

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
AND
URBAN RENEWAL ADVISORY COMMITTEE

SPECIAL MEETING
OF

DECEMBER 9, 2013

CITY COUNCIL CHAMBER
313 COURT STREET
THE DALLES, OREGON

PRESIDING: Chair Steve Lawrence

AGENCY PRESENT: Bill Dick, Carolyn Wood, Dan Spatz, Tim McGlothlin, Linda Miller

AGENCY ABSENT: None

ADVISORY MEMBERS PRESENT: Chris Zukin, Greg Weast, Gary Grossman, Mike Zingg, Richard Elkins

ADVISORY MEMBERS ABSENT: Jennifer Botts, Steve Kramer, Robin Miles

STAFF PRESENT: City Manager Nolan Young, City Attorney Gene Parker, City Clerk Julie Krueger

CALL TO ORDER

The meeting was called to order by Chair Lawrence at 6:37 p.m.

ROLL CALL

Roll call was conducted by City Clerk Krueger; all Agency members present, Advisory Committee members absent Botts, Kramer, and Miles.

APPROVAL OF AGENDA

It was moved by Wood and seconded by Dick to approve the agenda. The motion carried unanimously, Botts, Kramer and Miles absent.

ACTION ITEMS

Request By Rapoza Development Regarding Disposition and Development Agreement for Redevelopment of the Granada Block

Agency Chair Lawrence said he would like to hear the information, then ask the Advisory Committee members to develop a recommendation before the Agency deliberated.

John Lee, Managing Director of VIP Hospitality provided a presentation regarding the structure of his company, and said VIP was partnering with Rapoza Development in the development of the Granada Block project. He said they had been working on value engineering and reaching out to investors for the project, seeking partnerships for both debt and equity investors. He noted this project was considered high risk by lenders due to the size of the project. Mr. Lee reviewed a PowerPoint presentation, showing his company's principles, and other properties in their hotel portfolio.

Mr. Lee said there were 27 hotel projects planned in Oregon, with only three under construction. He said it was typical that it would take a long period of time to reach the construction phase and with the size and category for the hotel planned by Rapoza, it would be more difficult to secure the investors.

Jens Von Gierke said they had hoped to have the financial structure fully in place by the end of this year, but they were not at that point yet. He said adding VIP as a co-developer and manager was a very big step in the process and they could now continue to work on the financing, but needed to be able to show potential investors that they had the time to get the package put together. He said good progress had been made and they were more committed than ever to complete the project.

Advisory Committee Member Weast asked if the work could be done in six months. He said the developers had been confident they could complete the work by the end of December. Weast said he understood the difficulty, but that most people who had spoken to him did not support continuing the DDA any further. He said other potential developers didn't look at the project because it was tied up.

Advisory Committee Member Zingg said he didn't feel Rapoza had a significant financial commitment, especially compared to that of Urban Renewal. He said he would not be comfortable granting an extension unless the developer was willing to provide a non-refundable deposit.

Advisory Committee Member Zukin agreed with Zingg, saying there needed to be a larger financial commitment from the developer. He said it was a big project for a small town and questioned who would be willing to invest in the project. Zukin said it was impossible to find out what other possible uses there may be for the property because it was tied up with the DDA. He said development of the Granada Block would be great for the downtown, but that the developers needed to make a financial commitment to the project to show they were still on board.

Advisory Committee Member Elkins said he agreed with the comments of the Advisory Committee members.

Advisory Committee Member Grossman said the developers could continue to work on finances and come back if they were able to make progress. He said he would be more comfortable approving an extension if the developers put more money into the project.

Mr. Lee said they had all committed their time and effort, plus approximately \$400,000 had been invested by Mr. Leash. He said this was a normal process, but was made more difficult by the City not providing incentives that other cities provide, such as a room tax rebate.

Public Comments

Agency Chair Lawrence said he would take comments from audience members.

Jim Broehl, 318 West 12th Street, The Dalles, said he had served on the City Council and Urban Renewal Agency for 10 years and understood that the major urban renewal projects took a long time to be completed. He used the Sunshine Mill as an example, saying they had received many extensions, and he had been wrong to think it wouldn't be a success. Broehl said many years

ago, \$14 million was invested to develop the Port industrial area and it sat completely vacant for a very long time before there were any improvements. He urged the Agency to not be short-sighted and to grant the one year extension to allow the development to occur on the Granada Block.

Celeste Hill-Thomas, 4005 Lutz Lane, The Dalles, spoke on behalf of Mid Columbia Medical Center and said this project would be very positive for the downtown. She said it was important to MCMC to be able to recruit physicians and having a vibrant downtown was part of what helped bring good talent to the area. Thomas said MCMC hoped to collaborate with the developer to bring wellness awareness to the downtown area through the development.

John Nelson, former Planning Commissioner and Urban Renewal Advisory Committee member, said this was a unique proposal. He said having a local presence on the development team was important and that Mr. Leash had invested a lot into the project, both in finances and time. Nelson said the project would transform the downtown and make it more vibrant. He said one year was worth the payoff.

Chuck Covert, 3819 Columbia View Drive, The Dalles, and owner of NAPA Auto Parts, said he chaired the Main Street Committee and that the downtown needed revitalization. He said there were many empty buildings. Covert said he had been critical of urban renewal projects in the past but had seen the success and said one more year to bring the project to fruition was a positive for the downtown.

Chamber President Lisa Farquharson said the project would add value to the downtown and provide a conference and convention center that would help bring people to the community. She said the activity was needed in the downtown and she supported the project.

Dean Dollarhide, 300 East Second Street, said the project was needed for the downtown and would bring activity to the proposed pedestrian plaza. He said a vibrant project would benefit the entire downtown. Dollarhide said a one year extension was not a long time to get the project done.

Luis Langheinrich, Boulder Path Designs, said the project was needed to draw people into the downtown and to help support retail in the area. She said a mix of uses was needed and a hotel would help with that. Langheinrich said one year was not a long time to wait for such a project.

Agency Discussion

Chair Lawrence reviewed the chain of events and extensions leading to this time. He expressed frustration that more progress had not been made and noted the developers had told the Agency that if they didn't make the current deadline, they would not ask for another one. Lawrence said if the Agency put out a Request for Proposals, Rapoza could submit a bid along with any other interested parties. He said the conditions had not been completed and there seemed to be no guarantee that the project would move forward.

Jens Von Gierke said the project was at a very different stage than it was in June, saying they now had an investor and partner. He said it would take any proposer at least a year to come up with a proposal and urged the Agency to grant a one year extension to allow Rapoza to complete the work on the project. He noted that most cities offer loans, room tax rebates and other incentives which were helpful in getting investors, but The Dalles did not offer those incentives. He said in the hotel development world, one year was no time at all.

Chair Lawrence asked if the investors will help with the design of the project. Mr. Lee said his company was assisting with value engineering but the investors would not be working on the design of the project.

Agency Member Spatz said he hoped the design would be in keeping with the historical nature of the downtown. Mr. Less said they would work with the City to ensure it fit well with the neighborhood. He said his company specialized in fitting into local markets.

Agency Member Dick said many Urban Renewal projects had required a large amount of time to complete and said this project also deserved the time needed to get it completed. He said the downtown needed to be revitalized and felt this was a winning project to eliminate blight. Dick said he appreciated Mr. Leash's vision and had confidence in the development team.

Agency Member McGlothlin said perseverance was the reason for the current successes at the Airport. He said he supported this project and that it was not entirely the fault of the developers for the amount of time taken because there had been circumstances that required them to start over several times with the location of the development. McGlothlin said it may not be the easiest decision to grant the extension but it was the best decision for the community.

Agency Member Spatz said he agreed and appreciated comments made by Jim Broehl regarding the length of time it had taken to produce many other projects. He said he was confident the developers would strive to keep the historic character in their project. Spatz said he had seen many failures of the Granada Theater and feared it would go down if no one restored it soon. He said a one year extension would not hurt the program.

Chair Lawrence said many citizens were angry, yet no one showed up to express their concerns at this meeting. He said the City would bear the responsibility and that those who spoke in support all wanted the best outcome for the community. Lawrence said he did not feel the DDA process had been handled correctly and was concerned that a one year extension would not help move the project forward.

Agency Member Wood said she agreed with comments made by many of the Agency members. She said private enterprise projects often took longer to put together and anyone who had done a similar development would not be surprised that it was taking longer than originally planned. She said the funds spent by Urban Renewal to purchase the properties was not lost and the buildings needed to be maintained whether waiting for this development to proceed or if an RFP process was started. Wood said starting over with a new process would be an even larger setback. She noted it had taken seven years to complete the Discovery Center and said she supported the requested one year extension for this project.

Advisory Committee Member Weast said he hoped the development would be a success. He said he hoped the developers worked on public relations and kept the Agency and Advisory Committee up to date on the project, saying the public would not be so critical if they knew what was going on with the project.

Chair Lawrence requested bi-monthly or quarterly updates to the Advisory Committee and the Agency, by the developers.

It was moved by Dick and seconded by Spatz to approve a one year extension to the Disposition and Development Agreement with Rapoza Development. The motion carried; Lawrence and Miller voting no.

Agency Member Miller questioned why the Advisory Committee was needed if the Agency didn't follow their recommendations. City Manager Young said the Agency was to take their recommendations into consideration with all other information. He said they were very valuable, but it was the responsibility of the Agency to make a final decision.

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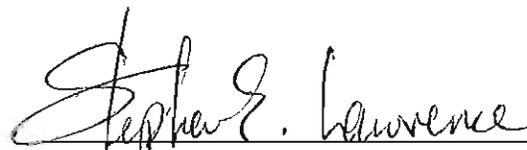
Advisory Committee Member Weast said it would have been more appropriate to hear the public comments before the Advisory Committee discussion.

ADJOURNMENT

Being no further business, the meeting adjourned at 8:12 p.m.

Submitted by/
Julie Krueger, MMC
City Clerk

SIGNED:



Stephen E. Lawrence, Chair

ATTEST:



Julie Krueger, MMC, City Clerk