



COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

## AGENDA STAFF REPORT

AGENDA LOCATION: 9. B.

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

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

**FROM:** Dan Spatz  
Economic Development Officer

**ISSUE:** Eighth Addendum for the Disposition and Development Agreement for the Recreation Building, 213-219 East 2<sup>nd</sup> Street

### **BACKGROUND**

Attached for the Agency's consideration is an Addendum to the Disposition and Development Agreement (**DDA**) between Todd Carpenter and Carla McQuade (**Developer**) and the Agency for redevelopment of the *Recreation Building* located at 213-219 East 2nd Street. The development consists of three separate parcels. The Agency transferred title of Parcels #1 and #2 to the Developer in April 2022 upon receipt of final installment contract payments and copies of certificates of occupancies, as required by the DDA.

On August 15, 2023, the Agency Board executed a Seventh Amendment to DDA, allowing an extension of time for Parcel #3 completion—that extension expires March 1, 2024.

Progress toward completion of Parcel #3, which includes an outdoor venue on what had been the second floor of a former bowling alley, has been slowed by sub-contractor availability. Parcel #3 also has required more work than the other two parcels, complicated by collapse of a roof in August 2019 and subsequent debris removal—that work was unanticipated at the time the parties entered the DDA and amendments and was undertaken by the Developer at his own expense.

Staff conducted several site visits to monitor progress (most recently on January 31, 2024). Developer has made substantial progress toward a Certificate of Occupancy (**CO**), which is ultimately issued by Wasco County. Insulation and plumbing permits are already approved and electrical is approved for cover (with final electrical permit inspection and issuance anticipated this week of February 19, 2024). Developer anticipates CO by July 1, 2024. However, given continuing uncertainties in obtaining skilled labor and construction supplies (as was the case with the Seventh Addendum), staff are proposing an Eighth Addendum to expire on **October 1, 2024**. This is significantly more time than the Developer indicates is

needed for completion, but staff believes this extended time provides adequate margin for the Developer to resolve Wasco County Building Department requirements for CO issuance.

Staff recommends Parcel #3's transfer occur upon Developer receiving a CO and completion of all façade improvements, including final painting. Upon demonstration of a CO, the Agency would accept a \$25,000 payment for Parcel #3 and prepare conveyance of ownership of Parcel #3 to Developer.

The attached and proposed Eighth Addendum incorporates a schedule of contract payments, closing, and dates established in the Seventh Addendum. The proposed revised schedule identifies a new closing date of October 1, 2024, which may be advanced if work is completed earlier.

In order to monitor progress, Developer has agreed to monthly staff site visits—those visits began in September 2023 and are ongoing. These visits focus on Wasco County Building Department requirements for CO issuance.

### **BUDGET IMPLICATIONS**

Approval of the Eighth Addendum will not create any new budget implications. Developer's total purchase price for the Agency-owned properties remains \$50,000. The schedule for payment and completion of performance milestones has changed, as outlined in this report.

### **BOARD ALTERNATIVES**

1. **Staff recommendation:** *Move to authorize the Agency Manager to execute the Eighth Addendum to the Disposition and Development Agreement between the Columbia Gateway Urban Renewal Agency and Todd Carpenter and Carla McQuade for property known as the Recreation Building located at 213-219 East 2<sup>nd</sup> Street.*
2. Move to decline authorization of the Eighth Addendum and direct staff accordingly.

### **Attachments:**

- **Attachment 1** – *Proposed Eighth Addendum to DDA*

**EIGHTH ADDENDUM TO AGREEMENT FOR  
DISPOSITION OF PROPERTY FOR REDEVELOPMENT  
OF RECREATION BUILDING**

This EIGHTH ADDENDUM TO AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT OF RECREATION BUILDING (**Eighth Addendum**) is entered by the Columbia Gateway Urban Renewal Agency (**Agency**) and Todd Carpenter and Carla McQuade (jointly, **Developer**) to amend the terms of that certain January 25, 2019, Agreement for the Disposition of Property for Redevelopment (**DDA**) of the real property commonly referred to as *The Recreation Building*.

**WHEREAS**, on January 28, 2020, the Parties entered into the First Addendum to DDA, changing the dates of payments to be made by Developer for purchase of the parcels and revising the schedule for Developer's completion of improvements;

**WHEREAS**, on March 10, 2020, the Parties entered into the Second Addendum to DDA, addressing renegotiated terms and revisions outlined in the First Addendum to DDA;

**WHEREAS**, on June 16, 2020, the Parties entered into the Third Addendum to DDA, modifying the DDA's insurance provisions consistent with recommendations from the Agency's insurer;

**WHEREAS**, on April 20, 2021, the Parties entered into the Fourth Addendum to DDA, modifying timeline obligations for Developer's performance of conditions precedent to conveyance;

**WHEREAS**, on March 2, 2022, the Parties entered into the Fifth Addendum to DDA, extending timeline obligations for Developer's performance of conditions precedent to conveyance to January 18, 2023;

**WHEREAS**, on April 18, 2022, Agency conveyed title to Developer for those certain Parcels #1 and #2 of the three-parcel property, recorded in the Wasco County Deed Records on April 19, 2022, as Instruments Nos. 2022-1364 and 2022-1365, respectively;

**WHEREAS**, on December 12, 2022, the Parties entered into the Sixth Addendum to DDA, extending timeline obligations for Developer's performance of conditions precedent to conveyance to September 1, 2023;

**WHEREAS**, on August 15, 2023, the Parties entered into the Seventh Addendum to DDA, extending timeline obligations for Developer's performance of conditions precedent to conveyance to March 1, 2024; and

**WHEREAS**, the Parties now understand Developer requires additional time for full performance of its DDA obligations for Parcel #3 and intend this Eighth Addendum to modify the DDA's terms reflective of Developer's request for extension.

**NOW, THEREFORE**, in consideration of the terms and provisions herein, the Parties agree:

1. Subparagraph 2.3.1 of Paragraph 2.3 **Purchase Price** in Section 2. **GENERAL TERMS OF CONVEYANCE** shall be revised to read:

2.3.1 The actual purchase price in terms of monetary consideration is \$50,000. The purchase price for the three parcels is allocated as follows: Parcel #1 - \$12,500, Parcel #2 - \$12,500, and Parcel #3 - \$25,000. The purchase price reflects the fair reuse value, expressed in terms of capital price, as determined by the Agency in its discretion as the price necessary to facilitate development or redevelopment of the Project Site in accordance with the provisions of the Agency's Urban Renewal Plan.

The sum of \$50,000 shall be paid in four installment payments. The first payment of \$10,000 was paid upon execution of this Agreement. The second payment of \$7,500 for Parcel #1 shall be paid at closing (scheduled for April 18, 2022) following the issuance of a certificate of occupancy for the structure to be built upon Parcel #1, which certificate of occupancy is anticipated to be issued prior to April 18, 2022. If additional time is needed for Developer to obtain the certificate of occupancy for the structure to be built upon Parcel #1, Agency and Developer agree the time for closing Parcel #1 may be extended to June 1, 2022. The third payment of payment of \$7,500 for Parcel #2 shall be paid at closing (scheduled for April 18, 2022) following the issuance of a certificate of occupancy for the structure to be built upon Parcel #2, which certificate of occupancy is anticipated to be issued prior to April 18, 2022. If additional time is needed for Developer to obtain the certificate of occupancy for the structure to be built upon Parcel #2, Agency and Developer agree the time for closing Parcel #2 may be extended to June 1, 2022. The fourth payment of \$25,000 for Parcel #3 shall be paid at closing (scheduled to occur on or before October 1, 2024) following the issuance of a certificate of occupancy for the structure to be built upon Parcel #3 and completion of all façade improvements (including final painting). The dates for payment of the first, second, third, and fourth installments and the projected closing dates are listed in Exhibit "C".

2. Subparagraph 2.6.1(b)(2) **Conditions Precedent to Conveyance of Project Site** of Paragraph 2.6 **Conditions Precedent to Conveyance** in Section 2. **GENERAL TERMS OF CONVEYANCE** shall be revised to read:

(2) For Parcel #3, prior to closing, Developer must provide Agency with a copy of the certificate of occupancy for the structure to be built upon the parcel and such provision must occur no later than October 1, 2024.

3. Exhibit C shall be replaced with the revised Exhibit C attached hereto.

*Continues on next page.*

4. Except as modified by the First Addendum, Second Addendum, Third Addendum, Fourth Addendum, Fifth Addendum, Sixth Addendum, Seventh Addendum, and this Eighth Addendum, the terms and conditions of the DDA entered by the Parties on January 25, 2019, shall remain in full force and effect.

**DATED** this \_\_\_\_\_ of \_\_\_\_\_, 2024.

**AGENCY**

**DEVELOPER**

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

\_\_\_\_\_  
Todd Carpenter

\_\_\_\_\_  
Carla McQuade

**Approved as to form:**

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

**EXHIBIT C**

*REVISED AS OF EIGHTH ADDENDUM TO DDA*

**SCHEDULE OF CONTRACT PAYMENTS, CLOSING, AND DATES FOR PROGRESS  
REPORTS TO BE PROVIDED TO AGENCY**

**January 25, 2019** – First installment contract payment of \$10,000 was paid by Developer.

**April 18, 2022** – Second and third installment contract payments of \$7,500 each (\$15,000 total) was paid by Developer. Developer provided Agency with copies of certificates of occupancy for structures built on Parcels #1 and #2. Agency transferred title to Parcels #1 and #2 to Developer.

**October 1, 2024** – Fourth installment contract payment of \$25,000 to be paid by Developer. Closing Date for Parcel #3.