

**MINUTES**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING**

January 21, 2025

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, Marcus Swift and Ben Wring

**BOARD ABSENT:** Timothy McGlothlin

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

**ELECTION OF OFFICERS**

Board Member Hege nominated Darcy Long as Chair. Board Member Coburn seconded the nomination. The nomination carried 7/0; Coburn, Denstedt, Hege, Lillvik, Richardson, Swift and Wring voting in favor, none opposed, McGlothlin absent, Long abstained.

Chair Long nominated Dan Richardson as Vice Chair. Board Member Swift seconded the nomination. The nomination carried 7/0; Coburn, Denstedt, Hege, Lillvik, Long, Swift and Wring voting in favor, none opposed, McGlothlin absent, Richardson abstained.

**APPROVAL OF MINUTES**

It was moved by Wring and seconded by Richardson to approve the minutes of December 17, 2024 as submitted. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, Richardson, Swift and Wring voting in favor, none opposed, McGlothlin absent.

**PUBLIC COMMENT**

None.

**DISCUSSION ITEM**

**Property Rehabilitation Program: Proposed Modifications**

Economic Development Officer (EDO) Spatz provided the staff report and thanked Jill Amery, Wasco County Assessor and Tax Collector, for her participation in the meeting.

Ms. Amery, Wasco County Assessor and Tax Collector, referred to an earlier conversation with Board Member Hege about the complexities of ROI. She asked, "What exactly do you want to measure?"

Ms. Amery's perspective on ROI is viewed differently. She asked further questions: How do you define ROI? What specific metrics are you trying to measure? Clarifying this could help provide better guidance to staff.

The agreement frequently references consulting with the assessor, but that is not Ms. Amery's role. She noted valuation is highly complex and varies case by case. If she provides an estimate, she is effectively conducting an appraisal, which legally binds her to that value. Since she holds both a private and state license, this adds further complexity when working with Mr. Spatz or any of her appraisers.

Ms. Amery stated she would like to assist, but a clear definition of ROI and its intended measurements would help guide the process more effectively.

Board Member Hege asked how many years it would take to recover an investment through increased property tax revenue. If \$100,000 is invested in a project, the property's value theoretically increases, generating more property tax revenue. He inquired about the timeframe required to recoup the \$100,000 investment.

Mr. Amery responded, stating that starts with a complexity. Are we increasing the real market value or the assessed value? Board Member Hege replied it was really about property taxes returning to the districts.

Ms. Amery explained the complexity of determining whether an investment impacts assessed value. Routine repairs and maintenance, even a \$100,000 investment, might not increase assessed value, which is considered an exception event. Conversely, a \$40,000 investment in another property could directly increase assessed value, making it possible to calculate a return. However, it is not a direct one-to-one correlation, as the changed property ratio must be applied, affecting the maximum assessed value.

She emphasized the distinction between assessed value (AV) and taxable assessed value (TAV), noting the need for accuracy in capturing the correct figures. Partial exemptions could further complicate assessments. She suggested refining the measurement criteria, as property tax impacts vary case by case. While new developments like Basalt Commons clearly increase the tax base, a \$100,000 investment in a downtown property might not affect assessed value or generate a measurable return, even if it slightly raises real market value.

Director Chandler noted that when the Incentive Program was adopted, the goal was to streamline the process. However, early projects revealed potential bottlenecks, particularly in

determining return on investment (ROI). The first three projects required extensive back-and-forth discussions to estimate ROI.

He suggested that the Agency could commit to a set funding amount without requiring ROI calculations for smaller projects, such as façade improvements under \$50,000. For larger investments, applicants might be required to provide additional ROI data for evaluation. He also questioned whether the Agency should establish a threshold for investments where ROI is uncertain.

Chair Long emphasized the importance of having this discussion on record, acknowledging that if the Board finds ROI complex, the public will likely be even more confused. She clarified that the intent behind discussing ROI was not just about financial returns but ensuring investments align with Agency goals and genuinely improve downtown.

She noted past investments in nonprofits that, while well-intentioned, did not contribute to the tax base. Instead of focusing solely on ROI, the goal should be for the Board to understand the broader impact of projects on downtown. Some investments, while not directly measurable, can attract more visitors and benefit surrounding businesses.

Given the complexities of Oregon's tax system and the limited time left in the urban renewal program, she suggested rewording the approach to ROI to better reflect the Board's intent – making sound investments that benefit the community – rather than trying to quantify an uncertain tax return.

Ms. Amery suggested that applicants provide financing packages, similar to those required for revolving loan funds. She noted that appraisals are typically conducted for larger projects, and in some cases, applicants must seek traditional financing first and be denied before accessing other funding sources. These documents, if available, could offer valuable financial data and possibly an appraisal. Requiring such documentation could provide clearer financial insights, making it easier for her to review and offer guidance.

Board Member Denstedt emphasized the importance of increasing the tax base, stating that while a full assessment is not necessary, investments in buildings generally increase their value. He noted that each Board member should evaluate projects individually to determine whether they represent a good return on investment. Regarding fire suppression, he acknowledged some uncertainty about whether re-roofing and fire suppression projects could be combined but strongly supported funding fire suppression improvements.

Board Member Wring reflected on previous discussions about a point system for evaluating projects, particularly those under \$200,000. He acknowledged that assessing ROI through increased assessed value is challenging but noted clear examples, such as the Basalt Commons project, where the ROI is evident. He suggested developing a point-based evaluation system aligned with Agency goals, where projects could be weighted based on their impact.

For instance, fire suppression improvements, while not new developments, enhance existing buildings and meet multiple Agency objectives. Residential projects might receive additional points. The idea is to create a system that prioritizes projects efficiently, balancing risk versus reward, especially for smaller requests. Board Member Wring emphasized the need to streamline the process for lower-cost projects while maintaining a structured approach to decision-making.

Chair Long acknowledged the interest in a point system but noted its challenges, as scoring is subjective and varies by individual. Instead, she preferred ongoing discussions to refine

projects collaboratively, ultimately deciding by a simple approval or rejection. She presented this as one of two perspectives for the Board to consider.

Board Member Wring suggested that a point-based assessment could align with the Agency's goals by establishing measurable, objective criteria. While distinct from ROI, a business owner demonstrating a significant increase in property taxes, franchise fees, or transient room tax dollars could indicate financial benefits for downtown. However, quantifying that return would be challenging. An objective scoring system based on Agency goals could provide valuable insight.

EDO Spatz supported the idea, noting that a point system had been used about 15 years ago but was later discontinued. He suggested awarding based on the Agency's established goals, which were recently reaffirmed in the substantial amendment. A system highlighting how many goals a project meets could provide a clearer, more objective approach while addressing concerns about subjectivity.

Board Member Richardson suggested using a binary, yes-or-no system with a comprehensive list to ensure objectivity and consistency. This approach would create a logical framework that is straightforward to apply, not overly burdensome, and provides a clear rationale for project support.

Director Chandler acknowledged the potential of a point system and emphasized the need to determine where it would be most applicable, particularly for lower-tier projects. He reminded the Board that when the Incentive Program was first adopted in 2022, the language was vague. The Board later refined it to provide clearer eligibility guidelines, replacing subjective criteria with a defined list of eligible and ineligible projects.

While a point system could be incorporated into the current program, Director Chandler suggested it might be better suited for larger projects. He referenced Ms. Amery's earlier point about applicants providing a financing package, potentially including an appraisal, as a way to ensure serious commitment. Requiring such documentation would prevent staff from expending resources on projects that are not fully developed and could help address concerns regarding return on investment.

Board Member Wring agreed and questioned what threshold would trigger the use of a point system. If the amount fell within staff's discretion to approve without Board involvement, a point system might not be necessary. He also expressed interest in understanding why the previous point-based system was abandoned – was the issue with its design or was the concept itself flawed.

Chair Long stated that the process was becoming unnecessarily complicated. Having served on the Board for eight years without a point system, she saw no need for one now. The Board had never been unable to move forward without it. She preferred open discussion in public rather than assigning numbers, emphasizing that the Board's independence allowed members to bring their own perspectives and collaboratively make decisions.

Board Member Hege asked Ms. Amery for a general overview of the system, including what aspects were straightforward and which were more complex. He noted that new projects typically had a solid investment return. Ms. Amery responded that, while she could give a quick answer, she preferred to prepare a more thoughtful explanation. Given the complexity of the topic and the short time since their last meeting, she requested additional time to develop a clearer presentation for the next month.

EDO Spatz proposed continuing with roof repair and replacement as eligible Incentive Program projects, provided they accounted for no more than 50% of the total project cost and were part of a broader project. If phased, the entire project must be completed within the approved application timeline, with deadlines also addressed in Development Funding Agreements (DFAs). Fire suppression would follow the same conditions – limited to 50% of the total project cost.

For combined projects including both roof repair/replacement and fire suppression, their total cost could not exceed 75% of the overall project. He emphasized that these percentages were for discussion and sought to prevent projects focused solely on roof repair or fire suppression without additional improvements. The goal was to ensure intrinsic value beyond basic maintenance. He invited further input before continuing.

Board Member Denstedt expressed reluctance to allocate funds for roof repair, viewing it as the building owner's responsibility. However, he suggested that if businesses along the strip invested in fire suppression systems, it could potentially free up resources for further building improvements, which would be a beneficial outcome. He believed that investing in fire suppression would not result in excessive spending.

Chair Long expressed uncertainty about the cost of fire suppression systems, considering them potentially expensive. EDO Spatz shared one system he was aware of cost around \$90,000, emphasizing the significant need for such systems. He also mentioned a local restaurant that saw its insurance premiums increase by \$20,000 due to the lack of a fire suppression system, with the installation cost exceeding \$100,000. EDO Spatz noted that roof repairs, while typically a maintenance issue, were necessary to prevent building loss.

Board Member Lillvik suggested considering a period, such as within the first few years of purchasing a building, for addressing roof repairs. She proposed that roof repairs could be eligible for funding within, for example, the first five years of ownership, giving new owners time to stabilize and make necessary improvements. This approach would address concerns about building owners who delay maintenance.

Board Member Wring discussed the challenges of fire suppression system costs, especially for new building owners who might face unexpected issues due to oversight by previous owners or inspectors. He suggested that it may not be fair to hold a new owner accountable for problems that arose before their purchase. Wring proposed that a timeframe after purchasing a building, such as a few years, could be considered for certain repairs like roof repairs. This would help distinguish between new owners who may have had limited due diligence and those who have neglected maintenance for an extended period.

Board Member Coburn expressed discomfort with funding roof repairs, viewing them as maintenance rather than long-term improvements. While acknowledging certain situations may justify support, she did not see roof repairs as aligning with the broader goals of the Agency.

Chair Long sought clarification, noting that if a roof or sprinkler system could not exceed 50% of a project and a sprinkler system cost \$90,000 to \$100,000, then in order to install a sprinkler system, the total project cost would need to be \$180,000 to \$200,000.

EDO Spatz responded that the numbers could be adjusted as needed, emphasizing that the concept was the priority. He asked the Board for input on whether roof repairs, sprinkler systems, or both should be included.

Chair Long responded that this was why she hesitated on a point system. The Board had always maintained enough flexibility to assess projects individually. If a project justified funding

for a roof because it protected the broader investment, the Board could approve it. Strict, narrowly defined criteria would remove that flexibility. She noted that projects in the area had not been uniform; each had been unique, with no two exactly alike.

Board Member Richardson asked EDO Spatz if he had a sense of the demand for roof replacement – whether approving it would result in a flood of requests immediately.

EDO Spatz replied that he had worked with four property owners over the past year and a half. Two had a clear need, while the other two could likely afford the repairs. Roof costs varied widely, from \$40,000 to \$1.7 million for a large building like Chenoweth Middle School. He noted that roof and sprinkler systems were sometimes linked, as a charged sprinkler system required an insulated roof. Given that combined roof and sprinkler costs often exceeded \$200,000, these projects would fall into DFA territory. He suggested removing the prohibition on roofs for larger projects, handling them on a case-by-case basis, while continuing to exclude roof repairs from Incentive Program funding but allowing sprinklers.

Director Chandler summarized that roof repairs would not be allowed for projects costing \$200,000 or less. For larger roof repair projects, applicants would need to present their request to the Board, which would decide on a case-by-case basis through a DFA.

Board Member Richardson stated that he had no strong objections to roof repair funding but wanted to understand why it might be considered unwise. He noted that if roof repair constituted a small percentage of overall spending and was integral to certain projects, he did not see it as a significant issue.

Chair Long emphasized the importance of maintaining flexibility, citing Todd Carpenter's roof collapse as an example. She acknowledged that unforeseen circumstances, such as storm damage, could threaten adjacent businesses and render a building unusable. In such cases, she saw value in considering roof repair funding.

Board Member Lillvik questioned the role of repairs in general, comparing them to homeownership, where insurance covers most costs aside from a deductible and potential premium increase. She viewed this as a standard cost of doing business but supported keeping the option open, especially for new projects.

Board Member Denstedt distinguished between roof damage caused by unforeseen events, like heavy snow, which he viewed as an insurance claim, and damage due to neglect. He expressed concern that poorly maintained buildings would contribute to blight and eventually become worthless.

EDO Spatz acknowledged that installing sprinklers would have a significant positive impact and emphasized the potential value of maintaining some flexibility regarding roof repairs. He mentioned his interest in considering roof repairs for buildings acquired within the past five years, while also remaining open to the idea of using DFAs for such cases.

EDO Spatz introduced a new category for single-family residential properties, noting that there are only a few homes, particularly historic ones, within the district. He explained that funding up to \$25,000 with a 50% match would be available for these properties, with an increased match requirement from the previous December. He confirmed that electrical and plumbing upgrades would be allowed, but no fixtures would be covered. He also clarified that roof repairs could be considered only if they did not exceed 50% of the overall project cost and were part of a larger renovation, asking whether this condition should remain in place or be removed.

Chair Long emphasized the importance of preventing downtown homes from falling into disrepair. She suggested adjusting the funding model so that instead of requiring roof repairs to be no more than 50% of a larger project, homeowners could receive assistance with a higher match requirement. For example, rather than needing a \$20,000 project to qualify for a \$10,000 roof repair, the program could cover only 25% of the roof cost while requiring a 75% match from the homeowner. She noted that in residential cases, a roof might be the most critical repair needed to prevent blight.

Director Chandler stated that there had been no direct discussions with residential property owners regarding roof repairs under the proposed residential upgrade program. Instead, past conversations had focused on upgrades such as replacing floor or wall-mounted heating systems with mini-splits and converting basements into accessory dwelling units (ADUs), which align with the Agency's goal of increasing downtown residential units. Given that incentives exist for commercial properties, he suggested it might be worthwhile to consider extending similar opportunities to residential properties.

Board Member Hege questioned the inclusion of residential upgrades in the program, stating that he did not fully understand why it fell under the Agency's scope. While he acknowledged the connection to increasing housing, he felt the program's primary focus was not on residential development. He expressed concern about investing in residential units within the district while not supporting those outside of it, emphasizing that the Agency's mission seemed more aligned with commercial and downtown business development.

Director Chandler explained that the discussion originated from a residential property located within the Central Business Commercial District. He noted that these homes have the flexibility to be converted into commercial spaces, such as offices, at any time. Since they fall within the district, their inclusion in the program aligns with the zoning regulations, which allow for both residential and commercial use.

Board Member Wring noted that if a homeowner decided to sell or convert their property into office space, it would change the use from residential to commercial. In that case, the property would then fall under the scope of the Urban Renewal program. Wring expressed some initial hesitation about including residential properties but acknowledged that once converted to commercial use, such properties could qualify for funding.

EDO Spatz replied it was brought up for discussion to receive Board guidance.

Board Member Coburn stated she would be more comfortable if the discussion focused on expanding housing rather than general HVAC or roofing upgrades without a clear connection to Agency goals. She emphasized that simply being located within the district should not be the determining factor for funding. However, if a project aligned with Agency objectives – such as adding an ADU that required plumbing, a bathroom, and heating – she could support it.

Director Chandler asked whether a homeowner in the district who converts a single-family home into a duplex would still qualify for the \$10,000 toward SDCs. He inquired if this standard would apply regardless of whether the residential upgrade program remained on the table.

Chair Long and Board Member Swift were in favor of that because it increases housing and downtown residents that will most likely support downtown businesses.

Director Chandler added that these changes are not necessary for the application of SDCs. If the Board finds the proposed changes unacceptable, the SDCs could still be applied.

Board Member Richardson added that there is a philosophical reluctance to allocate funds to a project that many others in town cannot access. However, this is the nature of the district. If we are investing in this area and specific categories qualify for incentives, then we need to be comfortable with that. If we are open to covering SDC charges for second-story housing units or projects that provide housing, there seems to be no reason not to extend this to other residential areas within the district. As Board Member Swift points out, having people live downtown will, all things being equal, increase the prosperity of the area.

Board Member Coburn wanted to clarify that the Agency had a set of goals, one of which was the addition of housing and attracting people downtown. If some single-family residential upgrades contributed to that goal, Coburn personally felt it was acceptable. However, she emphasized that the community's funds should be spent on projects that align with those goals. If single-family residences could be converted into multi-family units, that might help achieve the objectives for both housing types.

Director Chandler replied that all costs for the grant would need to go toward the production of a new housing unit. Board Member Wring asked if a 3,500-square-foot home, split into a duplex, would exceed \$10,000 in SDC fees. Director Chandler explained that adding a brand-new single-family home, including a duplex, would generally cost about \$16,000 in SDCs, including Parks SDC fees. There is a difference between ADUs and duplexes in terms of SDCs, with ADUs benefiting from savings by tapping into existing water lines. As more units are added in multi-family projects, SDC costs decrease, but the program is designed to cover actual SDC costs, providing a good investment for adding dwelling units to the district.

EDO Spatz discussed the next component, SDC payments, raising the question of when a DFA project becomes large enough to justify staff time versus smaller projects through the Incentive Program. There was no clear threshold between a \$200,000 and a \$29 million project. To address this, a non-refundable administrative fee of \$1,000 was proposed to ensure serious applications. The award could take the form of a grant, loan, or both. The idea of loans, previously unavailable, was proposed to provide flexibility and maximize impact on larger projects, pending due diligence.

For DFAs, a project must create at least five permanent family-wage jobs, with documentation required. The application must include an operational pro forma demonstrating sustainability for five years. Agency investment would not exceed 10% of the total project value. The proposal referenced a \$29 million project where the Agency would contribute \$1.7 million in combined SDCs and a DFA, with SDC offsets up to \$10,000 per new residential unit. All of this would require Board approval.

Spatz also noted that DFAs involving projects between \$200,000 and \$29 million, such as \$500,000 or \$1.5 million projects, fall into an uncertain category. While not expected to overwhelm the process, they anticipated a few such projects as they promote available resources before the district ends in 2029.

Regarding loan administration, Spatz mentioned MCEDD's \$75 per hour fee and Mount Hood Economic Alliance's \$23,000 annual cost for managing their loan portfolio. MCEDD and the Alliance are additional loan resources. A proposal for setting project completion deadlines, including financial penalties for delays (liquidated damages), was also discussed, with terms to be negotiated in agreements. Overall, the approach sought flexibility while avoiding overly restrictive rules.



Chair Long asked for clarification on the envisioned penalty process, noting that many recent projects had experienced delays not caused by the applicant, resulting in extensions and agreement amendments. She questioned at what point a penalty would be applied.

EDO Spatz emphasized the need for discretion in the process but noted that continuous extensions could result in funding being tied up indefinitely. He suggested incorporating some enforcement flexibility to ensure projects progress within a reasonable timeframe, while avoiding rigid, fixed rules.

Board Member Hege questioned the need for loans, given the district's approaching end. He saw no reason to commit millions to a project and believed applicants should use existing funding to secure their own financing. In his view, the Board should not engage in loans at this stage.

EDO Spatz responded that allowing loans could enable a potential project to move forward almost immediately.

Board Member Hege asked if the loan would be structured with a 20-year amortization and repayments over that period, questioning where the money would go. EDO Spatz explained that upon the district's dissolution, funds would go to the City. If the Agency continued, the funds could be reinvested under a new district, serving as a long-term mechanism. Board Member Hege stated the Agency was not a long-term organization. EDO Spatz acknowledged this but noted that if a new district were formed elsewhere in the City, the loan program could remain a viable tool.

Board Member Hege questioned the need for the Agency to offer loans, given the availability of other loan programs and agencies. Chair Long asked if applicants were ineligible for conventional loans. EDO Spatz responded that some were, but mentioned a loan buy-down program previously used for the Gayer building.

Board Member Hege noted that buying down a loan functionally equates to a grant, which Spatz confirmed, explaining that the Agency would grant the difference between an affordable loan amount and the actual cost.

Board Member Richardson asked how the Agency's loan program would differ from MCEDD's, which acts as a lender of last resort. EDO Spatz clarified that MCEDD would manage the Agency's loan program, offering more attractive lending rates as part of a broader financing package.

Board Member Richardson expressed concern about tying up funds that may be needed for future projects, such as First Street, given the district's limited timeline. EDO Spatz emphasized that if the Agency had flexibility within DFAs to allocate more funding into projects, that would suffice. The goal was to maximize impact with available resources before the district's dissolution in 2029.

Chair Long asked about the administrative cost if MCEDD managed the loan program. EDO Spatz responded that MCEDD charges \$75 per hour, citing an example where the Economic Alliance pays approximately \$23,000 annually to manage five to seven loans.

EDO Spatz emphasized that these discussions were meant as reality checks, reflecting feedback from businesses over the past year and a half that the Agency's impact was too limited. He questioned how to address those concerns and noted that some proposed changes, such as expanding DFAs for sprinkler systems, could significantly help.

Board Member Lillvik agreed with the points raised and emphasized the importance of considering the Agency's legacy as it nears completion. She noted that loans are a divisive topic and referenced past controversy surrounding the Sunshine Mill. She expressed a preference for avoiding any decisions that could leave a similar lasting controversy to the Agency.

Director Chandler asked whether the Agency wanted to set a cap on DFA awards, noting that the Basalt Commons DFA was \$750,000. He referenced a growing number of potential projects and questioned whether the Agency preferred spreading funds across multiple smaller projects or concentrating resources on one larger project. He suggested the decision could remain case-by-case or include a defined cap.

Board Member Swift asked if the Basalt Commons DFA was the largest award to date. Director Chandler confirmed it was the largest during his tenure.

Board Member Wring acknowledged the increased MI but noted much of it was intended for the First Street project. He questioned how much would remain afterward and referenced a state statute limiting funding amounts.

EDO Spatz clarified Board Member Wring was likely referring to BOLI prevailing wage requirements, which apply to projects receiving over \$750,000 in public funds.

Chair Long emphasized that, despite the MI increase, funding for other projects would still be limited. She reiterated the Agency's focus on smaller downtown projects supporting local businesses.

EDO Spatz estimated roughly \$5 million would be available after the \$7 million First Street project, including \$3.8 million already set aside.

Chair Long asked if the \$7 million estimate assumed no City contribution. Director Chandler confirmed that was correct.

EDO Spatz added that a new, potentially impactful and costly project had recently emerged, with details expected in February.

Board Member Richardson supported another large DFA project but stressed the need for clear guidelines. He asked whether the Agency wanted to set a cap to preserve incentive funds.

EDO Spatz asked if the Agency preferred flexibility beyond \$750,000 or a firm cap.

Board Member Hege noted the \$750,000 threshold triggered prevailing wage requirements, increasing labor costs by approximately 20%. He questioned the benefit of larger awards if they merely imposed higher costs and additional regulations.

EDO Spatz noted that the \$750,000 threshold was driven by prevailing wage requirements.

Chair Long added that the Agency sometimes structured agreements to avoid triggering prevailing wage calculations, allowing awards over \$750,000 without necessarily increasing labor costs. Director Chandler noted SDCs would not affect prevailing wage requirements.

Board Member Hege expressed concern about granting \$800,000 only for a recipient to incur an additional \$175,000 in labor costs due to prevailing wage requirements, questioning the value of such an approach.

Chair Long suggested leaving the decision open for the Board to handle on a case-by-case basis.

Board Member Richardson stated he preferred not to exceed \$750,000, or possibly \$1 million for a significant project. He noted that \$1 million would represent one-fifth of the Agency's estimated \$5 million discretionary funding and could displace approximately 25 smaller incentive projects. He emphasized the Agency's goal to balance large-impact projects with support for small, local businesses and investors.

EDO Spatz concluded that the discussion provided sufficient direction and stated staff would return with more information in February.

Chair Long asked if Ms. Amery would be bringing more information back to the Board in February and whether a vote would then occur in March, or if the goal was to vote in February.

EDO Spatz replied that he would prefer a decision in February to provide guidance for upcoming projects.

Board Member Hege raised a question regarding the proposed increase in the grant limit to \$200,000 with a 30% match. He asked if this meant the applicant would only contribute 30% while the Agency covered the remaining 70%. EDO Spatz confirmed that was the current structure for the mixed-use grant, while the commercial grant required a 50% match.

Board Member Hege expressed concern, stating he had repeatedly questioned the logic of a 30% match. He felt that if an applicant could not contribute at least 50%, it raised concerns about the project's viability. He believed a lower match requirement made Agency funds stretch less effectively.

EDO Spatz acknowledged the confusion and explained that combining the commercial and mixed-use grant programs had led to blending the match requirements. He clarified that the commercial grant required a 50% match, while the mixed-use grant required a 30% match. Combining them was an opportunity to set a clear, unified standard.

Chair Long calculated that under the proposed structure, a \$300,000 project would require an applicant to contribute \$60,000.

Director Chandler confirmed that the mixed-use program guidelines required a 30% match, meaning the Agency would cover 70%. He reiterated this was an opportunity to align the match requirement when combining the programs.

Board Member Hege stated that no funding source typically covers 70% of a private project, and he believed such a structure was unreasonable.

Board Member Richardson asked Board Member Hege what match percentage he would consider appropriate.

Board Member Hege suggested a 60/40 split, with applicants contributing at least 40%.

Board Member Wring, speaking as a downtown business owner, noted that a higher match could improve an applicant's ability to secure financing. He acknowledged the original intent of the mixed-use grant was to incentivize upper-floor housing. He cautioned that reducing that incentive could impact the creation of downtown housing. He asked if staff had examples of successful mixed-use projects under the 30% match requirement.

EDO Spatz and Director Chandler replied that there had not been any successful mixed-use projects funded under the program. One was approved but later withdrawn.

Board Member Hege questioned why all projects would be incentivized at a 70% level when the goal was specifically to encourage housing. Board Member Wring agreed and suggested

keeping the two programs separate, despite the additional administrative work, to better align with their distinct purposes.

Director Chandler explained that the motivation for combining the programs was feedback that the \$50,000 commercial grant limit was not sufficient for many projects. While the goal of the mixed-use grant was to incentivize housing, commercial improvements represented the majority of grant applications. Adding residential units to older buildings remained difficult due to building code requirements.

Board Member Wring proposed increasing the commercial grant limit while potentially reducing the mixed-use grant cap.

EDO Spatz suggested a compromise: combining the programs under a \$200,000 cap, with a 60/40 match for commercial projects and a 50/50 match if housing was included.

Board Member Richardson supported this approach, stating it remained a strong incentive while being more reasonable than a 70% Agency contribution.

Director Chandler requested additional information from County Assessor Amery regarding the ROI topic, noting that without further clarification, it might be premature to adopt a standard for ROI. Ms. Amery agreed to return.

Board Member Richardson said he got the sense from several people that ROI might not be something they needed to pursue, as it seemed too complex, and perhaps they should let it go.

Board Member Coburn agreed, noting that while it might not be necessary to pursue ROI, understanding it better could still be useful. The Board has generally assumed that improving a building would increase property taxes, but that might not always be the case. Having more clarity on when it does or doesn't apply could be helpful, even if it isn't framed as ROI.

EDO Spatz added that distinguishing between smaller and larger projects might make the ROI discussion more worthwhile, especially when considering larger projects in the \$1 million to \$3 million range.

Ms. Amery explained that the goal wasn't to clarify ROI but rather to offer a programmatic understanding of how it works. She noted that she had experience with it years ago, and that Board Member Hege had suggested it might be time to revisit the topic. Ms. Amery plans to provide a brief summary on how real market value increases and taxable increases work, including some amendments and adjustments she would like to make to the document. She assured the group that it would be a high-level overview and would not take up too much time.

Chair Long expressed appreciation for the effort and noted that it would also help the public better understand the process later.

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

Board Member Swift provided an update on the Federal Street Project. Several design schemes have been refined based on public input from 400 individuals regarding the Tony's lot. Public feedback is encouraged. An interactive open house will be held on February 12 at Freebridge Brewing at 5:30 p.m. The design schemes are now available online and will also be displayed at various local downtown businesses for additional public input.

Board Member Swift also shared that on Saturday, the grand opening of the new Tree Top Playground Structure at Sorosis Park was celebrated, with 250-300 attendees, primarily children excited about the new features. The playground offers many interactive and ADA-accessible

elements. Board Member Swift expressed gratitude to the City and County for their significant contributions to the Sorosis Park restoration. Looking ahead, Phase Two of the project will include new swings, benches, a shade structure, a batting cage, and a food truck spot, adding to the exciting upgrades at the park.

Board Member Lillvik inquired about the timeline for understanding what might be placed in the Tony's lot, noting that the Federal Street Plaza Committee has been considering design options. She expressed interest in having clarity on what might go in the space, or at least a few options, in the next month or two.

EDO Spatz replied a Request for Expressions of Interest (RFEI) was issued in the fall, and interviews with three proposals are forthcoming. Written questions have been sent to each respondent, and a decision is expected by February or March, pending due diligence. EDO Spatz acknowledged the importance of finalizing the decision and providing clarity.

Board Member Lillvik asked whether the Federal Street Plaza Committee could be provided with the design information from the Federal Street Plaza process to help determine which scheme might work best for the Tony's lot location. Specifically, Board Member Lillvik highlighted the challenge of determining how much frontage area on the Tony's lot should be allocated for potential business entrances, and suggested that having this information would be beneficial for the committee's work.

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

EDO Spatz announced he would retire at the end of March. "It has been a delight, and I want to emphasize I'm not going to fall off the face of the planet. I do want to stay engaged in this community. I raised my kids here. I love this town."

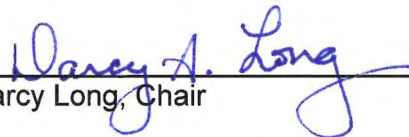
#### **ADJOURNMENT**

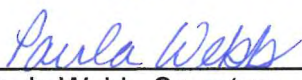
Being no further business, the meeting adjourned at 7:27 p.m.

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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