



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA
COLUMBIA GATEWAY
URBAN RENEWAL ADVISORY COMMITTEE

Conducted in a Handicap Accessible Meeting Room

Meeting

Tuesday, November 18, 2014

5:30 pm

City Hall Council Chambers

313 Court Street

The Dalles, Oregon

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – September 16, 2014
- VI. PUBLIC COMMENT (for items not on the agenda)
- VII. ACTION ITEM – Recommendation Concerning an Amendment to the Loan Agreement and/or Purchase Agreement between the Agency and Discover Development LLC
- VIII. ONGOING URBAN RENEWAL PROJECTS UPDATE
- IX. FUTURE MEETING – November 25, 2014 (Special Meeting)
- X. ADJOURNMENT

**Columbia Gateway Urban Renewal Agency Advisory Committee
Meeting Minutes**

Tuesday, September 16, 2014

5:30 PM

City Hall Council Chambers

313 Court Street

The Dalles, OR 97058

Conducted in a handicap accessible room.

CALL TO ORDER

Chair Grossman called the meeting to order at 5:30 PM.

ROLL CALL

Members Present: Gary Grossman, Jennifer Botts, Atha Lincoln, Robin Miles, Linda Miller, John Nelson, Greg Weast

Members Absent: Steve Kramer

Staff Present: City Attorney Gene Parker, Administrative Secretary Carole Trautman

Others Present: Mid-Columbia Economic Development District (MCEDD) Loan Fund Manager Eric Nerdin

PLEDGE OF ALLEGIANCE

Grossman led the group in the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Weast and seconded by Nelson to approve the agenda as submitted. The motion carried unanimously; Kramer absent.

APPROVAL OF MINUTES

It was moved by Weast and seconded by Nelson to approve the August 19, 2014 minutes as submitted. The motion carried unanimously; Kramer absent.

PUBLIC COMMENT

None

ACTION ITEM – Grant Application for United Church of Christ Congregational – Phase II Project

MCEDD Loan Fund Manager Nerdin highlighted the staff report. Staff's recommendation was to move to recommend to the Agency approval of a \$44,999.51 Urban Renewal grant for the replacement of 41 windows, as stated in the staff report. Nerdin also pointed out the alternative recommendations.

Weast asked if City Attorney Parker was representing the Agency or the applicant since his signature was on the grant application. Mr. Parker stated he was acting as attorney for the City at this meeting. After some discussion, it was determined that the actual date of the grant application should be July 31, 2014 and the applicant's bank should be listed as Washington Federal Bank rather than Bank of America on the application. Weast stated he could justify the Agency considering funding for the historic portion of the building, which totaled approximately \$26,000; but he had a concern that a large portion of the project went towards the newer building, which he did not consider historic. He said it seemed more like a weatherization project which, in his opinion, should not be considered for Urban Renewal (UR) funding, and suggested that the applicant look for other funding sources, at least for the newer building. Nerdin stated that the Agency had, in the past, funded projects that protected buildings and enhanced the livability and usability. Weast stated that the newer building was only 50 years old, and money spent on it would not increase the tax base because of the church's non-profit status. The newer building did not have the appearance of an historic building, nor would it attract people, he said. Nerdin commented that the newer portion did qualify as historic, and he pointed out that the UR grants were only available to non-profit entities, except for the recent changes to the UR Plan for the "for profit" façade improvements. Nerdin stated the church was within the Urban Renewal boundaries, and he felt both church buildings could fall under the "enhancing the building usability" grant criterion.

Regarding the supplemental information provided on the grant, Miller asked if anyone had considered repairing rather than replacing the wood windows. Nerdin said he had not considered that option because the information was brought up late in the process, and that aspect really was not a consideration for the Advisory Committee. The Historic Landmarks Commission (HLC) had voted to approve the project. City Attorney Parker stated that Mr. Gleason understood that due process for an appeal on an HLC decision would go before City Council, and it was not the Advisory Committee's prerogative to reverse the HLC decision.

Weast asked if the application review could be tabled for a month to give the applicant time to seek out other funding sources and possibly research refurbishing options for cost effectiveness. Nerdin stated there were almost always other funding sources available, and he reiterated that he felt the application fell under the "enhancing building usability" UR guideline.

Pastor Deborah Allen, 1809 Montana Street, The Dalles, Oregon, stated that all of the windows met the state's historic standards because they were over 50 years old. The church participated in a Public Utilities District audit review, and they had funded some weatherization repairs, Pastor Allen stated. She said they had not pursued other funding sources, because they were advised that the application met historic and UR grant guidelines. Pastor Allen commented to the Committee that "You might not get a buck, but you might get a quality of life." Chair Grossman said he appreciated all that the church had done. He said the Committee was tax-base driven,

and he hoped that applicants had researched other opportunities prior to seeking UR funds. Pastor Allen asked if that was part of the current guidelines for filing an urban renewal grant application. Grossman said the Committee often asked applicants to have a little “skin in the game,” some of which came from other funding sources.

Nikki Lesich, 1814 East 14th Street, The Dalles, Oregon, thanked the Committee for the grant assistance on the church’s Phase I project. She pointed out that coming before the Agency was not the congregation’s first effort, it was the third or fourth effort to work towards preserving the building so that it could continue to be useful for many groups and activities other than worship.

Chair Grossman reported that Steve Kramer had called him earlier in the day and had voiced some concerns as to how much “skin in the game” there should be for the project on behalf of the applicant. Nelson said he could see a benefit in considering the entire project, because it would preserve the building, enhance the beauty of the building, and improve the environment for that section of town. Yet he understood the concern that a non-profit entity would not increase the tax dollars. Nelson asked if the applicant could achieve the same end result and save money by refurbishing rather than replacing windows in the historic building. Pastor Allen said she spent hours on a cost comparison, and refurbishing costs exceeded replacement costs.

It was moved by Miles and seconded by Nelson to recommend to the Agency approval of a \$44,999.51 Urban Renewal grant to United Church of Christ Congregational to be used for replacing 40 windows in the building located at 111 East 5th Street, The Dalles, Oregon. The motion failed; 3 in favor, 4 opposed. Kramer was absent.

It was moved by Miller and seconded by Botts to recommend to the Agency approval of a \$43,000 urban renewal grant to United Church of Christ Congregational, and the congregation would supplement the additional \$1,999.51. The motion carried unanimously; Kramer absent.

ACTION ITEM – Recommendation Concerning a Memorandum of Understanding Regarding Services Provided by The Dalles Main Street Organization for the Agency’s Property Rehabilitation Grant and Loan Programs

It was moved by Miller and seconded by Nelson to recommend to the Agency approval of the Memorandum of Understanding (MOU) with the Dalles Main Street program for the purpose of providing services in conjunction with the Agency’s Property Rehabilitation Grant and Loan Program.

Botts asked if the intent was for the Agency to annually fund \$10,000 for the program. City Attorney Parker indicated that was the intent.

Chair Grossman called for the vote. Grossman, Botts, Miles, Nelson, Lincoln, and Miller voted in favor, Weast abstained, the motion carried; Kramer absent.

ACTION ITEM – Recommendation Concerning an Amendment to the Loan Agreement Between the Agency and Discover Development LLC

City Attorney Parker summarized the staff report by stating that the loan payment for Discover Development LLC (Discover) was due October 12, 2014; therefore, an extension of time to December 12, 2014 was requested.

It was moved by Weast and seconded by Nelson to recommend to the Agency approval of the amendment to the October 12, 2009 Loan Agreement with Discover Development LLC, to extend the due date for the balloon loan payment from October 12, 2014 to December 12, 2014.

Botts stated she had a problem with the Agency funding the audit expense. City Attorney Parker stated staff discussed that and felt that since Discover was following guidelines mandated by the Agency, the Agency should pay for it. Weast said a lot of improvements had been made to the facility, and if Discover defaulted on the Loan Agreement, the Agency would take measures to recover the improved facility. It was brought out in discussion that the loan was on the business, not the property. Botts said she had a concern with the Agency funding an audit for a business owner. City Attorney Parker reported that the security on the loan would be Discover's assets; the Agency still owned the property.

After further discussion, it was moved by Botts and seconded by Miller to recommend to the Agency approval of the amendment to the October 12, 2009 Loan Agreement to extend the due date for the balloon loan payment from October 12, 2014 to December 12, 2014, with the condition that Discover Development LLC pay for the audit expense. The motion carried unanimously; Kramer absent.

ONGOING URBAN RENEWAL PROJECTS UPDATE

- A. Granada Block Redevelopment Project – Michael Leash, Rapoza Development representative
- Developers finalized a \$350,000 term sheet from an investor; waiting on the final version
 - There is an additional draft 1.15 million dollar term sheet under review
 - Developers are working with a company that is sourcing new market tax credits; outsourcing six million dollars to developers
 - When investors come together, Rapoza will be structured to move forward with the acquisition

Mr. Leash stated he appreciated the Committee's patience and vote of confidence. He outlined the time frame for the project and reported that the projected opening date would be October 2016.

FUTURE MEETING – October 16, 2014

ADJOURNMENT

Chair Grossman reported that Jennifer Dewey was appointed as a new Committee member. The meeting was adjourned at 6:28 PM.

Respectfully submitted by Administrative Secretary Carole Trautman.

Gary Grossman, Chairman



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AGENDA STAFF REPORT

URBAN RENEWAL ADVISORY COMMITTEE

Meeting Date: November 18, 2014

DATE: November 12, 2014

TO: Urban Renewal Advisory Committee

FROM: Nolan K. Young, Urban Renewal Manager 

ISSUE: Request from Discover Development to Allow For Time Extension for Repayment of Loan and Purchase of Sunshine Mill Property

BACKGROUND: The Columbia Gateway Urban Renewal Agency owns the former Sunshine Mill property. We have two agreements with James Martin, acting as Discover Development, for this property. The first is a \$600,000 loan/line of credit, for which he has drawn the entire amount. This loan has a monthly interest payment equal to an annual interest rate of 4.25%. There was a balloon payment of the entire principal amount due on October 14, 2014. The Urban Renewal Agency granted a two month extension to allow us to consider a request to extend the agreement for three years.

The second agreement is a purchase option for the Sunshine Mill Property at \$305,123.69. The option ends May 15, 2015. The cost to Discover Development for this option is a 1% annual interest charge at time of purchase, and to pay the property tax, utilities and to keep the property in good repair. Mr. Martin has requested a three year extension of this option as well.

The Urban Renewal Agency had a committee consisting of the City Manager, City Attorney and Mayor, meet with Discover Development on their requests. With the assistance of an accountant, we have reviewed the financial records of Discover Development. We identified that the only revenue of Discover Development is rent paid by Copa di Vino. Copa di Vino is currently operating a wine tasting room in conjunction with Quenett Winery and a bottling operation for wine by the glass.

The original intent was that Discover Development, in partnership with Copa di Vino, would be able to obtain a commercial loan in order to retire the debt and purchase the property. Because of the financial aspects of starting a new business like Copa di Vino, Mr. Martin has asked for a three year extension. The Urban Renewal Agency became involved by assisting with startup to create an environment where a vacant piece of property could become a thriving business creating jobs. We have been successful in creating jobs, as Copa has between 70 and 100 jobs in the bottling operation.

STAFF RECOMMENDATION:

A: Loan Retirement After meeting with Mr. Martin and reviewing the financial records, we feel that the rent revenue received by Discover Development would allow for the retirement of the debt over a two year period, from May 15, 2015. We recommend the following retirement schedule:

May 15, 2015 - \$150,000 principal payment
May 15, 2016 - \$100,000 principal payment
May 15, 2017 - \$350,000 principal payment

In addition to these principal payments, we propose to increase the interest rate from an annual rate of 4.25% to 5.25%. This should be a sufficient amount to pay the interest on any debt the Urban Renewal Agency will need as explained under Budget Implications.

B: Purchase Option We recommend that the purchase option be extended for three years to May 15, 2015. For this extension, Discover Development will pay interest on the purchase amount at an annual rate of 5.25%, with equal monthly interest payments. The purchase price has been accruing 1% interest for the last 18 months (\$4,576.67). The new total purchase price is \$309,700.36. The monthly interest payment would be \$1,354.94 or \$16,259.28 per year.

BUDGET IMPLICATIONS: The Urban Renewal Agency's budget had been prepared expecting to receive over \$900,000 that would be repaid from the loan payment and the sale of this property this fiscal year. Under the staff recommendation we would only receive \$150,000, plus the additional interest of approximately \$27,860. To make up the remaining funds, we may have to obtain a loan of approximately \$1 million. We believe Urban Renewal has that borrowing capacity. The additional interest rate of 5.25% will help pay for any interest on that loan.

COMMITTEE ALTERNATIVES:

1. **Staff Recommendation:** Recommend to the Urban Renewal Agency that the loan be extended with an increased interest rate of 5.25%, paid in monthly increments with balloon payments of \$150,000 being due on May 15, 2015, \$100,000 on May 15, 2016, and \$350,000 on May 15, 2017; and that the purchase option be extended until May 15, 2018 with Discover Development paying an interest rate on the purchase amount equal to 5.25% annually, with monthly payments.
2. Recommend some other option for repayment of the loan and purchase of the property.