

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

August 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**

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Contact the City Clerk at (541) 296-5481 ext. 1119, or amell@ci.the-dalles.or.us.

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. APPROVAL OF MINUTES – July 16, 2024
6. PUBLIC COMMENT – During this portion of the meeting, anyone may speak on any Urban Renewal subject. Five minutes per person will be allowed.
7. ACTION ITEMS:
 - A. Tony's Site Redevelopment Options
8. DISCUSSION
 - A. Maximum Indebtedness Expansion
9. BOARD MEMBER COMMENTS / QUESTIONS
10. STAFF COMMENTS / PROJECT UPDATES
11. ADJOURNMENT

Meeting conducted in a room in compliance with ADA standards.

Prepared by/
Paula Webb, Secretary
Community Development Department

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING

July 16, 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:** Staci Coburn, Walter Denstedt, Scott Hege, Kristen Lillvik, Timothy McGlothlin, Dan Richardson, Marcus Swift
- BOARD ABSENT:** Ben Wring
- 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

It was moved by Richardson and seconded by Coburn to approve the agenda as presented. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Richardson, and Swift voting in favor, none opposed, Wring absent.

APPROVAL OF MINUTES

It was moved by Denstedt and seconded by McGlothlin to approve the minutes of June 18, 2024 as submitted. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Richardson, and Swift voting in favor, none opposed, Wring absent.

PUBLIC COMMENT

Clair Graper, no address given

Ms. Graper read from her submission to the Board, Attachment 1. Ms. Graper apologized for her inaccurate statements on Facebook.

Richard Wolfe, no address given

Mr. Wolfe invited the Board to meet with Andrea Klaas and Jennifer Toepke from Port of The Dalles, on July 17, 2024.

Mr. Wolfe referred to an article emailed to the Board, Attachment 2. He said the 1938 commercial dock project created a bustling city. The whole promenade idea, the train stop, was really there. Mr. Wolfe hopes to bring that in as part of urban renewal awareness.

Mr. Wolfe met with Eric Gleason and visited the Wing Hong Hai building (commonly known as the Chinese Building). Photos within the building represented a wharf frontage that created shade.

Mr. Wolfe believed he could help save money on projects from Lewis & Clark Festival Park up to E. 4th Street.

ACTION ITEMS

Columbia Gateway Urban Renewal Plan Update: Recommendation to Council

Economic Development Officer (EDO) Spatz presented the staff report. He highlighted some revisions to the Plan.

Board Member Swift thanked EDO Spatz for his work.

EDO Spatz had a modification to the proposed motion, "Accept revised draft of the Columbia Gateway Urban Renewal Plan and adopt Resolution 24-004 recommending approval of the proposed amendments by The Dalles City Council **to take the form of a Council approved amendment.**"

Chair Long thanked EDO Spatz for his research and compilation of the documentation.

Board Member Richardson echoed Board Member Swift's and Chair Long's thanks. He appreciated the list of projects over the Agency's history. If everything a person or an Agency takes on is completed exactly as planned, they weren't thinking big enough, he said. Urban Renewal has had a variety of projects of different scales, some successful, some let go, but he very much appreciated the history.

EDO Spatz called attention to the interactive map which contains 72 Urban Renewal projects. The Board recommended an article or press release to highlight the Agency's efforts.

It was moved by Richardson and seconded by Denstedt to accept the revised draft of the Columbia Gateway Urban Renewal Plan and adopt Resolution 24-004 recommending approval of the proposed amendments by The Dalles City Council to take the form of a Council approved amendment. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Richardson, and Swift voting in favor, none opposed, Wring absent.

Endorsement of 2024 Transportation Growth Management Application

EDO Spatz presented the staff report.

Director Chandler said he worked on this project with two of his predecessors. The grant was awarded to the City. Subsequently, the City returned this grant due to staffing concerns. Staff decided to reapply for the grant due to varying levels of need on the west side of The Dalles.

EDO Spatz said the project title is West Side Renaissance Master Plan. A small section of the Urban Renewal district is within that boundary. Back in 1990, it was very much a part of the

entire district. City Council provided the required authorization to submit for the grant. Staff is asking for the endorsement of the Urban Renewal Board.

Board Member Denstedt asked if the City would be responsible for administrative tasks. EDO Spatz said that was correct. Board Member Denstedt then asked if there was a match requirement. EDO Spatz thought staff time would cover the requirement.

It was moved by Coburn and seconded by Denstedt to endorse the 2024 Transportation Growth Management funding request to the Oregon Department of Transportation for the West Side Renaissance Master Plan. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Richardson, and Swift voting in favor, none opposed, Wring absent.

Tony's Site Redevelopment Options

EDO Spatz presented the staff report and a brief summary of past steps.

During the January through June meetings, discussion included a Request for Proposal (RFP) or a Request for Expressions of Interest (RFEI). At the June meeting, the direction received was to proceed with an RFEI.

The survey resulted in the following most popular suggestions:

- Public gathering space (including greenways, parks, places for children)
- Residential development
- Commercial space (restaurant or market)
- Limited interest in parking (not recommended by Agency Staff)

David and Kirsten Benko, National Neon Sign Museum, proposed locating the Jantzen Beach Carousel on the property.

Staff would like to propose an RFEI that would consider public interest in open space in conjunction with Federal Street Plaza.

Director Chandler added this discussion is to determine what the Agency would, and would not, like to see on the site. When building or not building, we have to consider the direct impact on taxes compared to the indirect impact on taxes. A building would have direct impact on taxes; a public space would have an indirect impact on taxes.

Director Chandler referred to the Agency's mission: *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 protect the area's historic places and values.*

Demolition and hazardous abatement eliminates blight. Worth consideration is the statement of "job producing private investments."

Staff is requesting direction. What type of use will add to the fabric we currently have without affecting competing interests?

Board Member Lillvik was in favor of retail space or the carousel, in addition to public space. She wants to ensure the carousel would be a functional space with an operational plan for opening.

Board Member Richardson was inclined toward an RFEI for potential developers to use half the combined properties for a project, while leaving room for a plaza. He said the Board might consider encouraging the City to take on the Federal St Plaza.

Board Member Denstedt suggested a land swap to allow the carousel at the Tony's site. EDO Spatz noted there would be much to negotiate if the Board took that direction.

Board Member Denstedt said the carousel would attract people.

Chair Long redirected the discussion. She asked, do we want an RFEI, what we definitely do not want, and in general, what do we want? This provides an equal opportunity for everyone to apply for the RFEI, with consideration of all responses on an equal basis, while not advocating for a specific project.

Chair Long was in favor of an RFEI.

Board Member Hege noted building adjacent to the Tony's site is vacant and for sale. From a development standpoint, additional property is there. A plaza would be a good adjunct to the property, but we need to get it into private hands.

Board Member Hege is in favor of the RFEI or RFP to determine interest in the property.

Chair Long shared the need to protect proposal ideas submitted to the Board to prevent a separate party from capitalizing on the idea. EDO Spatz added, responses with intellectual capital invested, significant financial research, or things of that nature, can be kept in confidence. Proprietary information submitted is protected.

Board Member Coburn said an RFEI including the idea of the Federal Street Plaza will allow applicants to plan their proposal around our intent to have a complimentary development.

Board Member Swift agreed with Board Members Lillvik, Hege and Coburn. He suggested an RFEI incorporating the Federal Street Plan. He is opposed to any use of parking.

Board Member McGlothlin supported moving forward to solicit development proposals. He preferred a combination of development and green space. The mission is to add value to the downtown. He is interested in a land swap.

Board Member Lillvik suggested we include the desire for options that face Federal Street Plaza, to encourage use of the space.

Chair Long asked Staff if they had sufficient information to proceed.

Director Chandler replied the RFEI idea should have fewer barriers than an RFP, shaped in a way that is not just another survey. There will be an entry level to submit the RFEI. The RFEI will be a formal process, similar to an RFP. Responses should include a concept plan.

Chair Long stated we should know the applicant's qualifications to bring a project to fruition. They must apply for the RFEI in order to be considered for any future steps.

Board Member Hege said this is very different from a survey. It should be clear we are looking for development, not just ideas. We need to ask how they plan to develop, and if they have the financial resources to undertake the project. Board Member Coburn suggested a timeline, as well.

EDO Spatz said this would be a very structured process. Staff is familiar with grant applications, RFPs and RFEIs. The Board can lend direction toward specific information to

develop a concept. A great amount of detail can be built into the RFEI, short of requiring full-blown architectural and engineering plans.

Chair Long added the Board will put heavier weight on fully developed concepts submitted with information showing how the project will reach completion.

It was moved by Swift and seconded by Richardson to direct Staff to prepare a Request for Expressions of Interest (RFEI) for the Tony's site for review and approval at an upcoming Board meeting. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Richardson, and Swift voting in favor, none opposed, Wring absent.

BOARD MEMBER COMMENTS / QUESTIONS

None.

STAFF COMMENTS / PROJECT UPDATES

Director Chandler said First Street conversations continue internally. Next steps should be coordinated with the Public Works Director and City Manager.

Board Member Richardson requested the status of the Incentive Program. EDO Spatz replied we are not currently accepting new proposals. Two projects in progress are ongoing. The Legion Hall project is for HVAC, electrical and plumbing. The Granada Theatre project will replace the current reader board with an electronic reader board, and replace the front doors. Artistic elements will remain in place.

Board Member Richardson said the Board has a significant decision approaching regarding First Street. He hoped the Agency could keep the Incentive Program going.

Chair Long asked if there were any projects that may need to begin before the Board could commit or unfreeze our funds. Should we make changes to our process or create some flexibility? Can the Agency provide assistance later, if the project has already started?

EDO Spatz replied yes, as long as we do not wait too long. We have a few months to decide.

ADJOURNMENT

Being no further business, the meeting adjourned at 6:44 p.m.

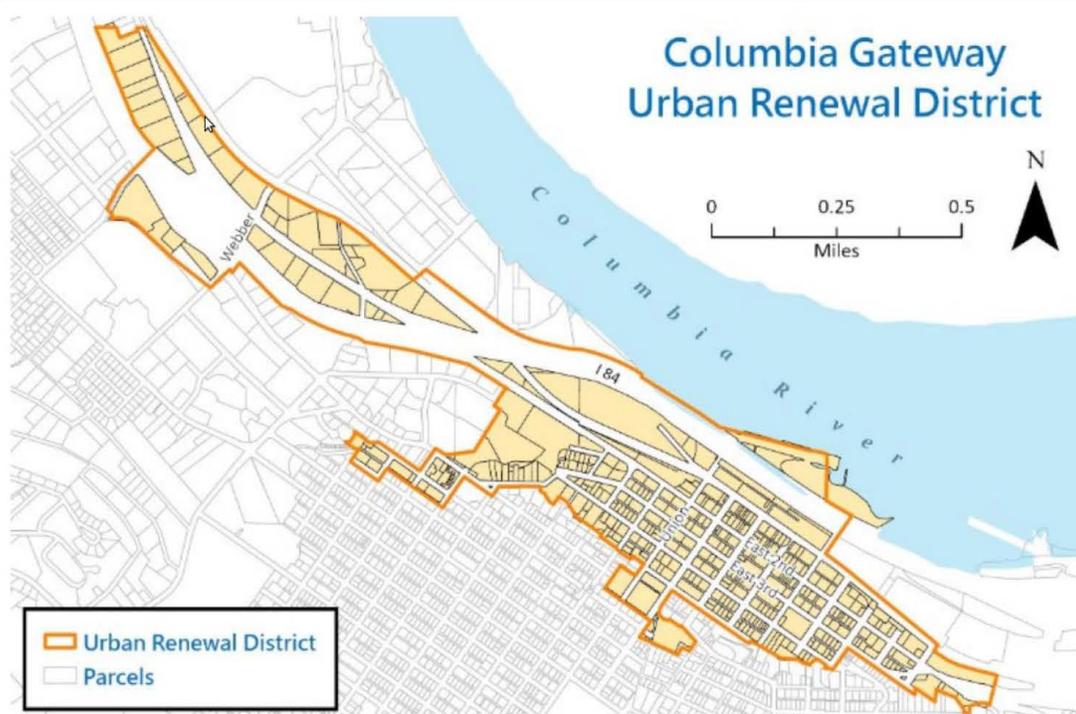
Meeting conducted in a room in compliance with ADA standards.

Submitted by/
Paula Webb, Secretary
Community Development Department

SIGNED: _____
Darcy Long, Chair

ATTEST: _____
Paula Webb, Secretary
Community Development Department

...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 protect the Area's historic places and values (Columbia Gateway Urban Renewal Mission Statement).

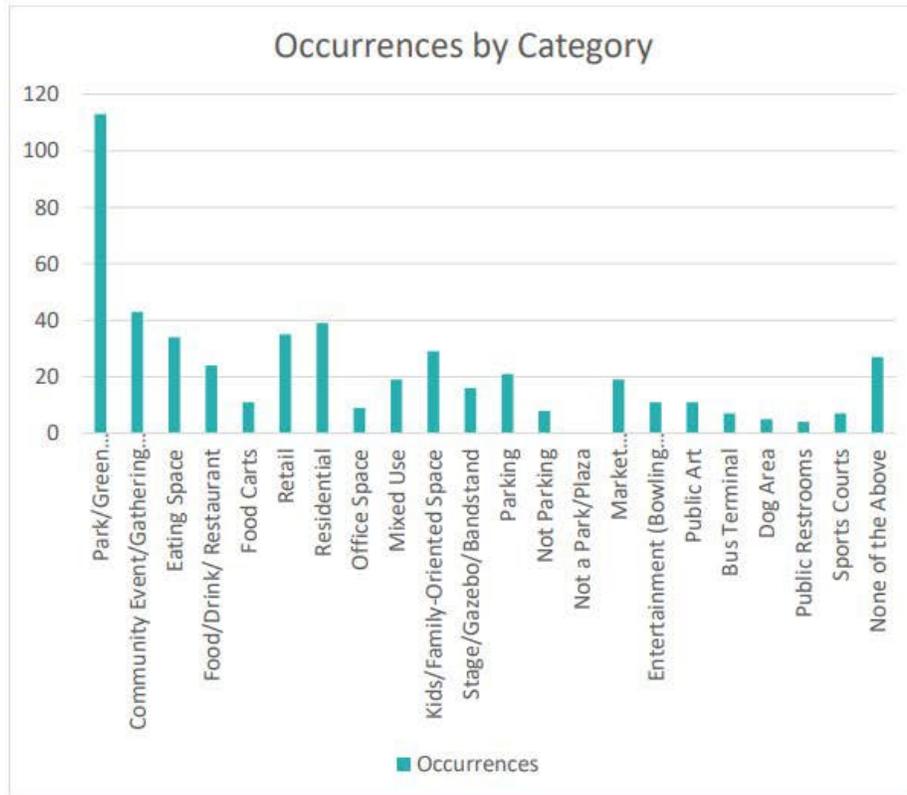


I applaud you, our representatives, in your continued efforts to involve the community in decisions that will have consequences long into our children's future. I know I am not the easiest to deal with and every one of you have always treated me with politeness and respect. I know sometimes my face says stuff when I am not looking...thank you for your kindness.

Please know that I mean no disrespect when I say I feel there is more that could be done to create open dialog, both here and on the council, with our community. I was disheartened when I reviewed the meeting and saw that you had declined to publish the amazing work done by your team. I apologize if my facebook publication was amiss. Thank you Ms Long for the correction and please know I mean no disrespect as I continue to try to let folks know how they can get involved.

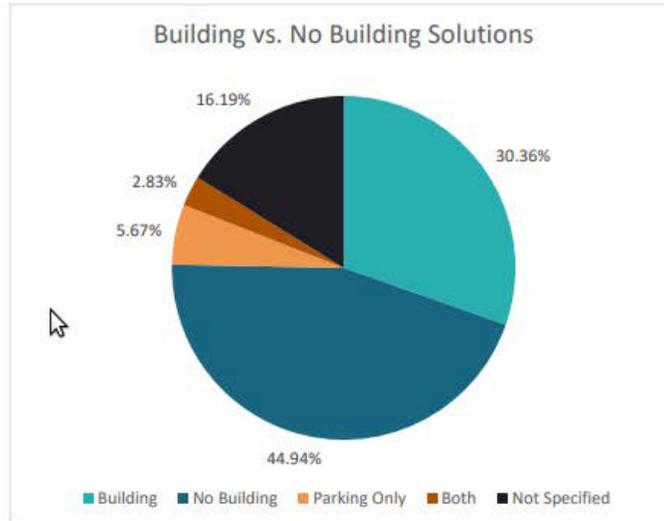
I look forward to the results of the Google funding survey, I am confident other participants look forward to these as well. I hope you are able to get the same quality of coordination for that presentation to City Council.

I think we all know I feel the historic nature of our downtown may be slipping away, but I look forward to some real plans tonight.



This graph displays the number of times each category is mentioned in the responses. Each response, except for "None of the Above," can contain multiple categories, but each category is counted only once per response.

While this graph shows a broad range of interests indicated in the responses, it also highlights a strong preference for the inclusion of some sort of outdoor solution, such as a park or plaza.



This graph categorizes each response into one of five groups: responses that mention a building of some kind; those that specify a park, plaza, or open space; those that only want parking; those that mention both a building and a no building solution; and those that mention neither. Each response is counted only once for this graph.

This graph indicates a notable majority of responses (14% more than those supporting a pro-building solution) who advocate for a no-building solution.

Common themes

Based on the survey responses, the top six most frequently mentioned categories are:

1. **Park/Plaza/Public Square**
 - o Respondents frequently emphasized the importance of having accessible open spaces like parks, plazas, and public squares. These spaces are desired for relaxation, social interactions, community events, and enjoying nature, highlighting the community's preference for outdoor areas that promote well-being and social cohesion.
2. **Community/Event Space**
 - o There is a strong demand for community gathering spaces and event areas where social interactions, public events, concerts, and communal activities can take place. This reflects the community's desire for a central area that fosters a

I feel like respondents were united in wanting a common space to gather. This survey was really a great first step in rebuilding our citizens' connection to our council and our agencies. I am sure we all look forward to hearing from you as to the future of main street and what if any impact the added Google taxes will have on that future. Thank you again!!!

7/16/24, 6:19 AM

Freighter SS Charles L. Wheeler Jr. becomes the first ocean-going vessel to transit the lock at the Columbia River's Bonneville Da...

Freighter SS *Charles L. Wheeler Jr.* becomes the first ocean-going vessel to transit the lock at the Columbia River's Bonneville Dam on July 9, 1938.

By Daryl C. McClary
Posted 8/03/2011
HistoryLink.org Essay 9883

On July 9, 1938, the coastal freighter SS *Charles L. Wheeler Jr.* became the first deep-sea commercial vessel to voyage up the Columbia River and pass through the lock at Bonneville Dam. The ship, carrying cargo from California, will continue up river to the historic riverboat port of The Dalles, Oregon, 200 river miles from the Pacific Ocean. This historic voyage will make The Dalles the farthest inland port in the West to be visited by an ocean-going vessel. It is essentially a publicity stunt to demonstrate that large freighters can utilize the Columbia to trade directly with river ports in Washington, Oregon, and Idaho.

A Vessel, a Dam, and a City

The SS *Charles L. Wheeler Jr.* was a 2,670-ton, 289-foot, single-screw, steel-hulled freighter built by Albina Engine & Machine Works in Portland, Oregon in 1918. The vessel, originally laid down as the SS *Carl* for Norwegian owners, was requisitioned during World War I (1914-1918) by the United States Shipping Board, Emergency Fleet Corporation, for its Merchant Marine fleet and renamed the USS *Point Judith*. In 1920, the freighter was sold to the Pacific Mail Steamship Company, and in 1925 to Swayne & Hoyt Ltd., San Francisco, for service in its Gulf-Pacific Line. In 1929, the *Point Judith* was sold to the McCormick Steamship Company, San Francisco, and renamed the *Charles L. Wheeler Jr.* for the 7-year-old son of the vice president and general manager of the corporation.

The Bonneville Dam is located 145 river miles from the mouth of the Columbia River and approximately 40 miles east of Portland, Oregon. Completed in 1938, it was a Public Works Administration/U.S. Army Corps of Engineers project of President Franklin Delano Roosevelt's (1882-1945) New Deal to provide reliable and inexpensive hydroelectric power to the Pacific Northwest, make the Columbia navigable all the way to the Snake River, and aid in flood and erosion control. In its day, the Bonneville Lock, 75 feet wide and 500 feet long, was the highest single-lift lock in the world. It lifted vessels from the river below, more than 58 feet to

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7/16/24, 6:19 AM Freighter SS Charles L. Wheeler Jr. becomes the first ocean-going vessel to transit the lock at the Columbia River's Bonneville Da...

The Dalles, situated on the Columbia River 85 miles east of Portland, is the largest city and the seat of Wasco County, Oregon. In 1938, the city had a population of roughly 8,000 residents (2010 estimated population was 13,200). In anticipation of becoming an active deep-water ocean port, The Dalles Port Authority (established in 1933) built a modern sea terminal at a cost of \$300,000. The port boasted a 1,000-foot-long wharf, able to accommodate three ocean-going freighters simultaneously, three new dockside slewing cranes, each capable of lifting 15,000 pounds, and two huge transit sheds for storage of general cargo. Ideally located, the Port of The Dalles would be able to service the entire Oregon Inland Empire at reduced rates by eliminating the complication and cost of shipping goods overland to Portland by highway and rail. Jobs would be plentiful, the city's population would grow, and the economy of Wasco County, based primarily on agriculture and lumber, would flourish.

From Ocean-going to River-going

On Tuesday, July 5, 1938, Captain Peter Lund moored the *Charles L. Wheeler Jr.* at the McCormick Steamship Company terminal, located on the west bank of the Willamette River between the Broadway Bridge and the Steel Bridge, to discharge freight from California ports. The freighter took aboard 1,500 tons of sugar, salt, grain bags, canned goods, and other miscellaneous cargo to be discharged at The Dalles and from there transhipped to cities and towns inland. Thus began the first leg of the *Wheeler's* history-making journey up the Columbia River to inaugurate the lock at the new Bonneville Dam.

On Friday afternoon, July 8, 1938, the *Wheeler* rendezvoused with the 165-foot U.S. Coast Guard Cutter *Onondaga* (WPG-79), at Vancouver, Washington. Captain Lund had onboard Captain Arthur H. Riggs (1870-1941), a master mariner and riverboat pilot for 15 years, to guide the freighter on the 40-mile trek up river. The *Wheeler* and *Onondaga* reached the Bonneville Dam at 7:00 p.m., maneuvered into the lock and were lifted to the level of Lake Bonneville. The two ships remained in the lock overnight to await the inauguration ceremony scheduled for Saturday morning. A fleet of 13 boats, carrying celebrities and dignitaries, followed the *Wheeler* and the *Onondaga* from Vancouver and moored at the bottom of the lock to be on hand for this unique maritime event.

Dedications and Celebrations

At 9:00 a.m. on Saturday, July 9, 1938, Oregon State Governor Charles H. Martin (1863-1946), Washington State Governor Clarence D. Martin (1884-1955), and Idaho State Governor Barzilla W. Clark (1880-1943) stood before a crowd of some 20,000 spectators and unveiled a brass plaque, sponsored by 31 Oregon inland cities and towns. At 9:10 a.m., Governor Charles H. Martin pressed a button that slowly opened the upstream gate of the world's highest lock. There followed a dedication speech by the Oregon governor and at 9:30 a.m. the freighter *Charles L. Wheeler Jr.* steamed into Lake Bonneville followed by the cutter *Onondaga* carrying the three state governors plus 75 dignitaries and guests. The event was broadcast nationwide over CBS and NBC affiliated radio stations.

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<https://historylink.org/File/9883>

2/6

7/16/24, 6:19 AM Freighter SS Charles L. Wheeler Jr. becomes the first ocean-going vessel to transit the lock at the Columbia River's Bonneville Da...

she could pass under the Bridge of the Gods at Cascade and the Hood River Bridge, farther up-river. The Army Corps of Engineers opened wide several of the Bonneville Dam spillways to drop the level of Lake Bonneville four feet, ensuring that the freighter could sail under the structures without difficulty. It turned out to be a prudent decision as the *Wheeler's* shortened masts cleared the Hood River Bridge by just four feet.

The accompanying fleet rendezvoused with the *Wheeler* and *Onondaga* at Lyle (Klickitat County), Washington, and then convoyed the last eight miles to The Dalles, with flags flying. The vessels arrived at the new wharf promptly at 3:00 p.m. They were welcomed by a crowd of 10,000 spectators, waiting in 98-degree heat to witness the momentous ribbon-cutting ceremony officially opening of the Port of The Dalles new sea terminal. The celebration included exhibitions depicting Oregon history and early modes of transportation and, later in the day, a grand parade. That evening the port authority hosted a banquet in the commodious transit sheds, attended by the three state governors and 500 dignitaries and guests.

Home Journeys

On Sunday, July 10, 1938, the cutter *Onondaga*, having completed the escort assignment, returned to her duty station at Astoria at the mouth of the Columbia River. Meanwhile the *Wheeler* remained at the Port of The Dalles terminal discharging freight and loading cargo and ballast for the return trip.

At 8:00 a.m. on Tuesday, July 12, the *Wheeler* set sail on the last leg of her historic voyage. The ship passed safely under the Hood River Bridge and Bridge of the Gods, handily negotiated the Cascade Rapids and sailed into the Bonneville lock. The Army Corps of Engineer closed many of the spillways, raising Lake Bonneville back to its normal depth of 68 feet and substantially reducing the current down-river. Even so, after leaving the lock, the *Wheeler* traveled through the fast water below Bonneville Dam at a remarkable speed of 18 knots, giving the 1,000 or more onlookers along the riverbank a thrill. At 8:00 p.m., the *Wheeler* and her 32-man crew moored at the McCormick Steamship Company terminal in Portland to load lumber and general cargo for ports in California.

The *Wheeler*, minus her topmasts, set sail from Portland on Saturday, July 16, arriving in her home port of San Francisco on Tuesday, July 19, 1938. Recounting the ship's journey to news reporters, Captain Lund opined it would be at least two years before the sea-lane would be ready for oceangoing vessels. And then only if the river could be properly dredged and the bridges retrofitted with draw spans to allow large ships passage without having to remove sections of superstructure.

The *Charles L. Wheeler Jr.* was the only seagoing commercial vessel to transit the Columbia River as far as The Dalles. There was discussion about instituting regular ocean service to Port of The Dalles, but the business failed to materialize. Shippers continued using river barges, trucks, and freight trains to carry general and bulk cargo over the river route to Portland.

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COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: 7.A

MEETING DATE: Tuesday, August 20, 2024

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz, Economic Development Officer

ISSUE: *Tony's Site Redevelopment Options*

BACKGROUND

The Tony's Building site, located at 401-407 E. Second Street, consists of two 0.14-acre tax parcels zoned Central Business Commercial (CBC-2). Tony's Town & Country Clothing occupied the Site from approximately 1968 until 2016. Columbia Gateway Urban Renewal Agency (**Agency**) acquired the Tony's Building in June 2016 for redevelopment. The site is now leveled and fenced for security. Staff conducted a public survey to elicit development ideas in Spring 2024 using an online comment form, gathering 248 responses by a June 6, 2024 deadline. The Board reviewed these results at the June 18, 2024, meeting. Most of the public comments favored green spaces, public gathering areas, residential uses and retail. At the July 16, 2024 Agency meeting, the Board directed staff to prepare a Request for Expressions of Interest (**RFEI**) as the next step toward site redevelopment. While not as rigorous as a Request for Proposals (**RFP**) in terms of required information, an RFEI is expected to generate well-defined concepts from experienced developers.

The goal is to elicit a wide range of concepts by advertising the RFEI broadly through communication channels recognized by the development community, including the Daily Journal of Commerce and OregonBuys website, as well as the City's website, Facebook page, and local newspapers. There is a focus on identifying qualified, experienced development teams with proven track records and fiscal capacity. The draft RFEI provides flexibility for the Agency: depending upon the responses generated, the Agency may short-list potential firms with invitation to respond to a RFP, or enter directly into negotiations with a leading candidate.

Staff prepared a draft RFEI (Attachment A) for the Board's review at the August 20 meeting. Staff requests the Board's guidance as to overall format and, in particular, Section V (Selection Criteria) and Section VI (Selection Process). Selection Criteria include reference to residential development on the Tony's site, one of several preferences noted in the public survey. Public plazas and open spaces are also noted. For instance, the Board may wish to consider the

relative weight given to these aspects: Should we “consider,” “encourage” or “require” such elements?

The draft RFEI also describes the site history, current status, and broader factors that could influence development (the City’s historic legacy, Columbia River access, tourism, climate, etc.). If a development team proposes a residential component, the RFEI requests an assessment of potential impact on other pending downtown residential development. This could take the form of a market demand study.

The July 16 staff report on Tony’s site redevelopment provided detail on the public survey, including such topics as open space, building vs. no building, and parking. Staff have incorporated Board guidance from that meeting in the draft RFEI attached to this report. As noted in the July 16 staff report, the Board is encouraged to keep the Agency’s mission statement in mind:

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 protect the area’s historic places and values.

The demolition and hazardous material abatement of the former Tony’s Building accomplished at least one aspect of this Mission Statement by eliminating blight, but redevelopment of the site should consider the potential to attract job-producing private investments that will stabilize or increase property values. Overall, a return on investment has been the focus of past and present Agency Boards, and the decision for redevelopment of the site should consider this when determining an option for the site. Whether this increase in property values is a direct impact (private development) of the site itself or an indirect impact (public spaces) of the District as a whole, the goal continues to be an Agency priority.

Following discussion at the August 20 Board meeting, Staff will prepare final documents for the RFEI with goal of September publication and distribution. Next steps will then proceed as outlined in the RFEI, including appointment of a Selection Advisory Committee, short listing of responses, and interviews leading to selection of a qualified development team.

PROJECT BENEFITS

Redevelopment of the Tony’s Building property will return the site to a productive use, potentially generating a return on Agency investment and long-term revenue for Urban Renewal taxing districts, or otherwise contributing to downtown vibrancy.

BOARD ALTERNATIVES

1. **Staff recommendation:** Direct staff to publish a Request for Expressions of Interest in September, as revised to reflect the board’s guidance, with results to be reported at the October 21, 2024 Agency meeting.
2. Postpone redevelopment of the Tony’s site.
3. Other direction as provided to staff.

Attachment:

Attachment A: Draft Request for Expressions of Interest



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

Tony's Site Redevelopment Request for Expressions of Interest August 2024

The Dalles City Council established Columbia Gateway Urban Renewal Agency in 1990 as a long-term investment strategy *“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 protect the area’s historic places and values.”*

A corresponding urban renewal district, established at the same time, encompasses nearly 320 acres, primarily in the downtown commercial core of The Dalles. Over its 34-year history the Agency has completed more than 70 projects, varying from multi-million public investments that leverage other public sources, such as a maritime terminal on the Columbia River, to smaller, private upgrades to business storefronts and interior renovations.

The Agency is managed through the City’s Community Development Department as a separate legal and financial entity from the City. It is governed by a nine-member appointed board representing taxing districts, the public at large, and the City Council. The Agency’s primary funding source is Tax Increment Financing, proceeds from which repay capital bonds.

The urban renewal district is scheduled to sunset in 2029 when the last remaining bond is paid off. In the time remaining, the Agency places a high priority on responsible, productive development of an Agency-owned downtown parcel known as the “Tony’s site.” This is named for a former retail establishment on that location, Tony’s Town & Country. The Agency is issuing this Request for Expressions of Interest to elicit development concepts from creative, experienced development teams. Qualifications are described on page **XX**.

Questions should be directed to:

Dan Spatz, Economic Development Officer
City of The Dalles
dspatz@ci.the-dalles.or.us

About The Dalles

The Dalles is one of Oregon's oldest cities.

Known to its first peoples, the indigenous tribes of the Columbia River Gorge, as "Wascopam," The Dalles and its immediate surroundings occupy one of the longest continuously inhabited places in North America. Because of its location on the Columbia River, sheltered climate, abundant springs and proximity to the fisheries of Celilo Falls and Long Narrows, the area attracted Native American trade for thousands of years (and probably much longer), drawing tribes from the Great Basin to the Pacific Ocean.

The Lewis & Clark Expedition camped here on the westbound and return stages of their journey, in 1805-1806. Missionaries soon followed, establishing a Methodist mission in 1838. Then came waves of pioneers ... as many as 400,000 traveling the 2,000-mile Old Oregon Trail between 1840 and 1860. The Dalles was the end of their overland journey, the point of decision where settlers could either brave the Columbia's wild rapids, or trek the perilous Barlow Trail over the Cascades to the Willamette Valley.

Facing a choice like that, many decided The Dalles was a pretty nice place to settle down after all. Settle they did, in such numbers that the US Army established Fort Dalles in the mid-1850s to help keep the peace as tensions rose between tribes and pioneers. The fort was never stockaded. One building still stands today, among Oregon's oldest historical museums.

Fort Dalles lent its name to the community of pioneers, boatmen, traders, miners, gamblers and entrepreneurs who settled along the river shore below the fort. They incorporated the town as "Dalles City" in 1857, two years prior to Oregon statehood.

Today, after a boisterous 20th Century full of cherry growing, wheat ranching, fisheries, dam and bridge building, aluminum smelting and lumber milling, The Dalles embraces a new era of data processing, advanced manufacturing, carbon sequestration and recreation.

Today, The Dalles is ...

- *Still the sweet cherry capital of the world. We still grow a lot of wheat, too*
- *Celebrating the Northwest fermentation industry ... from wineries to brewpubs to kombucha, you'll find it in The Dalles*
- *Commercial and public services center of the nation's first and largest national scenic area, a story told in detail at the Columbia Gorge Discovery Center and Wasco County Historical Museum*
- *Host to Columbia Gorge Community College, providing affordable education and family-wage job training from its beautiful, 60-acre campus overlooking the city and Columbia River Gorge.*
- *Destination for modern cruise ships recreating the 19th Century stern-wheelers that visited The Dalles*
- *Ending point for a 70-mile biking trail on the Historic Columbia River Highway.*

All that plus a 10-mile paved walking and biking trail bordering the City's waterfront ... A public airport hosting Gulfstream jets, LifeFlight and wildfire response teams ... and much more.

Historic Downtown The Dalles brings it all together, as captured in a citywide mural project completed in 2022. Those murals tell the colorful history of this City, and promise of a future just as colorful.

We invite you to be a part of that future by investing in our downtown.

About the Site

The Tony's Building site (**Site**), located at 401-407 East Second Street, consists of two 0.14-acre tax parcels zoned Central Business Commercial (CBC-2). The Site encompasses about one-third of a full city block, measuring approximately 100 by 120 feet.

This is a high-profile site in the core of Historic Downtown The Dalles.

The Site was developed for commercial use prior to 1884, occupied in that year by a hardware store and Jackson Hotel. These and any later wooden structures would have been destroyed by the Great Fire of 1891, which leveled most or all of 20 downtown blocks.

The City's residents quickly rebuilt, this time of brick. By 1900, the western tax lot was occupied by a commercial building and the eastern tax lot partially occupied by retail storefronts along East Second. By 1909 these included a bank, saloon, tailor and other retail shops.

By 1960, the Site had developed into the two adjoining parcels recognized today. Tony's Town & Country Clothing occupied the site from approximately 1968 until 2016. This was a Western gear retail store and popular local landmark. Its closure left a significant vacancy at a highly-visible downtown location.

The Columbia Gateway Urban Renewal Agency (**Agency**) acquired the Tony's Building in June 2016 to redevelop the existing structure, but those plans faltered when inspections and studies revealed the high cost of repairs, including hazardous materials abatement. (There was no Level I environmental assessment prior to acquisition.)

After other plans failed to materialize, the Agency Board decided to demolish the building to create a level site for new commercial development. In 2021-22 the EPA, through a Brownfield Community Assessment Grant, funded a Phase I environmental assessment and oil tank removal. BusinessOregon funded an archaeological assessment, while the Agency covered costs for asbestos abatement and demolition.

Demolition was completed in November 2023. The site is now leveled, fenced for security, and shovel-ready for development.

Public Survey

In January 2024, the Agency Board directed staff to conduct a public survey to gather ideas for development of the Site. This took place that spring, concluding in early June 2024, using a QR code linked to a website form with space for extended comments. Nearly 250 people responded. Results are summarized here; detailed survey responses will be provided to prospective development teams.

Survey results are summarized below, not as requirements for development ideas, but with the intent of providing ideas. The Agency believes it's important for prospective developers to recognize the strong interest, indeed the passion, City residents attach to the future of this downtown property. The top six most frequently mentioned categories are:

- **Park/Plaza/Public Square:** Respondents emphasized the importance of having accessible open spaces like parks, plazas, and public squares. These provide relaxation, social interactions, community events, and enjoying nature, highlighting the community's preference for outdoor areas that promote well-being and social cohesion.
- **Community/Event Space:** There is a strong demand for community gathering spaces and event areas for social interactions, public events, concerts, and communal activities.

This reflects a desire for a central area that fosters a sense of belonging and togetherness, serving as a hub for various community activities.

- **Residential/Housing:** The need for residential development, including apartments and housing, was a common theme. Participants highlighted the importance of addressing housing shortages and providing convenient living spaces within the community, indicating a significant demand for residential options.
- **Retail/Commercial:** Many respondents mentioned retail or commercial spaces, including shops and mixed-use buildings that combine living spaces with amenities like retail stores and cafes. This suggests a preference for developments that create a vibrant, multifunctional community hub.
- **Food / Drink / Restaurant / Food Carts / Eating Space:** Food-related spaces, including restaurants, food carts, and designated eating areas, were frequently mentioned. This indicates a preference for convenient and diverse dining options within the community, reflecting the importance of food and drink venues as social gathering spots and essential amenities.
- **Kids / Youth / Children / Teens/ Family-Oriented:** People encouraged spaces designed for children, teens, and families. Respondents mentioned playgrounds, youth centers, and family-friendly recreational areas, underlining the community's desire for safe and engaging environments for younger residents to play, learn, and socialize.

Adjoining properties

Privately-owned commercial buildings occupy blocks immediately west and south of the Site, and an adjoining parcel to the east. City-owned parking lots are to the north, separated by a City alley.

Federal Street borders the Site to the west. The City of The Dalles and Agency intend to redevelop this adjoining, one-block segment of Federal Street (between First and Second streets) as an outdoor public plaza. A city-owned one-story brick structure is located at the intersection of First and Federal streets; this is a former transit center. Plans call for a veterans' museum in this building.

The Federal Street Plaza concept is not yet fully defined. Responders to the Request for Expressions of Interest (RFEI) are invited to incorporate ideas for this plaza into their proposals for the Site. The City and Agency are prepared to modify the plaza concept accordingly.

I. Development Offering Overview

Site re-development will complete a long-held goal of the Agency in bringing this central downtown site back into productive use. The Agency envisions private sector redevelopment, returning this property to the tax rolls in keeping with the Agency's mission of increasing property values.

This RFEI is intended to be flexible. The Agency invites concept renderings and accompanying detail sufficient to demonstrate a compelling vision for the site (including preliminary programming, phasing, and deal structure) from developers, business owners, or others who demonstrate the capacity and experience to deliver on that vision. Engineered designs are not required.

The Agency is open to a broad range of uses – mixed-use, restaurant, makerspace, residential, recreational, retail, office or other commercial. Proposals should recognize and, if

feasible, integrate concepts with the adjoining Federal Street Plaza, including ideas for the City and Agency to consider in developing the Plaza.

The Agency will consider various deal structures and incentives, as summarized here:

Standard purchase and sale: The Agency sells the property to the development team, either for cash or seller-financed. Note that, under state law, the Agency may dispose of land for what it determines as fair market value. This value may be set to assure the property is developed in accordance with the Agency's mission and goals for the property, including conditions of sale as established by the Agency.

Ground Lease/Long term lease: The Agency enters into a long-term lease with the development team. This might include an option to purchase.

Joint Venture: The Agency enters into a joint venture with the development team, with the land and the Agency's historic investments (purchase, demolition, site clean-up) serving as the Agency's contribution.

Sale/Lease Back: The Agency sells the property to development team at a discount, then leases a portion back to receive rentals from commercial tenants through subleases. The Agency recognizes that site redevelopment, particularly if integrated with the adjoining Federal Street Plaza, may require a public-private partnership to achieve all of the Agency's goals.

II. Other Incentives

While offering no assurance of direct investment, the Agency is committed to helping the selected development team secure funding necessary to create a development that aligns with the Agency's and community's aspirations. For instance:

Land/Lease Write-Down: The Agency will consider offers which entail a discounted sale price (or lease payment), as long as the Agency in its sole discretion determines the resulting development satisfies goals set forth in the Urban Renewal Plan.

Urban Renewal: The Agency has urban renewal funds available, which may be used for a variety of purposes, including pre-development technical studies such as environmental, geotechnical, appraisal, design and engineering leading to construction, permit fees and system development charges as described below.

Identifying Other Financing Sources: The Agency will assist the development team in identifying other potential financing sources for the project, including but not limited to conventional loans, EB-5, HUD 221(D)(4) loan, and Low-Income Housing Tax Credits. The Agency anticipates partnering with Mid-Columbia Housing Authority, a community partner, should some of these options be considered.

Assistance with Pre-Development: The Agency will provide copies of all reports and technical studies in its possession, including environmental, title report, survey, appraisals, and the various studies noted below.

Vertical Housing Tax Zone: The Tony's site is part of The Dalles Vertical Housing Tax Zone (VHTZ), certified by the State of Oregon in 2014. The VHTZ is managed by City of The Dalles as provided through SB 310. Under this program, mixed use projects featuring at least two floors of housing over ground floor street-facing commercial use are eligible for a 10-year tax abatement (20 percent per floor, capped at 80 percent) of improved value. The City and Agency are exploring adoption of a Multiple Unit Housing Property Tax Exemption (MUPTE) program, which may either replace or augment the VHTZ.

Systems Development Charges: The Agency offers up to \$10,000 per new residential unit, payable to City of The Dalles and Northern Wasco Parks & Recreation District, to offset the cost of System Development Charges.

In addition to various forms of financial assistance noted above, the Agency will consider providing other forms of assistance to the developer team:

Zoning & Entitlements: The Agency will work with the selected development team to make sure that the permitting process goes forward efficiently.

Community Relations: The Agency will work closely with the development team to coordinate communications with the community and help build strong community support for site development.

Ultimately, the Agency seeks a qualified, professional development team that can demonstrate capacity in staffing, knowledge and experience to deliver a project that best fulfills the Agency's goals as expressed in the Selection Criteria below.

This RFEI sets forth The Agency's intentions for this project, including the selection criteria, selection process, and other information and requirements. Once it has selected a preferred team, the Agency intends to enter into exclusive negotiations with that team, with the intention of initiating development as early as Spring, 2025.

The response deadline is Monday, September 30, 2024 at 3 p.m. Responses should be prepared and addressed as described under Criteria and Process (page XX).

III. Property Information and Technical Requirements

Zoning: Central Business Commercial (CBC), Sub-Districts 1 and 2 (CBC-1 and CBC-2). This zoning district is *"intended to provide an area for commercial uses, along with civic and certain residential uses, and to provide all basic services and amenities required to keep the downtown area the vital pedestrian-oriented center of the community."*

Historic District: Site is located within The Dalles Commercial Historic District. All new development must comply with historic design/development standards outlined in The Dalles Municipal Code Chapter 11.12 and subject to review by the Historic Landmarks Commission.

Permitted Uses: A broad mix of uses are allowed outright in the CBC zone, including retail, upper-story residential, food services, offices, open space, indoor recreational facilities, and hotels/motels, as well as conditional uses such as breweries and wineries. All conditional uses are subject to review by the Planning Commission.

Development Standards

Building Height: 55 ft. maximum, except 75 ft. maximum with a Conditional Use Permit. Buildings shall be at least 16 feet minimum height with a façade having the architectural appearance of a two-story structure.

Building Setbacks: Front/Corner Side Yard = 0 ft. maximum; Rear = No minimum/maximum.

Building Orientation: Building must be oriented primarily toward a street or designated accessway.

Parking Requirements: The minimum number of off-street parking spaces varies by use. Note: minimum required off-street parking spaces may be waived for properties located within the CBC-2 Sub-District. Free City owned parking lots are available adjacent to the Site and may be used to accommodate parking of the proposed development. Overnight parking permits for these lots are available to all downtown tenants, currently free of charge.

Design Standards. All new development must comply with design standards outlined in The Dalles Municipal Code Article 5.050, including building exteriors finished with brick (excluding concrete brick), rock, stucco, plaster, cut stone such as marble or granite, and similar materials. Exterior elevations of buildings shall incorporate architectural design features such as offsets, balconies, projections, base/wall/cornice design, windows, entries, bays, seating, wall articulation, traditional storefront elements, or similar elements to preclude large expanses of uninterrupted building surfaces.

Roofs. Building shall have flat roof lines and may include parapets.

Entries. Primary entries must face a public street or designated access drives and shall be accessed from a public sidewalk. Secondary entries may face parking lots or loading areas. Doors shall not swing into public rights-of-way.

IV. Relevant Plans and Studies

Economic Opportunity Analysis

The City of The Dalles is revising an Economic Opportunity Analysis, which is anticipated for completion late in 2024 to early 2025. The City will make the current draft version available to prospective developers since the City anticipates few, if any, modifications to the draft that would affect strategic planning for the Site.

Housing Studies

The City of The Dalles completed a Housing and Residential Land Needs Assessment and Buildable Lands Inventory in 2023, and a Housing Production Strategy in 2024. Findings and recommendations may prove relevant to Site development depending upon the development team's vision.

For instance, recommendations from the Housing Production Strategy (HPS) include:

- **Provide more flexibility for housing in commercial zones:** Evaluate options for providing more flexibility for housing in the CBC zone. This may include allowing for horizontal mixed-use development (residential behind commercial), only requiring a portion of the ground floor to be commercial uses, or only requiring ground floor commercial in select locations within commercial zones.
- **Adopt MUPTE to incentivize needed housing:** Design and adopt a Multi-Unit Property Tax Exemption program to replace or augment the existing Vertical Housing Tax Zone, specifically considering tax exemptions to offset creation of workforce and multi-family units.
- **Proactively pursue the State's new State Revolving Loan and Find Candidate Projects:** Continue to work with regional partners to identify candidate projects and proactively pursue applying Oregon Housing and Community Services' new SB 1537 \$75M State Revolving Loan to fill housing financing gaps.
- **Evaluate the feasibility** of scaling SDCs to unit size, and/or deferring until final certificate of occupancy: these are preliminary ideas expressed in the HPS. The City is reviewing these and other strategies; the Agency recognizes that Site development may present an early opportunity to cost-model these incentives. Formal adoption, should it occur, may or may not align with Site development timeframe.

Transportation Studies

In addition, several recent transportation-related studies may help inform development responses. These include:

The Dalles Transportation System Plan (2017), prepared for City of The Dalles. This is designed to guide transportation-related investments over the next 20 years. It provides a comprehensive analysis of current and anticipated traffic patterns, demand and strategies.

Columbia Gorge Regional Transit Strategy (2023), produced by Gorge Translink Alliance. The Dalles is a regional transportation hub, with public transit connections to Hood River, Sherman and Gilliam counties as well as rural communities in Wasco and Jefferson counties. This study proposes expansion strategies that may influence downtown The Dalles development.

North Wasco County School District Safe Routes to School Plan (2022), identifies a network of safe school routes across the city, extending to downtown.

Wasco County Transit Development Plan (2022), prepared for Wasco County. Summarizes needs and proposes recommendations for public transit based in The Dalles and extending to rural communities of Wasco County.

V. Selection Criteria

Following are criteria the Agency will use in development team selection:

- A compelling vision that will ensure highest and best use for the Site, including enhanced property value.
- A development that will encourage further redevelopment of underused properties in Historic Downtown The Dalles by encouraging visitation and 24/7 downtown residency, either on the Site itself or in fostering other downtown residency by enhancing downtown vibrancy.
- While not a requirement, consideration will be given to mixed use, multi-story development including workforce and “missing middle” housing.
- Quality, sustainable design and construction – in building elements as well as urban design elements including pedestrian connections; public spaces that complement the adjoining Federal Street Plaza.
- Originality in programming and use – the creation of a destination that complements the historic character of Downtown The Dalles while embracing the City’s role in the region’s agricultural, technology and recreation-based economy.
- Capacity of the project to contribute to the City’s economic growth. This includes responsible use of any fiscal support provided by the Agency.
- Demonstrated commitment to engaging the broader community in project design and programming, and making serious efforts to incorporate community aspirations as demonstrated through the Tony’s Site survey.
- Demonstrated experience in financing and delivering projects similar in scope and quality to what the developer is proposing in response to this RFEI.
- Embracing and enhancing Historic Downtown The Dalles’ unique character and heritage, and role in driving the city’s continuing development.

VI. Selection Process

Upon receiving responses to this RFEI, the Agency will appoint a Selection Advisory Committee (**SAC**) to review respondent qualifications, conduct appropriate due diligence and evaluate proposals. The Agency may solicit additional information or clarifications from respondents.

Several alternatives are then possible:

- 1) The SAC will recommend a short list of prospective development teams to the Agency Board. Agency staff and Board will rank short-listed respondents and conduct follow-up interviews. Following those interviews, Agency staff and Board will re-rank the responses, based in part upon information and observations gleaned during the interviews. The Agency Board will then invite formal proposals from no more than three finalist teams. The Agency will make available a Request for Proposals (**RFP**) to these teams, providing any additional requirements the Agency deems appropriate. The Agency, SAC and Board will conduct a final round of interviews with teams responding to the RFP and select a finalist for contract negotiation.
- 2) Alternately, the Agency, as directed by the Board, may elect to enter direct negotiations with a single finalist, in which case no RFP would be issued.
- 3) The Agency, as directed by the Board, may reject any or all proposals.
- 4) The Agency, as directed by the Board, reserves the right to recommend that two or more teams consider forming a partnership, if in the Board's judgment such a partnership would be conducive to achieving the Board's goals for this project.

All meetings of the Agency Board are public, and selection of the development team will occur in a public meeting. All responses to this RFEI are public records and may be reviewed by any member of the public (see further information about confidentiality in **Section X**, General Conditions).

VII. Post Selection Process

Upon selection of a development team, the Agency will enter an Exclusive Negotiating Agreement with the team, including terms, conditions, project timeline and any necessary refinement of project vision and scope.

The Agency anticipates that during this period, the program, deal structure, financing, composition of the development team or other components may be modified as a detailed proposal is developed. During this pre-development phase, the Agency may negotiate with the selected team a Memorandum of Understanding (**MOU**), or other agreement as appropriate, setting forth in non-binding terms financial and other general aspects of the project. This MOU will also serve as the basis for negotiation and execution of a subsequent binding agreement (which may take any of several forms, including a Disposition and Development Agreement, Lease Agreement, Purchase and Sale Agreement, or another form, to be determined through the negotiations). The final, binding document(s) will govern final disposition of the Site, setting forth the terms of the transaction. Any such MOU will include provisions reserving to the Agency the right to terminate negotiations with the selected development team, if the Agency in its sole discretion determines that negotiations during the predevelopment phase are not progressing to the Agency's satisfaction. Should this occur, the Agency would then either work with another team, or may decide upon another course of action entirely for the Site.

VIII. Anticipated Schedule

September 9, 2024: Issuance of RFEI

September 23, 2024: Deadline for Requests for Clarification. The Agency issues clarifications to RFEI, if any (these will be made available on the Agency's website: https://www.thedalles.org/government/urban_renewal_agency).

October 7, 2024, 3:00 PM: Deadline for Responses. Sealed responses must be received by City of The Dalles Community Development Department, The Dalles City Hall, 313 Court Street, The Dalles, by this time.

October 14, 2024: Short list of development teams and interviews scheduled.

October 28, 2024: Preliminary selection of development team, pending negotiations.

IX. Submission requirements

Original Material (12 pages or fewer, not including resumes, letters of reference and samples of other projects.)

1. **Cover Letter:** Describe the development team and interest in the project. Identify the primary point of contact for the team. Include a statement indicating the proposal is valid for six months after submittal.
2. **Describe your vision for the site:** How is it consistent with the Agency's aspirations for the site and adjoining downtown, surrounding area, particularly in light of Selection Criteria? What are your preliminary thoughts about program, phasing, design, and deal terms? Does your proposal anticipate (or require) the acquisition of any other properties adjoining the Site? If so, please describe your acquisition strategy. What are your thoughts about project financing, including any anticipated role for public partners? Are you aware at this time of any City zoning or other codes that may impede your development concept for the site?
3. **Team and Development Experience:**
 - A. Identify development team members and roles, and describe qualifications. Provide resumes for key team members.
 - B. Describe the team's experience in the development of high quality, successful projects, preferably projects similar in scope and scale to what you are proposing for the Site. What is the team's recent experience with this type of development? Photos are required.
 - C. Describe the team's previous experience working with public sector partners, and types of public-private partnerships.
4. **Financial Capacity:**
 - A. Explain your financial capacity, and share any preliminary thoughts you have about financing approaches for your project ideas, such as possible equity and debt sources. Provide as much information as you wish, such as certified financial statements, credit availability letters, or bank references, to make the case that you have the financing capacity to carry out your proposed project (any financial documents should be placed in a separate envelope and clearly marked as confidential). While the Agency will maintain the confidentiality of any such information to the extent allowed by law, please do not submit information you do not wish to be made public; see also the statement about "Proprietary Information" in the General Conditions section, below).

- B. Describe any expectations for public financial participation at this stage. The response should include general statements relating to financial participation, assistance with permits, and other potential public funding sources.
- C. Provide a preliminary estimated time frame to carry out the project. If you envision a phased approach, please describe.

5. Letters of Reference & Project Examples: At least three letters of reference are required and may exceed the specified page limit. Respondents are encouraged to provide samples of other projects beyond the specified page limit. While the Agency does not expect engineering drawings, preliminary drawings are encouraged together with other supporting documentation demonstrating a clearly-detailed vision of the development team's concept, as well as photos of accomplished projects. No more than four drawings will be accepted as part of the submittal, above the specified page limit.

X. General Conditions

All facts and opinions stated within this RFEI and all supporting documents and data are based on information available from a variety of sources. No representation or warranty is made with respect thereto.

The Agency reserves the right in its sole discretion to accept or reject all responses to this RFEI, without cause.

The Agency reserves the right in its sole discretion to modify the selection process or other aspects of this RFEI, including canceling the RFEI without selecting a developer or team. The Agency will take reasonable steps to ensure that any modification or clarification to the RFEI shall be distributed in writing to all persons who have requested a copy of the RFEI.

The Agency reserves the right to request additional information following review of initial submissions. In addition, the Agency may retain consultants to assist in the evaluation of submissions.

In the interest of a fair and equitable selection process, the Agency reserves the right to determine the timing, arrangement, and method of any presentation throughout the selection process. Teams are cautioned not to undertake any activities or actions to promote or advertise their proposals except during Agency-authorized presentations. Teams are encouraged to contact relevant Agency staff to learn more about ideas and visions for the site and the area. However, developers and their representatives are not permitted to make any direct or indirect (through others) contact with members of the Agency Board, The Dalles City Council, Planning Commission, Historic Landmarks Commission, Urban Renewal tax districts, or Selection Advisory Committee concerning their proposals, except in the course of Agency-sponsored presentations. Violation of these rules is grounds for disqualification of the team.

The Agency requests that developers and members of their team who are considering responding to this RFEI NOT contact any prospective public agency funding partners, other than the Agency itself.

Conflicts of Interest. Please disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your company's being hired for this Project. Identify and describe fully any family or business relationships which any employees of your company may have or have had with any employee or elected official of the Agency or any affiliated entities. The Proposer and Site sub-consultants shall identify any group, individual or organization that they may have worked for, or currently work for, that has had ownership, lease, development, related

or similar interest in the Agency. Failure to disclose any existing or potential conflicts may disqualify the Proposal from consideration.

Nondiscrimination. The Agency notifies all possible proposers that no person shall be excluded from participation in, denied any benefits of, or otherwise discriminated against in connection with the award and performance of any contract on the basis of race, religious creed, color, national origin, ancestry, physical disability, sex, age, ethnicity, or on any other basis prohibited by law.

Proprietary Information. Only information which is in the nature of legitimate trade secrets of non-published financial data may be deemed proprietary or confidential. Any material within a Proposal identified as such must be clearly marked in the Proposal and will be handled in accordance with the Oregon Public Record Act and applicable rules and regulations. Any Proposal marked as confidential or proprietary in its entirety may be rejected without further consideration or recourse.

All submissions shall become the sole and exclusive property of the Agency. Teams shall not copyright, or cause to be copyrighted, any portion of their submission. Within the bounds of public records laws, the Agency will maintain confidentiality of submissions at least until the preliminary selection of a developer team. Any proprietary financial information or other information which developer teams submit will be maintained as confidential as allowed by public records law. Submissions or information that the proposal team would like to remain confidential must be marked confidential.

The Agency makes no representations as to whether or not a project to be developed as a result of this RFEI, or any possible Agency participation therein, is a “public improvement” project and as such is subject to the prevailing wage requirements of the Oregon Bureau of Labor and Industry.

News releases by the selected team pertaining to its selection will require prior written approval from the Agency.

The Agency reserves the right to verify and investigate the qualifications and financial capacity of any and all members of the proposing teams.

The Agency accepts no responsibility or obligation to pay any costs incurred by any party in the preparation or submission of a proposal or in complying with any subsequent request for information or for participation throughout the evaluation process.



AGENDA STAFF REPORT AGENDA LOCATION: 8.A.

MEETING DATE: August 20, 2024

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz, Economic Development Officer

ISSUE: *Pending Projects and Maximum Indebtedness Expansion*

BACKGROUND

Over the past year, the Columbia Gateway Urban Renewal Agency Board (**Board**) and staff have undertaken a comprehensive review of the Columbia Gateway Urban Renewal Plan (**Plan**) and associated analysis of the Agency’s fiscal capacity. Also, over the past year, the Board and staff reviewed current and anticipated urban renewal projects. These efforts have determined both a challenge and an opportunity. The **challenge** is that the Agency’s spending authority (“Maximum Indebtedness”) is not sufficient to fund urgent public and private investments awaiting Agency response. The **opportunity** is a strategy for the Agency to honor its longstanding commitment to terminate the Columbia Gateway Urban Renewal District (**District**) in 2029, yet still maintain sufficient resources to complete those urgent projects without incurring formal debt. This strategy is to increase the Agency’s Maximum Indebtedness (**MI**), which this staff report will review and explain in detail.

Maximum Indebtedness: Revenue vs. spending authority

MI measures the Agency’s cumulative spending authority over the Agency’s 30-year history. MI essentially is spending authority, as last established by The Dalles City Council in 2009 at approximately \$29 million. Of this \$29 million, approximately \$27 million has been spent or committed to pending development, leaving about \$2.2 million in uncommitted capacity.

Plan review, now completed, included two Board presentations by consultant Nick Popenuk of Tiberius Solutions, on February 20 and May 21, 2024. One of the key findings was that the Agency will have collected sufficient Tax Increment Financing (**TIF**) revenues by 2026 to retire the Agency’s debt. While the Agency may collect TIF beyond that point, state law precludes the Agency from expending any TIF collection exceeding MI unless authorized by The Dalles City Council or impacted taxing districts.

The Agency’s remaining MI capacity as of June 30, 2023 was \$6,134,688 (revised from \$5.7 million reported in the May and June 2024 board meetings). Anticipated loan repayment

(primarily from the Commodore Hotel), interest earnings and program income brought anticipated fiscal balance (which does not necessarily correspond to MI) to \$8,150,183 as of July 1, 2023.

This fiscal balance does not reflect subsequent expenditures and commitments. Staff calculate these at \$3,604,476, while recognizing that most of these commitments (such as Basalt Commons) have now carried over into the new fiscal year (FYE 2025).

This total also does not account for debt service related to a 2009 Full Faith and Credit bond obligation issued by City of The Dalles, which paid for City and (primarily) Agency projects described in greater detail below. Remaining debt obligation as of 2024 is approximately \$4.3 million. This is presently budgeted at approximately \$800,000 per year ending in 2029, but this schedule can be accelerated to conclude in 2026. Should that occur, annual debt payments would need to increase accordingly.

Although debt service does not “count against” MI, it does steadily reduce the Agency’s remaining fiscal resources.

The Incentive Program including Basalt Commons obligation, other Incentive Program commitments made since June 30, 2023, development of a new parking lot on East Third Street, on-going engineering costs related to the First Street project, Agency administration, and TIF collections are major factors influencing the Agency’s remaining MI. Based upon the estimates described above, staff calculate current remaining MI capacity at approximately \$2.2 million. Since this reflects spending authority rather than current and anticipated revenue, the total carries over from year to year, reduced by any spending that counts against MI (such as the Incentive Program) but not increased by TIF collection beyond 2026. (State law precludes the Agency from collecting TIF once it has sufficient revenue to retire any outstanding debt. The Agency will reach that point in 2026.)

This total does not take into account the estimated cost of First Street reconstruction, nor \$3.8 million committed to First Street in Fund 18.

First Street bonded obligation

The City’s 2009 Full Faith and Credit bonded obligation noted above was for \$13,040,000. Of this, \$2 million was dedicated for a City Local Improvement District outside the District, \$8 million for urban renewal projects, \$2.4 million to refinance earlier urban renewal debt, and most of the balance for an urban renewal reserve account.

The Agency is obligated to repay the City for the Agency’s share of the 2009 bond through an October 2009 agreement between the Agency and City (Attachment A). This agreement refers to urban renewal “Projects,” and thus by reference to the Plan’s list of specific projects as well as language in the 2009 bond issuance. “Streetscaping” is one of those projects. First Street reconstruction costs vary according to project scope, which in turn influence the extent of the City’s contribution. First Street “streetscaping” was broadly defined in the 2009 Plan:

Streetscape improvements may include: Removal of existing curbs, gutters, sidewalks, street lighting, hollow sidewalks, street grades, and other associated elements. Construction of curbs and gutters, decorative concrete sidewalks and paving stones, period street lights, street trees, irrigation systems, plazas, signs, drinking fountains, benches, planting areas, special crosswalk treatment, and other associated elements. This would include the ability to install Opticom GPS Systems and to upgrade the water system in the area.

Given the “streetscape” definition, the question becomes: What can be defined as “streetscaping” and what should be a public works obligation, such as underground infrastructure? Full scope of First Street reconstruction would cost \$6.5 million to \$7 million, with the higher figure reflecting cost of a 12-inch, upgraded water main.

Regardless of how it’s defined, “streetscaping” is noted as an obligation in the 2009 bond issuance. These were tax-exempt bonds, which raises a question: Should the Agency abandon First Street entirely and reallocate funds toward the Incentive Program, might the City incur a penalty by not fulfilling this portion of the 2009 bonded obligation? The bond document specified various urban renewal projects targeted for completion, including the East Gateway and Brewery Grade intersection, additional riverfront access, festival area, marine terminal, streetscape improvements to First, Third, Fourth and Washington streets, downtown parking facilities, West Gateway and West Second Street infrastructure, property rehabilitation program including second story rehabilitation, further development of the Mill Creek Greenway, Third Place street improvements, and the Penny’s Block redevelopment.

Several of these were later completed, and some abandoned or modified, as noted in the revised Plan the Board reviewed earlier this year. Reference to “property rehabilitation and second story rehabilitation” would now apply to the Incentive Program. Preliminary conversation with bond counsel indicated that the Agency should make a good faith effort to complete as many projects as fiscal resources allow.

As noted in the June 18 Board packet, staff are exploring design alternatives for the First Street project, which include City contribution and scope reductions. Regardless of the option eventually selected, it is apparent that First Street reconstruction will require most if not all of the Agency’s remaining \$2.2 million MI capacity. Meanwhile, the City’s Public Works resources have been dedicated to other, even more pressing needs: reconstruction of the West Sixth Street Bridge, where load restrictions are in place, and deteriorating water mains from Wicks Treatment Plant. The City’s contribution to the First Street project may be limited, further delaying the timeline for completion and resulting in overall project cost escalation.

Other projects and options

Meanwhile, new Incentive Program projects continue to arise, only to be deferred pending resolution of the fiscal challenge. Staff have identified approximately \$2.5 million in potential projects, some more urgent than others. For instance, the Oak Hotel (Sigman’s Flowers) has received a \$200,000 Oregon Main Street grant for façade upgrade. The owners are requesting \$240,000 in Agency assistance, which when combined with their own investments and the Main Street grant would allow them to reopen the Oak Hotel for upper-story residential use. Total project cost is estimated at \$800,000. Completion of The Mint Building renovation and façade restoration of at least three downtown buildings along Second Street are among other projects currently deferred.

Maximum Indebtedness expansion

Annual TIF collection is estimated at \$1.7 million, albeit affected by fluctuating property valuations. As noted earlier and in recent Board meetings, the Agency will have collected sufficient TIF revenue by 2026 to retire outstanding debt. State law precludes expenditure of TIF collections beyond that point. However, should TIF collection continue until District termination in 2029 – a deadline which has been routinely communicated to the taxing districts – the Agency can realize up to \$6.1 million in additional spending authority. This is not “formal” debt in the sense of a new debt obligation or loan. It would, instead, postpone

the release of TIF to the taxing districts until 2029, which again is the year the Agency has already committed for District termination.

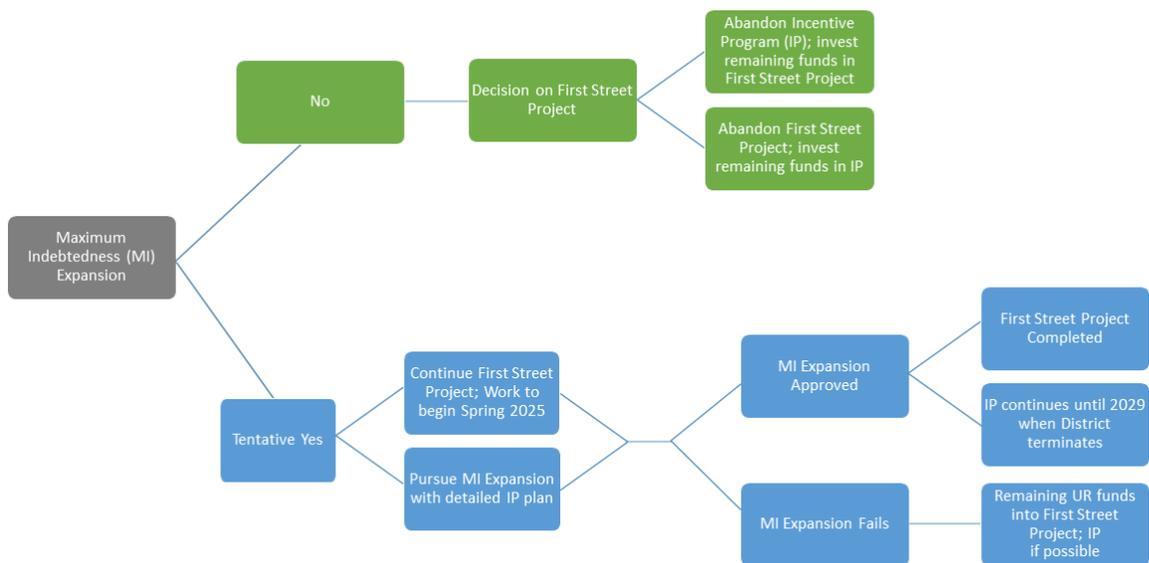
MI expansion would occur through a vote of The Dalles City Council, and would take the form of a Substantial Amendment to the Plan. This would authorize the Agency to continue to collect TIF from 2026 until 2029. While MI expansion would not require formal approval of the other taxing districts, staff advises that expansion, if considered, be contingent upon the districts' concurrence. (Taxing districts must approve any MI expansion above \$6.1 million.)

State law limits MI expansion without taxing districts' formal approval to 20 percent of the District's MI as pertained in the late 1990s. MI expansion would require public meetings and hearings extending over a period of several months. The Agency would also need to produce an associated report, as last occurred in 2009.

The report differs from the Plan reviewed this past year by the Board, which is scheduled for City Council consideration this October. Contents of the report are governed by state statute. These include a detailed analysis of MI expansion's effect on the taxing districts, identification of specific projects to be undertaken with projected cost and estimated completion date for each project, and several other elements. (Ref: ORS 457.220).

Keeping these questions and background in mind, staff proposes that the Board consider MI expansion not to exceed \$6.1 million, contingent upon District termination in 2029, and contingent upon subsequent approval by The Dalles City Council.

Should MI expansion take effect next year, the Agency would have effective spending authority for \$8 million in 2025 (\$6.1 million added authority plus \$2.2 million current capacity). This would be budgeted for investments concluding in 2029, using annual TIF collection, existing MI capacity of \$2.2 million and \$3.8 million set aside in Fund 18 to conduct First Street improvements and Incentive Program priority projects. State law requires that these projects be specified with projected budgets and completion dates, in the Substantial Amendment report. This MI expansion would NOT create an unassigned, speculative account for "potential" future projects, but rather be dedicated for a detailed and specific project list determined at the time of MI expansion, as required by state statute. Urban renewal staff have already compiled a preliminary list with estimated budgets. The following flow diagram outlines key decision points:



As shown by this decision chart, the question before the Board at the August 20 meeting is whether to explore MI expansion as an alternative, recognizing that this would be a months-long process with no guarantee of success, with the decision resting upon a recommendation from the Board and City Council action, or to instead focus remaining Agency resources on either First Street or the Incentive Program – but not both, because of the fiscal constraints described earlier in this report.

Should the Board’s direction be a “tentative yes” on MI expansion, it would lead to various later decision points and potential outcomes, as shown in the chart above. It is important to note that, should the Board support MI expansion at this time, but MI expansion later rejected following the requisite public review process, it would then be too late to direct remaining MI capacity to the Incentive Program rather than First Street. The Agency would already have obligated remaining capacity to First Street in order to meet a 2025 construction start and avoid further cost escalation. And, the question of a potential penalty for failure to fulfill tax-exempt bond obligations described above would need to be resolved.

FISCAL IMPLICATIONS

Fiscal implications vary significantly as determined by the decisions described in this report. Detailed fiscal analysis will follow once a course of action has been established.

BOARD ALTERNATIVES

1. *Staff recommendation:* Recommend MI expansion to City Council.
2. Invest remaining MI capacity on First Street and eliminate the Incentive Program.
3. Abandon the First Street project and invest remaining MI capacity in the Incentive Program.
4. Other direction as provided

Attachment:

Attachment A – 2009 bond agreement

ASSISTANCE AGREEMENT

This Agreement is executed this 15th day of October 2009, by and between the CITY OF THE DALLES, a municipal corporation of the State of Oregon (the “City”) and the COLUMBIA GATEWAY URBAN RENEWAL AGENCY OF THE CITY OF THE DALLES, Oregon, a public body created under ORS Chapter 457 (the “Agency”).

I. DEFINITIONS

For purposes of this Agreement, capitalized terms not defined in this Agreement have the meanings defined for those terms in the Agency Resolution (defined herein), and the following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

“Additional Bonds” means obligations issued in compliance with the requirements of Section 7 of this Agreement which are secured by a lien on, and pledge of, the Tax Increment Revenues which is on a parity with the lien on, and pledge of Tax Increment Revenues which secures the Series 2009 Note.

“Agency” means the Columbia Gateway Urban Renewal Agency of the City of The Dalles, Oregon.

“Agency Resolution” means collectively the Master Resolution and the First Supplemental Resolution.

“Agreement” means this Assistance Agreement.

“Area” means the Columbia Gateway/Downtown Area which is described in the Plan, and all additions thereto.

“Authorized Representative” means, each individually, the City Manager or Finance Director of the City or their designee.

“Bond Year” means each period which begins on July 1 and ends the following June 30.

“Bonds” or “Bond” means the Series 2009 Note or any other obligations and any Additional Bonds issued in compliance with the requirements of Section 7 below and the Master Resolution.

“City” means the city of The Dalles, Wasco County, Oregon.

“City Resolution” means the City’s Resolution No. 09-028 adopted September 14, 2009 authorizing the Obligations, the Assistance and this Agreement.

“Closing” means the time the Obligations are issued and exchanged for their purchase price.

“Debt Service Account” means The Dalles URA Debt Service Account created and established pursuant to Section 4 of the Master Resolution.

“Event of Default” means a determination by the City that there has been (1) a failure to pay principal and interest on the Series 2009 Note when due, (2) a failure by the Agency to comply with any of its obligations under this Agreement, the Agency Resolution or the Series 2009 Note, which failure continues for more than 60 days after the City has made written demand to cure, or (3) a material misrepresentation by the Agency in this Agreement or the Series 2009 Note.

“Government Obligations” means direct noncallable obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“First Supplemental Resolution” means the Agency’s First Supplemental Resolution No. 09-065 adopted September 14, 2009, authorizing the issuance of the Series 2009 Note and this Agreement.

“Master Resolution” means the Agency’s Resolution No. 02-046 adopted on September 23, 2002.

“Obligations” means the City’s Full Faith and Credit Obligations, Series 2009 in the aggregate principal amount \$12,100,000.

“ORS” means Oregon Revised Statutes.

“Permitted Investments” means any investments in which the Agency is authorized to invest surplus funds under the laws of the State of Oregon.

“Reserve Account” means The Dalles URA Debt Service Reserve Account Created and established pursuant to Section 4 of the Master Resolution.

“Reserve Requirement” means the lesser of Maximum Annual Debt Service on all Outstanding Bonds or the amount described in the next sentence. If, at the time of issuance of a Series of Bonds, the amounts required to be added to the Reserve Account to make the balance in the Reserve Account equal to the Maximum Annual Debt Service exceeds the Tax Maximum calculated with respect to that Series, then the Reserve Requirement means the Reserve Requirement in effect immediately before the issuance of that Series of Bonds (calculated as if that Series of Bonds were not Outstanding), plus the Tax Maximum for the Series of Bonds.

“Series 2002 Bond” means the Agency’s Urban Renewal Bond, Series 2002 issued on September 24, 2002, in an original principal amount of \$4,555,000 of which \$2,400,000 is currently outstanding that will be refinanced through this Assistance Agreement and the issuance of the Obligations.

“Series 2009 Note” means the Agency’s Urban Renewal Note, Series 2009 evidencing the amount owed under this Agreement and issued to finance the Project, the refinancing

of the Series 2002 Bond, any required reserve fund for the Series 2009 Note, the costs of issuance of the Series 2009 and a portion of the costs of issuance of the Obligations.

“Tax Increment Revenues” means all ad valorem tax revenues from property within the Area which are attributable to the increase in assessed value of property within the Area pursuant to Section 1c, Article IX of the Oregon Constitution and ORS Chapter 457, all taxes levied in connection with the Plan pursuant to Article XI, Section 11(16) of the Oregon Constitution and Chapter 457, and all earnings thereon while the Tax Increment Revenues are held in the Tax Increment Fund.

“Tax Maximum” means, for any Series of Bonds, the lesser of: the greatest amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on such Series; 125% of average amount of principal, interest and premium, if any, required to be paid on such Series during all Fiscal Years in which such Series will be Outstanding, calculated as of the date of issuance of such Series; or, ten percent of the proceeds of such Series, as “proceeds” is defined for purposes of Section 148(d) of the Code.

II. RECITALS

- A. Pursuant to Oregon Revised Statutes (“ORS”) Section 190.010, units of local government are authorized to enter into intergovernmental agreements with other units of local governments for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have the authority to perform.
- B. Each of the parties to this agreement is a “unit of local government” as defined in ORS Section 190.003. Each of the parties has the legal authority for the performance of any and all functions and activities set forth herein.
- C. The Agency, as the duly authorized and acting urban renewal agency of the City of the Dalles, Oregon is charged to undertake certain redevelopment activities in the redevelopment area pursuant to ORS Chapter 457 and the Columbia Gateway /Downtown Urban Renewal Plan approved by the City on August 23, 1990 by adoption of General Ordinance No. 90-1113 and amended as described in General Ordinance No. 09-1301 (the “Plan”).
- D. The Agency issued its Urban Renewal Bond, Series 2002 on September 24, 2002, in an original principal amount of \$4,555,000 of which \$2,400,000 is currently outstanding (the “Series 2002 Bond”). The Series 2002 Bond will be refinanced in full by the City in accordance with this Agreement.
- E. Pursuant to ORS 457.320, a municipality, the City in this case, is authorized to exercise any of its powers to assist in the planning or the carrying out of an urban renewal plan.

- F. Pursuant to ORS 271.390 the City has the power to enter into financing agreements and authorize the issuance of full faith and credit obligations on its behalf to finance and refinance real and personal property.
- G. Pursuant to ORS 457.190, the Agency is authorized to borrow money and accept advances, loans, grants and any other form of financial assistance from a public body for the purposes of undertaking and carrying out urban renewal projects.
- H. The City plans to enter into a financing agreement and provide for the issuance of Full Faith and Credit Obligations, Series 2009 (the “Obligations”), to finance real and personal property.
- I. The Agency requests that the City loan a portion of the Obligations to the Agency to assist with financing public urban renewal projects as set forth in the Plan and to refinance the 2002 Bond (the “Assistance”).

III. AGREEMENT

NOW, THEREFORE, pursuant to the provisions of ORS Chapters 457 and 190, and in consideration of the benefits to accrue to the City, the Agency, the community and the citizens from the Assistance, and in consideration of the covenants set forth therein, the City and Agency agree:

- 1. City Obligations.
 - a. The City shall take all actions necessary to contract for the issuance of the Obligations; and
 - b. The City shall from a portion of the proceeds of the Obligations:
 - i. Cause \$2,441,865.06, an amount sufficient to refund the Series 2002 Bond, to be transferred to the Agency for the purpose of refunding the Series 2002 Bond in full within 5 days of closing; and
 - ii. Cause \$8,352,130.12 (including original issue premium) to be transferred to the Agency for the purpose of financing: Project costs in the amount of \$8,000,000, a required reserve fund in the amount of \$350,387.50 and a contingency in the amount of \$1,742.62; and
 - c. The City shall pay for costs of issuance of the Obligations in an amount proportional to the Obligation proceeds retained by the City for its own projects.

2. Agency Obligations.
- a. At Closing, the Agency shall provide to the City its Series 2009 Note in the principal amount of \$10,205,000 in exchange for the transfer of the proceeds described in paragraph III.1.b. above, the form of which is attached hereto as Exhibit 2.
 - b. On or before October 20, 2009, the Agency shall cause the Series 2002 Bond to be refunded in full by paying an amount sufficient to refund such Bond to Bank of America N.A.
 - c. The Agency shall pay to the City, from funds pledged in the Agency Resolution, principal and interest payments set forth on Exhibit 1 attached hereto five (5) days prior to the respective Payment Date.
 - d. The Agency shall pay for costs of issuance of the Obligations in an amount proportional to the sum of Obligation proceeds transferred pursuant to paragraphs III.1.b.i. and III.1.b.ii. above.
3. Agency Covenants Pursuant to the Agency Resolution. The Agency hereby covenants that:
- i. It will comply with all provisions of the Code which are required for the Series 2009 Note interest to be excluded from gross income for federal income tax purposes or qualify as Build America Bonds (“BABs”) under the American Recovery and Reinvestment Tax Act of 2009, as applicable; and
 - ii. No event of default under the Master Resolution, the Series 2002 Bond, the 2002 Purchase Agreement has occurred or is occurring; and
 - iii. No deficiencies exist in the Debt Service Account; and
 - iv. The balance in the Reserve Account is at least equal to the Reserve Requirement on the date hereof, calculated as if the Series 2009 Note was outstanding; and
 - v. The amount of Tax Increment Revenues for the most recently completed Fiscal Year is not less than 1.30 times Maximum Annual Debt Service on all of the Outstanding Bonds, with the Series 2002 Bond being treated as defeased and the Series 2009 Note being treated as Outstanding; and
 - vi. At Closing, the Agency will deliver to the City a report from a Qualified Consultant projecting that, in each of the three fiscal years immediately following the issuance of the Series 2009 Note, inclusive of the year in which the Series 2009 Note is issued, the Tax Increment Revenues will be no less than 1.40 times the Maximum Annual Debt Service on all

Outstanding Bonds, with the Series 2009 Note being treated as Outstanding.

4. Security and Agency Covenants.

- a. The Series 2009 Note shall not be a general obligation of the City, the Agency or Wasco County, Oregon. Payments due under this Agreement and the Series 2009 Note shall be payable solely from (i) the Tax Increment Revenues and (ii) the moneys and investments (including investment earnings thereon) on deposit in the Tax Increment Fund and the Reserve Account.
- b. The Agency hereby irrevocably pledges the Tax Increment Revenues, including all amounts deposited in the Tax Increment Fund and the Reserve Account, to pay the Series 2009 Note and any parity Bonds. The lien on, and pledge of the Tax Increment Revenues to pay the Series 2009 Note and any Additional Bonds shall be superior to all other claims against the Tax Increment Revenues. The provision of this Agreement and the Agency Resolution shall be a contract with the City. The Agency has no obligations, other than the Series 2002 Bonds (which are being refunded with the proceeds of the Series 2009 Note), which are payable from the Tax Increment Revenues.
- c. Tax Increment Revenues shall be deposited into the Tax Increment Fund when they are received by the Agency, and shall be used to pay amounts due under the Bonds and this Agreement when due in accordance with this Agreement and the Agency Resolution. Each Bond Year before amounts in the Tax Increment Fund are used for any other purpose, the Agency shall deposit into the Debt Service Account an amount which is sufficient to pay all principal, interest and premium, if any, which is scheduled to be paid in that Bond Year; and, the Agency shall deposit into the Reserve Account an amount which is sufficient to make the balance in the Reserve Account equal to the Reserve Requirement. Whenever the balance in the Reserve Account is less than the Reserve Requirement the Agency shall only withdraw Tax Increment Revenues from the Tax Increment Fund for payment of scheduled debt service on Bonds and to replenish the Reserve Account, until the Reserve Account is fully funded. The Agency covenants that amounts in the Debt Service Account will be used to pay scheduled debt service on the Bonds.
- d. The Agency covenants to cause the maximum amount of the Tax Increment Revenues to be collected each Fiscal Year.
- e. The Agency covenants not to amend the boundaries of the Area to reduce the amount of land contained in the Area unless the Agency obtains a written report from an independent consultant experienced in analyzing tax increment districts and their revenues projecting that following the revision of the boundary of the Area, Tax Increment Revenues will be no

less than 1.30 times the Maximum Annual Debt Service on all Outstanding Bonds for the remaining life of the Bonds.

- f. The Agency covenants and agrees not to approve any major amendments to the Plan that would require sharing of revenues with overlapping jurisdictions under ORS Chapter 457 unless the Agency receives a report from a Qualified Consultant projecting that, in each of the fiscal years following the Plan amendment that Bonds are Outstanding, inclusive of the year in which the Plan amendment is made, the Tax Increment Revenues will be no less than 1.30 times the Maximum Annual Debt Service on all Outstanding Bonds.
- g. The Agency covenants and agrees that it will not incur any other form of indebtedness secured by a greater priority lien on the Tax Increment Revenues during the period any amounts are outstanding under this Agreement or the Series 2009 Note. The Agency may incur additional indebtedness on a parity with the Series 2009 Note and any Additional Bonds in accordance with Section 7. The Agency may also incur additional indebtedness secured by a lien on the Tax Increment Revenues subordinate to the lien of this Agreement and the Series 2009 Note.

5. Reserve Account.

- a. The Agency covenants to establish and maintain a Reserve Account. The Agency covenants to fund, maintain and use the Reserve Account as provided in this Section 5 as long as any Bonds are Outstanding. Except as specifically provided in this Section 5, amounts credited to the Reserve Account shall be used only to pay Bond principal, interest and premium, if any, and only if sufficient funds are not available in the Debt Service Account.
- b. At the closing of the Series 2009 Note and each subsequent Series of Additional Bonds the Agency shall deposit into the Reserve Account an amount sufficient to make the balance in the Reserve Account at least equal to the Reserve Requirement. The deposit may be made from Bond proceeds or other amounts available to the Agency.
- c. The Agency covenants to maintain a balance in the Reserve Account which is equal to the Reserve Requirement, but solely from deposits of Tax Increment Revenues pursuant to the Agency Resolution.
- d. Amounts in the Reserve Account shall be invested in Permitted Investments which shall mature not later than five years from the time of the investment. Permitted Investments in the Reserve Account shall be valued at the lesser of cost or market. The Agency shall value the amounts in the Reserve Account on as of the last day of each Bond Year and immediately following any transfer of amounts from the Reserve Accounts to the Debt Service Account.

- e. If the balance in the Reserve Account is less than the Reserve Requirement, the Agency shall begin making transfers of Tax Increment Revenues received by the Agency to the Reserve Account in Accordance with the Agency Resolution. The transfers shall continue until the balance in the Reserve Account is equal to the Reserve Requirement.
 - f. If the balance in the Reserve Account exceeds the Reserve Requirement the Agency may transfer the excess to the Debt Service Account or if the balance in the Debt Service Account at that time is at least equal to the remaining, unpaid Annual Debt Service for that Fiscal Year, to the Subordinate Obligations Account.
 - g. Earnings on the Reserve Account shall be credited to the Reserve Account whenever the balance in the Reserve Account is less than the Reserve Requirement; otherwise earnings on the Reserve Account shall be credited to the Debt Service Account.
 - h. All amounts on deposit in the Reserve Account may be applied to the final payment (whether at maturity or by prior redemption) of Outstanding Bonds. Amounts so applied shall be credited against the amounts the Agency is required to transfer into the Debt Service Account under the Agency Resolution.
 - i. Amounts in the Reserve Account may be transferred into escrow to defease Bonds, but only if the balance remaining in the Reserve Account after the transfer is at least equal to the Reserve Requirement for the Bonds which remain Outstanding after the defeasance.
6. Prepayment. The Series 2009 Note may be prepaid, subject to the prepayment terms of the Obligations.

7. Additional Bonds.

A. The Agency may issue Additional Bonds if, at the time of issuing the Additional Bonds:

- (i) No event of default under the Agency Resolution, the Series 2009 Note or the Assistance Agreement related to the Series 2009 Note has occurred and is occurring; and
- (ii) No deficiencies exist in the Debt Service Account; and
- (iii) The balance in the Reserve Account is at least equal to the Reserve Requirement on the date of closing of the Additional Bonds, calculated as if the Additional Bonds was outstanding; and

(iv) The Authorized Representative certifies that:

(1) The amount of Tax Increment Revenues for the most recently completed Fiscal Year was not less than 1.30 times Maximum Annual Debt Service on all of the Outstanding Bonds, with the Additional Bonds being treated as Outstanding, or

(2) The Agency receives a report from a Qualified Consultant projecting that, in each of the three Fiscal Years immediately following the issuance of the Additional Bonds, inclusive of the year in which the Additional Bonds is to be issued, the Tax Increment Revenues will be no less than 1.40 times the Maximum Annual Debt Service on all Outstanding Bonds, with the Additional Bonds being treated as Outstanding.

8. Default. If an Event of Default occurs, the City may exercise any remedy available at law or in equity.
9. Closing. The funds described in paragraph III.1.b.i. above shall be held in trust by the Agency for refunding of the Series 2002 Bond pursuant to paragraphs III.1.b.i. and III.2.b. above, and the transfer of funds described in paragraph 1.b.ii. shall be executed, and the Series 2009 Note shall be delivered upon Closing of the Obligations.
10. Notices. The Authorized Representative of the Agency is the City Manager or the Finance Director of the City. The Authorized Representative of the City is the City Manager or the Finance Director of the City. Notices to the City and Agency shall be addressed to their respective representatives.
11. Authority.
 - a. The City and Agency have each taken the actions necessary to authorize this Agreement and no challenge or appeal to such actions is pending.
 - b. The parties signing below are authorized to execute this Agreement on behalf of their respective bodies.

12. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

CITY OF THE DALLES, WASCO COUNTY, OREGON

By Nolan K Young
Authorized Representative

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
OF THE CITY OF THE DALLES, OREGON

By Nolan K Young
Authorized Representative

EXHIBIT 1 – NOTE PAYMENTS

Payment Date	Principal Component	Interest Rate	Interest Component	Note Payment
12/1/2009	-	-	55,875.62	55,875.62
6/1/2010	185,000	3.000%	218,643.75	403,643.75
12/1/2010	-	-	215,868.75	215,868.75
6/1/2011	370,000	2.000%	215,868.75	585,868.75
12/1/2011	-	-	212,168.75	212,168.75
6/1/2012	380,000	3.000%	212,168.75	592,168.75
12/1/2012	-	-	206,468.75	206,468.75
6/1/2013	390,000	3.000%	206,468.75	596,468.75
12/1/2013	-	-	200,618.75	200,618.75
6/1/2014	400,000	**	200,618.75	600,618.75
12/1/2014	-	-	193,118.75	193,118.75
6/1/2015	415,000	3.000%	193,118.75	608,118.75
12/1/2015	-	-	186,893.75	186,893.75
6/1/2016	430,000	4.000%	186,893.75	616,893.75
12/1/2016	-	-	178,293.75	178,293.75
6/1/2017	445,000	4.000%	178,293.75	623,293.75
12/1/2017	-	-	169,393.75	169,393.75
6/1/2018	465,000	5.000%	169,393.75	634,393.75
12/1/2018	-	-	157,768.75	157,768.75
6/1/2019	485,000	5.000%	157,768.75	642,768.75
12/1/2019	-	-	145,643.75	145,643.75
6/1/2020	510,000	4.000%	145,643.75	655,643.75
12/1/2020	-	-	135,443.75	135,443.75
6/1/2021	535,000	**	135,443.75	670,443.75
12/1/2021	-	-	124,868.75	124,868.75
6/1/2022	550,000	4.000%	124,868.75	674,868.75
12/1/2022	-	-	113,868.75	113,868.75
6/1/2023	575,000	4.750%	113,868.75	688,868.75
12/1/2023	-	-	100,212.50	100,212.50
6/1/2024	600,000	4.750%	100,212.50	700,212.50
12/1/2024	-	-	85,962.50	85,962.50
6/1/2025	630,000	4.750%	85,962.50	715,962.50
12/1/2025	-	-	71,000.00	71,000.00
6/1/2026	660,000	5.000%	71,000.00	731,000.00
12/1/2026	-	-	54,500.00	54,500.00
6/1/2027	695,000	5.000%	54,500.00	749,500.00
12/1/2027	-	-	37,125.00	37,125.00
6/1/2028	725,000	5.000%	37,125.00	762,125.00
12/1/2028	-	-	19,000.00	19,000.00
6/1/2029	760,000	5.000%	19,000.00	779,000.00
	10,205,000		5,490,956.87	15,695,956.87

EXHIBIT 2 – SPECIMEN NOTE

No. R-1

\$10,205,000.00

UNITED STATES OF AMERICA
STATE OF OREGON

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
OF THE CITY OF THE DALLES, WASCO COUNTY, OREGON
COLUMBIA GATEWAY/DOWNTOWN AREA
URBAN RENEWAL NOTE
SERIES 2009

DATED: October 15, 2009

MATURITY DATE: June 1, 2029

The Columbia Gateway Urban Renewal Agency of the City of The Dalles, Wasco County, Oregon (the “Agency”), for value received acknowledges itself indebted and hereby promises to pay, but solely from the sources described herein and in the Agency Resolution, to the City of The Dalles, Wasco County, Oregon (the “City”), the principal amount of TEN MILLION TWO HUNDRED FIVE THOUSAND DOLLARS (\$10,205,000.00) together with interest thereon from the date hereof at the rate of interest described in the Assistance Agreement between the Agency and the City which is dated October 15, 2009 (the “Agreement”). All principal and interest on this Note are due and payable as set forth in Exhibit 1 to the Agreement unless prepaid in accordance with the terms of the Agreement.

This Note is a special obligation of the Agency, payable solely from (1) the Tax Increment Revenues of the Columbia Gateway/Downtown Area as provided in Resolution No. 09-065 of the Agency adopted on September 14, 2009 and Resolution No. 02-046 of the Agency adopted on September 23, 2002 (collectively the “Agency Resolution”) and (2) to the extent that the Tax Increment Revenues of the Columbia Gateway/Downtown Area are insufficient to pay the debt service on this Note when due, the unexpended proceeds of this Note.

The provisions of the Resolution and the Agreement are incorporated into this Note by reference.

THIS NOTE IS NOT A GENERAL OBLIGATION OF THE AGENCY OR THE CITY OF THE DALLES, AND IS PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN AND IN THE RESOLUTION.

This Note is issued by the Agency for the purpose of paying the costs of refinancing the Columbia Gateway/Downtown Urban Renewal Bond, Series 2002 and redevelopment projects within the Columbia Gateway/Downtown Area, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The Agency has pledged the Tax Increment Revenues of the Columbia Gateway/Downtown Area, as defined and described in the Resolution, to pay this Note. The pledge of the Tax Increment Revenues to pay this Note is not subordinate to any other lien on, or pledge of, such Tax Increment Revenues.

This Note is subject to optional and mandatory prepayment as provided in the Agreement.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all conditions, acts and things required to exist, to happen, and to be performed precedent to and in the issuance of this Note have existed, have happened and have been performed in due time, form and manner as required by the Constitution and Statutes of the State of Oregon; and that the issue of which this Note is a part, and all other obligations of the Agency, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Agency has caused this Note to be signed by its duly authorized representative, as of the date indicated above.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
OF THE CITY OF THE DALLES, WASCO COUNTY,
OREGON

Authorized Representative