



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

Tuesday, February 18, 2014

5:30 p.m.

City Hall Council Chambers

313 Court Street

The Dalles, OR 97058

Conducted in a handicap accessible room.

Call to Order

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

ROLL CALL

Members Present: Chris Zukin, Gary Grossman, Linda Miller, Steve Kramer, Robin Miles

Members Absent: Jennifer Botts, Greg Weast*

Staff Present: City Manager Nolan Young, City Attorney Gene Parker, Administrative Fellow Jon Chavers, Administrative Secretary Carole Trautman

Also present: Economic Development Specialist Dan Durow, AmeriCorp RARE-Main Street Coordinator Matthew Klebes

PLEDGE OF ALLEGIANCE

Chair Zukin led the group in the Pledge of Allegiance.

*NOTE: Weast joined the meeting at 5:37 PM.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

It was moved by Miller and seconded by Miles to approve the January 28, 2014 minutes as submitted. The motion carried unanimously; Botts absent.

PUBLIC COMMENT

None.

ACTION ITEM – Recommendation concerning the Prioritization of Urban Renewal Agency Projects

Administrative Fellow Jon Chavers highlighted the report entitled, “Columbia Gateway Urban Renewal Agency (Agency) Project Prioritization Recommendation.” This revised report was based upon the information received by the Advisory Committee and Agency board members at the January 28, 2014 Joint Urban Renewal Work Session. The recommendation was to place high priority on the urban

renewal projects that would immediately increase property values within the Urban Renewal District (URD). Those projects would include 1st Street Streetscape, 3rd Place Streetscape, 3rd Street Streetscape, 4th Street Streetscape, The Granada Block Redevelopment project, the Washington Street Tunnel project, and a proposed façade restoration program for “for-profit” businesses within the URD. These projects were not listed in order of priority. City Manager Young advised that the projects were listed in the recommended order of priority on Attachment B of the agenda packet. He said the priority listing was based upon historical priorities followed in the past. The Property Rehabilitation Program was loosely prioritized, Young said, but his recommendation was to give it a higher priority because of the possibility of extending UR grant money to “for-profit” businesses in the urban renewal district.

Grossman stated that if the project prioritization is heavily weighted on property values, the Agency should adopt the property values as a goal into the Urban Renewal Plan. City Attorney Parker advised that adding a goal could be done as a minor amendment. Grossman said, for future considerations, it would make more sense for the Agency to adopt any new goals to the Urban Renewal Plan before the Advisory Committee considered changes in project prioritizations.

It was the consensus of the committee to table the discussion, consider agenda item VIII regarding the Property Owner Rehabilitation Program amendment discussion, and revisit the project prioritization issue afterwards.

DISCUSSION ITEM – Amendment to the URA Property Owner Rehabilitation Program to include private business owners within the URD.

Administrative Fellow Chavers stated that the Interest Buy Down Program, designed for “for profit” businesses in the URD, was currently underutilized. Staff proposed to extend the urban renewal matching grants program to “for profit” businesses. The matching grants would be a greater incentive to utilize funds to begin projects on their properties, increase the property value, and make the downtown area a more attractive place for the community and tourists.

RARE Main Street Coordinator Matthew Klebes stated he was currently working with the Odd Fellows organization to pursue an urban renewal grant for a façade restoration on the IOOF Building. From that effort, the proposal to offer the UR Grant Program to “for profit” businesses culminated.

City Manager Young stated \$200,000 is budgeted each fiscal year for both the UR Interest Buy Down Program and the Grant Program. He said that this year some of those funds were currently being used. There is approximately \$5,000 remaining for this fiscal year, and there are also additional funds available from the UR Opportunity Driven Projects line item.

It was the general consensus of the committee to extend the UR Grant Program to “for profit” businesses within the URD.

Main Street Coordinator Klebes gave a PowerPoint presentation on “Case Studies and Examples of Proposed Small Grants Façade Program.” Highlights are as follows:

Case Study – Sandy, Oregon (program originated in 2009)

- Initially allocated \$150,000, program has now funded 1.8 million dollars over a six-year period
- Goals: 1) improve façade appearances in central business district; 2) restore unique historic character to buildings; and 3) encourage private investment in downtown properties and businesses

- Offer two programs – Grant program (match from property owner dependent on project cost) and Façade Master Plan (1% match from property owner)
- Set up “Sandy Style Design Standards”
- 45 projects have been completed, the funds are half spent, \$600,000 matching

Case Study – Milton-Freewater, Oregon (URA started in 1987)

- Program is “sun setting” this year
- City Council approved URA funds for rehabilitation and improvements to existing commercial buildings
- Grants originally started with a 50/50 match but changed to 75/25 due to sun setting status of their urban renewal agency
- Maximum grant award - \$25,000
- Main Street organization acts as the advocate for the program and assists in the development and application process

Example of Possible Program for The Dalles

- \$100,000 starting fund to be used over one year
- Replenish the fund each year
- Eligible projects could include exterior work
- Develop certain design guidelines if utilizing URA funds
- Applications would be reviewed and funded in part, in whole, or not at all
- 50/50 match for all projects
- Main Street to advocate the program and assist in application preparation

Weast asked how much of a potential \$100,000 budget would go towards administrative costs. Young said administrative costs came out of another budget line item. Miles suggested Klebes gather information from Sandy and Milton-Freewater on what kind of results the communities have seen as a result of their grant programs.

Weast expressed a concern that private property owners would need to raise their rents to help pay on a loan for a 50/50 match for a façade improvement. Young suggested perhaps the property owners’ match should be lowered in order to not impact downtown rent rates.

Grossman asked what would be used for design guidelines. City Manager Young said there were no design guidelines except for historic buildings.

Chair Zukin said façade improvements were good, but he would like to see second floor areas restored for housing or office space to increase the “rentability” and income of some buildings. He said it would be more dollars, but applicants could apply for exterior and/or interior projects, and urban renewal could select the best project. Young summarized the discussion by voicing three different approaches to the program; 1) use grant monies for historical façade work; 2) any façade work; and 3) open up to second story interior work. Young suggested restricting second floor work as a downtown goal through the vertical housing program. Weast felt the second story living concept might not be feasible in The Dalles because people would need places to eat, a grocery store, and parking places. Miles said she thought urban renewal should fund as much as possible, and get aggressive.

Chair Zukin asked the committee for suggestions on characteristics of the Property Rehabilitation Grant program. Miller suggested façade restoration. Miles suggested second floor renovation. Miller and Miles suggested separating out non-profit and for-profit applications. Grossman said historically some

available funds remained at the end of some fiscal years, and it might be more advantageous to lump funds together to be competitive on both fronts. Weast commented that the end result for the Grant program for the non-profits is to help with aesthetics. The Grant program for the “for profits” helps the community aesthetically as well, and it generates income for urban renewal. Grossman commented that if the future plan was to place an emphasis on property value increase, then the current drive would be for grants that lead to potential income for urban renewal. The consensus was to have separate guidelines for profit/non-profit businesses. Miles suggested strict design guidelines. Young suggested conferring with Historic Landmarks regarding its guidelines, then decide whether or not to place those standards on just historic buildings or all buildings. Zukin said each project application would go before both urban renewal boards, so there would be some control there. It was the consensus of the committee to open all buildings in the URD to the Historic Landmarks Commission’s review.

The committee also discussed the timing of application reviews. Young said three options were 1) first come first serve; 2) twice a year; and 3) prioritize projects with a possible six-month delay. Zukin said delays had occurred in the past because the Agency did not wish to spend all of the money at once in case a larger, more beneficial project came along later on. Dan Durow advised that the Grant application reviews for non-profit and civic groups were scheduled for twice a year, and the Interest Buy Down program was open all year.

Miles stated that potentially an applicant could apply for all three UR funding programs. Zukin suggested each application could be customized in regards to access of funding programs at the time of review.

RARE Main Street Coordinator Klebes asked if roof repairs and elevators could be included in the program. City Manager Young said URA had used funds in the past for roof repair, because roof repair saved buildings. In the past, roofs were repaired through the Interest Buy Down Program, and it was the general consensus of the committee to restrict roof repair to the Interest Buy Down Program only. The Grant program could be used for façade restoration and second story renovations. Weast stated that the installation of an elevator would be cost prohibitive in most cases. Zukin suggested reviewing elevators on a case-by-case basis. Young said there might be a case scenario where one elevator could serve three buildings, which could be advantageous and worthwhile. It was the general consensus of the committee to consider elevators on a case-by-case basis.

In summary, the committee suggested some characteristics for the “for profit” business restoration program:

- Façade restoration
- Second story restoration
- Combine Agency funds for profit/non-profit use
- Separate program guidelines for profit/non-profit businesses
- Possibly apply historic design standards to building exterior grants to both historic and non-historic buildings – staff to bring back HLC design guidelines for committee’s consideration before making a recommendation
- Committee will consider some options on the timeline for grant application reviews (i.e. twice a year, first come first serve, review and delay, etc.)
- Applicants could ask for up to three Agency funding sources: Architectural Design, Grant match, and Interest Buy Down and would be reviewed by committees on a case-by-case basis
- Roof repairs restricted to the Interest Buy Down program
- Elevators reviewed on a case-by-case basis

ACTION ITEM (continued) – Urban Renewal Project Prioritization

Miles suggested moving the West Gateway project up in priority to work in conjunction with the Thompson Pool project. City Manager Young said the challenge was having funds available and the timing of additional loans. He suggested moving the West Gateway project in front of the 3rd Street Streetscape in order to get the project work closer in time frame with the pool project. Young offered to have staff review the possibilities of a reprioritization of West Gateway ahead of 3rd Street Streetscape, or phase the project, and bring it back to the committee for consideration. It was the general consensus of the committee to not reprioritize the West Gateway project until the committee revisited the project and 3rd Street Streetscape based on staff's future review and report.

It was moved by Grossman and seconded by Kramer to recommend the Urban Renewal Agency project prioritization, as listed in Attachment B, with the understanding that the committee will revisit the prioritization of the West Gateway and 3rd Street Streetscape projects in the next few months. The motion carried unanimously; Botts absent.

ONGOING URBAN RENEWAL PROJECTS UPDATE

Michael Leash (Rapoza Development Group) and Jason Pasternak (Wave Hospitality) provided the following update for the Granada Block Redevelopment Project:

- **Equity Financing** – Successful meetings at the American Lodging and Investment Summit (AILS) held in January 2014. The project packet was distributed to several more potential equity groups. One very interested group has local and regional ties to The Dalles. More formal discussions and review of terms are anticipated in the next 30 days.
- **Debt Financing** – Team conducted several talks with a Bellevue, Washington real estate investment bank with experience in hospitality assets. Team is working with several local banks interested in providing non-recourse debt financing for the project.
- **Architectural/Design** – Team has been making efforts to Value Engineer the project and increase the attractiveness to both debt and equity investors. Two estimates have been received from reputable hotel general contractors – Anderson and Jansen; and they have also received estimates from Dale Johnson – JRA Architecture and Planning. Team working on shaving 10-15% off the original construction budget.
- **Hilton** – WAVE and VIP Hospitality met with Hilton at the AILS in January; Hilton remains fully committed and excited about The Dalles. Application process will begin in the next months. Team reported the Hilton project in Hood River has been delayed due to legal/environmental issues.
- **Public Relations** - Continued discussions with Portland, Oregon's Weinstein PR regarding their interest in the project. Team will continue to generate a positive buzz during debt and equity efforts to create an additional level of comfort to potential investors.
- **Mid-Columbia Medical Center** – Team has continued talks with MCMC regarding leasing hotel space, and they are looking to further refine the scope of MCMC involvement.
- **Archaeological** – Rapoza Development received a draft report from archaeologists in January 2014. Consistent with RDG's understanding from previous reports, there are more significant findings the deeper they dig. Based on current design plans, team does not anticipate having to dig deeper that would result in disturbing any significant findings. Archaeological costs will continue to be a focus through final design plans.
- **Environmental** – WAVE/RDG/VIP Hospitality do not anticipate environmental hurdles; however, a final sign-off and approval from partners will be required upon securing final equity and debt financing.

FUTURE MEETING – March 18, 2014

ADJOURNMENT

Chair Zukin adjourned the meeting at 6:55 PM.

Respectfully submitted by Administrative Secretary Carole Trautman

Chris Zukin, Chairman

