

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING

April 16, 2024

5:30 p.m.

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

PRESIDING: Donna Lawrence

BOARD PRESENT: Staci Coburn, Cody Cornett, Mike Courtney, Sandy Haechrel, Scott Hege, Donna Lawrence, Leanne Lewis, Darcy Long, Dean Myerson, Dan Richardson, Jeffrey Schulkers (arrived at 5:47 p.m.)

BOARD ABSENT: Walter Denstedt, Forust Ercole, Kristen Lillvik, Tim McGlothlin

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

CALL TO ORDER

The meeting was called to order by Chair Long at 5:40 p.m.

PLEDGE OF ALLEGIANCE

Chair Long led the Pledge of Allegiance.

ELECTION OF OFFICERS

Board Member Courtney nominated Leanne Lewis for Secretary. Board Member Cornett seconded the nomination. There were no other nominations. The nomination carried 11/0; Coburn, Cornett, Courtney, Haechrel, Hege, Lawrence, Lewis, Long, Myerson, and Richardson voting in favor, none opposed, Denstedt, Ercole, Lillvik, McGlothlin and Schulkers absent.

Board Member Courtney nominated Donna Lawrence for Chair. Board Member Hege seconded the nomination. There were no other nominations. The nomination carried 11/0; Coburn, Cornett, Courtney, Haechrel, Hege, Lawrence, Lewis, Long, Myerson, and Richardson voting in favor, none opposed, Denstedt, Ercole, Lillvik, McGlothlin and Schulkers absent.

BUDGET OFFICER'S MESSAGE, FISCAL YEAR 2024-2025, BUDGET PRESENTATION and DELIBERATIONS

Director Chandler introduced Finance Director Angie Wilson and Economic Development Officer (EDO) Dan Spatz. He outlined the evening's agenda, including a budget message, an overview of urban renewal, fund discussions, accomplishments, and major issues.

Chandler noted revised budget documents sent earlier due to reallocation of funds: the Blue Building project was withdrawn, and its budget shifted to the Incentive Program, while additional funds were allocated to the First Street project to address rising costs. Staff will amend the narrative in the budget packet to reflect these changes.

He provided an overview of Urban Renewal, emphasizing its mission to eliminate blight, attract private investments, and preserve historic values. Chandler highlighted the financing mechanism under Oregon law, which dedicates future property tax growth to redevelopment projects, later returning the increased taxable value to general tax rolls after debt retirement.

Chandler explained the Columbia Gateway Urban Renewal Plan, adopted in 1990, outlining 14 goals for guiding redevelopment. Staff is currently engaged in strategic planning, with a substantial amendment to the plan forthcoming. The Agency Board is composed of nine members: three city councilors, two citizens, and four members from various taxing districts.

He detailed the Agency's two funds: the Debt Services Fund, for tax increment revenue and debt repayment, and the Capital Projects Fund, for administration and project implementation. The estimated beginning balance for FY 24-25 is \$5,966,550, with projected revenues estimated at \$1,765,528 from property taxes and interest income. Staffing and external contracts, including financial consultants and urban renewal special counsel, are budgeted at \$173,030.

In response to Board Member Courtney's inquiry, Director Chandler clarified that costs are billed as incurred, tracked through the City's timesheet system to account for urban renewal hours worked.

Director Chandler reported the Agency's outstanding debt obligations as of July 1, 2024, were approximately \$3,470,000. This amount reflects the remaining balance of a \$10,205,000 bond issued in 2009. If payments follow the established schedule, the balance will be fully paid by June 30, 2029.

Director Chandler explained that the "new undetermined projects" line item was eliminated in the modified budget, with its funds reallocated to "opportunity-driven projects." These two categories have historically served the same purpose: funding projects as opportunities arise. Consolidating them into one account represents a minor adjustment and streamlining of funds.

Director Chandler then highlighted key goals, accomplishments, and unresolved issues for the Agency over the next five years:

- First Street project: Fund and provide input for the engineering services agreement to bring the project to construction readiness, with completion expected in the next fiscal year.
- Tony's Site Development: Overseeing development of the property and encouraging community input via a QR-code survey displayed on the fence banner.
- Urban Renewal Incentive Program: Continuing promotion of the Incentive Program.
- 213 East Second Street Property: Sale of the final Agency-owned storefront. Once finished, ownership will be fully transferred to the developer.

Director Chandler summarized accomplishments from the previous fiscal year:

- Oversaw the demolition and hazardous material abatement of the Tony's Building.

- Advanced the strategic planning effort for the agency to guide future investments and activities.
- Committed nearly \$1.6 million to support the development of the Basalt Commons project.
- Assisted in funding and redevelopment of a parking lot at East Third and Jefferson Streets in partnership with the City.

He also outlined major unresolved issues:

- Prioritizing final capital projects for the district, to be finalized during the May 21 meeting.
- Maximizing grant and partnership opportunities to meet the Plan's goals.
- Overseeing the completion of both the Basalt Commons project and the First Street project.

Director Chandler reported on early feedback for the Tony's site survey, noting that 11 responses had been received since the banner went up the previous day. The survey will remain open until June 7 to gather community input before structuring the Request for Expressions of Interest (RFEI) for the property.

Director Chandler provided an overview of the debt services fund. This fund is used strictly for repayment of debt obligations that fund Agency projects. The agency budgets for an additional payment to cover the next fiscal year's obligations, due to the fact the capital projects fund has no ending fund balance or contingency. This approach ensures the upcoming payment is secured before property tax revenue is received. After the next fiscal year's payment, only four payments will remain before the debt is fully repaid.

Board Member Courtney asked if proposed undedicated expenditures could be reallocated to the debt service fund.

Finance Director Wilson replied if the district sunsets before 2028-29, paying off the debt early could be feasible, provided sufficient funds remain for completing necessary projects, particularly the First Street project.

Board Member Courtney noted the budget includes over \$1 million allocated to "what-if" expenditure line items, suggesting these funds could potentially be redirected toward early debt repayment. Director Chandler clarified that the "what-if" funds, originally allocated to opportunity-driven projects, are likely to be used for the First Street project, although the final cost for that project is still uncertain. The funds, while not officially earmarked for First Street, are expected to largely support it. The decision to not specify the allocation was due to the lack of a definitive cost estimate for First Street at this time.

Director Chandler added the goal of this meeting was to solidify the agenda. Specific projects to be undertaken over the next years, whether new or ongoing, will be finalized by the Agency at the May 21 meeting.

Chair Lawrence stated there was a category for the First Street project, and suggested the funds be placed there. In response, Director Chandler stated there is a line item for capital projects by the city, specifically a Fund 18 transfer for the estimated costs of the First Street project. This includes \$162,530 to cover the final year of an existing engineering services agreement with KPFF Engineering.

Board Member Hege expressed concerns, stating the Board has not thoroughly discussed whether the First Street project is the most critical or beneficial use of funds. He raised questions about the project's overall value, noting the need to evaluate its impact compared to other potential projects. Hege emphasized that with rising costs, the Board must consider whether continuing with the project is the best course of action.

Director Chandler replied, in his opinion, abandoning the First Street project would be a significant waste of funds already invested. However, it is ultimately the Board's decision to determine the Agency's project priorities. He confirmed that the discussion and finalization of the list of projects will occur in upcoming meetings.

In response to Board Member Courtney's inquiry, Director Chandler replied the estimated cost for designing and engineering the First Street project was approximately \$1.6 million. He noted the impact of inflation on the project's cost and reiterated that the \$1.6 million figure represents the most recent estimate he has reviewed.

Director Chandler transitioned to discussing the capital projects fund. He explained that these revisions, distributed the previous Wednesday, accounted for recent developments concerning the Blue Building and the First Street project.

Key Changes Discussed:

- **Blue Building Project Reallocation**
Chandler shared that \$271,382 previously allocated to this project was returned to the Incentive Program, the original source of the funding. The line item for the Blue Building was removed, and the funds were reallocated to the Incentive Program.
- **First Street Project**
The \$500,000 previously designated for "new, undetermined projects" was eliminated due to recent Board discussions. These funds were redirected into the Opportunity Driven Projects category to provide flexibility for the Agency to decide their use.

Highlighted Projects:

- **Incentive Program**
Launched in August 2022, this program supports building and property improvements within the district to enhance efficiency and development. It replaced older urban renewal programs such as the Property Rehabilitation Grant. The revised budget includes \$1,021,382 for potential incentive projects.
- **Basalt Commons Project**
Last year, the Board committed nearly \$1.6 million to this mixed-use development, covering system development charges and other costs via the Incentive Program and a development funding agreement. This project includes a five-story, 100+ unit complex on the former Griffith Motors site.
- **Parking Lot at Third and Jefferson Streets**
The Agency, in partnership with the City, has been developing a new parking lot under an intergovernmental agreement.

In response to Board Member Wring's clarification question, Director Chandler confirmed that in the revised budget, the line items for the Blue Building and Incentive Program Funding were combined under one line item, totaling \$1,021,382.

As for the new, undetermined projects previously allocated \$500,000, Chandler explained that these funds were rolled into the Opportunity Driven Projects category in the updated budget. This reallocation aligns with the agency's discussions about ensuring flexibility for potential projects.

Director Chandler highlighted notable changes between last fiscal year's budget and the current budget, focusing on shifts in line items:

- Urban Renewal Consultants: This budget was decreased, as Economic Development Officer (EDO) Dan Spatz has been dedicating more time to urban renewal, reducing the need for external consulting services.
- Buildings and Grounds: This line also saw a decrease, with parking lot projects expected to be completed by June 30.
- Capital Projects by City: While there was an initial decrease in this line item, a slight increase was made for new priorities. Notable changes include:
 - The First Street engineering design contract remains in this budget.
 - The transfer of the Agency's commitment for the Mill Creek Greenway project was completed and is no longer part of this budget.
 - Funds were added for the development of the new parking lot at Third and Jefferson Streets.
- Tony's Building: Last fiscal year's budget included \$750,000 for this project, but it has been removed now that the site has been cleared for redevelopment.
- First Street Project: Additional funding was allocated in this year's budget to the Opportunity Driven Projects line item. If funds are ultimately used for the First Street project after final cost determination, a transfer will be made to the city's Fund 18 to cover those expenses.

Board Member Myerson asked, "Do you find yourself needing to turn down a lot of good projects just because the funds aren't there?"

Director Chandler replied, "In recent weeks, we've paused funding on a couple of projects to refine costs, particularly for the First Street project, in case the agency moves forward with it. We are working to reduce costs and plan to move forward with incentive program projects."

Board Member Cornett asked for clarification on the First Street project, stating everyone knows what the Basalt Commons project will be, and the Third Street parking lot will be a parking lot. Could you clarify what the First Street project is envisioned to be, as it stands now, since it has evolved over time?

Director Chandler explained the First Street project involves a full reconstruction of the infrastructure from Union Street to Laughlin Street. While streetscaping will be visible on the surface – featuring striped parking, a bike lane, street trees, lighting, and benches – the critical work lies beneath. The current infrastructure is failing, and sidewalks in the area are sinking and in need of repair.

Originally, the project included plans for a pedestrian underpass at Washington Street that would run beneath the railroad and freeway, connecting to the Riverfront Trail. However, due to significant cost escalations, this aspect was set aside. Escalating costs have caused the project to start and stop multiple times over the years.

Board Member Haechrel stated, "The property rehabilitation budget was \$2,765,000, and only \$86,000 has been spent. Why?"

Director Chandler replied the goal of budgeting for urban renewal, especially for property rehabilitation, is to ensure funds are available when a project arises. Development is unpredictable in its timing. For example, the Basalt Commons project has been in discussion for over five years, yet is only now progressing. Current high interest rates are making development more challenging, but having funds available ensures we can support a project when the timing aligns. This approach prioritizes readiness over immediate expenditure. Remaining funds carry over into the new budget.

DELIBERATIONS

Finance Director Wilson said this is the time for anyone to propose changes to the budget – whether to remove a project, add a new one, or share their input. This is the opportunity for everyone to voice opinions.

Board Member Wring said since we have paused the Incentive Program funding, is our only financial commitment to First Street the remainder of the KPFF contract? Director Chandler replied that was correct.

Chair Lawrence asked if there were any bonds involved with the Agency. Director Wilson replied there is a bond-funded loan from the City of The Dalles. The Urban Renewal Agency was lent the money from the City and repays it annually.

Chair Lawrence asked why some of the extra money, if a project was removed, could not be allocated toward paying off the bond. She inquired if there was interest on the bond. Director Wilson confirmed that there was interest on the bond.

Chair Lawrence then suggested that paying off the bond could save money for taxpayers, the Agency, and the districts from which funds are drawn.

Board Member Lewis asked if there were any other loans. Director Chandler replied, not that he was aware of now.

Chair Lawrence requested the payoff amount of the bond. Director Wilson replied the interest portion would be over \$350,000. Board Member Lewis stated it is \$2.8 million to pay off, not including the interest.

Board Member Myerson observed that urban renewal operates with a mission, and while paying off its debt early could save taxpayers money, it might limit the Agency's ability to achieve its intended objectives. Myerson stated that the decision hinges on whether the potential use of funds aligns with fulfilling the mission. If a project is deemed valuable in advancing the mission, the Agency should proceed as planned; otherwise, early debt repayment might be a better option.

Chair Lawrence clarified that her intention was not to redirect all the funds. She noted that funds were already allocated to priority categories, given the Agency's planned sunset in 2029, part of its mission is to reach that endpoint effectively. Chair Lawrence suggested that paying down the loan could expedite that process.

Board Member Myerson acknowledged that paying down the loan would expedite reaching the dissolution point but cautioned that it might come at the cost of completing valuable projects for the City.

Board Member Lewis asked, "What are the projects?"

EDO Spatz outlined the current process of identifying and refining potential urban renewal projects. He explained that on May 21, the focus would be on developing a specific "menu" of projects, ideally with preliminary budgets attached. This approach aims to move away from relying on vague opportunities and instead actively engage with building owners to create actionable plans.

The First Street reconstruction is a definite priority on this list. Additional proposed projects include downtown revitalization efforts such as creating upper-story residential units and other improvements aligned with the Agency's goals.

EDO Spatz emphasized the importance of revisiting and updating the 2009 Urban Renewal Plan, which contains outdated or completed projects, to reflect the current mission and remaining timeline. This Plan overhaul will involve a substantial amendment, requiring City Council approval.

With urban renewal set to conclude in 2029, Spatz highlighted the urgency of finalizing what can realistically be achieved within the remaining time and funding capacity. He pointed out that First Street's exact costs were still being determined but would significantly impact the planning process.

In reflecting on the program's history, Spatz noted the numerous impactful projects completed over the past 30 years, including the cruise ship dock, Second Street improvements, the maritime terminal, and the underpass. Looking forward, the goal is to strategically select and complete remaining high-impact projects to maximize the visible benefits to the community before the program ends.

Board Member Cornett expressed agreement, emphasizing that the Agency's mission is to proactively offer financial support to property owners. He highlighted the importance of approaching owners with available funds, asking how the Agency can assist them in leveraging these resources. With the program nearing its conclusion and the debt repayment almost complete, Cornett argued that the remaining funds should not simply be directed toward paying off the debt. Instead, they should be used to support downtown businesses and other opportunities within the urban renewal district.

Board Member Cornett also pointed out that discussing debt repayment may be premature without a full understanding of the loan terms. Questions remain regarding prepayment penalties and whether early repayment is even an option.

Board Member Lewis stated if the interest is less than 3%, "Why would you pay it off? If it is 5% plus, it makes sense to pay something off."

Board Member Wring added that paying off the loan early would prevent the Agency from accepting revenue funds for new projects, as it would effectively end the loan's term. This would also terminate the tax increment financing, which relies on an outstanding loan to justify collecting revenues from property taxes and their increases.

Chair Lawrence requested further explanation.

Board Member Wring clarified the mechanics of tax increment financing (TIF), explaining that the City, through a bond measure or ordinance, allocated funds to the Agency. The repayment of that loan is sourced from the increased revenue generated by property tax values. As property values rise, the additional revenue is directed toward repaying the loan. This process relies on a predictive formula to estimate the increase in property tax revenue, ideally starting

with conservative projections to avoid repayment issues. Wring emphasized that Agency investments, such as improvements to downtown buildings, increase property values. When these properties return to the tax rolls, the City benefits from higher property tax revenues. A portion of those revenues is allocated back to the Agency to repay the bond debt.

EDO Spatz added that a fiscal analysis revealed the Agency would collect sufficient TIF revenues to repay the loan by 2026. State law prohibits expending TIF beyond that point, meaning the agency must cease TIF expenditures once the loan is fully repaid.

Chair Lawrence expressed concerns about the "opportunity-driven projects" category on the project list, stating that its open-ended nature does not align with the goal of closing out the Agency. Lawrence emphasized the importance of focusing on a clear path toward the agency's conclusion, noting that leaving room for new, undefined projects appears counterproductive to that goal.

Chair Lawrence stressed the need to be fiscally responsible to taxpayers in The Dalles, highlighting that ending the Agency earlier would benefit other districts by freeing up tax revenues.

EDO Spatz clarified that the "opportunity-driven projects" category aligns with the broader goal of property rehabilitation, a fundamental element of the Urban Renewal Plan. He emphasized that property rehabilitation serves as a guiding principle and encompasses various projects aimed at revitalizing older buildings and putting them back into productive use.

Spatz noted that while the term might seem open-ended, its focus remains targeted. The incentive program operates under this umbrella, ensuring that the agency prioritizes efforts to improve and repurpose older properties within the urban renewal district, rather than leaving the category overly broad.

Chair Lawrence expressed concern that the "opportunity-driven projects" category could extend the Agency beyond the planned 2029 sunset. This category leaves an open window for ongoing projects.

EDO Spatz stated the district would terminate in 2029. Board Member Courtney stated that was supposed to happen at the end of 25 years, but was extended. EDO Spatz replied there is no movement to extend the district again.

Board Member Richardson stated the discussion had strayed from the topic, emphasizing the need for a strategic conversation about the future direction of urban renewal. He clarified that the Agency was not in a position to close down immediately, as that would not be proper or legal at this stage. He acknowledged that the Board was appointed to hear a variety of arguments, including those for specific projects, and that any proposals to close the Agency early should be presented to the Board for discussion, not solely decided by the Budget Committee.

Director Chandler clarified that the term "opportunity-driven projects" was not a new addition, but had been part of the original plan, replacing the category of "undetermined projects." He explained that while some projects, like First Street, had been ongoing for many years, the decision was made to keep funding in this category to allow for flexibility in completing projects like First Street. With a contract for engineering already in place and significant investment in staff time, Chandler emphasized that the \$2.7 million allocated for opportunity-driven projects was intended to ensure that funding was available if additional costs arose for First Street, which could require up to \$2.5 million more to complete. The final cost of the First Street project was still to be determined.

Board Member Wring explained that the "opportunity-driven projects" line item was crucial for supporting smaller, often historically significant, building projects in the downtown area. He highlighted the challenges of maintaining or renovating older buildings, particularly when it comes to expensive requirements like replacing windows. This line item helps offset some of those costs, making projects more financially viable for business owners, even though it does not fully fund them. The application process for these funds is robust and ensures proper oversight. He clarified that this funding is not for new, large-scale projects, but for smaller, identified needs within the community, especially when current financial conditions, like high interest rates, make it difficult for small businesses to take on such projects alone.

APPROVAL OF BUDGET

It was moved by Myerson and seconded by Hege to approve the budget as presented. The motion passed 11/0; Coburn, Cornett, Courtney, Haechrel, Hege, Lawrence, Lewis, Long, Myerson, Richardson and Schulkers in favor, none opposed, Denstedt, Ercole, Lillvik and McGlothlin absent.

ADJOURNMENT

Chair Lawrence adjourned the meeting at 6:39 p.m.

Meeting conducted in a room in compliance with ADA standards.

Submitted by/
Paula Webb, Secretary
Community Development Department

SIGNED: Donna Lawrence
Donna Lawrence, Chair

ATTEST: Paula Webb
Paula Webb, Secretary
Community Development Department