessor

\* represents permanent rate levy amounts in Wasco County only

## Maximum Indebtedness

The maximum indebtedness (MI) established for the Columbia Gateway Urban Renewal Plan is \$29,125,583. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan. The remaining MI of the area as of FYE 2023 is \$5,756,258.53.<sup>3</sup> Maximum indebtedness used in FY 2022/2023 was \$422,723.

## Projects

The Agency started its new Incentive Program in 2022, providing grant support with match requirement to businesses developing new commercial and/or residential units. The Agency allocated \$81,207.91 in FY 2022-23 for four commercial improvements: Teodolinda Tapia, The Workshop, Williams Building and Stroud property.

<sup>3</sup> MI calculation performed by Tiberius Solutions LLC. E mail 01/27/24



COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

**AGENDA STAFF REPORT**  
**AGENDA LOCATION: 9. A.**

**MEETING DATE:** Tuesday, February 20, 2024

**TO:** Chair and Members of the Urban Renewal Agency Board

**FROM:** Dan Spatz  
Economic Development Officer

**ISSUE:** Tony Zilka Incentive Program Request: 201/203 Washington Street

**BACKGROUND**

Tony Zilka, owner of A. L. Zilka and Associates Construction, a Beaverton-based LLC, requests Urban Renewal Agency (**Agency**) Incentive Program funding to renovate the basement, ground-level and upper floor of the historic Washington Hotel, located at 201/203 Washington Street. The project will be in two phases. Phase One will establish commercial and new residential units on the ground and second floors. Phase Two will develop residential space on approximately one-half of the basement level. (Later development of commercial space is envisioned on the remaining portion of the basement level.) Staff have determined that Phases One and Two, which are considered as a single project for the purposes of this report, qualify for all Incentive Program components: Commercial, Mixed Use and SDC Compensation to the City of The Dalles and Northern Wasco County Parks & Recreation District (**NWPRD**). The project will also qualify for the Vertical Housing Tax Incentive program. On December 14, 2022, Phase One received Historic Landmarks Commission approval to renovate the structure from commercial office use to mixed-use development with two commercial units and 13 residential units, also to include façade improvements.. Phase One received City land use approval on July 11, 2023. Phase Two requires City land use approval at a later date.

This structure faces 1<sup>st</sup> Street to the north and Washington Street to the east. Constructed on a stone foundation in 1865 as Bloch, Miller & Co. and later Z. F. Moody Store, the structure served as a general merchandizing store, lumber company office and home to The Dalles Commercial Club. Beginning in the 1920s, it housed Model Laundry on the first floor and Washington Hotel on the second floor.

The structure's historic status is non-contributing per local standards. A fire in 1922 destroyed equipment in the Model Laundry but the business continued. Then, in the early 1950s, another fire destroyed the laundry and heavily damaged the upper story; subsequent

repair reduced the building's height, maintaining the second floor with a lowered ceiling height. Other major renovations covered the original east-facing windows and doors and replaced the north exterior brick with concrete block. The upper floor is vacant. The roof requires repair. Basement level is also vacant, exposing the original wooden beams and stone foundations. Main commercial level is divided into retail and office spaces. There are no current residential units. The building is served with full utilities.

The structure is most recently referred to as the "Blue Building," one part of the former Granada Block redevelopment plan, which together with the Granada Theatre, Recreation Building and adjoining parking lot, were acquired for that purpose by the Agency in January 2011 for \$380,000. The Agency later abandoned that redevelopment effort, electing instead to sell the component buildings individually for private acquisition and re-development. Mr. Zilka acquired the building from the Agency in April 2020, following approval of a Development and Disposition Agreement (DDA) with the Agency on August 30, 2019. Purchase price was \$150,000 through a promissory note maturing on September 5, 2022. The DDA determined, in part, that "Developer's use of the Project Site ... will help achieve the community and Agency goals for, among others, enhancing the Downtown, curing blighted conditions, increasing taxable value of real property and reasonably anticipating additional job creation."

The current request to the Agency complies with terms of Historic Landmarks Commission approval, while separating the project into phases:

- Phase One is development of at least two commercial units and three residential units on ground floor level; and six residential units on the second floor accessed by interior stairs. Commercial spaces on ground floor will be designed for flexibility, with the potential to establish four to five smaller retail spaces in addition to one existing commercial use (a yoga studio). Mr. Zilka estimates potential addition of between 10 and 12 FTE jobs associated with the new commercial spaces on the main level.
- Phase Two will establish four residential units in the basement, accessed by interior stairs and a basement hallway on the building's east side. Approximately half of the basement level will be reserved for later retail development.

Development strategy, including envisioned interior spaces by Zilka Construction (May 2022), floor plans and elevations, and construction budget are included with the Incentive Program application (Attachment A). Project will be financed through private equity and commercial debt in addition to Incentive Program funding. Applicant is a professional contractor and builder, with an extensive network of sub-contracting resources in the metropolitan area. Applicant called upon this network in obtaining competitive job estimates, as detailed on the construction budget. Applicant will self-perform certain aspects of the project, such as wall and concrete cuts for window and door placement.

Project is at initial design phase. Estimated start of construction is Spring 2024, with estimated completion Spring 2025. Project will fully renovate all levels of the structure, establishing expanded retail at street level including new egress to 1<sup>st</sup> Street on the north side of the building, and new upper-level windows on the north, east and west sides. Work includes:

- footings and anticipated structural concrete,
- lintel installation and masonry repair,
- rough carpentry,
- interior finish carpentry,
- cabinetry and countertops,

- insulation,
- TPO roofing,
- flashing and sheet metal,
- fire doors and wood storefront doors and door hardware,
- drywall,
- tile and interior stone,
- LVT and painting,
- signage,
- residential appliances and other improvements.

New utilities (HVAC, low voltage systems, water, electrical, stormwater and wastewater) and fire suppression will be added throughout.

## **PROJECT BENEFITS**

Staff determines this project meets the following Agency goals and objectives:

*A. To make strategic investments of urban renewal funds and engage in various urban renewal activities which increase the value of properties within the Urban Renewal District.*

*B. To make strategic investments of urban renewal funds so that unused and underused properties can be placed in productive condition and utilized in a manner consistent with the City's Comprehensive Plan and implementing ordinances;*

*C. To participate by means of various urban renewal activities (e.g. land acquisition and disposition, rehabilitation loans, etc.) in specific opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will:*

- 1. Encourage the expansion and development of businesses that will produce jobs for the people of The Dalles and Wasco County; or*
- 2. Increase property values so that the area will contribute its fair share to the costs of public services, provided by the city, county, schools, community college, port and park and recreation district; or*
- 3. Insure a more attractive, functional and economically viable city; or*
- 4. Conserve historically significant places and properties;*

*J. To assist property owners in the rehabilitation of their buildings and property to the extent that it helps implement the intent of redevelopment goals, policies, and standards, especially where rehabilitation may spur additional redevelopment activity;*

*M. To leverage the Agency's financial resources to the maximum extent possible with other public and private investments and other public and private funding sources.*

Total investment for both phases, including Agency contribution, is estimated at \$3,866,346.

## **INCENTIVE PROGRAM REQUESTS**

Total Agency investment in the Zilka project, if both phases are completed, would be \$330,000. Board approval is required for Incentive Program projects exceeding \$50,000 in value. Staff determines the Zilka project qualifies for all three Incentive Program grants, constituting total Agency contribution for the first phase of up to \$271,382, as described below:



- **Mixed use:** Commercial development at ground level and nine new residential units qualifies for \$150,000 grant, contingent on 30 percent match by the developer.
- **Commercial:** Ground level renovation comprising two new spaces with new egress on First Street (anticipating First Street redevelopment project by the Agency), qualifies for \$50,000 grant, contingent on 50 percent match by the developer.
- **Downtown residential SDC payments to City of The Dalles and NWPRD:** Phase One comprises nine new units of up to \$10,000 each (see detail below). Phase Two, which will occur at a later date, would create another four units. While total allocation for SDC payments will not exceed \$130,000 (13 units at up to \$10,000 each), allocation for Phase One is \$71,382 as calculated below, including credits for existing water and sewer capacity. Transportation SDCs are exempt for this project per General Ordinance 07-1286, Section 6; also, there is no stormwater SDC since this is an existing structure with impervious surface.
- SDCs payable to City:

Water	3" meter/Project	\$16,219
Sewer	\$1,789/dwelling unit	\$14,312
Transportation	\$1,053/dwelling unit	\$0
<b>Subtotal</b>		<b>\$30,531</b>
- SDCs payable to District:

Parks	\$4,539/multifamily unit	\$40,851
<b>Subtotal</b>		<b>\$40,851</b>
<b>Total</b>		<b>\$71,382</b>

The Agency's maximum potential Incentive Program investment for Phases One and Two would be \$330,000. Total request for current Incentive Program application (Phase One) is \$271,382.

### **BUDGET IMPLICATIONS**

The project would be funded through the Urban Renewal Capital Projects Fund; the approved budget for that fund in fiscal year 2023-24 is \$2,583,382. Sufficient funds are available for this and other projects.

### **BOARD ALTERNATIVES**

1. ***Staff recommendation: Move to authorize the Agency Manager to execute and implement the Incentive Program Grant Agreement with A. L. Zilka and Associates Construction, in an amount not to exceed \$271,382, as presented.***
2. Make modifications to then authorize the Agency Manager to execute and implement the Incentive Program Grant Agreement with A. L. Zilka and Associates Construction, as amended.
3. Decline authorization and provide alternative direction to Staff.

### **Attachments**

- Attachment 1 – Urban Renewal Incentive Program Application, 201/203 Washington Street
- Exhibit A –Recitals and Declaration
- Exhibit B – Urban Renewal Incentive Program Grant Agreement

# Urban Renewal Incentive Program

## APPLICATION



Property address: 203 Washington Street

Incentive requested:  
(check all that apply)

☐

Commercial Project

x Mixed Use Project

☐

New Residential Project

### • Applicant

Anthony L. Zilka

Contact person and title

(503) 209-7767

Phone number(s)

12650 SW First Street

Mailing address

Beaverton

City

Website URL Zilkasecurity.com

Are you current on business taxes? x Y ☒ N

Ownership status: ☒ I own the property

☐ I own the property with others

A.L. Zilka & Associated, LLC

Business name

tonylzilka@gmail.com

Email Address

Oregon

97005

State

ZIP Code

21 years / 5 years

Years in Business / Years in The Dalles

In which state are your incorporation &/or organization documents filed:

☐ I am purchasing the property\*

☐ I lease the property\*

\* Owner Authorization form required (attached)

### Property Owner

(Required if different than Applicant.)

Same as above

Owner name / contact

Phone number(s)

Mailing address

City

Owner business (if applicable)

Email Address

State

ZIP Code

Do you expect property owner to be the same at time of project completion?

Y

N

## Application Submittal

### Minimum Requirements

To be eligible for Program funds, the following minimum requirements must be met:

- (1) The subject real property (**Property**) must be located within the Area;
- (2) Applicant must be the Property's current owner or must obtain the owner's prior written consent on the Application;
- (3) Applicant must not be delinquent on any City accounts (e.g., utility accounts) and real property taxes concerning the Property must be paid in full at the time of Application submission and all fund disbursements. If the Applicant is not the Property's current owner, both the Applicant and owner must not be delinquent on any City accounts and be current on their real property taxes;
- (4) The Property must not be subject to any tax abatements reducing its assessed market value (including, without limitation, tax credits, property-related subsidies, or any other tax exemption); provided, however, the Property may receive tax abatement or subsidies from The Dalles Vertical Housing Development Zone without impacting its eligibility under this Program;
- (5) The project for which Program funds are sought must be an Eligible Project meeting and seeking to advance Plan goals and objectives; and
- (6) Applicant must timely apply for Program funds on Agency's then-current Program application and in such manner as the Agency Manager (**Administrator**) may then prescribe.

### Attachments

Separately attach the following documents:

- All relevant plans and specifications;
- Current photographs of the Property and adjacent buildings;
- Project schedule;
- Information concerning the Property, including ownership information and legal description;
- Title report to determine the extent of any existing liens or other encumbrances impacting the Property;
- Current property tax information for the Property; and
- All other information and/or documentation the Administrator deems necessary or appropriate to enable Agency to review the application and determine eligibility for the Program funds.

### Public Information Notice

All documents and information contained in documents submitted by an Applicant to this Program are public records subject to the Agency's disclosure pursuant to the Oregon Public Records Law (ORS 192.311 *et seq.*) except such portions the Agency deems exempt from disclosure pursuant to ORS 192.345, 192.355, and other Oregon statutes or federal law. An Applicant may request the Agency consider portions of the Application *confidential* by submitting an analysis of the applicability of ORS 192.355(4) to the City Attorney prior to submission of this Application or any documents or information.



## Property and Project Description

### Property Description

Briefly describe the current use(s) and condition of the Property. This may include utility information, existing improvements, business uses and names of current commercial/industrial tenants, and number of current residential units.

The building has a stone foundation. Constructed in 1865 as Bloch, Miller & Co., later Z.F. Moody Store, the structure has been a general merchandizing store, lumber company office, The Dalles Commercial Club, Model Laundry and Washington Hotel. It continues in commercial use today. It is classified as Historic Non-Contributing. Current tenant is a yoga studio. A fire that destroyed the Model Laundry also heavily damaged the upper story, such that the height of the building was reduced under a new roof. Upper level is vacant. Roof requires repair. Basement level is vacant, exposing the original wooden beams. Main commercial level is divided into retail and office spaces. There are no current residential units. Building is heated with full utilities (electric, city water, wastewater.)

### Project Narrative and Schedule

Briefly describe the proposed project and schedule of project completion. This may include business(es) committed to occupying the new/improved area, a description of the current development phase, estimated construction start/end dates, and type of work already completed.

Project is at initial design phase. Estimated start of construction Spring 2024; estimated completion Spring 2025. Project will fully renovate all levels of the structure, establishing expanded retail at street level including new egress to First Street on the north side of the building. (This section is concrete block, which replaced the original brick north wall.) Work includes footings and anticipated structural concrete, lintel installation and masonry repair, rough carpentry, interior finish carpentry, cabinetry and countertops; insulation, TPO roofing, flashing and sheetmetal; fire doors and wood storefront doors and door hardware; drywall, tile and interior stone, LVT and painting; signage; residential appliances and other improvements. Project will establish four new residential units at street level and eight new residential units on the third floor, including re-establishment of windows facing Washington Street. New utilities (HVAC, low voltage systems, water, electrical, stormwater and wastewater) and fire suppression will be added throughout. Basement level will not change as part of the current renovation except for any needed foundation work. Basement improvements including exterior access are envisioned for a later phase.

### Eligible Projects

Please choose all that apply.

☒ Development of new residential units.

☒ Restoration, reuse, or upgrades to historically listed buildings, including adapting historic or culturally significant existing buildings in the Area to new uses. Such improvements must first receive Historic Landmarks Commission approval prior to Application submission.

☒ Temperature or ventilation system upgrades (e.g., HVAC); however, *like-for-like* replacements are ineligible.

☒ Interior and exterior infrastructure upgrades (e.g., plumbing, mechanical, electrical, sidewalk, drive-approaches, etc.).

☐ Parking lot improvements.

X Permanent improvements for upper floors of existing Area buildings to make the space usable (if not currently in use).

X Demolition (interior) in conjunction with redevelopment of blighted properties.

X Safety and accessibility improvements (e.g., ADA access improvements, elevator installation, architectural lighting, seismic reinforcement systems, etc.).

X Fire suppression systems for new or reused spaces; however, fire suppression systems for existing uses are ineligible.

X Façade improvements, including: (i) restoration of masonry, brickwork, and/or wood and metal cladding; (ii) installation of new or replacement of existing replacement and/or repair of architectural features; (iii) installation of new or replacement of existing awnings; (iv) installation of new or replacement of existing exterior lighting; (v) installation of new or replacement of existing gutters and downspouts; (vi) installation of new or replacement of existing windows; (vii) entranceway modification and/or implementation of safety features; (viii) structural support for façade only; (ix) new construction for façade treatments; (x) painting of exterior walls when repairs to siding are made or part of new construction of the façade; and/or (xi) construction and installation of bike racks.

X Design or engineering work leading to permanent and physical improvements.

Other permanent improvements and redevelopment aligned with Area and Agency goals as approved by the Administrator or Agency Board (as applicable), unless listed as an Ineligible Project.

#### Ineligible Projects

The following projects are not eligible for Incentive Program funding.

- Projects completed prior to grant funding award.
- Projects on land exempt from property taxes or otherwise by an Applicant or owner exempt from property taxes (e.g., non-profit organizations).
- General cleaning.
- Maintenance and *like-for-like* replacements.
- Roof repairs or replacements.
- Fire suppression systems for existing uses.
- Real property acquisition.
- Equipment acquisition
- Financing costs or debt and other similar operating expenses.
- Flooring.
- Interior electrical and plumbing fixtures.
- Paint and painting.
- Landscaping.
- Security system upgrades.
- Other non-permanent improvements or redevelopment not aligned with Area and Agency goals as denied by the Administrator or Agency Board (as applicable).

### Project Budget

#### Budget Narrative



Please describe the project budget, including revenues and expenditures. Explain how cost estimates were obtained and how budget figures were derived, including cost control measures undertaken. Include any other relevant information that could assist the Agency in understanding better your investment proposal and project readiness.

Construction budget attached. Project will be financed through private equity and commercial debt in addition to Urban Renewal funding. Applicant is a professional contractor and builder, with extensive network of sub-contracting resources in the metropolitan area; applicant called upon this network in obtaining competitive job estimates, as detailed on the construction budget sheet. Applicant will self-perform certain aspects of the project, such as wall and concrete cuts for window and door placement.

## Budget Worksheet

Complete the budget chart below, detailing the total project cost estimate (excluding property acquisition and related expenses). Be as specific and detailed as possible. Add lines &/or extra pages as needed to provide sufficient detail. Please attach an additional sheet as needed.

**Construction budget attached.**

### Estimate of Total Project Costs

*(excluding property acquisition and related expenses)*

EXPENSE / ACTIVITY	CONTRACTOR OR VENDOR	ESTIMATED COST
		\$
		\$
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EST. TOTAL PROJECT BUDGET		\$ 3,866,346

## Funding

Amount of Requested Incentive Grant Funding

Commercial Grant Request	\$ 50,000
Mixed Use Grant Request	\$ 150,000
Residential Grant Request	\$ 71,382 (SDC disbursement @ \$10,000 per new unit to City of The Dalles, NWP&RD)

### Anticipated Financing

Grant funds will be committed prior to commencement of work but will not be disbursed until the Applicant provides proof of payment for the completed improvements (the Grant Agreement will have anticipated reimbursement schedule). Additionally, the Incentive Grant Program requires matching funds: Commercial Grant Applicants must fund at least 50% of total eligible project costs, Mixed Use Grants 30% of total eligible costs, and Residential Grants require the full project to be funded (through public and private sources) to take advantage of the SDC buydown. How will the improvements be financed?

Bank / Credit Union Loan (name of lender):

Other grant from City of The Dalles (list source, amount):

Other Grant (list all grant sources):

Other public funding (list source, amount, and whether secured/timing to secure):

Other Urban Renewal Funding

Private loan

Equity

Business Savings

Personal Savings

Gift

Friend

Other:

### Eligibility of Proposed Project | Public Funding

Has the Property received other public funding or grants in the past five years? Is the Applicant or owner pursuing any other funding from City of The Dalles to carry out work on this property? Include details on source and amounts received or being pursued and note date of any public approvals.

No other public funds or grants.

No



## Certification by Applicant

(Please initial and sign.)

### APPLICANT AFFIRMATION

By initialing each below, the Applicant affirms the following statements in the event the Applicant is awarded any funding or credits under this Program for the Project:

AZ I understand I will enter into a contractual Grant Agreement with the Agency and a lien equal to the value of any awarded funds disbursed or credits applied will be assessed against the Property for fifteen (15) years from the date of Project completion. I further understand and commit to reimbursing the Agency the value of any awarded funds if the Property receives any Abatements in during the 15-year period other than abatements or subsidies through The Dalles Vertical Housing Zone.

AZ If I am awarded any Grants for a Commercial Project or Mixed-Use Project, I understand I am required to invest at least fifty percent (50%) of the improvement costs for Commercial Projects and at least thirty percent (30%) for Mixed-Use Projects.

AZ I understand any funding or credits may only be used for costs incurred (1) after award and (2) after the Agency executes the Grant Agreement. I further understand any costs incurred prior to award or the Agency's execution of the Grant Agreement are ineligible for reimbursement.

AZ I understand all awarded funds or credits must be applied toward permanent and physical improvements or design or engineering work leading to permanent and physical improvements.

AZ I understand the Project complies with The Dalles Municipal Code, the City's Land Use and Development Ordinance (including zoning and design standards), and historic review. I further understand I must secure all required land use approvals prior to submitting this Application.

AZ I understand the Property is current with its property taxes and agree the Property owner is expressly responsible for all taxes associated with any award.

AZ I authorize the Agency to request a title report on the Property subject to City Attorney review, and I understand the Agency may deny any awarded funding based on the title report and/or the number of liens assessed against the Property.

### APPLICANT CONTACT CERTIFICATION

I, Anthony L. Zilka, the Applicant Contact, certify I am authorized to sign on behalf of the Applicant. I understand the Agency must approve the proposed Project by executing a Grant Agreement before I am eligible for any reimbursements. Certain changes or modifications to the Project may be required by the Agency prior to its final approval. A Letter of Commitment will not be issued before the Agency receives the necessary bids, proposals, and documentation for the approved work. Any work commenced before the Agency issues a Letter of Commitment is not eligible for reimbursement. If approved for award, I hereby authorize the Agency to use before-and-after images or photographs of the Property and Project, both in print and online. I certify all information in this Application, and all information furnished in support of this Application, is true and complete to the best of my knowledge. The Agency may verify any of the information contained in or supporting this Application from any available source.

Applicant Signature

Date

1-22-2024

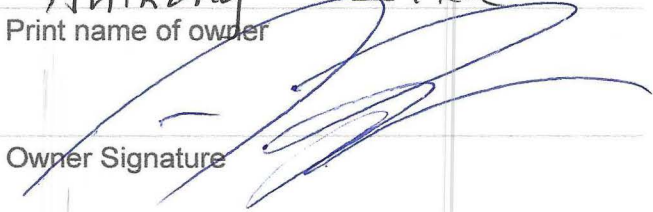


**Owner Authorization**  
(Required if owner is different than Applicant.)

**AUTHORIZATION AND CONSENT OF OWNER**

I, Anthony L. Zilka, am the owner of record for tax purposes of the Property addressed 203 Washington St. in The Dalles, Oregon. I hereby authorize the Applicant, N/A, to alter my Property as described in this Application. I do not waive the right to review and approve and proposed Project before it commences.

I certify I have reviewed and understand the Incentive Program guidelines, including property tax abatement and credit restrictions that will be in effect for 15 years.

Anthony L. Zilka  
Print name of owner  
  
Owner Signature

1-22-2024  
Date

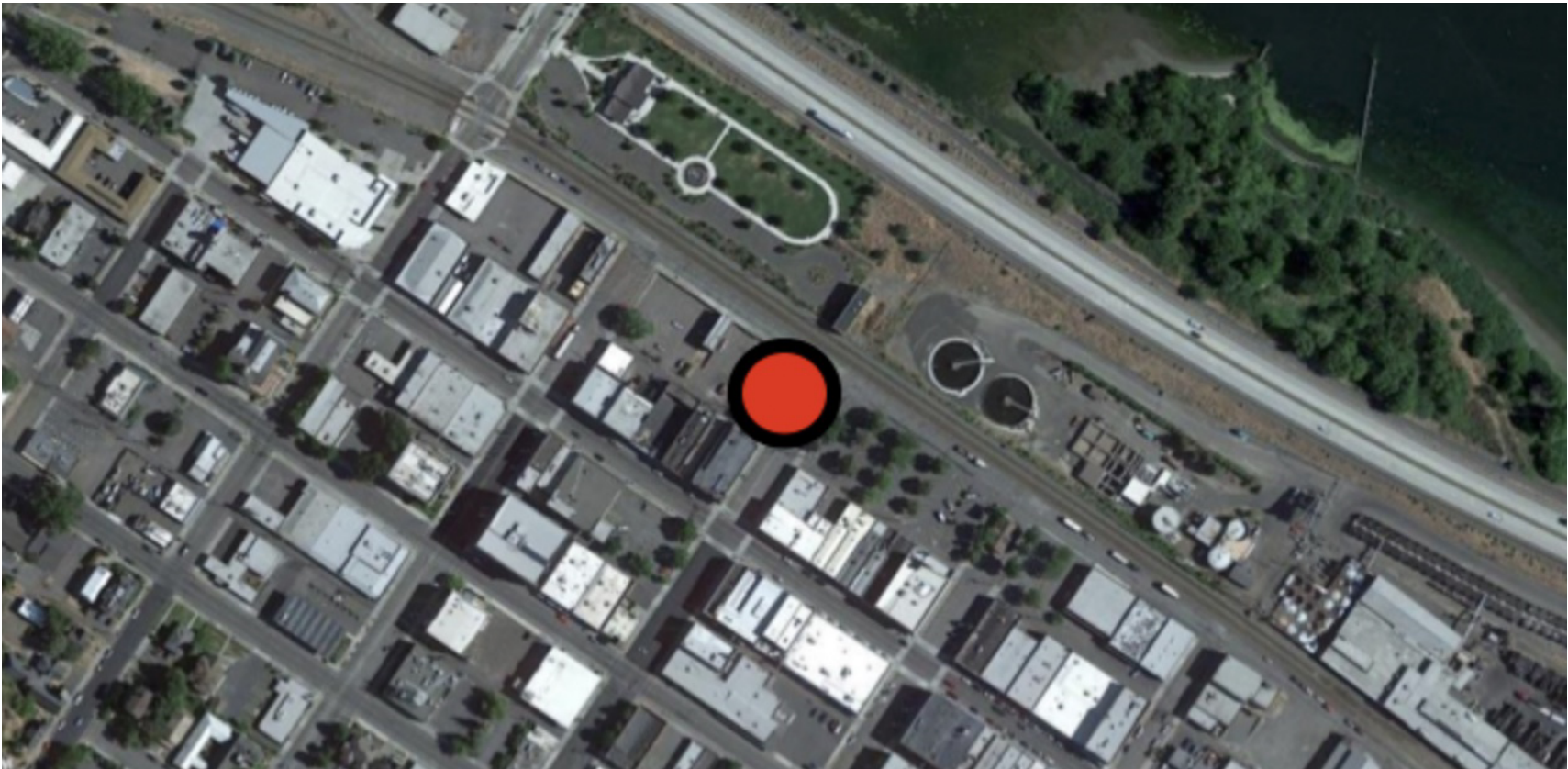
# 1st and Washington | Development Strategy



## 1st and Washington | Introduction

This document outlines the proposed Development Strategy for the property at 1st and Washington, The Dalles.

*We believe this to be a keystone project, and are highly conscious of its potential impact on revitalizing the Historic Downtown District, and its contribution to The Dalles, its Community, and Commercial future.*





## 1st and Washington | Research

Before arriving at our Development Strategy, we examined several avenues of research, in our belief that the project's long term success is dependent on satisfying the criteria of multiple stakeholders.

Among those interviewed include representatives of:

- City of the Dalles - Community Development
- The Dalles Chamber of Commerce
- The Dalles Small Business Development Center
- The Dalles Historic Landmarks Commission
- Local businesses (including The Granada Theater, The Last Stop Saloon, the Baldwin Saloon, and The Hub)
- The Dalles area Commercial and Residential, Realtors and Developers

Additionally, to gain the Community's perspective, we reviewed the 2019 study, '*A Community Vision for Downtown The Dalles*' and the 2021 study '*The Dalles Vision 2040*' and collated their findings. We further supplemented this research with the analysis of extensive data through the US Census, Travel Oregon, DataUSA, and OregonBusiness.com, among others. Finally, we examined documentary and photographic archives, and explored the building's long history.



In addition, the owner of the property, Tony Zilka has also expanded the footprint of his Portland-based business, Zilka Construction, and is now actively operating in The Dalles area. Other Zilka family members have also moved to the region, to live and work, including John Zilka, Tony's brother, who following the build-out of his business by Zilka Construction, opened the popular ice cream store, Shannons. As a keen cyclist and lover of the Pacific Northwest's outdoors, Tony now spends extended periods in The Dalles, exploring the City and its surroundings, while enjoying its community and culture.

## 1st and Washington | Analysis and Findings



As expected with a project such as the revitalization of The Dalles Historic Downtown District, the various agencies involved share many common goals and concerns, in addition to those focused on their individual areas. Once these were collated and the Community's views factored a number of common themes emerged. These were:

- A neighborhood needs to be created Downtown that will provide not only in-demand residential capacity, but support the area's current businesses, and facilitate the growth of new commerce. There's also a strong preference in the community for local businesses, over national chains
- The Dalles Community is particularly proud of the historic and multicultural nature of the city, its long tradition of commerce, agriculture and hard work, along with its beautiful natural setting

- This neighborhood should attract local people and visitors, giving them options to shop, gather, eat and drink, while enjoying and absorbing the District's unique history. In addition, it's particularly important to attract people Downtown at the weekend
- The Dalles' residents like to meet, gather, and socialize in outdoor spaces, and are particularly drawn to family focused events; music, art, sports, and culinary experience all ranked highly. However, given the area's level of 300+ days a year of sun, shade can be at a premium, especially during the extended summer months
- While the highly temperate weather system reduces traditional seasonality among visitor numbers, there is still a drive to expand the 'shoulder season', through incentives, packages and unique regional experiences
- In order to attract local people, a greater selection of retail food options is needed Downtown - not just eat in, but take out, ethnic, grocers and delicatessens
- Additionally, hospitality-related businesses should be open for a greater range of hours, cumulatively, to create a prolonged vibrancy in the district, throughout the day, the evening, and into the night
- There has been an increase in local people starting their own businesses. These tend to cover a fairly broad range, such as small scale manufacturing, personal grooming, and trade and craft, however, two stand-outs have been food and drink, and the fermentation industry
- New businesses starting up in the Historic District often face challenging costs related to older properties (expensive re-fits, often resulting in higher rentals, combined with higher utility bills, etc.)

## 1st and Washington | Approach

While the project's development will ultimately be represented in Architectural Plan form, we felt it more relevant at this stage, to paint a broader picture. We propose to illustrate how the building can fulfill the City's goals of revitalizing the Historic Downtown district, while providing the community and visitors with an increased range of attractions and services.

In approaching this project, we adopted the principles of Experience Design; focusing on how individuals and groups might interact with, and relate to the space, its immediate surroundings, and the district itself, rather than the detail of how the building will be reconstructed and laid out.



We also aimed to leverage the uniqueness of the building; one of the few in the Historic Downtown to be accessible from all four sides - but more importantly, each with their own 'character' and potential.

Our plan is to work sympathetically with the features historic events have created for the building (the Lower floor being partially 'entombed' by the leveling of railroad tracks, fire decimating original internal structures, etc). We also propose to preserve the building's patina and 'scars'; the raw, exposed beams and supports of the basement, or the semi-vitrification of the internal brick walls.

Additionally, wherever possible, we would look to recycle, or repurpose the building's remaining materials and fittings - not only maintaining ecological responsibility, but also preserving as much of 1st and Washington's character and multi-faceted history as we can.



## 1st and Washington | Front



The project will deliver a comprehensive, and considered design where people can live, work, shop, gather, eat and drink, all within the building, and its immediate surroundings - *in essence, creating a mini-neighborhood.*



## 1st and Washington | Retail

The Ground floor streetscape provides an open, sunny south east aspect, with a 12 foot deep sidewalk, at the less busy end of Washington Street. We would envisage this to be the principal facade of the building, and one that should be fully utilized to present its public face as vibrant, fresh, and actively contributing to the revitalization of the Historic district.

*For the purposes of description, and to illustrate the building's commercial potential, we have assigned different business types (and working titles) to the various floors.*



At the South end of the ground floor, we would suggest a food focused business; in this case, *'The Washington Street Deli'* (The 2019 and 2021 Community Studies both mentioned several instances of local people wanting a greater choice of food in the district).

Along with its range of products, the Deli could also sell locally produced food and drink (wine, ciders, beers, cheeses, etc), which would appeal to residents and visitors alike, while bolstering the local economy.



Next door, we believe would be the ideal spot for a locally owned and run cafe; as a working title, '*The Model Coffee Company*'. Shaded outdoor seating across the central portion of the facade, would take advantage of the building's open sunny aspect, and we envisage this business as key to developing the neighborhood's community.



A highly visible, active streetscape would not only capture, but project the energy necessary to revitalize the Historic Downtown. Ideally, the coffee shop would open from early morning, ensuring that the building's impact on the community provided more than a simple 10.00 - 5.00 presence.



To the North, our remaining frontage would form the entrance and window displays of the final unit. In line with the Region's increase in owner operated businesses, we hope to dedicate the space to exactly that, while featuring those which would appeal to locals and tourists alike.

The 2-3 units could house businesses which make and sell their products in the space, whether a custom bike frame manufacturer, a jam maker, a traditional leather worker, or someone producing dried fruit energy bars. We believe that this would be an ideal venue to serve as an incubator for local start-up businesses.

## 1st and Washington | Residential

The building's second floor, and, (pending zoning amendments) rear section of the first, will house the residential component of the project. Currently we propose twelve single bedroom apartments. These will provide a unique lifestyle, blending the benefits of a vibrant, walkable Downtown district, with views of the area's stunning countryside, accessible in minutes.



While not fully open-plan, the apartments would be light, airy, and modern loft-style in design, echoing the building's brick-built construction and long established commercial history. Natural light is key to people's well being, and feeling part of their environment, while creating a greater sense of space, and upscale ambience.

Along with the reduced cost of acquisition, one of the growing attractions of apartment living is the minimal upkeep involved, so the units would be designed to be low maintenance, and highly energy efficient.



We also feel it vital to optimize the units as live/work space, ensuring they are digitally ready and future proof. Even pre-pandemic, Oregon was the 4th most prevalent state in the US for working from home, and this trend is projected to grow.



As a residential community initiative, we also plan to develop the roof into a recreational terrace - a feature that would also signal to locals (and freeway travelers) that things are happening in The Dalles Downtown.

## 1st and Washington | Rear



1st and Washington has many features which separate it from others in the Downtown district, but perhaps the most differentiating is its ground-level basement, which runs full length across the rear of the property's Northwest face.



## 1st and Washington | Hospitality



The basement has survived fire in the floors above, and floods when the Columbia burst its banks, and its hand-hewn beams and supports are some of the oldest surviving construction in The Dalles. Currently accessible only from within, this most historic aspect of the building has been hidden for decades...*We propose to change that.*

By opening access to the basement at the rear, we have the potential to create a unique experience for the local community, and visitors - Welcome to '*The Dalles Cider Vaults*' (*The Biggest selection of Regional Ciders in the Gorge*).

Both 'Culinary Experience' and 'Historic Sightseeing' rank highly as 'Reasons for visiting the Gorge' (57% and 51% respectively). These are market sectors which have grown steadily over the last 15 years, and are noted as major factors in attracting International travelers to the region. We believe that we could serve these groups extremely well. In addition, it would also provide the local market with a fresh, unique offering and the opportunity to support the area's producers, while enjoying the long-unseen history of one of their oldest buildings.



The interior of the Vault would be left, wherever possible, untouched, preserving the building's historic value, while echoing The Dalles ethos of grit and hard work.

Along with land-based visitors to The Dalles, the site's proximity to the cruise liners' docking point also makes it an ideal itinerary destination for passengers, spending time in the Historic Downtown.



To further differentiate the Cider Vault from other local hospitality venues, and draw the culinary (and fermentation) tourists of the Region, could be the addition of a small batch facility, which would allow local producers to test new recipes and techniques - while giving them instant access to enthusiastic 'focus groups'.

## 1st and Washington | Community

As with the deep Washington St. frontage providing a vibrant presence for the project, we plan to apply the same approach to the back of the building, by extending our current holding of the rear lot, from 25 ft to 60ft. This will allow for a number of exciting and impactful initiatives.

Rather than installing a few outdoor tables for the Cider Vault's patrons, we propose to expand and create a sheltered and shaded area for local people and visitors to meet and gather. This type of area is in short supply due to the City's grid system and we're mindful of the importance of outdoor socializing to the people of The Dalles.

*The Dalles Cider Vault*, the rear seating / meeting area, and the *Model Coffee Company* not only extends the time the businesses of 1st and Washington are operational, and open to the public (6.00am-12.00am), but also the time in which it will positively energize the Historic Downtown area.







Our community-focused uses of the building's frontage, and rear lot, will have the effect of cementing the corner of 2nd and Washington's role as a center for socialized entertainment in the Downtown district. We believe this will also help realize fully the City's investment in the Granada Theater and the Last Stop Saloon, by creating a consolidated hub with the three adjacent businesses.

For example, Todd Carpenter's planned open air section of the Last Stop, will mesh perfectly with our proposed outdoor space, allowing an easy flow of customers between the businesses, without using surface streets.

In addition, we would be excited to work with Chuck Gomez on creating events around the outdoor screening of movies, to the rear of his building - this would be a great weekend gathering spot for friends and family



## 1st and Washington | Conclusion



*The 1st and Washington project presents a truly unique opportunity; one which allows us to honor the history of one of The Dalles' oldest structures, while creating a new entity tailored to the modern day needs of The City, and its Community.*

*We are extremely committed, and look forward to working with you on this exciting development.*

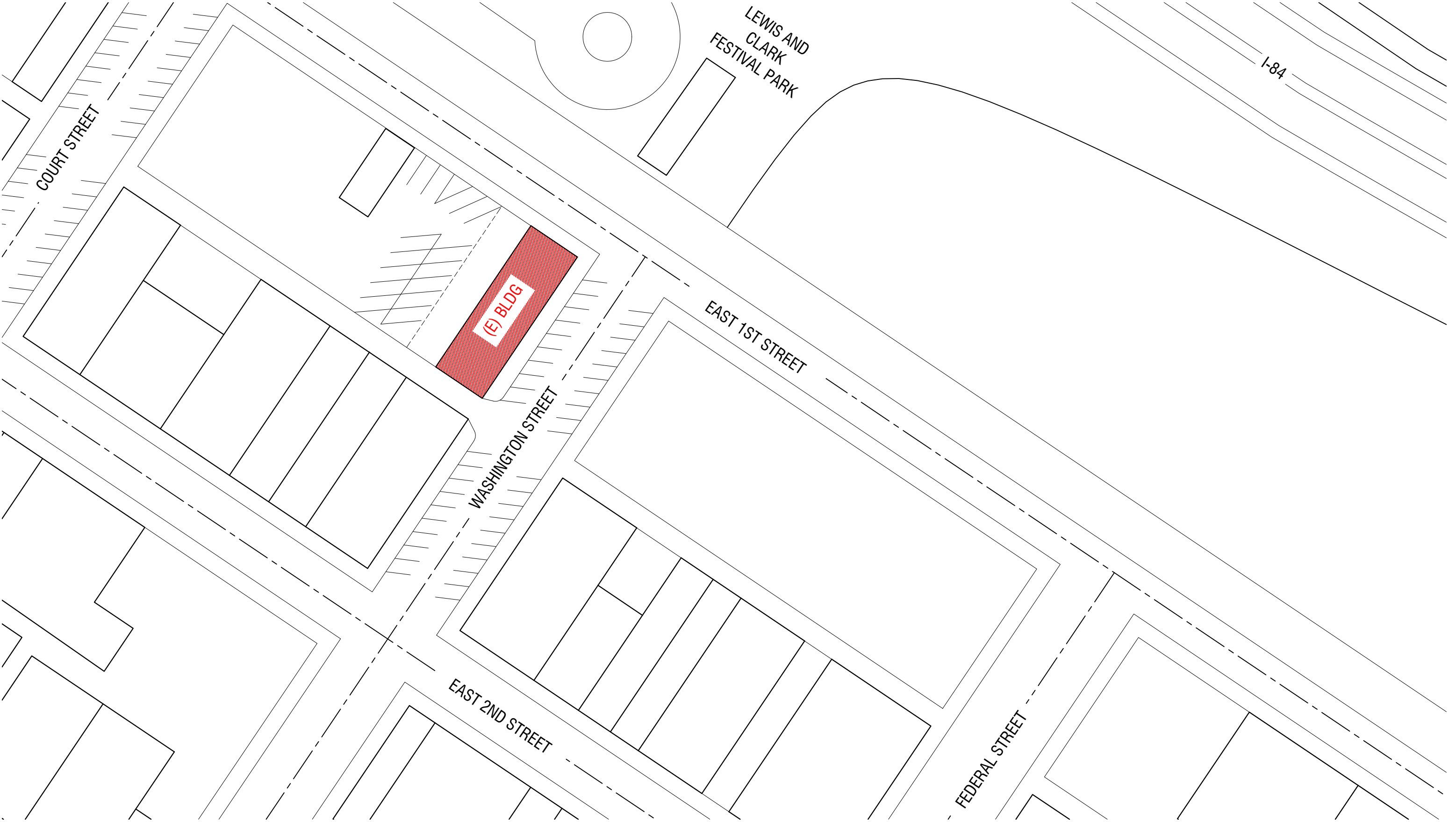
Tony Zilka



Copyright - Zilka Construction 2022





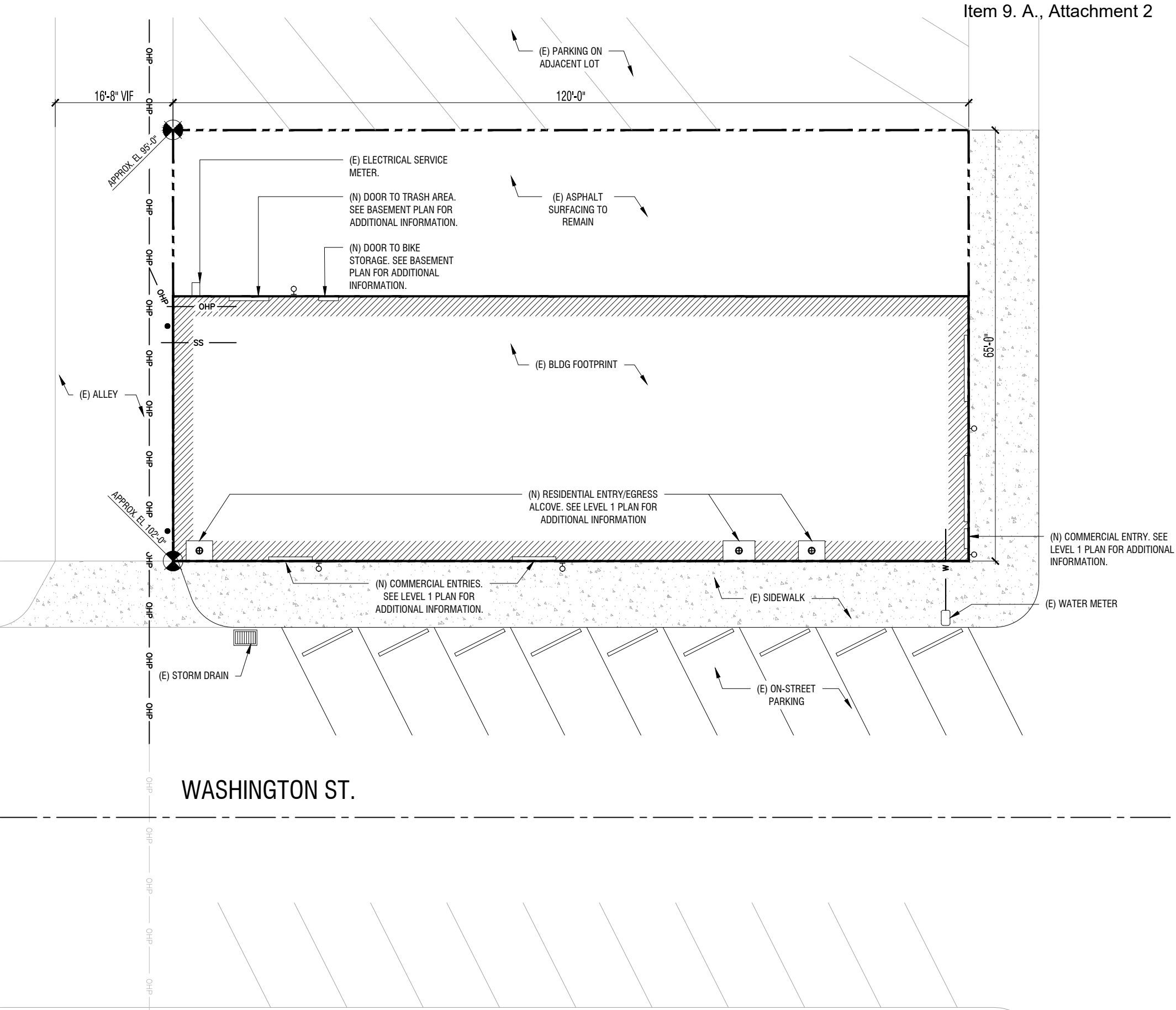


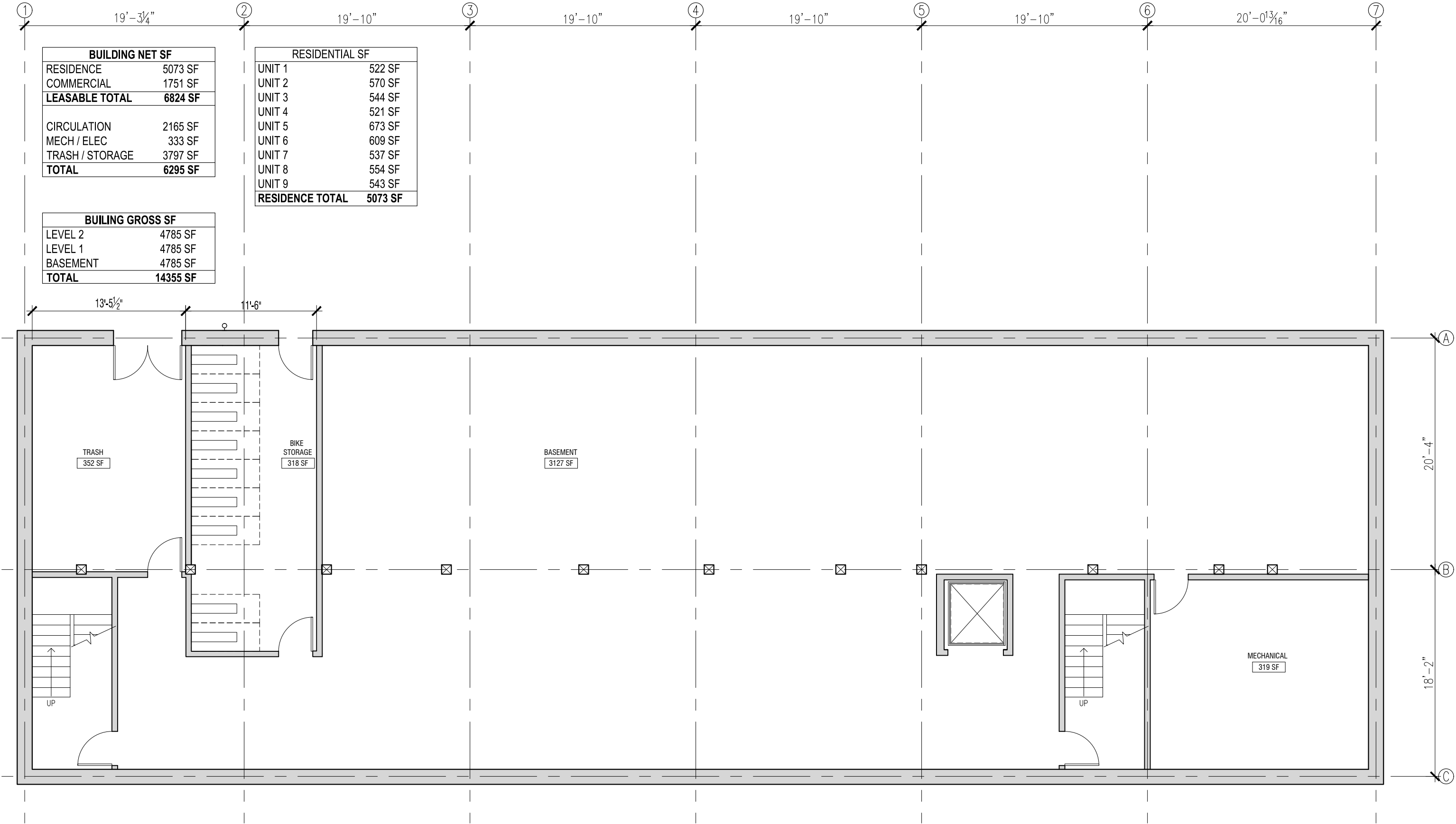
1 VICINITY PLAN  
1/64" = 1'-0"



CODE SUMMARY		
TAX LOT	01N13 E03BD00600 00	
ADDRESS	201 WASHINGTON STREET, THE DALLES, OR 97058	
APPLICABLE ZONING CODE	THE DALLES, OREGON MUNICIPAL CODE	
ZONING JURSDICTION	CITY OF THE DALLES	
BASE ZONE	CBC - CENTRAL BUSINESS COMMERCIAL	
OVERLAY ZONE	CBC SUB DISTRICT 1 - HISTORIC DISTRICT	
LOT SIZE	.19 ACRES	
PRIMARY USES	COMMERCIAL AND RESIDENTIAL	
MUNICIPAL CODE REQUIREMENTS/APPLICABILITY		CONFORMANCE
SETBACKS	10.5.050.060 - FRONT AND CORNER SIDE YARD: 0FT MAX SIDE AND REAR YARDS: NO MIN/MAX	N/A EXISTING BUILDING - NO CHANGE FRONT AND SIDE YARDS: 0FT REAR YARD: 25FT
BUILDING HEIGHT	10.5.050.060 - 55FT MAX, EXCEPT 75FT MAX WITH CONDITIONAL USE PERMIT	N/A EXISTING BUILDING - NO CHANGE
BUILDING ORIENTATION	10.5.050.060 - NEW BUILDINGS AND MAJOR REMODELS OF EXISTING BUILDINGS INCREASING FLOOR AREA BY MORE THAN 30% SHALL BE ORIENTED TOWARD A STREET OR DESIGNATED ACCESS WAY RATHER THAN A PARKING AREA.	N/A EXISTING BUILDING - NO CHANGE TO FOOTPRINT BUILDING IS ORIENTED TOWARDS WASHINGTON AND E 1ST ST.
PEDESTRIAN ACCESS	10.5.050.060 - ALL BUILDING ENTRANCES SHALL HAVE A CLEAR PEDESTRIAN CONNECTION TO THE STREET/SIDEWALK IN ACCORDANCE WITH SECTION 10.5.050.070(C).	IN CONFORMANCE - SEE LEVEL 1 PLAN
OFF STREET PARKING + BICYCLE PARKING	10.7.020.010 - THE PROVISIONS IN THIS CHAPTER APPLY TO ALL PERMIT AND DEVELOPMENT APPLICATIONS, INCLUDING, BUT NOT LIMITED TO, NEW DEVELOPMENT AND/OR ADDITIONS OR MODIFICATIONS TO EXISTING DEVELOPMENT WHICH INCREASES THE BUILDING(S) COMBINED TOTAL FOOTPRINT AREA BY MORE THAN 20%.	N/A EXISTING BUILDING - NO CHANGE TO FOOTPRINT (9) BICYCLE PARKING SPACES PROVIDED. SEE BASEMENT PLAN FOR ADDITIONAL INFORMATION.
LANDSCAPING	10.6.010.030(A) THE PROVISIONS OF THIS ARTICLE SHALL APPLY TO ALL APPLICATIONS FOR NEW DEVELOPMENT AND TO APPLICATIONS FOR ADDITIONS OR MODIFICATIONS TO EXISTING DEVELOPMENT WHICH INCREASES THE BUILDINGS COMBINED TOTAL FOOTPRINT AREA BY MORE THAN 20%	N/A EXISTING BUILDING - NO CHANGE TO FOOTPRINT
ACCESS MANAGMENT	10.6.050 - ACCESS MANAGEMENT	N/A EXISTING SITE TO REMAIN - NO CHANGE PROPOSED

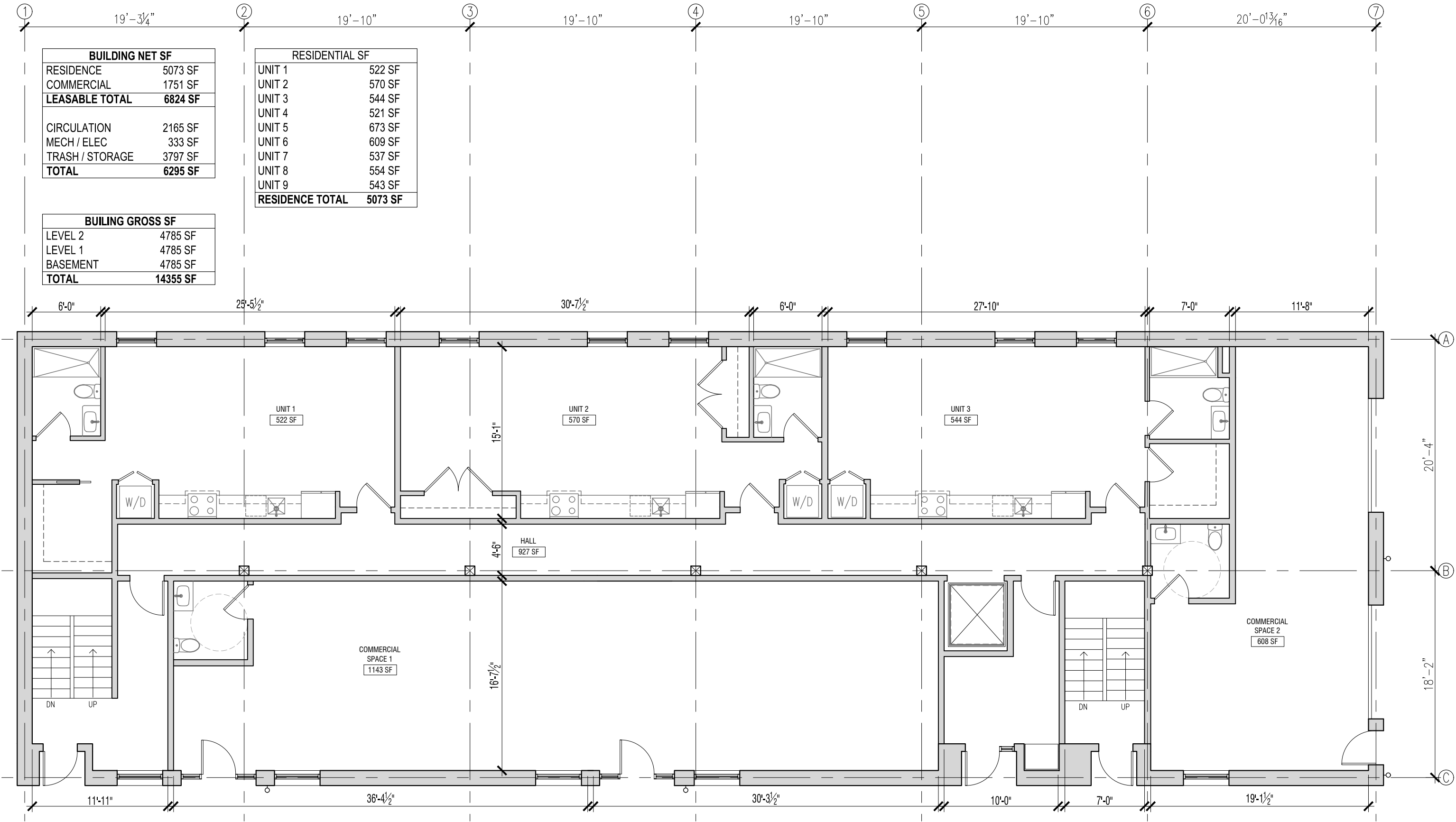
LEGEND	
	EXISTING CONCRETE SIDEWALK
	EXISTING TO REMAIN BUILDING FOOTPRINT
	LOT LINE
	PROPOSED EXTERIOR LIGHTING - WALL MOUNTED SCONCE (DOWN LIGHT)
	PROPOSED EXTERIOR ALCOVE LIGHTING - CEILING MOUNTED CAN
	EXISTING WATER LINE
	EXISTING SEWER LINE
	EXISTING OVERHEAD POWER LINE
	EXISTING TO REMAIN DOWNSPOUT

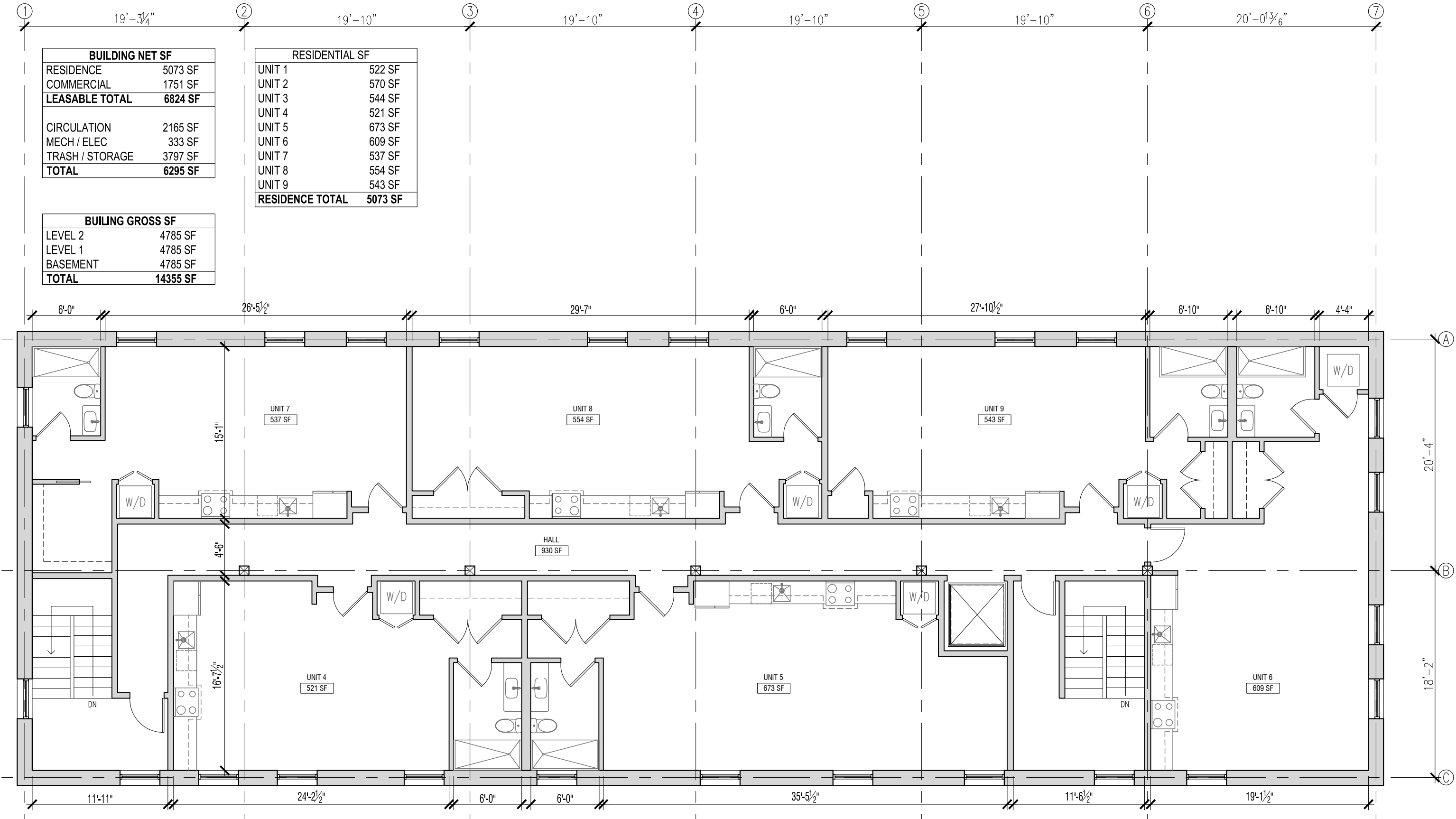




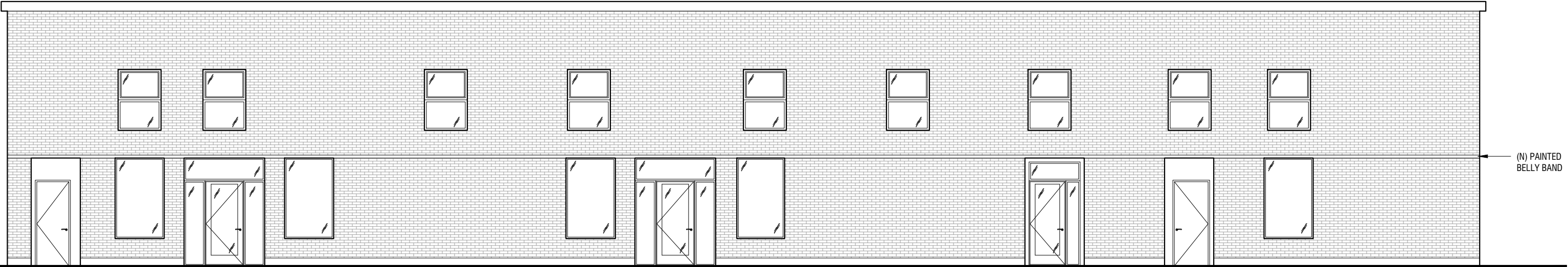
1 PLAN - BASEMENT  
1/8" = 1'-0"



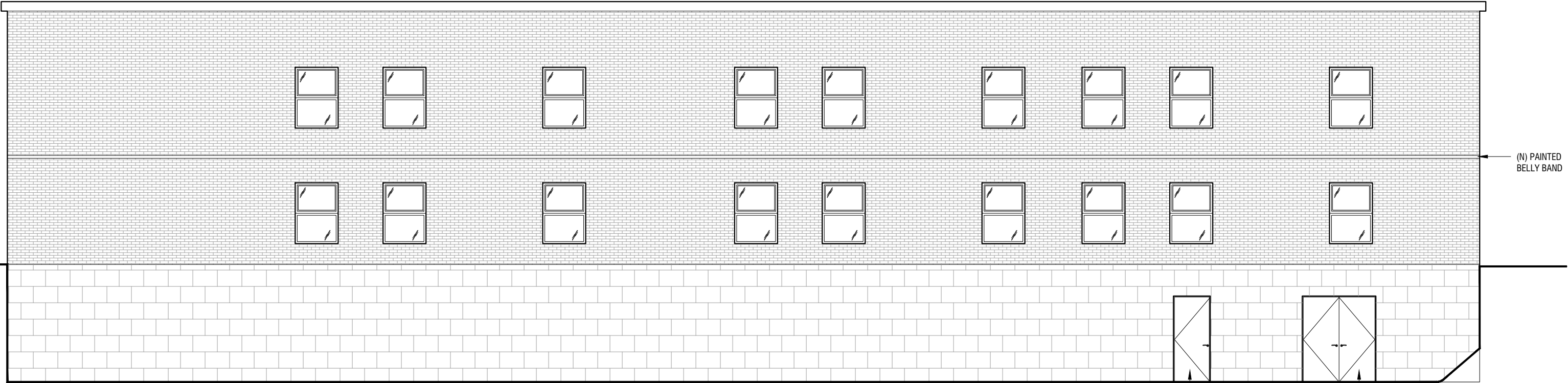








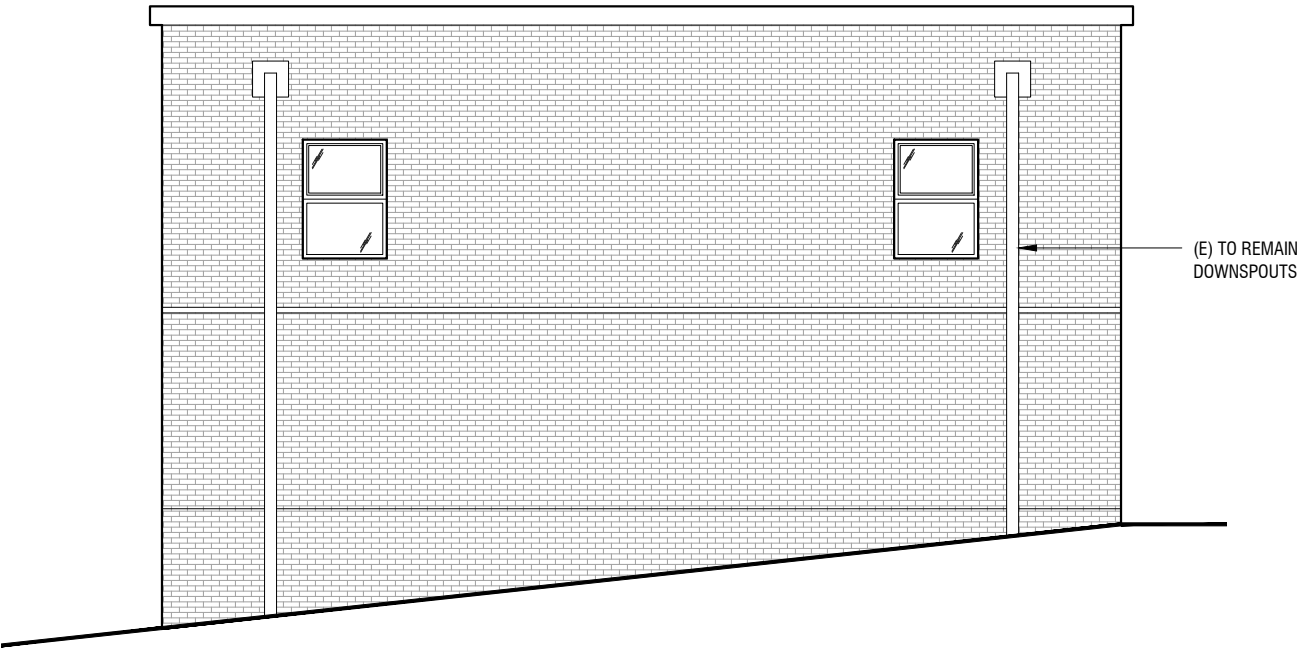
2 ELEVATION - EAST  
1/8" = 1'-0"



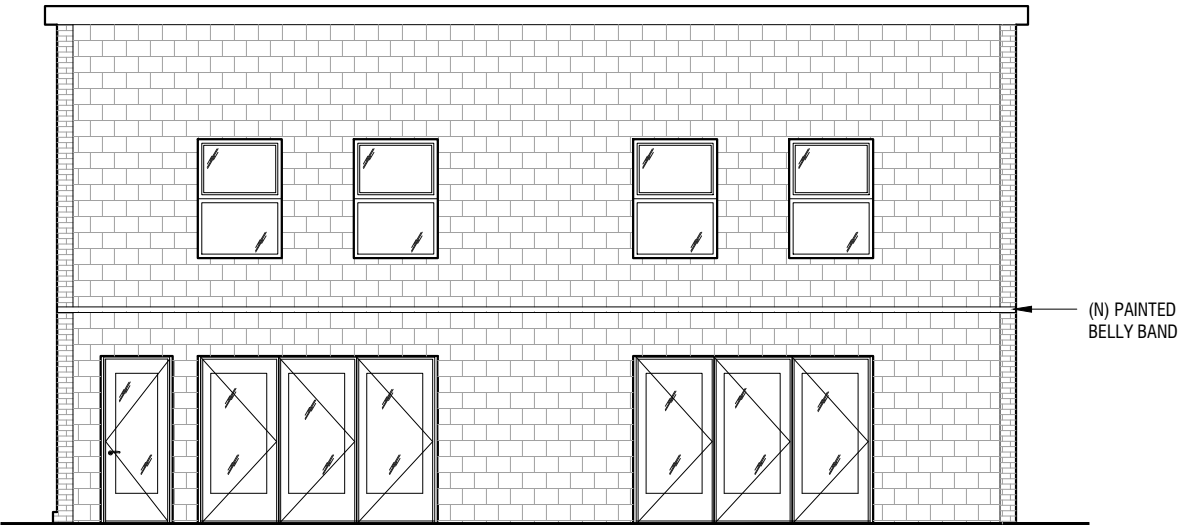
1 ELEVATION - WEST  
1/8" = 1'-0"

(N) DOOR TO BIKE STORAGE. SEE BASEMENT PLAN FOR ADDITIONAL INFORMATION.

(N) DOOR TO TRASH AREA. SEE BASEMENT PLAN FOR ADDITIONAL INFORMATION.



2 ELEVATION - SOUTH  
1/8" = 1'-0"



1 ELEVATION - NORTH  
1/8" = 1'-0"



Date

1/7/2024

<b>Div 1</b>	<b>General Conditions</b>	<b>\$404,922</b>
	Bond & Insurance	\$25,000
	Management and Supervision	\$344,400
	Layout	\$2,232
	Permits and Fees	\$0
	Construction Drawings and Documents	\$0
	Building Permit	\$0
	Testing and Special Inspection	\$4,000
	Temporary Utilities and Offices	\$5,433
	Hoisting & Equipment Rental	\$8,077
	Gas & Oil	\$7,200
	Temporary Signage	\$350
	General & Final Cleaning	\$4,883
<b>Div 2</b>	<b>Sitework</b>	<b>\$207,471</b>
	Site Tools and Equipment	\$624
	Sawcutting & Demolition	\$120,440
	Earthwork & Utilities	\$78,000
	Site Furnishings	\$3,000
	Landscaping & Irrigation	\$5,407
<b>Div 3</b>	<b>Concrete, Formwork, &amp; Reinforcing</b>	<b>\$43,000</b>
	Footings/Anticipated Structural Concrete	\$43,000
<b>Div 4</b>	<b>Masonry</b>	<b>\$97,000</b>
	Lintel Install and Masonry Repair	\$97,000
<b>Div 6</b>	<b>Wood &amp; Plastics</b>	<b>\$654,033</b>
	Rough Carpentry	\$324,953
	Interior Finish Carpentry	\$198,520
	Cabinetry	\$130,560
	Countertops	\$48,960

<b>Div 7</b>	<b>Thermal &amp; Moisture Protection</b>		<b>\$355,390</b>
	Moisture Barrier		\$34,411
	Insulation		\$128,300
	TPO Roofing		\$147,000
	Flashing & Sheetmetal		\$37,414
	Firesafing & Fireproofing		\$8,265
<b>Div 8</b>	<b>Doors &amp; Windows</b>		<b>\$264,991</b>
	Fire Doors and Wood Storefront Doors		\$98,971
	Storefront		\$34,720
	Windows		\$125,300
	Door Hardware		\$6,000
<b>Div 9</b>	<b>Finishes</b>		<b>\$524,994</b>
	Drywall		\$278,250
	Tile & Interior Stone		\$24,934
	LVT		\$84,240
	Painting		\$137,570
<b>Div 10</b>	<b>Specialties</b>		<b>\$8,500</b>
	Signage		\$500
	Toilet Accessories		\$8,000
<b>Div 11</b>	<b>Equipment</b>		<b>\$29,400</b>
	Residential Appliances		\$29,400
<b>Div 15</b>	<b>Mechanical Systems</b>		<b>\$730,218</b>
	Fire Protection		\$278,050
	Plumbing		\$277,918
	HVAC		\$174,250
<b>Div 16</b>	<b>Electrical Systems</b>		<b>\$226,420</b>
	Building Electrical Wiring		\$210,200
	Low Voltage Systems		\$16,220
<b>Div 17</b>	<b>Other</b>		<b>\$115,256</b>
	Final Cleaning		\$8,866
	Project Inflation		\$0
	Contingency		\$106,390
<b>Grand Subtotal</b>			<b>\$3,612,595</b>
	Overhead & Mark-up	5.00 %	180,630
	liability insurance	1.35 %	51,209
	Cat Tax	0.57 %	21,913
<b>GRAND TOTAL</b>			<b>\$3,866,346</b>

**After recording return to:**  
Columbia Gateway Urban Renewal Agency  
c/o City Attorney for the City of The Dalles  
313 Court Street  
The Dalles, OR 97058

Item 9 A, Exhibit A

## **DECLARATION**

This DECLARATION (**Declaration**) is made this \_\_\_\_ day of \_\_\_\_\_, 2024, by Blue Building LLC, an Oregon LLC, (**Declarant**), with reference to the following facts:

### **RECITALS**

A. Declarant is the owner of real property located in the City of The Dalles, County of Wasco, State of Oregon, more particularly described on Exhibit A attached hereto (**Property**).

B. Declarant intends to develop the Property as a mixed use commercial / residential development (**Project**).

C. The Columbia Gateway Urban Renewal Agency (**Agency**) has awarded to Declarant a grant (**Grant**) from the Agency's Incentive Grant Program for purposes of Mixed Use, Commercial and SDC compensation.

D. As a condition of the Grant, Agency has requested and Declarant has agreed that Declarant not apply for or avail itself of certain tax abatements on the Property for a period of 15 years from the date of this Declaration, all pursuant to the terms of this Declaration.

## **DECLARATION**

**NOW, THEREFORE**, Declarant hereby declares that the Property and each portion thereof is and shall be owned, conveyed, mortgaged, encumbered, leased, developed, improved, used, and occupied subject to this Declaration and the covenants, conditions, and restrictions set forth herein, all of which are equitable servitudes and shall run with the title to the land and shall be binding on all parties having or acquiring any right, title, or interest in the Property or any portion thereof and their respective heirs, successors, and assigns.

1. Tax Abatement Covenant. During the term of this Declaration, Declarant covenants that Declarant shall not pursue any special property tax abatements to reduce the assessed market value of the Property, including without limitation property tax credits, property-related subsidies, and abatements tied to the non-profit status of the Property's users, to the extent that the foregoing would reduce the real property taxes payable with respect to the Property or any part thereof (collectively,

**Abatements**). Notwithstanding the foregoing, Declarant may, at any time (a) pursue property tax appeals and (b) pursue and avail itself of tax abatements or subsidies through The Dalles Vertical Housing Development Zone or any successor thereto. Additionally, the terms of this Section 1 will not be applicable to a commercial tenant (if any) of the Property obtaining an abatement for eligible fixtures and personal property used or installed at the Property by such tenant.

2. Default. In the event that Declarant violates the terms of Section 1 above (**Default**), Declarant will be obligated to pay to Agency the amount of the Grant that, as of the date of such violation, has not been amortized, based on straight line amortization of the amount of the Grant over a period of 15 years from the date of this Declaration until the date of the Default (**Unamortized Grant Amount**). The amortization will be calculated on a monthly basis.

3. Term of Declaration. This Declaration shall run with the land and shall continue in full force and effect until the fifteenth (15th) anniversary of the date of recordation of this Declaration (**Expiration Date**); provided, however, this Declaration may be terminated upon Agency's filing a *Satisfaction of Repayment* in the Wasco County Official Records indicating Declarant has repaid Agency the Unamortized Grant Amount at the time of recordation. Upon the Expiration Date, this Declaration shall automatically terminate and be of no further force or effect, without further action of Declarant.

4. Amendments. Prior to the Expiration Date, no amendments to this Declaration shall be effective unless signed and acknowledged by Declarant (or its successors or assigns) and the Agency and recorded in the Wasco County Official Records.

5. Constructive Notice and Acceptance. Each owner, tenant, and occupant and every other person who now or hereafter owns or acquires any right, title, estate or interest in or to any portion of the Property, by acceptance of a deed, lease or other interest therein, shall be conclusively deemed to have consented and agreed to hold such title, leasehold or interest subject to and to comply with every covenant, condition and restriction contained herein, whether or not any reference to this Declaration is contained in the deed, lease or other instrument by which such person acquired said interest in the Property. Every provision of this Declaration, regardless of its characterization herein, shall be deemed a covenant, condition, restriction, reservation, easement or servitude, as the circumstances may require to permit the enforcement thereof and to carry out the intent of this Declaration.

6. Governing Law. This declaration shall be governed, construed and enforced in accordance with the laws of the State of Oregon.

7. Headings. The captions and paragraph headings used in this Declaration are inserted for convenience of reference only and are not intended to define, limit or affect the interpretation or construction of any provision hereof.

8. Mutuality, Reciprocity; Runs With Land. All covenants, conditions, and restrictions contained herein shall operate as covenants running with the land.

9. Severability. The provisions of this Declaration shall be deemed independent and severable, and if any competent court holds any provision to be invalid, partially invalid or unenforceable, such invalidity or unenforceability shall not affect or invalidate any other provision; provided, however, that to extent any such court reforms a provision, such provision, as reformed, shall be enforceable to the fullest extent permitted by law.

**IN WITNESS WHEREOF**, Declarant has duly executed this Declaration as of the date first set forth above.

*Blue Building LLC*

By: **Blue Building LLC**, an Oregon limited liability company

Its: Manager

By: \_\_\_\_\_  
Tony Zilka

**Dated** \_\_\_\_\_, 2024

Its:

STATE OF OREGON       )  
  ) ss.  
County of \_\_\_\_\_)

The foregoing instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2024, by Tony Zilka, Manager of Blue Building LLC, an Oregon limited liability company, as their free act and deed.

\_\_\_\_\_  
Notary Public for Oregon  
My Commission Expires \_\_\_\_\_

**Exhibit A**  
Legal Description

A tract of land lying in Lots 1 and 2, Block 3, Dalles City, in the East 1/2 of the Northwest 1/4 of Section 3, Township 1 North, Range 13 East, Willamette Meridian, City of the Dalles, Wasco County, Oregon, being more particularly described as follows:

Lot 1 of said Block 3; the Easterly 7.00 feet of even width of said Lot 2.



# URBAN RENEWAL INCENTIVE PROGRAM GRANT AGREEMENT

This INCENTIVE PROGRAM GRANT AGREEMENT (**Grant Agreement**) is entered by and between The Dalles Urban Renewal Agency, an urban renewal agency duly formed and operating under the provisions of ORS Chapter 457 (**Agency**) and Blue Building LLC, an Oregon limited liability company (**Grantee**), for the project located at 201/203 Washington St. (**Property**) in The Dalles, Oregon.

**WHEREAS**, Agency aims to incent redevelopment of unused and underused land and buildings to meet the goals of the Columbia Gateway/Downtown Urban Renewal Plan;

**WHEREAS**, Agency sponsors an Incentive Grant Program (**Program**) for building and property owners seeking to meet community goals through improving, rehabilitating, and developing properties located with the Columbia Gateway/Downtown Urban Renewal Area; and

**WHEREAS**, Grantee applied for and was awarded a grant (**Grant**) from the Program and this Grant Agreement outlines the Parties' respective rights and responsibilities connected with the Grant and its disbursement.

**NOW, THEREFORE**, in consideration of the terms and conditions set forth herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree:

Grantee agrees to abide the provisions of the Program's Guidelines, their Project's Application, and the following Terms and Conditions to remain eligible for any Grant funds Agency agrees to award. The terms of this Agreement expressly control over all other documents on this matter. Grantee assumes all risk and Agency disclaims any obligation to pay connected with commitments Grantee entered prior to obtaining a fully executed agreement with Agency.

<b>Grant Title</b>	<b>Blue Building Renovation</b>
<b>Purpose of funding</b>	Grant funds are to be used for capital improvements to the project site including renovation for commercial and residential purposes ( <b>Project</b> )
<b>Grantee Project Manager / Contact</b>	Blue Building LLC Tony Zilka 12650 SW First Street Beaverton, OR 97005
<b>Grant amount (maximum)</b>	<b>NTE \$271,382</b> , as follows:
Commercial Incentive	<b>NTE \$ 50,000</b>
Mixed-Use Incentive	<b>NTE \$150,000</b>
Residential Incentive	<b>NTE \$ 71,382</b>
<b>Required Grantee Matching Investment</b>	30% match = <b>\$81,414</b>
<b>Total Project Budget</b>	<b>\$3,866,346</b>

## TERMS & CONDITIONS

1. **GRANT AWARD:** Agency agrees to contribute funds to be applied toward a portion of the costs of the Project set forth in the Project scope up to **two hundred seventy-one thousand three hundred eighty-two dollars (\$271,382) (Grant Funds)**. Grantee agrees to use Grant Funds solely for the purposes of construction of the improvements at **201/203 Washington Street**, agrees to contribute the Required Grantee Matching Investment to the Project, and promises to fully perform and complete the Project set forth herein.
2. **MATCH REQUIRED FOR COMMERCIAL PROJECT AND MIXED-USE PROJECT GRANTS:** Projects awarded Grant Funds for Commercial Projects and Mixed-Use Projects require Grantee invest at least fifty percent (50%) of the improvement costs for Commercial Project Grants and at least thirty percent (30%) for Mixed-Use Projects Grants. Funds from any other Agency or City of The Dalles program may not be used to satisfy the fund-matching requirement for Commercial Project and Mixed-Use Project Grants.
3. **SPECIAL CONDITIONS OF AWARD:** None
4. **TERM OF AGREEMENT:** This Grant Agreement is effective when mutually executed (**Effective Date**). Except as otherwise set forth herein, the terms and conditions of this Grant Agreement shall expire without payment to Grantee if the proposed improvements are not complete within **three hundred sixty-five (365) days from the date** signed by the Grantee, unless extended by Agency at its sole discretion.
5. **DISBURSEMENT ON REIMBURSEMENT BASIS:** Grant Funds may only be used for costs incurred **(a)** after the Grant is awarded and **(b)** the Grant Agreement and any other security interests are executed by Agency and Grantee; any costs incurred prior to meeting the aforementioned criteria are ineligible for reimbursement. Agency agrees to disburse Grant Funds on a reimbursement basis in one lump sum or installments. Grantee agrees it is responsible for timely submitting to Agency all actual receipts and other verifications of any eligible expenses.

### **(a) Commercial and Mixed-Use Incentive Grants**

- Once Grantee's payments for approved Project costs equal the Required Grantee Matching Investment, Agency will begin to release funds to Grantee if all construction is proceeding satisfactorily and the Project is being constructed consistent with all approved permits and construction documents, as reasonably determined by Agency. Agency will make a maximum of two (2) reimbursement payments. Agency shall hold the final payment until Grantee has been issued final building approvals and/or a certificate of occupancy.
- Grantee may request Agency consider a disbursement prior to Project completion to cover a portion of Grantee's demonstrably mandatory or cost-prohibitive down-payment or up-front costs relating to the Project's approved construction expenses (**Necessary Funds**). Any Grantee so requesting must include in their request an executed agreement between them and their contractor certifying and justifying

why Necessary Funds are required before contractor's necessary performance, in which case Agency (in its sole discretion) may elect to (i) provide a disbursement covering up to one-half of Grantee's Necessary Funds and (ii) condition that disbursement on Grantee's execution of any appropriate security documents.

(b) **Residential Incentive Grants:** Up to \$71,382 for the construction of **nine (9) new residential units** will be credited to the Project's System Development Charges assessed by the City. Agency will be apply the credits at time of permitting.

(c) **All Grants:** Grantee shall refund the Agency the full Grant amount disbursed if the construction improvements are not completed pursuant to this Grant Agreement.

**6. PROJECT COMPLETION AND FINAL REPORT:** Grantee will complete or cause to be completed the Project expeditiously and in a timely and good workmanlike manner. Grantee further agrees the Project will be completed in compliance with all applicable law. Grantee agrees to provide Agency with a final report, in form and content acceptable to Agency, identifying expenditures, outcomes, and such other information requested by Agency to verify compliance with the Program within thirty (30) days after Project completion.

## Conditions: Pre-Construction

**The following conditions must be met prior to any work commencing:**

1. **COMMITMENT ACCEPTANCE:** This commitment must be accepted by signing below and returning a copy to Agency no later than **March 1, 2024**: Agency's offer will expire without further notice if Grantee does not accept the commitment by this date.
2. **AUTHORIZATION:** If Grantee is not the Property's legal owner of record for tax purposes (**Owner**), Grantee must provide Agency with written and executed evidence of Owner's authorization to (a) enjoy the privileges of and be bound by Grantee's obligations to this Grant Agreement and (b) carry out the permanent improvements covered under this Grant Agreement.
3. **SCOPE OF WORK/WORK DESCRIPTION:** Grantee must provide a complete description of the proposed work, architectural drawings, and specifications, as appropriate. Agency reserves the right to reject Grantee's proposed scope of work if it does not meet the intent of the Grant Award or improvements allowed under The Dalles Urban Renewal Plan.
4. **OTHER APPROVALS:** Grantee must obtain all necessary regulatory approvals (e.g., development review, building permits, and/or approval from the State Historic Preservation Office, where applicable). Grantee, Owner, and the Property must comply with the City's zoning, design, land use and development, historic review (as applicable), and municipal code requirements.
5. **CONSTRUCTION CONTRACT:** All contracts to complete work described in this Grant Agreement shall be between Grantee, Owner, and its contractor(s). This Grant Agreement, and commitment of Grant Funds, shall in no way create a contractual relationship between the Agency and any contractor(s). Grantee or Owner shall enter into a contract with a contractor for construction of the Project in accord with the Project description and Grant award. Prior to entering into the construction contract, Grantee shall submit the proposed scope of work to Agency for review. Upon Agency's reasonable approval, Grantee or Owner

may enter into the construction contract and construction may commence according the Project schedule. All contractors shall be licensed, bonded, and registered with the State of Oregon.

6. **PROPERTY TAXES:** Grantee or Owner must submit to Agency proof of currency with property taxes for the Project site.

## Other Conditions

1. **15-YEAR RESTRICTION ON PROPERTY TAX ABATEMENTS OR CREDITS:** Grantee agrees not to pursue on the Property any tax abatements reducing its assessed market value (including, without limitation, tax credits, property-related subsidies, abatements tied to non-profit status of the Property's users, and any other tax exemptions) (collectively, **Abatements**) for fifteen (15) years from the date of Agency's first disbursement (**Restricted Period**); provided, however, Grantee may avail themselves of tax abatements or subsidies through The Dalles Vertical Housing Zone. The Parties agree Agency has no obligation to make its Payment to City and District until Grantee duly executes and delivers to Agency that certain *Declaration* (which includes a *Tax Abatement Covenant*), attached to and made part of this Agreement as **Exhibit A**, a copy of which Grantee agrees Agency may record in the Wasco County Official Records after Agency's Payment. Agency agrees to lift the restrictions imposed by the *Declaration* before the 15-year timeline mentioned in this section elapses upon Grantee's repayment to Agency of the applicable unamortized grant amount, as defined in the *Declaration*.
2. **INELIGIBLE IMPROVEMENTS:** Grant Funds must be applied toward permanent and physical improvements or design or engineering work leading to permanent and physical improvements. Work not requiring a building permit and not improving the Property's value is an indicator of ineligibility. Examples of expenditures ineligible for Grant Funding include general cleaning and maintenance, replacement of building materials, equipment or property acquisition, financing costs or debt, and other similar operating expenses.
3. **INVESTMENT READINESS:** Agency may request a title report on the property subject to City Attorney review. Without limitation, Agency may deny Grant Funds based on the title report and/or the number of liens on the Property. Grant recipients are required to complete and submit a W-9 form and are fully responsible for all taxes associated with the Grant.
4. **PROJECT ACCESS AND ACKNOWLEDGEMENT:** Grantee shall allow Agency to conduct a final site visit to verify the Project has been fully and appropriately implemented as approved for Grant Funds by Agency. Grantee agrees to periodically allow Agency or the City to tour/showcase the Project upon request, including photographs and publicity containing incidental non-commercial usage of Grantee's trademarked or copyrighted intellectual property, if any. Grantee will allow Agency to collect and publish information about the design, construction, and performance of the improvements, including but not limited to interviews with Grantee and Project participants. Agency may photograph and videotape work relating to the construction or installation of Grant-related improvements.
5. **FUTURE ALTERATIONS OR IMPROVEMENTS:** All improvements shall be maintained for the reasonable life of the improvements. Grantee agrees to make no future alterations to the Project improvements other than routine maintenance without Agency's written approval for a period of fifteen (15) years.

6. **RECAPTURE:** Agency shall pursue the recapture of Grant Funds in cases where Agency determines (a) Grantee has willfully and intentionally violated the terms of this Grant Agreement or (b) despite Grantee's good faith efforts, the amount of actual capital investment deviates to such an extent from the initially agreed upon terms as to be materially inconsistent with the substance of this Grant Agreement.
7. **LIABILITY AND INDEMNITY:** Grantee is an independent contractor and assumes full responsibility for the performance of the work and completion of the Project scope, including Grantee's and its contractor's labor, and assumes full responsibility and liability for bodily injury or physical damage to person or property arising out of or related to this Grant Agreement. To the maximum extent allowed under the Oregon Constitution and Oregon Tort Claims Act, Grantee agrees to indemnify and defend Agency and hold Agency, its agents, officials, and employees harmless from any and all claims, demands, damages, actions, losses, and expenses, including attorney's fees, arising out of or in any way connected with this Grant Agreement; provided, however, in no event shall Grantee indemnify against Agency's sole negligence. Grantee is solely responsible for paying Grantee's contractor, subcontractors, suppliers and employees. There shall be no contractual relationship between any contractor, supplier, or employee and Agency, and nothing in this Grant Agreement shall create any such relationship. Grantee expressly agrees Agency's liability under this Agreement shall be limited to the amount of the Grant Funds.
8. **INSURANCE:** Grantee has or will obtain the following policies of insurance coverage:
- *Commercial General Liability Insurance*, written on an occurrence basis with limits not less than \$1,000,000.00 per occurrence;
  - *Automobile Insurance*, with coverage for bodily injury and property damage and with limits not less than Oregon statutory minimums;
  - *Property Insurance* covering the property; and
  - if applicable, *Workers' Compensation Insurance* meeting Oregon statutory requirements including Employer's Liability with limits not less than \$500,000.00 per accident or disease.

**City of The Dalles, its elected officials, departments, employees, and agents** shall be named as ADDITIONAL INSUREDs on Commercial General Liability and Automobile policies. Grantee will provide evidence of insurance (certificates of insurance or copies of declarations pages) prior to execution of this Grant Agreement by submitting the evidence to the City's Human Resources Director.

9. **ACCESS TO PROJECT:** Agency shall be provided access to the Project so Agency may monitor construction progress and activities. Grantee acknowledges and agrees, for purposes of Grant Funds disbursement, Agency has final and sole discretion to determine whether Grantee's contractors have fully and successfully completed the Project scope as designed and specified. Funds shall not be disbursed if the work has not been completed to the reasonable satisfaction of Agency staff.
10. **NO CONSTRUCTION CONTRACT, PARTNERSHIP, EMPLOYER STATUS:**  
Notwithstanding any extra-contractual statements or inferences to the contrary (if any), Agency neither intends nor accepts any sponsorship or responsibility for care and custody of

the improvements which result from the Project. Agency is neither the designer, contractor, nor developer of the Project. This Grant Agreement is not intended to be a contract providing for the construction of the Project, either directly with a construction contractor or through Grantee. Provisions of this Grant Agreement conferring rights upon Agency are specifically limited to establishing satisfaction of the conditions precedent to Grant Funding for design and construction of the Project. Agency specifically waives any provision contained in this Grant Agreement to the extent it is construed to provide Agency the right to manage, direct, or control the general contractor or subcontractors. The rights and duties of the general contractor and the subcontractors are the subject of a separate contract or contracts to which Agency is not a party. Grantee is solely responsible for: **(a)** its performance under the Grant Agreement and quality of the work; **(b)** for obtaining and maintaining all permits, licenses, and certifications necessary to carry out its obligations herein; **(c)** for payment of any fees, taxes, royalties, or other expenses necessary to complete the work except as otherwise specifically set forth herein; and **(d)** for meeting all other legal requirements in carrying out its obligations herein. Nothing in this Grant Agreement or the acts of the Parties resulting therefrom shall be deemed or construed by the Parties, or by any third party, to create the relationship of principal and agent, employer to employee, partnership, joint venture, or any other fiduciary association between Agency and Grantee. Agency specifically disclaims any and all representations and warranties as to the fitness or quality of the design, material specified, or work performed on the Project.

11. **ASSIGNMENT AND THIRD-PARTY BENEFICIARY:** Agency and Grantee are the only parties entitled to enforce or rely on provisions in this Grant Agreement and nothing herein is intended to convey any benefit or right to a third party. Grantee's interests in this Grant Agreement cannot be assigned or transferred without Agency's prior written approval.
12. **CHANGE ORDERS AND CONTINGENCY:** In the event unanticipated costs, changes to the design, or changes to Project scope arise during the construction phase, Grantee shall obtain Agency's written approval for every change order prior to the work being undertaken. Grantee shall be responsible for any additional costs resulting from change orders.
13. **TERMINATION OF THE AGREEMENT:** This Grant Agreement shall terminate thirty days (30) after either Party's receipt of written notice of intent to terminate by the other Party. Upon termination, Grantee shall promptly return all disbursements of Grant Funds to Agency with interest accrued from the date of disbursement at the statutory rate set forth in ORS 82.010. Grantee shall pay damages to Agency, in an amount equal to Agency's out-of-pocket costs, including but not limited to reasonable reimbursement for Agency staff time in an amount not to exceed \$5,000.00. No termination shall extinguish or prejudice Agency's right to seek enforcement of this remedy in a court of competent jurisdiction.
14. **BREACH OF THE AGREEMENT - DEFAULT:** A default shall occur if Grantee breaches any material provision of this Grant Agreement, whether by action or inaction, and such breach continues and is not remedied within thirty (30) days after Grantee receives written notice from Agency specifying the breach. Failure of Grantee to act diligently and in good faith to satisfy conditions over which it has control or influence is a breach. In the case of a breach which cannot with due diligence be cured within a period of thirty (30) days, a default shall occur if Grantee does not commence the cure of the breach within thirty (30) days after



Grantee receives written notice from Agency and thereafter diligently prosecute to completion such cure.

15. **ACCESS TO RECORDS:** Agency shall have access to the books, documents, papers, and records of Grantee directly related to this Grant Agreement, the Grant Funds provided hereunder, or the Project scope for the purpose of making audits and examinations. Grantee shall retain and keep accessible all books, documents, papers, and records directly related to this Grant Agreement, the Grant Funds, or the Project for a minimum of three (3) years, or such longer period as may be required by other provisions of this Grant Agreement or applicable law, following termination or expiration of this Grant Agreement. If Agency has unresolved audit questions at the end of the three (3) year period, Grantee shall retain the records until the questions are reasonably resolved. Grantee shall document the expenditure of all Grant Funds disbursed by Agency under this Grant Agreement. Grantee shall create and maintain all expenditure records in accordance with generally accepted accounting principles and in sufficient detail to permit Agency to verify how the Grant Funds were expended.
16. **CERTIFICATION:** Grantee agrees to maintain such documentation and information necessary to demonstrate the Project satisfies and continues to satisfy the eligibility requirements identified in the Program Guidelines. Grantee agrees to certify to Agency, in form and content satisfactory to Agency, the Project meets the eligibility requirements upon transfer, including any sale, conveyance, exchange, gift, lease (excepting a tenant lease in the ordinary course), encumbrance, and/or foreclosure of an encumbrance, regardless of whether occurring voluntarily or involuntarily, by operation of law, or because of any act or occurrence of the Project and on or before January 1 of each year during the Restricted Period.
17. **TIME OF THE ESSENCE:** Grantee and Agency hereby acknowledge and agree time is of the essence with respect to every term, condition, obligation, and provision herein.
18. **COMPLIANCE WITH LAWS:** Grantee agrees it shall use the Property solely for lawful purposes. Grantee and Grantee's agents shall obtain all necessary permits and comply with all applicable laws in the construction and operation of the Project.
19. **NO OTHER AGREEMENTS:** This Grant Agreement and attachments hereto represent the entire and integrated Agreement between Agency and Grantee and supersede all prior negotiations, representations, or agreements, whether verbal or in writing. This Grant Agreement may be amended only by written instrument signed by both Agency and Grantee. Oregon law shall govern the construction and interpretation of this Grant Agreement. Any disputes arising from or connected with this Grant Agreement shall be filed in the Circuit Court of the State of Oregon for Wasco County.

*Continued on next page.*

**IN WITNESS WHEREOF**, the Parties duly execute this **INCENTIVE PROGRAM GRANT AGREEMENT** this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY                      GRANTEE**

\_\_\_\_\_  
Joshua Chandler, Agency Manager

\_\_\_\_\_  
Tony Zilka, Manager

***APPROVED AS TO FORM:***

\_\_\_\_\_  
Jonathan Kara, City Attorney



COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

**AGENDA STAFF REPORT**  
**AGENDA LOCATION: 10. A.**

**MEETING DATE:** February 20, 2024

**TO:** Chair and Members of the Urban Renewal Agency Board

**FROM:** Dan Spatz  
Economic Development Officer

**ISSUE:** Columbia Gateway Urban Renewal District Fiscal Analysis, Part I

**BACKGROUND**

On March 21, 2023, Urban Renewal Agency (**Agency**) Staff described an upcoming review leading to an update of the Columbia Gateway Urban Renewal Plan (**Plan**). This would include statistical and financial reporting, review of projects and activities, reevaluation of goals and other aspects of the Plan. This would represent the first comprehensive review of the Plan since a Substantial Amendment in 2009.

At the October 17, 2023, Agency Board meeting, Staff presented and the Board accepted a timeline establishing various milestones leading to Plan revision. Review of potential Plan revisions began with a review of Agency history at the November 21, 2023 meeting, and proceeded with review and revision of goals and objectives at the December 19, 2023 and January 30, 2024 meetings.

The next milestone is a review of the Agency's fiscal performance since the Columbia Gateway Urban Renewal District (**District**) was established in 1990. This will take place in two sessions, beginning with the February 20, 2024 meeting and concluding at the March 19, 2024 meeting. During the March meeting, Staff will also ask the Board to identify projects leading up to the District's termination in 2029. A full revision of the Plan will be presented to the Board no later than June 2024.

For purposes of the financial historical analysis, the Agency contracted the services of Tiberius Solutions, which also calculates the Agency's Maximum Indebtedness (**MI**). The February 20, 2024 Board meeting will begin with a brief history of District projects since 1990 (this is a recap, since Staff presented a detailed history at the October 17, 2023 meeting). Tiberius Solutions Principal, Nick Popenuk, will then offer:

- A projection of recent assessed valuation increase in the District;

- A forecast of Tax Increment Financing (**TIF**) (total assessed property value, frozen base values, increments, tax rates and gross TIF);
- TIF forecast in graphic presentation including TIF shared distribution with taxing districts beginning in 2025;
- MI capacity;
- Cumulative impacts on taxing districts from 2024-26; and
- A projection of increased tax revenues to the districts when the District stops collecting TIF in 2026. (The District itself is scheduled to reach MI in 2029 under the current debt retirement schedule, at which time the District will expire.)

At the March 2024 Board meeting, Tiberius Solutions and Johnson Economics will conclude the fiscal analysis with an overview of the District's long-term economic impact and a summation of findings.

### **PROJECT BENEFITS**

The intent of these historic fiscal analyses is to determine the long-term impacts of the District since its inception in 1990, and to inform best practices anticipating district termination in 2029. Beyond that, the analyses will help guide Board decisions regarding future of the Agency itself.

### **BUDGET IMPLICATIONS**

The fiscal analysis is contracted with Tiberius Solutions in an amount not to exceed \$24,275. The contract is funded through the Urban Renewal Consulting Fund; the approved budget for that fund in fiscal year 2023-2024 is \$52,000. Sufficient funds are available for this expense.

# **City of The Dalles Columbia Gateway Urban Renewal Area Financial Update**

Nick Popenuk  
February 20, 2024



# Project Timeline

## Public Projects

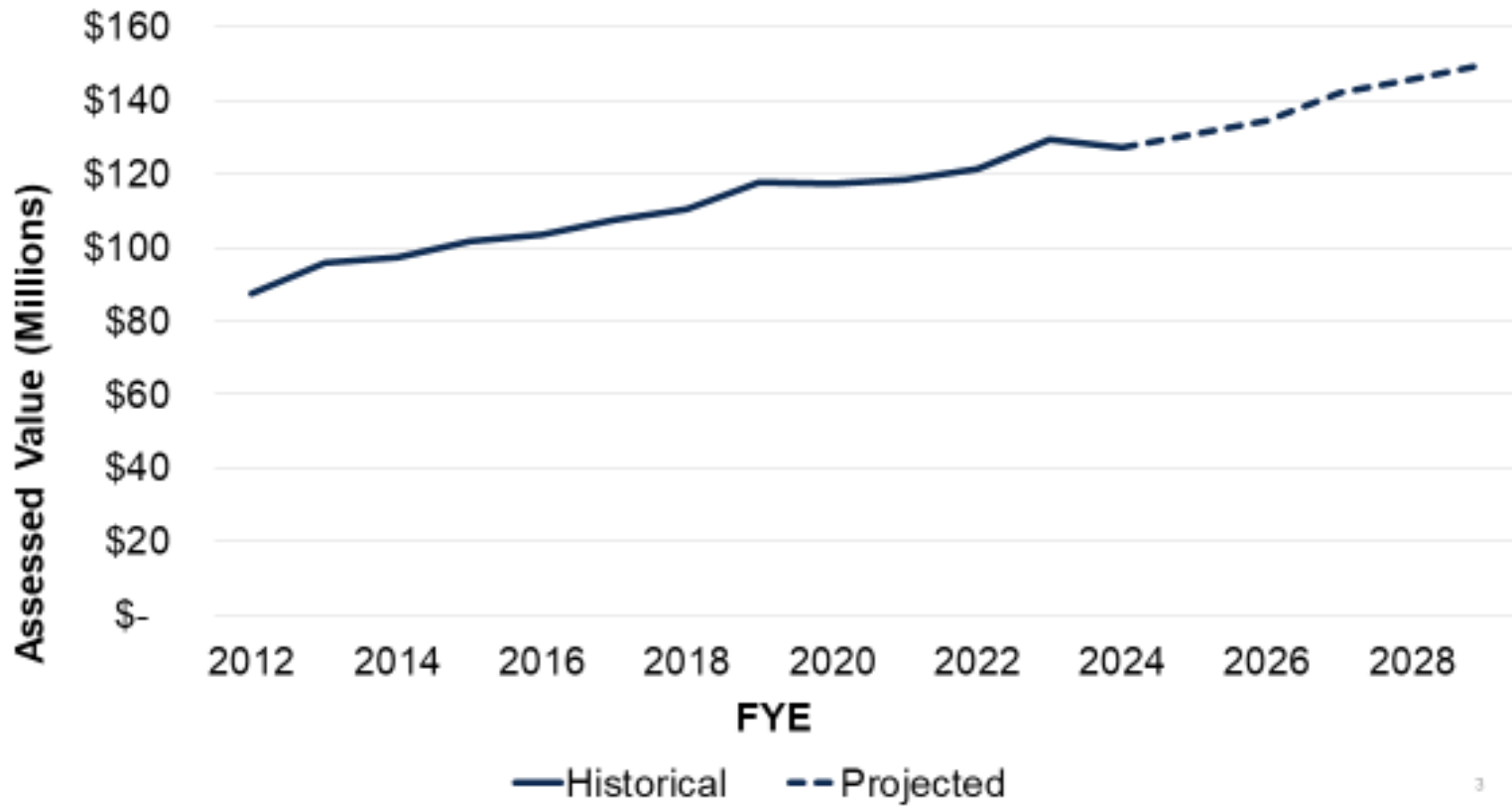
- 1993-2001  
Downtown 2nd Street Streetscape |  
Commodore II Building  
Redevelopment | West Sixth  
Street/Mill Creek Bridge  
Restoration | Thompson Park  
Sidewalk Construction
- 2002 Grain Elevator Demolition
- 2003 Downtown Gateway Transition Design
- 2004 Downtown Riverfront/Union Street Underpass
- 2010 East Gateway Brewery Grade Streetscape | Waldron  
Drugstore Building Repairs & Stabilization
- 2011 Mill Creek Land Purchase | Public Works Facility Relocation  
Demolition | Arco Parking Lot Construction
- 2012 Marine Terminal Dock | Lewis and Clark Festival Park

## Loans and Grants

- 2005 Columbia River Bank Building, Sigman's Building, Granada Theater, Civic Auditorium, Art Center, Masonic Lodge
- 2006 American Legion, Old St. Peter's Landmark
- 2007 Old St. Peter's Landmark II, Hilco Gas Station Demolition, Creek View Townhouses Demolition
- 2009 Mill Creek Greenway Land Donation
- 2010 Wonderworks Children's Museum, West 6th Street Public Works Facility Demolition
- 2011 Canton Walk, Gayer Building
- 2013 Dong Xi, Mural Society, Art Center, St. Peter's Landmark Window Rehabilitation, IOOF Hall, Sunshine Mill/Wasco  
Warehouse Redevelopment
- 2014 Civic Auditorium, IOOF Hall
- 2015 Congregational Church Windows, TDRE Façade Improvement
- 2016 Petite Provence Façade
- 2017/2018 Windermere Façade, Columbia Gorge Real Estate Façade, Eagy's Façade, Craig's Office Building,  
Freebridge, Wonderworks, Main Street Wayfinding Kiosks, Elk's Building, Chamber of Commerce Building Façade,  
Lemke Building Façade, Honald Building, Herbring House



## Projected Assessed Value



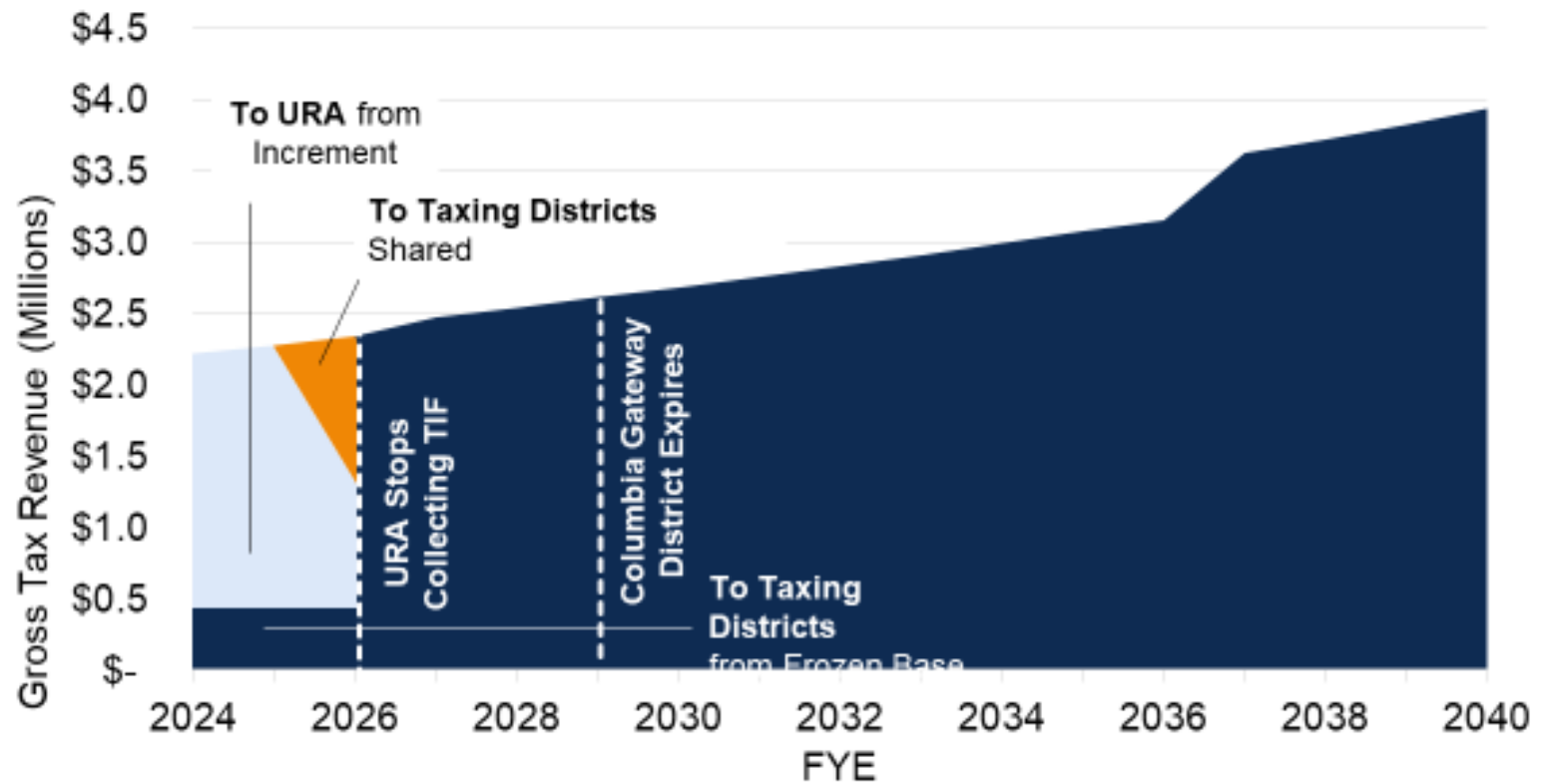
## TIF Forecast

FYE	Assessed Value			Tax Rate	Gross TIF
	Total	Frozen Base	Increment		
2024	\$127,294,464	\$25,076,797	\$102,217,667	\$17.4068	\$1,779,282
2025	\$130,795,062	\$25,076,797	\$105,718,265	\$17.4068	\$1,840,217
2026	\$134,391,927	\$25,076,797	\$109,315,130	\$17.4068	\$1,902,827

\*Not all TIF expected to be needed to repay debt in FYE 2026

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## TIF Forecast



## Maximum Indebtedness

- 1990 – Plan Adopted without MI
- 1999 – Amended to Include MI of \$14,227,353
- 2009 – Amended to increase MI to \$29,125,583
- Further increases to MI subject to statutory limits

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## Maximum Indebtedness (MI) Capacity

- Total MI Allowed: **\$29,125,583**
- Total MI Used: **\$23,369,324**
- MI Remaining: **\$5,756,258**



**Total Maximum Indebtedness Allowed**

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## Finance Plan Summary

*Continue activities until MI is reached (estimated FYE 2024)  
and collect TIF until sufficient funds to repay debt (FYE 2029)*

- Future TIF Needed: **\$4,300,000**
- MI Reached: **FYE 2024 (or when current funds spent)**
- Total Future Capacity for Projects/Admin: **\$6,000,000**
  - Maximum Indebtedness: **\$5,700,000**
  - “Program Income”: **\$ 300,000**

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## Cumulative Tax Impacts (FYE 2024 –2026)

Taxing District	Total Impact
<b>General Government</b>	
Wasco County	\$1,060,000
Port of The Dalles	\$50,000
Northern Wasco County Park & Rec	\$170,000
Mid Columbia Fire & Rescue	\$530,000
City of The Dalles	\$750,000
Wasco County Soil Conservation District	\$60,000
4-H & Extension Service District	\$60,000
Wasco County Library District	\$170,000
<i>Subtotal</i>	<i>\$2,860,000</i>
<b>Education</b>	
Columbia Gorge Community College	\$70,000
Columbia Gorge ESD	\$120,000
North Wasco County SD 21*	\$1,310,000
<i>Subtotal</i>	<i>\$1,500,000</i>
<b>Total</b>	<b>\$4,350,000</b>

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## Additional Revenue after Columbia Gateway District Closes

Taxing District	Total Impact
<b>General Government</b>	
Wasco County	\$500,000
Port of The Dalles	\$20,000
Northern Wasco County Park & Rec	\$80,000
Mid Columbia Fire & Rescue	\$250,000
City of The Dalles	\$350,000
Wasco County Soil Conservation District	\$30,000
4-H & Extension Service District	\$30,000
Wasco County Library District	\$80,000
<i>Subtotal</i>	<i>\$1,340,000</i>
<b>Education</b>	
Columbia Gorge Community College	\$30,000
Columbia Gorge ESD	\$50,000
North Wasco County SD 21*	\$610,000
<i>Subtotal</i>	<i>\$700,000</i>
<b>Total</b>	<b>\$2,030,000</b>

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## Questions?

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