

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING

February 18, 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 (arrived 5:32 p.m.),
Kristen Lillvik, Timothy McGlothlin, Dan Richardson and Ben Wring

BOARD ABSENT: Marcus Swift

STAFF PRESENT: Director and Urban Renewal Manager Joshua Chandler, Economic
Development Officer Dan Spatz, City Attorney Jonathan Kara,
Finance Director Angie Wilson, 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 Coburn and seconded by Wring to approve the agenda as presented. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Richardson and Wring voting in favor, none opposed, Swift absent.

APPROVAL OF MINUTES

It was moved by Wring and seconded by Lillvik to approve the minutes of January 30, 2025 as submitted. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Richardson and Wring voting in favor, none opposed, Swift absent.

PRESENTATIONS

Annual Audit FY 2023-2024

Director Wilson presented the audit results. For the second consecutive year, KDP Certified Public Accountants conducted the audit and issued an independent auditor's report on the

Columbia Gateway Urban Renewal Agency's financial statements as of June 30, 2024. The audit, conducted in accordance with U.S. generally accepted auditing standards, found no compliance issues regarding laws, regulations, contracts, or grant agreements, including Oregon municipal audit standards.

The Agency received a clean audit with no write-ups. Key financial highlights include:

- Net Position: Assets exceeded liabilities and deferred inflows by \$4,297,190, an increase of \$900,790 from the previous year.
- Investment Earnings: Increased by \$127,081 due to higher interest rates.
- Liabilities: Decreased by \$570,949, primarily due to \$600,000 in debt service payments, partially offset by an increase in other liabilities.
- Outstanding Debt: As of June 30, 2024, total debt was \$3,541,052, down from \$4,168,020 in 2023, reflecting the annual principal payment and debt amortization.

Further details are available in the audit report, which is posted on the Agency's website.

Chair Long commended Director Wilson and the team for their excellent work, emphasizing that achieving a clean audit with no findings is a significant accomplishment. Chair Long expressed appreciation for their efforts in maintaining strong financial management for the Agency.

Annual Financial Report FY 2023-2024

EDO Spatz presented the Financial Audit results, noting that Oregon Revised Statute 457.460 requires the Agency to submit an annual Financial Report. This report was prepared under contract with Elaine Howard, who also assisted with the substantial amendment process over the past year.

While the report covers the period ending June 30, 2024, it includes the updated goals and objectives discussed earlier in 2024, even though they were officially approved in December. This inclusion was made for clarity, as the prior goals would have otherwise been reflected.

Key highlights from the report:

- Summary of revenues and expenditures for FY 23/24.
- Projected upcoming investments.
- Tax impact on districts and funded projects, including:
 - Basalt Commons
 - \$50,000 investments in the Farm Stand, Stelzer Enterprises, the Mint, and The Dalles Inn (for architectural and investment improvements).
 - Additional improvements to the Williams Building and Legion Building, where the upstairs is being converted to office space.

These investments reflect the Agency's ongoing commitment to community and economic development.

PUBLIC COMMENT

Tim Schechtel, 3511 Sandlin Road, The Dalles

Mr. Schechtel, co-owner of The Mint since 2005, provided an update on ongoing renovations. While the latest project was initially ready for submission, work began in 2024 using personal funds. However, due to issues related to maximum indebtedness, some aspects of the project were put on hold.

A primary objective of the project is to build out the facility to support the growth of Freebridge Brewing. Mr. Schechtel stated that they plan to revise the project budget and submit it next month for consideration. He reaffirmed their commitment to completing the project this year and expressed optimism about achieving that goal with the Agency's support.

Eric Gleason, 704 Case Street, The Dalles

Mr. Gleason voiced concerns about the First Street project, citing a lack of recent public input and urging a more community-driven approach. He supported Councilor Wring's idea of a phased plan, allowing infrastructure work to proceed while revisiting streetscape design with public involvement. He also raised concerns about the project's impact on historic structures, emphasizing the need to align with preservation guidelines. Advocating for a more tailored design, he stressed that First Street's unique historic character should be highlighted rather than mirroring Second Street. He called for a thoughtful approach to restore its role as a vital gateway to the community.

Board Member Denstedt raised concerns about the necessity of a road along the railroad, citing safety risks. He emphasized prioritizing infrastructure improvements, particularly replacing the aging water main and addressing safety hazards, before considering streetscape elements. He also questioned whether unresolved responsibilities between the City and Urban Renewal were delaying progress. While acknowledging the area's historical significance, he stressed the importance of safety and practicality, noting that some structures may be beyond preservation.

Chair Long asked if staff wished to address concerns about the City and Urban Renewal's roles in the project. Director Chandler clarified that the Agency committed to funding the project from the outset and he has not been directed to alter funding. Plan reviews are set to begin next week, with only minor modifications, including extending a section behind Federal Street Plaza for improved screening and upsizing a water line to accommodate future development.

Board Member Richardson inquired about public input on surface-level design elements. Director Chandler noted that while public involvement has been limited in recent years, the project has evolved from a more complex design and now focuses on infrastructure and streetscaping, aligning with Second Street's design. While open to input, significant design changes are unlikely at this stage. He offered to provide updates to the Urban Renewal Agency or City Council and acknowledged the need for improved visual representations, as First Street's plans are currently in 2D.

Board Member Richardson highlighted the interconnected nature of multiple projects and suggested considering their alignment as details emerge. Board Member Hege inquired about structural concerns along First Street, referencing discussions with Mr. Gleason. Director Chandler confirmed ongoing discussions regarding historical preservation and explained that in

2021, an internal team selected a gabion wall design – square cages filled with river rock – as a cost-effective alternative to poured concrete.

Further analysis by KPFF raised concerns about the stability of the 100-year-old stacked rock walls. While efforts continue to explore alternatives, the only fully assured option remains the current engineered design. The Chinatown walls retain more historical integrity, whereas walls in the adjacent block, replaced in the 1960s, are deteriorating and will be removed. Any redesign would involve additional costs and delays.

Chair Long suggested leaving room in the current design for a future historical facade. Director Chandler responded that an alternative approach involves a gabion wall with a basalt rock front to match existing elements, including those on the Historic Columbia River Bike Trail. While additional details could be incorporated later, it may require more funding and right-of-way acquisition. The Agency owns two sunken parking lots in the area, except for a 25-foot section owned by Tony Zilka.

Victor Johnson, 313 W. 4th Street, The Dalles

Mr. Johnson praised the recent project review at the Mint, expressing relief that the Tony's site would not be part of the Federal Street Plaza. He emphasized the importance of public involvement and diverse input.

Although late to the discussion, he has been considering the First Street project and recently met with Mr. Gleason and Director Chandler to discuss concerns. Mr. Johnson believes proper direction could have led to preserving the walls but acknowledges it may be too late or too costly now. He criticized the gabion basket design as industrial and unattractive, arguing that aesthetics should not be sacrificed for cost-cutting.

Mr. Johnson stressed that if millions are being invested, the project should be done right, not cheaply. He referenced community feedback from his work with Blue Zones, where surveys highlighted the importance of The Dalles' "front porch" – the city's visual impression from the freeway. Given the project's significance in connecting the riverfront and cycling routes, he urged a commitment to quality aesthetics.

ACTION ITEMS

Incentive Program Grant Request: Claudia Leash / Oaks Hotel, 200 E. Second Street

EDO Spatz presented the staff report.

Board Member Denstedt inquired whether a grant would be at risk if Urban Renewal funding was not provided. EDO Spatz clarified that the Oregon Main Street Grant had already been received and was designated for facade restoration. However, without additional Urban Renewal funding, interior restoration could not proceed.

Board Member Denstedt expressed concern that the residential units in the project might not include fire sprinklers. Michael Leash, representing Claudia Leash, confirmed that sprinklers would be installed in the upstairs residential area and potentially on the main level, pending permit approvals and further evaluation.

Board Member Denstedt stated that his support for the funding was contingent upon fire suppression in the residential units, citing safety concerns. Chair Long responded that while

this was a personal stance, it was not currently a requirement. Denstedt acknowledged his right to vote accordingly.

Board Member Richardson asked City Attorney Kara whether the Board could require fire suppression as a funding condition. Attorney Kara reviewed Urban Renewal Incentive Program grant guidelines and found that the Board had the discretion to impose conditions on grant awards if deemed "necessary or appropriate."

Director Chandler added that Wasco County Building Codes would ultimately determine fire suppression requirements. While some flexibility exists for historic buildings, the County would decide whether fire sprinklers were mandated.

Discussion followed on whether Urban Renewal should require fire suppression beyond code mandates:

- Board Member Denstedt strongly supported requiring sprinklers for residential projects receiving Urban Renewal funds, arguing that such a policy would improve safety and influence future projects.
- Board Member Hege and Chair Long opposed adding conditions beyond code requirements, stating that fire codes are developed by professionals and imposing extra regulations would be unfair and burdensome for applicants.
- Board Member Lillvik pointed out that Urban Renewal funds should protect surrounding businesses in case of fire, as historic buildings often pose increased risks.
- Board Member Wring suggested adding general language to funding agreements requiring compliance with all fire and safety codes but not mandating additional measures.
- Mr. Leash stated that the project would comply with all required fire safety measures but noted that adding sprinklers could cost \$70,000 to \$90,000, which could necessitate a request for additional funding.

It was moved by Hege and seconded by Coburn to authorize the Agency Manager to execute and implement an Incentive Program grant agreement with Claudia Leash in the amount not to exceed \$240,000 as presented. The motion passed 6/1; Coburn, Hege, Long, McGlothlin, Richardson, and Wring in favor, Denstedt opposed, Lillvik abstained, Swift absent.

Resolution 25-001, a Resolution Authorizing a Contribution Not To Exceed \$150,000 in Support of the Federal Street Plaza Project

EDO Spatz presented the staff report.

The Board discussed whether Urban Renewal funds should be used for a public infrastructure project rather than directly investing in private development that increases tax revenue.

- Board Member Richardson expressed strong support, arguing that the Plaza would contribute to the economic vitality of the downtown area by attracting businesses and increasing foot traffic. He believed it was a strategic investment in long-term property value growth, even though the Plaza itself would not generate direct tax revenue.

- Board Member Denstedt took an opposing stance, asserting that Urban Renewal funds should be reserved for projects that directly increase the tax base. He stated that while the Plaza may have indirect benefits, it was ultimately a City project and should be funded accordingly.
- Chair Long acknowledged both perspectives but emphasized that leveraging outside funding, like the Oregon State Parks grant, was a key factor in supporting the project.
- EDO Spatz clarified that the City had already allocated additional funds toward the required 40% local match, and that the \$150,000 from Urban Renewal was not the sole source of matching funds.

It was moved by Lillvik and seconded by Richardson to adopt Resolution 25-001, as presented. The motion passed 7/1; Coburn, Hege, Lillvik, Long, McGlothlin, Richardson, and Wring in favor, Denstedt opposed, Swift absent.

DISCUSSION ITEM

Consideration of Agency Return on Investment for Property Rehabilitation Grants and Development Funding Agreement Requirements

EDO Spatz presented the staff report. He then introduced Wasco County Assessor and Tax Collector Jill Amery to provide insight into how Urban Renewal investments impact property assessments and tax revenue.

Ms. Amery began by acknowledging the complexity of Urban Renewal's financial impact, emphasizing that its primary goal is to combat blight and spur investment, rather than immediately generating tax revenue from individual projects. While projects like Basalt Commons, a new development, clearly add taxable value, rehabilitation projects such as the Oaks Hotel are more challenging to quantify.

She explained that maximum assessed value (MAV) – which is capped at 3% annual growth under Measure 50 – can increase beyond that limit if a project qualifies as an exception event. This includes:

- New construction
- Reconstruction and major additions (exceeding \$18,200 per year or \$45,000 over five years)
- Renovation (which changes the property's form or style)
- Rehabilitation (which restores the property without changing its form)

Amery noted that determining whether a project qualifies for an exception event requires individual appraisal judgment. For instance, upgrading a kitchen without altering its layout might not trigger an increase in MAV, whereas a complete remodel changing its design would.

She also stressed that general ongoing maintenance and repair (GOMAR) – such as replacing outdated windows – not increase assessed value, as it simply maintains the property's useful life rather than enhancing its marketability. This distinction is critical in assessing projects like the Oaks Hotel, where preservation work may not necessarily translate to higher tax revenue.

Board Member Hege asked for clarification on how an Urban Renewal-funded project, such as the Oaks Hotel, would be assessed once completed. He questioned whether the property owner must notify the Assessor's Office, and how changes to MAV and real market value (RMV) are determined.

Amery explained that property owners rarely notify the Assessor's Office upon project completion. Instead, her appraisal team conducts site visits based on building permits and financial records provided by the owner. For projects involving significant investment, such as fire suppression systems or major renovations, the Change to Property Ratio (CPR) is applied.

For example:

- If \$500,000 is invested, and the CPR is 0.5, then only \$250,000 is added to MAV rather than the full amount.
- This newly assessed value directly increases tax revenue, but the calculation varies based on property condition, improvements, and market trends.

Ms. Amery cautioned that real market value fluctuates with economic conditions, making ROI difficult to predict. If the real estate market declines, RMV may fall below MAV, resulting in lower tax collections. She cited data from the 2009 economic downturn, when over 20% of properties in Wasco County were taxed on their real market value rather than their MAV due to declining property values.

She reiterated that while new construction projects are easier to quantify in terms of tax impact, rehabilitation projects should be evaluated through the lens of community preservation and blight reduction, not just direct ROI.

Chair Long thanked Amery for her thorough explanation and the effort put into the presentation. Ms. Amery offered to return in the future once projects are complete, to review the appraisal process and actual tax revenue impacts.

BOARD MEMBER COMMENTS / QUESTIONS

Board Member Richardson shared a reflection on the historical significance of downtown buildings, recalling a photo of the old St. Mary's Academy at Victor Johnson's Tea Shop. He noted that while it was a stunning structure, it was ultimately torn down when it was decided it was no longer needed.

Using this as a parallel, Richardson emphasized that historic preservation and revitalization often don't "pencil out" financially -- if they did, private investors would not require public support. However, without investment, the downtown core risks deterioration, losing its historic character and economic viability.

Richardson acknowledged the importance of return on investment (ROI) but cautioned against oversimplifying the equation. Quoting journalist H.L. Mencken, he stated, "For every complex problem, there's a solution that is clear and simple and wrong."

Board Member Richardson stressed that revitalizing historic properties requires a nuanced approach, balancing financial considerations with the broader goal of keeping downtown vibrant, livable, and prosperous for future generations.

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Board Member Wring echoed Richardson's sentiments, adding that assessed value alone is not a sufficient metric for evaluating Urban Renewal's success. He noted assessed values are legally capped in their growth, making them a limited tool for measuring economic impact.

Instead, Board Member Wring suggested that economic activity, business retention, and private investment should also be key indicators. Since moving to the area in 2009, he has observed a significant increase in private investment in downtown properties. He attributed this growth to efforts to improve downtown aesthetics and infrastructure, which make the area more attractive for businesses and residents. He suggested that reducing turnover in small businesses and improving building conditions are crucial to fostering long-term success.

STAFF COMMENTS / PROJECT UPDATES

EDO Spatz stated staff will present recommendations in March regarding the Property Rehabilitation Program and how to better define ROI thresholds for future projects. He welcomed further discussion on the topic next month.

EXECUTIVE SESSION

Pursuant to Item 12 of the Urban Renewal Agency Board Agenda dated February 18, 2025, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 7:22 p.m.

RECONVENE TO OPEN SESSION

Chair Long reconvened the Open Session at 8:46 p.m.

Board Member McGlothlin left the meeting at 8:46 p.m.

DECISION FOLLOWING EXECUTIVE SESSION

It was moved by Richardson and seconded by Lillvik to direct staff to enter into exclusive negotiations with the developers of the proposed Fermentation Hub Project at the former Tony's building site for a period of six months, until August 15, 2025. The motion passed 6/1; Coburn, Denstedt, Hege, Lillvik, Long, and Richardson in favor, Wring opposed, McGlothlin and Swift absent.


ADJOURNMENT

Being no further business, the meeting adjourned at 9:06 p.m.

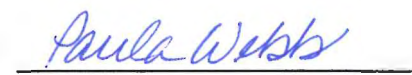
Meeting conducted in a room in compliance with ADA standards.

Submitted by Paula Webb, Secretary
Community Development Department

SIGNED:


Darcy Long, Chair

ATTEST:


Paula Webb, Secretary
Community Development Dept.