



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT

URBAN RENEWAL AGENCY

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
December 8, 2014		Additional Information

TO: Urban Renewal Agency

FROM: Nolan Young, Urban Renewal Manager

DATE: November 26, 2014

ISSUE: Approval of Amendments to DDA with Rapoza for the Granada Block Redevelopment

BACKGROUND: The Urban Renewal Advisory Committee met on November 25 to consider this request. We previously provided you a copy of the staff report to the Advisory Committee on this issue. That staff report included a staff recommendation.

The URAC on a 5 to 3 vote amended the staff recommendation to reduce the nonrefundable deposit amount required by December 31, 2014 to \$10,000, and agree to pay for all carrying costs of the property during the extension period. They also amended the staff recommendation so that the application for a Hilton Hotel franchise would not be required until April 30, 2015 and that the \$10,000 deposit could be applied to that application fee. Attached is an amended Attachment A that reflects those changes. All other required timelines on Attachment A remain unchanged. We have also attached a draft amendment to the DDA (Third Amendment) that accomplishes the URAC recommendation.

In addition the URAC recommended that the Agency staff proceed with creation of a request for proposals for redevelopment of the Granada Block property with the understanding that the RFP would only be issued upon a default by Rapoza in the

performance of any obligation imposed by the DDA. We will provide you with a copy of the URAC draft minutes early next week.

AGENCY ALTERNATIVES

1. Staff recommendation: *Move to amend the DDA with Rapoza Development to allow a nine month extension with the new required timeline as identified in Attachment A, if Rapoza puts down a \$10,000 nonrefundable deposit. The application for a hotel franchise must be made by April 30, 2015, with the \$10,000 being applied toward the application fee for the franchise. In addition, require that Agency staff proceed with creation of a request for proposals for redevelopment of the Granada Block property with the understanding that the RFP would only be issued upon a default by Rapoza in the performance of any obligation imposed by the DDA.*
2. Approve an extension of the DDA after making amendments to the URAC recommendation.
3. Move to notify Rapoza that they must meet all the conditions of the DDA by current deadlines, that the Urban Renewal Agency is beginning the process to prepare and distribute a request for proposals for the redevelopment of the Granada Block property, to which Rapoza can submit a proposal. The Agency intends to complete this process during the first six months of 2015.

ATTACHMENT "A"

Required Time Lines for Extension of DDA

Items to be completed by December 31, 2014

- a. Developer submits Redevelopment Plan including viable business plan to complete development of Phase 1 parcels by March 31, 2017. Section 2.8.1
- b. Developer provides list of sources and timeline for obtaining necessary capital stack to complete the Redevelopment Plan submitted, with any available documentation.
- c. Developer provides proof of easements, license or other documents necessary to complete project. Sections 2.9.1(a)(4) and 2.9.1(b)(6).
- d. Developer provides proof Rapoza LLC is a legal LLC. Section 2.9.1(b)(10).
- e. Developer and Agency maintain financial and human resources to complete work tasks that are the responsibility of the Developer and Agency. Sections 2.9.1(a)(11) and 2.9.1(b)(12).
- f. No litigation is pending which prevents Agency or Developer from performing their respective obligations under the DDA. Sections 2.9.1(a)(12) and 2.9.1(b)(13).
- g. Developer notifies Agency of members of Development Team. Section 4.6.2.
- h. Agency supports Developer's request for alley vacation. Section 4.4.4.
- i. Developer pays a \$10,000 nonrefundable deposit to Agency, and agrees to pay for all carrying costs (including utilities and maintenance) on the property during the extension period.

Items to be completed by April 30, 2015

- j. Developer submits application for Hilton Hotel Franchise, and pays the application fee of \$75,000, with the ability to apply the \$10,000 nonrefundable deposit towards the cost of the application fee.

Items to be completed by June 30, 2015

- k. Developer approves method and estimated cost for remediation of archeological conditions. Sections 2.9.1(a)(10), 2.9.1(b)(11), and 4.4.1.

- l. Developer and Agency have approved cost estimate for Demolition Scope of Work for Recreation Building. Sections 2.9.1(a)(5) and 4.4.2(b).
- m. Approval of Redevelopment Plan by Agency and submission of revised Scope of Development to Agency. Sections 2.8.1, 2.9.1(a)(3), and 2.9.1(b)(3).
- n. Developer submits plans for Granada Building improvement.

Items to be completed by September 30, 2015

- o. Demolition of Recreation Building completed. Section 4.4.2(a).
- p. City has given all land use approvals and the time for appeal of any land use approval has expired. Sections 2.9.1(a)(7) and 2.9.1(b)(7).
- q. Approval of civil engineering plans submitted by Developer to Agency. Section 2.9.1(b)(8).
- r. Developer has submitted signed hotel franchise agreement with completion date of March 31, 2017. Section 2.9.1(b)(2).
- s. Developer has submitted evidence (including supporting documentation) of commitment of private equity and private financing resources to provide construction and permanent financing in an amount sufficient to allow for purchase and development of Phase 1 parcels. Sections 2.9.1(a)(2) and 2.9.1(b)(1).
- t. Agency provides proof of marketable title and preliminary title report. Sections 2.6, 2.7, and 2.9.1(a)(1).
- u. Developer purchases Granada Theater, Hotel Site, and Blue Building. Sections 2.2.1 and 2.2.2.
- v. City is prepared to issue building permits for hotel. Sections 2.9.1(a)(8) and 2.9.1(b)(9).
- w. Agency notifies Developer of estimated cost per parking space for parking garage. Section 3.3.3(b)(ii).
- x. Agency provides Developer with copies of all existing condition reports. Section 4.4.3.

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**THIRD AMENDMENT TO AGREEMENT FOR DISPOSITION
OF PROPERTY FOR REDEVELOPMENT OF DOWNTOWN
BLOCKS AND GRANADA THEATER**

THIS AMENDMENT to the Agreement for Disposition of Property for Redevelopment of Downtown Blocks and Granada Theater (“DDA”) is made this ____ day of December, 2014, between the **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, the duly authorized and acting urban renewal agency of the City of The Dalles, Oregon, a political subdivision of the State of Oregon, (hereinafter referred to as “Agency”) and **RAPOZA DEVELOPMENT GROUP, LLC**, an Oregon limited liability company, (hereinafter referred to as “Developer”).

WHEREAS, Agency and Developer are parties to the DDA dated as of April 30, 2013, with respect to the proposed acquisition and development by Developer (or an entity formed by the Developer to undertake the project) of certain property located on the block in downtown The Dalles, Oregon bounded by East 1st Street, Washington Street, East 2nd Street, and Court Street; and

WHEREAS, on July 31, 2013, Agency and Developer entered into a First Amendment To Agreement For Disposition Of Property For Redevelopment of Downtown Blocks and Granada Theater, whereby the Scheduled Closing Date for purchase of the Hotel Site and Blue Building and Granada Theater was extended until December 31, 2013; and

WHEREAS, on December 17, 2013, Agency and Developer entered into a Second Amendment to Agreement for Disposition of Property for Redevelopment of Downtown Blocks and Granada Theater which extended the closing date for the purchase of the Hotel Site, the Blue Building, and the Granada Theater, from December 31, 2013 to December 31, 2014, subject to certain conditions; and

WHEREAS, on November 25, 2014, the Columbia Gateway Urban Renewal Advisory Committee considered a request submitted by Developer to extend the purchase of the Hotel Site, the Blue Building, and the Granada Theater, for an additional nine (9) months, and following discussion of the request, voted to recommend to the Columbia Gateway Urban Renewal Agency Board that the requested extension be granted, subject to certain conditions; and

WHEREAS, following a presentation by the Developer to the Agency at a regularly scheduled meeting of the Agency on December 8, 2014, the Agency determined that the Developer has made sufficient progress to ensure that the purchase of the Phase 1 Parcels will be closed within the additional time extension requested by the Developer, and the Agency voted to granted the Developer’s request to extend the Scheduled Closing Date for the purchase of the Hotel Site, the Blue Building, and the Granada Theater; and

WHEREAS, certain other provisions of the April 30, 2013 DDA are in need of modification to be consistent with the additional time extension granted by the Agency to the

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Developer, including a revised deadline for completion of development of the Phase 1 Parcels by Developer by March 31, 2017;

NOW, THEREFORE, in consideration of the provisions set forth herein, Agency and Developer mutually agree as follows:

1. **Modifications for Conditions Precedent to Conveyance.** Sections 2.9.1(a) and (b) shall be modified to incorporate the time lines and tasks for completion of the listed conditions set forth in Attachment "A", which is incorporated herein by this reference.

2. **Revised Deadline for Closing.** The Scheduled Closing Date for the purchase of the Hotel Site, the Blue Building, and the Granada Theater shall be extended from December 31, 2014 until September 30, 2015.

3. **Revised Deadline for Completion of Development of Phase 1 Parcels.** The deadline for completion of the Development of the Phase 1 Parcels shall be extended from June 30, 2016 to March 31, 2017.

Except as modified by the First Amendment entered into on July 31, 2013, the Second Amendment entered into on December 17, 2013, and this Third Amendment, all terms and conditions set forth in the DDA shall remain in full force and effect.

AGREED AND ACCEPTED

**COLUMBIA GATEWAY
RENEWAL URBAN AGENCY**

**RAPOZA DEVELOPMENT
GROUP, LLC**

By: _____
Stephen E. Lawrence, Agency Chair

By: _____
Michael Leash, Manager

Date: _____

Date: _____