

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING

March 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, Kristen Lillvik (arrived at 5:32 p.m.), Timothy McGlothlin, Marcus Swift and Ben Wring

BOARD ABSENT: Dan Richardson

STAFF PRESENT: Director and Urban Renewal Manager Joshua Chandler, Economic Development Officer Dan Spatz, City Attorney Jonathan Kara, Planning Technician Paula Webb

CALL TO ORDER

The meeting was called to order by Chair Long at 5:31 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 prepared. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, Swift, and Wring voting in favor, none opposed, Richardson absent.

APPROVAL OF MINUTES

It was moved by Wring and seconded by Coburn to approve the minutes of February 18, 2025, as submitted. The motion carried 7/0; Coburn, Denstedt, Hege, Lillvik, Long, McGlothlin, and Wring voting in favor, none opposed, Swift abstained, Richardson absent.

PRESENTATION

Sunshine Mill Winery Hotel and Retreat Center Proposal

Natasha Skov, representing the Sunshine Mill and the Martin family, provided a factual overview of the history and redevelopment plans for the Sunshine Mill property. The project began in 2004 when the family submitted a proposal to purchase and rehabilitate the former Wasco Milling Company site. Due to the recession and high demolition costs, the family retained and restored the existing structures. Initial efforts included converting a portion of the ground floor

into an office, production facility and tasting room, leading to the launch of wine production under the Copa Di Vino label in 2009 and a public tasting room in 2010. In subsequent years, operations expanded to include the adjacent Wasco Warehouse for shipping and receiving, public art projects supported by Urban Renewal loans, and full repayment of approximately \$900,000 in loans with interest.

Over a 15-year period, the Sunshine Mill generated more than \$100 million in revenue and created up to 127 jobs, with a reported 98% of employees hired locally. The business spent over \$15 million with local contractors and suppliers. The project also enabled the City to secure \$4 million in federal infrastructure grants for the Brewery Grade roundabout and cruise ship dock, contingent on job creation commitments. Additionally, the site underwent a ten-year environmental cleanup process, including the decommissioning of oil wells.

The current proposal includes the development of the Sunshine Mill Winery, Hotel, and Retreat Center. Planned features include 80 hotel rooms located in the silos and mill building, a rooftop restaurant, observation deck, spa, sports courts, meeting and event spaces, wine education facilities, expanded retail and artisan markets. Structural assessments and digital modeling conducted by Miller Engineering determined the buildings were suitable for redevelopment. The family is requesting a \$250,000 grant from the Urban Renewal Agency to complete architectural and engineering designs. The overall project cost is estimated at \$30 million, with anticipated spending focused on local labor and materials. The projected return on investment for the public grant is expected within six months of the hotel's opening, with 30,000 annual visitors estimated.

Chris Kraus of Saddle Peak Hotel Advisors conducted a feasibility study, confirming strong demand for upscale lodging in The Dalles. His analysis accounted for tourism trends, competitive lodging supply, and the regional market. He concluded the site was suitable for a four-star or boutique hotel offering, citing the property's location and unique structure as competitive advantages. The Martins requested open communication with the Urban Renewal Agency, alignment on planning goals, and future consideration for gap financing and tax credits. They also extended an invitation for the Agency to tour the site and view the design context firsthand.

Board Members posed questions about silo integrity, financial risks, workforce sustainability, and marketability. Ms. Skov and Mr. Martin addressed these in detail, expressing confidence in the project's feasibility and community value.

Chair Long emphasized the Board's preference to allocate Urban Renewal funds closer to construction and permitting stages but affirmed interest in working with the applicants.

PUBLIC COMMENT

Eric Gleason, 704 Case Street, The Dalles

Mr. Gleason urged the Board to reconsider the current scope of the First Street project, suggesting it be expanded to reconnect with the Sunshine Mill at the east end of town. He recommended involving engineers, stakeholders, and the community to develop a more comprehensive, long-term plan that better supports the area's redevelopment and overall connectivity.

ACTION ITEM

Property Rehabilitation Program – Proposed Modifications

Project Category Consolidation: The Board approved combining the commercial and mixed-use project categories into a single funding category under the Urban Renewal Property Rehabilitation Incentive Program. This unified category will initially be subject to a \$200,000 funding cap per project, with the potential to increase the cap to \$300,000 based on program performance and project-specific justification. This consolidation simplifies the application process and broadens access to available funds.

Revised Matching Fund Requirements: To ensure greater private investment leverage, the Board agreed to raise the minimum private match requirement to 50 percent for most applicants. However, for housing-specific projects, a more favorable 60/40 match is allowed, with the Urban Renewal Agency covering up to 60 percent of the project cost. This adjustment encourages private-sector commitment while supporting critical housing development.

Match Source Limitations: Applicants will no longer be permitted to use City of The Dalles general funds or other municipal funding as part of their match contribution. However, other public funds—such as grants from state or federal sources – will continue to be accepted as eligible match funding. This change ensures the Agency's funds are leveraged with external investment rather than redirected City resources.

Eligible Project Types and Entities: The Board expanded program eligibility to include nonprofit organizations, allowing greater flexibility in project sponsorship and increasing the potential for community benefit. In addition, the Board agreed to consider property tax abatements on a case-by-case basis rather than as a blanket offering, allowing the Agency to tailor incentives to the unique conditions and benefits of each project.

Fire Suppression Systems: Revisions to the program now allow Urban Renewal funds to be used toward fire sprinkler system installation in both commercial and residential rehabilitation projects. The program will reimburse up to 75 percent of the cost of installing these life safety systems, reinforcing the Agency's commitment to code compliance and public safety.

Roof Repair and Replacement: Roof-related expenses will be eligible for reimbursement up to 50 percent of total project costs, with a cap of \$25,000 per structure. This cap applies only to properties acquired within the last five years, focusing the incentive on recently purchased structures likely undergoing substantial rehabilitation. A proposal to raise the cap to \$50,000 was discussed but did not receive sufficient support to pass.

Asbestos Flooring Removal: The Board approved funding eligibility for the removal of asbestos-containing flooring, recognizing it as a public health and safety hazard. This addition aligns the program with hazardous materials best practices and provides important financial relief for property owners addressing legacy issues in older buildings.

Large Projects and Development Funding Agreements (DFAs): For projects exceeding \$300,000 in requested funding, applicants will be required to enter into a Development Funding Agreement. These agreements must include a return-on-investment (ROI) analysis, a \$1,000 non-refundable application fee, and a provision requiring construction to begin within 12 months of approval. Liquidated damages clauses will be included in DFAs to ensure project performance, with terms negotiated individually.

System Development Charge (SDC) Assistance: The Board reaffirmed support for continued SDC assistance, maintaining the existing provision of up to \$10,000 per new residential unit.

This support aims to offset development-related infrastructure costs and encourage infill housing within the Urban Renewal Area.

Implementation and Next Steps: The Board authorized staff to revise program guidelines and update application forms to reflect the approved changes. No formal motion was necessary, as the Board reached consensus on all modifications, which was sufficient to direct staff to proceed.

First Street Project Discussion

Funding and Public Engagement: The Board discussed the ongoing First Street redevelopment project in response to public comments from Board Member Richardson and Eric Gleason. Staff confirmed that all funding agreements between the City and the Urban Renewal Agency related to the project would be brought back to the Board for review and approval. The Board emphasized the need for meaningful public engagement prior to finalizing the project plan and expressed support for hosting a public open house or similar outreach event to gather community feedback and share updated visual materials.

Historic Preservation Coordination: Staff noted that coordination is underway with the State Historic Preservation Office (SHPO) and local archaeologists due to the project's location within a historically significant area. Preservation elements have already been incorporated into the preliminary design. The Board expressed support for proceeding with the project while remaining flexible and responsive to any additional mitigation measures that may arise through the review process.

DISCUSSION ITEMS

Discussion on Public Match Limits: Board Members debated whether to cap public match sources at 75 percent of project costs. Board Member Swift and others argued against the cap, favoring maximum leverage of external funds.

Use of Other City Programs as Match: EDO Spatz mentioned the 50/50 Sidewalk Repair Program – and Board consensus is to restrict City funds as match sources while still allowing applicants to use those funds independently.

Sprinkler System Funding: EDO Spatz proposed expanding eligibility for Urban Renewal funding to cover commercial sprinkler systems—whether new, existing, or unused—up to 75% of total renovation costs. He noted these systems typically cost over \$90,000 and identified restaurants and event spaces as key beneficiaries. Board Member Wring supported the proposal but raised the need to clarify that upper-story residential units in mixed-use buildings should also be eligible, as fire suppression costs often deter housing development downtown. Director Chandler agreed such clarification could be included in the guidelines. Wring further emphasized that although the building code may not always require sprinklers due to cost considerations, the Board could choose to fund them to promote safety and revitalization. Consensus was reached to include both commercial and residential applications for sprinkler system funding in the updated program guidelines.

Roof Repair and Replacement Funding: EDO Spatz recommended allowing funding for roof repair or replacement under limited conditions: it must be part of a larger renovation, the property must have been acquired within the past five years, and the Agency contribution would be capped at \$25,000 per structure. The goal is to preserve aging or historic buildings by

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leveraging additional resources. Councilor Richardson had suggested increasing the cap to \$50,000. Board Member Wring and Chair Long expressed support for the five-year ownership condition and agreed the increased cap could be appropriate. Long noted that lack of maintenance by long-term owners often leads to deterioration and supported measures that encourage timely investment.

Flooring and Asbestos Abatement: Economic Development Officer Spatz introduced a proposal to allow Urban Renewal funding for the removal of asbestos flooring, specifically older 4x4 tiles commonly found in downtown buildings. He noted that current guidelines prohibit flooring expenses, but in cases involving asbestos, removal is preferable to covering, which is often the only current option. He added that the Oregon DEQ may offer support through the Brownfield Program, but funding is uncertain due to federal constraints. The proposed change would allow the Agency to serve as a financial backstop in such cases. Board Member Lillvik asked why flooring had been excluded originally. Spatz explained that items like flooring, faucets, and electrical outlets were excluded because they are not considered permanent improvements and may be replaced over time, diminishing the long-term value of the investment.

Lillvik further inquired whether asbestos removal could contribute to assessed property value. Director Chandler and Board Member Wring clarified that it would not increase property value and had been excluded for the same reason as other non-permanent improvements. However, Wring emphasized that asbestos removal is more of a hazardous materials (hazmat) issue than an aesthetic upgrade and supported making an exception for it. Consensus emerged to treat asbestos flooring removal as a public safety and environmental concern, rather than a typical interior upgrade.

Brownfield Program and Funding Thresholds: EDO Spatz reminded the Board of a new \$500,000 Brownfield Assessment Grant, separate from abatement funding, which remains accessible through Oregon DEQ and Business Oregon. Staff discretion for incentive program awards will remain capped at \$50,000, with larger amounts requiring Board approval.

Return on Investment and Development Funding Agreements (DFAs): Spatz proposed removing ROI projections from standard Incentive Program (IP) applications. For funding requests over \$300,000, a formal DFA would be required, including a contracted appraisal and ROI calculation. Staff recommended a \$1,000 non-refundable administrative fee to initiate DFA requests, with a potential cost-sharing arrangement with the County Assessor's Office. Board consensus supported setting the fee at \$1,000.

System Development Charges (SDCs): The Agency will continue providing up to \$10,000 per new residential unit toward SDCs, in addition to other funding programs.

Timelines for DFA Projects: Spatz proposed that DFA-funded projects be required to begin construction within one year of Board approval and complete work on a schedule specified in the agreement. Board Members Wring and Lillvik supported this approach, noting that timelines should be realistic and allow for seasonal flexibility. Chair Long and Director Chandler emphasized including a project schedule and allowing Board discretion to grant extensions if needed.

Liquidated Damages: Spatz proposed incorporating a liquidated damages clause in DFAs to incentivize timely project completion. City Attorney Kara explained that such clauses are

standard in public construction contracts and can be tied to specific milestones such as design submittal or certificate of occupancy. Board consensus supported the inclusion of a customizable clause within each DFA.

Program Administration and Next Steps: Staff will revise the IP application form and post updated materials online. A Notice of Funding Availability will be issued annually. Applications must be submitted 45 days prior to the intended Board review. Funding decisions will depend on available budget capacity and timing. Chair Long and Director Chandler confirmed that consensus from the Board was sufficient to implement changes without a formal vote.

BOARD MEMBER COMMENTS / QUESTIONS

Chair Long shared a written comment submitted by Board Member Richardson requesting that the First Street project be reviewed and approved by the Board, with opportunity for public input. Director Chandler confirmed that Board review would be required for a funding transfer and clarified the implications of reopening project design.

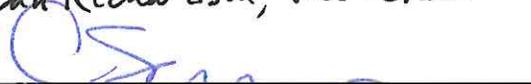
ADJOURNMENT

Being no further business, the meeting adjourned at 7:28 p.m.

Meeting conducted in a room in compliance with ADA standards.

Submitted by/
Crystal Sayre, Administrative Assistant
Community Development Department

SIGNED: 
~~Darcy Long, Chair~~
Dan Richardson, Vice-Chair

ATTEST: 
Crystal Sayre, Administrative Assistant
Community Development Department