

**MINUTES**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING**

August 20, 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, Dan Richardson, Ben Wring

**BOARD ABSENT:** Timothy McGlothlin, Marcus Swift

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

**CALL TO ORDER**

The meeting was called to order by Chair Long at 5:34 p.m.

**PLEDGE OF ALLEGIANCE**

Chair Long led the Pledge of Allegiance.

**APPROVAL OF AGENDA**

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

**APPROVAL OF MINUTES**

It was moved by Hege and seconded by Coburn to approve the minutes of July 16, 2024 as submitted. The motion carried 7/0, Coburn, Denstedt, Hege, Lillvik, Long, Richardson and Wring voting in favor, none opposed, McGlothlin and Swift absent.

**PUBLIC COMMENT**

Todd Carpenter, 216 E. 5<sup>th</sup> Street, The Dalles

Mr. Carpenter received final approval on the former Recreation building. Tenant improvements are the next step. Prior to those improvements, Mr. Carpenter will focus on the easternmost property, which will become an arcade. He hopes to open by October 31. The arcade will also span the lower floor of Scooper McQuade's.

Mr. Carpenter was invited to join a development team in The Dalles. The team will focus on infill and providing accessible homes, both profit and non-profit.

## **ACTION ITEMS**

### **Tony's Site Redevelopment Options**

Economic Development Officer (EDO) Spatz presented the staff report. He requested the Board's input on the Request for Expressions of Interest (RFEI).

Board Member Hege stated bullets five and nine on page 24 of the agenda packet had strong similarities, and might be combined.

Board Member Hege suggested setting the bar low to receive multiple responses. He stated the importance of finding an organization capable of this type of development as well as the types of completed projects. He suggested the RFEI include information on the adjacent property's potential availability, and awareness of a large residential project [Basalt Commons] currently underway.

Board Member Richardson agreed the RFEI should emphasize the need for imaginative or bold ideas along with some amount of successful projects. He felt there should be less emphasis on the survey results and housing. He also noted the similarity of bullets five and nine.

In response to Board comments, EDO Spatz suggested the following revision:

~~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.~~

Board Member Wring noted there is no firm design plan for a Federal Street Plaza. He thought a public/private partnership is a good path, but as a small business owner, he would question the extent of a public/private partnership. The existing infrastructure should be noted in the RFEI.

Chair Long stated the City formed an ad hoc committee, led by Vice Chair Marcus Swift, to drive the Federal Street Plaza development.

Board Member Richardson is on the committee, and said the committee has a common commitment to review and move forward on a design. His hope is to return with designs for consideration and approval by the end of the year. Richardson could easily imagine this committee bringing in a development team and working with them to align the two projects.

EDO Spatz noted for continuity, the ad hoc committee should probably be represented on the Selection Advisory Committee.

Director Chandler asked if the third bullet item should be deleted. Board Member Wring replied it is consistent with the mixed-use development the Agency has tried to foster. He thought it should be retained.

The fourth bullet was edited to read:

- While not a requirement, consideration ~~will~~ **may** be given to mixed use, multi-story development including workforce and "missing middle" housing.

Board Member Coburn asked how the deal structures would work once the District or Agency no longer exist. City Attorney Kara replied there is a standard provision in the Agency's contracts that describes the situation if the Agency were to cease to exist. ORS Chapter 457

states Agency assets and liabilities would transfer back to the governing body that activated the Agency. In this case, assets and liabilities would revert to City Council, City of The Dalles.

EDO Spatz noted the District will terminate in 2029; the Agency may, or may not, continue.

Board Member Coburn suggested including a timeline. EDO Spatz replied Item IX, 5., Project Delivery Timeline, could be strengthened. Director Chandler added this could be a standalone item.

EDO Spatz said the RFEI would be reformatted and include art.

## **DISCUSSION ITEM**

### **Maximum Indebtedness Expansion**

EDO Spatz presented the staff report.

EDO Spatz requested guidance from the Board. If the answer to maximum indebtedness (MI) expansion is no, we need to close that door. If the answer is yes, we continue to look at it and return in October with refinements, knowing we have three solid projects ready to go that we cannot commit to right now.

Board Member Wring asked why, if the Board gave a tentative yes and MI expansion fails, the remaining funds would go into the First Street Project and possibly the Incentive Program (IP). Why would we need to use the remaining funds for the First Street Project?

EDO Spatz replied Fund 18 is a dedicated fund; \$3.8M must be spent on First Street. If the MI expansion failed, we would still have the dedicated fund. We would then decide whether to put the remaining \$2.2M toward First Street or toward the IP. If the funds go to the IP, First Street will be drastically scaled back.

Board Member Richardson reiterated if the MI expansion fails, it essentially leads to the same decision on First Street.

Director Chandler said it concerns the time necessary to research and move through the process for City Council approval. Whether an approval or a failure, we would pass the September threshold. To move forward, a decision on First Street is required.

We are moving forward on First Street. Acquisition negotiations will begin very soon. If we need to wait on a decision for MI expansion, the delay could move us into another construction season.

Board Member Hege stated if the MI expansion failed, he would support abandoning the First Street Project to invest in the Incentive Program.

Board Member Denstedt said the Fire District's position has not changed. They want Urban Renewal to sunset, the sooner the better. He added the replacement of water mains and failing sidewalks is a high priority for him personally, but beautification is not.

Board Member Lillvik said as a community member, considering what the First Street Project has entailed and the funds expended, it concerns her that those funds were wasted if the project was not completed. She would prefer to see the MI expansion as an option with the funds allocated toward that project. She did not fully understand the hesitation.

EDO Spatz explained the Agency collects approximately \$1.7M yearly; depending on escalation, upwards of \$2M per year. By 2028, the projection is close to \$2M per year in tax increment financing (TIF). The process began with a frozen base years ago; that is the level at

which the tax districts receive funding. Any additional tax collection beyond the frozen base goes to urban renewal, resulting in a cumulative loss to the tax districts from the time the tax base was established. In 2026, we will have collected enough in TIF to pay off the outstanding debt. If we extend to 2029, we would continue to collect \$1.7M to \$1.9M per year up until 2029. Those funds are lost revenues to every participating tax district.

Board Member Hege said the First Street Project began with streetscaping and later morphed to include infrastructure. He felt infrastructure is the responsibility of the City; Urban Renewal funds should be used for aesthetic improvements.

EDO Spatz replied the historical precedent on that would be the 2002 Second Street reconstruction. That was to have been an Urban Renewal project, which became a change order due to a failing water main. The City ultimately picked up one third of the cost.

Board Member Wring said the good news was there were still funds remaining. At the end of the day, First Street will be scaled back. The Agency could still accomplish something that would benefit both business and citizens. As a community member and small business owner, he would like to see more Incentive Program projects completed.

Board Member Richardson felt it was worth exploring continuation of the current spending authority or extending it through 2029 – not only for First Street, but also to pursue worthwhile projects. He noted upcoming Google funds would be shared with the tax districts.

Chair Long agreed that infrastructure should be the City's responsibility. After a conversation with the City Manager and the Director of Public Works, it was brought to her attention that when Urban Renewal made the commitment to First Street, Public Works stopped regular maintenance. Without that commitment, maintenance would have continued.

Chair Long supported exploring an increase in MI. Increasing the MI would take the Agency back to the position it was in six months ago. It makes sense to increase the MI.

Board Member Hege asked EDO Spatz to confirm there were three IP projects ready to go, and the total commitment from Urban Renewal was in the \$800,000 range. EDO Spatz replied the rough estimate is \$870,000 on total project value of \$2.6M.

Board Member Hege asked if after First Street was fully funded, the Agency would have \$5.1M for other projects. EDO Spatz confirmed he was working with that number. The Agency's remaining MI is \$2.2M, and \$3.8M in Fund 18. If First Street is \$7M at full scope, minus \$3.8M in Fund 18, that results in a \$3.2M delta. If we increase MI by \$6.1M and add the remaining \$2.2M, we have \$8.3M. Removing the delta for First Street (\$3.2M from \$8.3M), leaves \$5.1M.

Board Member Hege asked if the City would fully fund the Federal Street Plaza. He added he could see the Agency collaborating with the City to increase the funding.

Director Chandler replied as projected, the City would take on Federal Street Plaza. An increase in MI makes a partnership between the City and Agency more realistic.

Chair Long asked when a specific project list would be prepared. EDO Spatz replied the legally binding document would be the report Elaine Howard prepares; this will take a few months. To inform that report, EDO Spatz will work to add potential projects to the top tier of projects ready to move forward.

Director Chandler stated the next step is for Staff to research what is necessary to move MI forward and return to the Board with additional information on the process. Once a tentative yes is provided, Staff will invest more time in the details. The process will take about six months.

During this time, Staff will work with developers to determine hard numbers on the projects. The goal is to proceed over the next five years with a solid game plan.

Board Member Hege asked if projects already committed to, such as Basalt Commons, would come out of the \$5.1M. EDO Spatz replied they would not. The remaining \$2.2 in MI accounts for all prior expenditures, commitments and staffing.

Board Member Hege suggested money be set aside for the Federal Street Plaza and the Tony's site. EDO Spatz replied we have a rough budget and concept drawings that provide a good basis for Federal Street.

Board Member Wring referred to the additional funds mentioned earlier in the meeting, and asked when the funds would be received.

City Manager Klebes replied the Strategic Improvement Program agreement covers two data centers currently under construction. The timing of payments to various tax districts, City and County is tied to when the Certificate of Occupancy is issued for the data centers, and the deadline of January 1, when the state establishes new tax valuations. If the first data center is completed next year, the payment would arrive in the following fiscal year.

There are two primary components in the funding payments to the tax districts. The first is the taxable portion of each data center, and depends on the investment value. If under a billion dollars total investment, the data center will pay taxes on \$50M of the value. If over a billion dollar investment value, they pay taxes on \$100M of value. The second component is a community service fee; 25 percent of their total tax savings in a given year per data center, maxed at \$2.5M. Again, tax districts receive a proportionate share of the payment. Ultimately, each data center will pay 50 and 60 percent of the full tax. The gap payment, which only goes to the City and County, will make up the difference remaining from the first two components.

Chair Long asked the Board for a consensus. Board Members Denstedt and Wring were opposed. Board Members Hege, Coburn, Lillvik, Richardson and Long provided a tentative yes.

Board Member Wring shared concerns regarding cost escalations and infrastructure repairs. Director Chandler stated Staff could research the cost escalation for the 2026 construction season. He noted a 10 percent contingency was included in the cost projections for First Street. Staff will also provide a timeline drop-dead date.

Board Member Lillvik requested future information be also presented in a graphic format.

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

Board Member Wring appreciated the amount of work by Staff, and the discussion with the Board.

Chair Long reminded the Board their comments are due to EDO Spatz by Monday.

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

Director Chandler said repaving of the First Street parking lot is moving forward.

EDO Spatz said Mr. Carpenter has secured a Certificate of Occupancy for the Recreation. That is a \$25,000 transaction due before October 1. At that point, we may need to complete an amendment to clarify ownership.

EDO Spatz commented on general business inquiries. We have Business Oregon's "Oregon Prospector" system as a recruitment tool, and interest from a bike manufacturing company. Staff is tracking a large employer (300 employees) and may know more in the coming months.

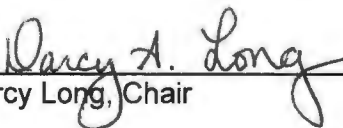
**ADJOURNMENT**

Being no further business, the meeting adjourned at 7:22 p.m.

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*Meeting conducted in a room in compliance with ADA standards.*

Submitted by/  
Paula Webb, Secretary  
Community Development Department

SIGNED:   
Darcy Long, Chair

ATTEST:   
Paula Webb, Secretary  
Community Development Department