IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA

Columbia Gateway Urban Renewal Agency
City Hall Council Chambers
313 Court Street, The Dalles, Oregon

Meeting Conducted in a Handicap Accessible Room

Monday, July 25, 2016
Immediately Following City Council Meeting

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
   A. Approval of July 11, 2016 Regular Meeting Minutes
5. ACTION ITEMS
   A. Extension of Exclusive Negotiation Agreement with Tokola
6. ADJOURNMENT

Prepared by:
Izetta Grossman
City Clerk

313 COURT STREET • THE DALLES, OREGON 97058-2193 • PHONE (541) 296-5481 • FAX (541) 298-5490

MINUTES

Columbia Gateway Urban Renewal Agency
City Hall Council Chambers
Monday, July 11, 2016
Immediately Following City Council Meeting

PRESIDING:	Chair Steve Lawrence
AGENCY PRESENT:	Dan Spatz, Linda Miller, Russ Brown, Taner Elliott
AGENCY ABSENT:	Tim McGlothlin
STAFF PRESENT:	City Manager Julie Krueger, City Attorney Gene Parker, City Clerk Izetta Grossman, Project Coordinator Daniel Hunter

CALL TO ORDER

The meeting was called to order by Chair Lawrence at 5:48 p.m.

ROLL CALL

Roll call was conducted by City Clerk Izetta Grossman; McGlothlin absent.

APPROVAL OF AGENDA

It was moved by Elliott and seconded by Miller to approve the agenda as amended. The motion carried unanimously, McGlothlin absent.

APPROVAL OF MINUTES

It was moved by Miller and second by Elliott to approve the May 23, 2016 Regular Meeting Minutes. The motion carried unanimously, McGlothlin absent.

ACTION ITEMS

Recommend City Council Approval of General Ordinance No. 16-1346 Revising the Structure of the Urban Renewal Agency

City Attorney Parker reviewed the staff report.

Chair Lawrence asked if there would be an opportunity for the community to make comments. City Attorney Parker said if Council so desired they could allow comments.

City Manager Krueger said the ordinance could be on the agenda under Public Hearing, making it clear that the audience could speak.

It was the consensus of the Board to allow public input when the ordinance came before the Council in September.

It was moved by Brown and seconded by Spatz to recommend to the City Council that the City Council approve and adopt General Ordinance No. 16-1346 as proposed. The motion carried unanimously, McGlothlin absent.

EXECUTIVE SESSON

Chair Lawrence recessed to Executive Session in accordance with ORS.192.660 (2) (e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

Reconvene to Open Session at 6:20 p.m.

It was moved by Brown and seconded by Elliott to not have formal appraisals done of the Granada Block Properties. The motion carried unanimously, McGlothlin absent.

ADJOURNMENT

Having no further business the meeting was adjourned at 6:23 p.m.

Submitted by:
Izetta Grossman
City Clerk

SIGNED: _____
Stephen Lawrence, Chair

ATTEST: _____
Izetta Grossman, City Clerk

IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #5-A

MEETING DATE: July 25, 2016

TO: Urban Renewal Agency Board

FROM: Daniel Hunter, Project Coordinator

ISSUE: Exclusive Negotiating Agreement with Tokola Properties

BACKGROUND: On January 5, 2016 The City of The Dalles and the Columbia Gateway Urban Renewal Agency entered an Exclusive Negotiating Agreement with Tokola Properties for a mixed-use development in downtown The Dalles. That agreement required the execution of a DDA or an extension of the Exclusive Negotiating Agreement within 180 days of the last signature. As the last signature was on January 5, 2016 the DDA or extension was required prior to July 3, 2016.

As of July 20, 2016 no DDA had been agreed to and no extension was pursued. Therefore, the previous Exclusive Negotiating Agreement has expired. For negotiations on this development to continue and provide exclusivity assurances to the developer, a new Exclusive Negotiating Agreement is needed.

Because the property involved in this development is partly owned by The City of The Dalles and partly by the Columbia Gateway Urban Renewal Agency, approval from both City Council and the Urban Renewal Board is needed to proceed.

BOARD ALTERNATIVES:

1. Staff recommendation: ***Move to Approve Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and Tokola Properties for a mixed-use development at the old Tony's Town & Country site.***

2. Decline to approve the new agreement.

EXHIBIT A

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481

FAX (541) 296-6906

CITY OF THE DALLES
REQUEST FOR STATEMENT OF QUALIFICATIONS

Mixed-Use Vertical Housing Development Opportunity

City of The Dalles is seeking qualifications from interested parties to form a public-private partnership for the redevelopment of four parcels of property located in Historic Downtown, The Dalles, Oregon. The City is interested in redevelopment of these properties, and hopes to have the site under development by Summer 2016.

This Request for Qualifications ("RFQ") describes the City's intentions for the Project. Information about the submission requirements and the selection process are also included. Submission packets are to be delivered to:

City Clerk
City of The Dalles
313 Court
The Dalles, OR 97058

Responses are due on Friday, December 4th, 2015 by 4:00 P.M. Time is of the essence. Any response received after the due date whether by mail or otherwise will not be considered.

All questions should be addressed to Daniel Hunter, Project Manager, (541) 296-5481, ext. 4448, or by email at dhunter@ci.the-dalles.or.us.

Anticipated Schedule

Release of RFQ---------- Friday, October 30th, 2015
Submittals Due---------- Friday, December 4th, 2015
Preliminary Decisions/Short List Identified------- Friday, January 15th, 2015

DEVELOPMENT OFFERING

The City, working with the Columbia Gateway Urban Renewal Agency, is interested in the redevelopment of four parcels located in the Historic Downtown District of the City.

The City is seeking a development team with the demonstrated experience and capacity to redevelop these sites in one or more phases. The demolition of the buildings will most likely be required to fulfill goals for the project site and is expected. The City is interested in a timely redevelopment of the site and expects that the project would be underway by Summer 2016 with final construction beginning no later than the Spring of 2017.

The City is not required to select any of the submissions and may decide to conduct an additional RFQ process if appropriate.

These properties are described in the Assessor's Map:
401 E 2ND ST - 1N 13E 3 BD 2200 & 1N 13E 3 BD 2300 • 1N 13E 3 BD 1300 • 1N 13E 3 BD 1400

CONTEXT FOR DOWNTOWN DEVELOPMENT

Economic development and revitalization of The Dalles Downtown is a key objective for the City and the Agency. The City has adopted the following Mission Statement:

"By working together, we will provide services that enhance the vitality of The Dalles."

The City has also adopted the following value statement in support of its Mission Statement:

"Promote economic development opportunities which will provide jobs and enhance community livability."

As part of its 2015-16 Workplan, the City Council also adopted the following goal:

"Develop, in partnership with Main Street, programs and activities to fill empty downtown store fronts and strengthen its economic vitality."

The City's Comprehensive Plan includes the following Economic Development Goal in support of Goal 9 of the Plan:

"Encourage redevelopment and adaptive reuse of commercial space downtown as an alternative to commercial sprawl."

DEVELOPMENT DESIRES

The City seeks creative concepts for complete redevelopment of over a half acre of property in Downtown The Dalles – *a proposal that will generate additional housing in the downtown as well as contribute to morning, afternoon, and evening activity downtown.* First floor uses could include restaurants, retail spaces, and other uses that contribute to the downtown fabric, activity, and walk-ability. 2nd floor and above spaces must include a variety of housing offerings and may include potential office space.

Designs compatible with the historic character of Downtown The Dalles will be a central consideration in the redevelopment of the site.

There is a community mural on one of the buildings on the project site and one additional mural on an adjacent site that may be affected by development. The City would respond more positively to proposals that are sensitive and address any impacts to these murals.

Preference will be given to proposals that, *at a minimum*, maintain the number of parking spaces available *and* address any increase in demand for parking by customers, employees, and inhabitants. However, redevelopment does *not* have to maintain the current parking area.

The City seeks a proposal from a developer with a demonstrable ability to undertake the proposed project, preferably with a track record of success with projects of a similar scope.

PUBLIC/PRIVATE PARTNERSHIP

The City currently owns both the parking lots along 1st St., as well as having the buildings along 2nd St. under contract, and may contribute these to supplement development. The buildings are currently not in use in any capacity.

To assist in the redevelopment the City has established a Vertical Housing Ordinance designated by the Oregon Housing and Community Services under the Vertical Housing Program established by ORS 307.481 to 307.990. This Vertical Housing Tax Credit provides a 20% tax credit per floor to a maximum of 80% for the creation of upstairs housing for a period of ten years.

Columbia Gateway Urban Renewal Agency as well as the City of The Dalles Enterprise Zone has several programs and monies that may also be used to develop this project. Public contributions could include assistance with demolition, architectural and engineering work, System Development Charge reductions, and others.

A local Main Street program, The Dalles Main Street, can also provide a variety of resources and assistance. The Program was incorporated in 2011 and is a vibrant and active partner in revitalizing the downtown. Main Street coordinates local events designed to bring people to Downtown, communicates with local businesses regarding needs and opportunities, and assists the Agency in the implementation of the Agency's Property Rehabilitation Program, including a program for improvement of local business facades.

SELECTION PROCESS

Upon receiving responses to this RFQ, the City may, in its sole discretion, elect to proceed in any of the following or possibly other directions:

- The City may establish a Selection Advisory Committee to review team qualifications and provide input to City staff.

- The City may select a small number of teams for a second round process. The second round may entail interviews, a formal Request for Proposals, or some other means of selection from a short list of developer teams.

- The City may opt to select a single team for the development, without going to a second round process. Under this scenario, the City would enter directly into negotiations with the preferred team based solely upon the RFQ process.

The City reserves the right to negotiate with one or more teams during the selection process to refine a team's concept.

SUBMISSION REQUIREMENTS

ORIGINAL MATERIAL (12 PAGES OR LESS, NOT INCLUDING RESUMES, REFERENCES, OR SAMPLES OF OTHER PROJECTS) MUST INCLUDE:

Cover Letter

Describe the development team and interest in the project. Please also indicate your preliminary thoughts about the development. You need not present conceptual ideas – but if you have specific ideas about programming, such as use mix, density of development or other, these will be considered in the future.

Please provide information on how your development responds to the value statement and goals described earlier. The City has not identified a specific plan for these parcels, but is seeking developers who can provide a compelling business plan that will result in the redevelopment of this site into an active use that contributes to urban living.

Proposals which support new housing in the downtown, and which are designed to generate pedestrian and commercial activity in the downtown area are highly desirable.

Team and Development Experience

Identify development team members and roles, and describe qualifications. Provide resumes for key team members.

Describe the team's experience in the development of high quality, successful urban infill projects. Please include photos of recent similar projects.

Describe the team's previous experience working with public sector partners, and types of public-private partnerships.

Financial Capacity

Explain the team's financial capacity, and share any preliminary thoughts about financing approaches for the team's project ideas. Please discuss likely or possible equity and debt sources. Provide as much information as you wish to make the case that the team possesses the financing capacity to develop the project sites. *Any financial documents submitted to the City should be placed in a separate envelope and clearly marked as confidential.*

Describe any expectations for public financial participation. The response should include general statements relating to financial participation, assistance with permits, and other potential public funding sources.

Please include an estimated timeframe to carry out the project and describe if you envision a phased approach.

Additional Materials

In addition to the twelve pages of original material, please include the resumes of key team members, letters of reference, and examples of other relevant projects. The City does not require drawings or other illustrative materials in response to this RFQ. The City will not refuse any drawings, but they are not necessary at this stage.

Confidentiality

Please clearly mark any information the team would like to be kept confidential.

EVALUATION CRITERIA

Development Team Qualifications:

1. Demonstrated success in developing and managing high quality urban projects.

2. Ability to work with public agencies, local residents and business organizations, to achieve a building project that has broad public support.

3. The capacity of the team to create a project that serves as an important component in the City's ongoing efforts to revitalize downtown The Dalles.

4. Expressed interest by the team in the project and their preliminary thoughts and broad ideas about the development program for the two sites.

Financial Capacity to Complete Project:

1. The level and nature of the proposed public participation expected relative to other proposals. The City recognizes that financial assistance (direct or indirect) may be necessary to meet identified public objectives and a superior proposal may warrant higher levels of financial assistance than lesser proposals.

2. Demonstrated ability to provide necessary project equity, and secure construction and permanent financing to develop the project.

3. Capacity to have the redevelopment project underway by Summer 2016.

GENERAL CONDITIONS

Everything within this RFQ and all supporting documents are based on information available from a variety of sources. No representation or warranty is made with respect to them.

The City reserves the right in its sole discretion to accept or reject all responses.

The City reserves the right in its sole discretion to modify the selection process or other aspects of this RFQ, including extending the deadline or canceling the RFQ without selecting a developer or team. The City will take reasonable steps to ensure that any modification or clarification to the RFQ will be distributed to all persons requesting a copy of the RFQ.

The City reserves the right to request additional information following review of the initial submission. In addition, the City may retain consultants to assist in their evaluation.

In the interest of a fair selection process, the City reserves the right to determine the timing, arrangement, and method of any presentation throughout the selection process. Teams are cautioned not to undertake any activities to promote or advertise their proposals except during City requested presentations. Teams are encouraged to contact the City staff with any questions. However, developers and their representatives are not permitted to make any direct or indirect (through others) contact with members of The Dalles City Council or Selection Advisory Committee concerning their proposals, except in the course of City-sponsored presentations. Violation of these rules is grounds for disqualification of the team.

All submissions become the sole and exclusive property of the City. Teams should not copyright, or cause to be copyrighted, any portion of their submission. Any confidential information will be maintained to the extent allowed by Oregon public records law.

The City makes no representations as to whether or not a project to be developed as a result of this RFQ, or any possible City participation therein, is a "public improvement project" or a "public work project" as those terms are defined in the Oregon Public Contracting Code, and no representations as to whether a project will be subject to public contracting procedures or federal or state prevailing wage rate laws.

The City will permit the participation of real estate brokers acting on behalf of and with the authorization of teams, provided the broker arranges for the payment of commissions or other compensation exclusively by the proposed developer team.

The City reserves the right to verify the qualifications and financial capacity of any members of the proposing teams.

The City does not accept responsibility or obligation to pay any costs incurred by any party in the preparation of submission of a proposal or in complying with any subsequent request by the City for information or for participation throughout the evaluation process.

News releases by the selected team must be approved by the City prior to release.

EXCLUSIVE NEGOTIATING AGREEMENT

THIS EXCLUSIVE NEGOTIATING AGREEMENT (the "Agreement") is made and entered into as of the last date of signature indicated below (the "Effective Date") by and between the Columbia Gateway Urban Renewal Agency, a municipal corporation ("Agency), the City of The Dalles, a municipal corporation ("City") and Tokola Properties, Inc., an Oregon corporation ("Tokola").

RECITALS

A. The City of The Dalles owns a surface parking lot, which includes the properties described as Assessor's Map No. 1N 13E 3BD Tax Lots 1300 and 1400, located at the intersection of First Street and Federal Street in The Dalles, Oregon. The Agency has acquired a legal interest in the property upon which the business known as Tony's Town and Country was located, and which is described as Assessor's Map No. 1N 13E 3BD Tax Lot 2200 and 2300, located at the intersection of Second Street and Federal Street, and also referred to in this Agreement as the "Tony's Property". The properties listed herein are referred to as the "Property".

B. Tokola has submitted a proposal to the Urban Renewal Agency Advisory Committee and the Agency Board for the redevelopment of the Tony's Property.

C. This Agreement confirms the basis upon which the Agency, the City, and Tokola (the "Parties") are prepared to negotiate the terms of a Disposition and Development Agreement ("DDA") and related documents for the redevelopment of the Tony's Property and the City's surface parking lot (the "Project"), which must be approved by the City Council and the Urban Renewal Agency Board.

D. The terms of this Agreement are as follows:

TERMS

1. Good Faith Exclusive Negotiations. Agency, City, and Tokola agree and covenant to negotiate the terms of the DDA and any intervening Memorandum of Understanding (as defined below) in good faith. Agency and City acknowledge that Tokola has expended substantial time and expense, and will continue to expend time and expense, in preparing a more detailed proposal, conducting its due diligence, and refining its development proposal. During the term hereof, Agency and City agree that Tokola shall have the exclusive right to conduct due diligence and to negotiate with Agency and City for the rights to develop the Property, and that the Agency and City will not accept, solicit, pursue or entertain any other offers or other indications of interest with respect to the Property for any development, sale or other transaction.

2. Duration. The term of this Agreement shall be 180 days from the Effective Date. This Agreement may be extended for two 120 day renewal terms upon the approval of the City Council and the Urban Renewal Board. This Agreement shall automatically terminate upon execution and delivery of the DDA, which shall thereafter, control the rights of the Parties with respect to the Property. The Parties may terminate this Agreement by mutual agreement if latent conditions are discovered on the Property or events occur that would, presently or with the passage of time, prevent the entry into a DDA. Notwithstanding the above, either the Agency and City, or Tokola, may at their sole option, terminate this Agreement by notice in writing if any other party makes a material misrepresentation in the course hereof, otherwise fails to act in good faith, or if any party becomes insolvent, or in the terminating party's reasonable estimation, is otherwise unable to perform as outlined in the Base Development Criteria.

3. Base Development Criteria. The Base Development Criteria for negotiations are a Request for Qualifications that closed on December 4, 2015. This outlined an expression of the expectations of the City, the Columbia Gateway Urban Renewal Advisory Committee, and the Agency, with regard to the transaction contemplated herein, and shall serve as guidance at the inception and during the negotiations among the Parties. RFQ is attached as "Exhibit A".

4. Memorandum of Understanding. Tentative agreements on the terms of the DDA may be memorialized in a written Memorandum of Understanding ("MOU"), or series of memoranda, during the Terms of this Agreement. Any such MOUs will provide the continuing framework for final preparation of the DDA.

5. Projected Financial Contributions. Tokola has requested public financial participation for the Project in an amount estimated at $1.8 million. This public participation is subject to negotiation and will be outlined in the agreed upon MOUs and the final DDA.

6. Co-application/Cooperation. City, Agency, and Tokola shall be co-applicants on any land use permit application sought in connection with this Agreement or subsequent Memoranda issued during the term hereof. Tokola shall bear responsibility for all land use application and permit fees, unless otherwise agreed to by the City as stipulated in an MOU. Agency, City, and Tokola shall each promptly provide to the other all information reasonably related to the Property and the Project which may be obtained without material expense, upon written request. Agency, City, and Tokola shall cooperate in connection with any applications, permits, approvals or entitlements sought by Tokola from any governmental authorities with respect to the Project, including easements, provided the Agency and City shall not be required to incur any material cost or liability connection with such applications, permits or approvals.

7. Due Diligence. Tokola may conduct due diligence and inspections of the Property, including such physical, legal, and engineering inspections, tests and

investigations as it may deem necessary or desirable, including soils and environmental studies. Such studies and investigations may include, without limitation, zoning, land use, environmental, title, design review, covenants, conditions and restrictions, financing, leasing markets, project feasibility and related matters. The scope and cost of the due diligence and inspections shall be the sole discretion and responsibility of Tokola.

8. Access. Agency and City shall provide Tokola full access to the Property for the purpose of conducting Due Diligence. Tokola shall repair or restore any damage caused by the entry of Tokola or its agents upon or under the Property.

9. Indemnity and Insurance. Tokola hereby agrees to indemnify, defend and hold the Agency and the City, including their appointed and elected officials, officers, employees and agents, harmless from and against any and all claims for injury to persons or damage to property caused by or resulting from the acts or neglect of Tokola or its representatives or consultants on or about the Property. During the term of this Agreement, Tokola shall maintain insurance with respect to its activities on or about the Property, naming the Agency and City as an additional insured, in amounts as follows: (i) commercial general liability insurance with a combined single limit of not less than $1,000,000 per occurrence and with at least $5,000,000 aggregate; (ii) automobile liability insurance with combined single limit of not less than $1,000,000 per occurrence; (iii) employers liability insurance with a limit of not less than $1,000,000; and (iv) in addition to the primary limits specified in (i) and (ii) above, excess liability insurance with a limit of not less than $4,000,000 for each occurrence and in the aggregate. The indemnity required under this Section 9 shall survive termination of this Agreement.

10. No Assignment. Neither party shall assign or transfer its interest in this Agreement or the Property until termination of this Agreement or execution and delivery of the DDA.

11. Brokers. Agency and City represent and warrant that they are represented by Red Tail Hawk LLC in the acquisition of the Tony's properties. Agency, City and Tokola each represent and warrant to the other that there is no other broker, finder or other representative in connection with this Agreement. Agency, City, and Tokola agree to indemnify, defend and hold the other harmless from any other claims or liability for any fee, commission or other compensation with respect to this Agreement, the DDA or other transactions contemplated hereby, asserted by any other broker, finder or other representative claiming through the indemnifying party. This Section 11 shall survive termination of this Agreement.

12. Confidentiality. Agency, City, and Tokola agree that all information submitted by Tokola during the term hereof is submitted on the condition that the Agency and City shall keep said information confidential. Agency and City agree not to disclose said confidential information provided by Tokola, including but not

limited to financial statements regarding Tokola or the Project, and pro forma information. This nondisclosure agreement shall survive termination of this Agreement, but shall not apply to the extent any such information is publicly available, has been disclosed by other parties or is required to be disclosed by the Wasco County District Attorney under Oregon public record laws. Agency and City further agree that they shall not disclose the terms of this Agreement, the MOUs or the DDA, prior to the termination or expiration of this Agreement, or the execution of the DDA, whichever occurs first, unless disclosure is required by the Wasco County District Attorney under Oregon public records law.

13. Governing Law. This Agreement shall be governed by the laws of the State of Oregon.

14. Time is of the Essence. Time is of the essence of this Agreement.

15. Amendments. This Agreement may be amended only by written agreement of the Parties hereto.

16. Notices. All notices under this Agreement must be in writing and either (i) personally delivered, (ii) delivered by express mail, Federal Express or comparable courier service, or (iii) delivered by certified mail, postage prepaid, return receipt requested, as follows:

To the Agency:	Columbia Gateway Urban Renewal Agency 313 Court Street The Dalles, OR 97058
To the City:	City Manager 313 Court Street The Dalles, OR 97058
To Tokola:	Tokola Properties, Inc. P.O. Box 1620 Gresham. OR 97030

All notices shall be deemed effective upon receipt. Any party may from time to time change its address for purposes of this Section by notice in writing to the other party.

17. Binding Effect. During the Term hereof and any extensions thereto, the Parties shall negotiate in good faith to complete and execute the definitive DDA upon terms and conditions consistent with this Agreement and the MOUs. No sale agreement or other right, obligation or estate in land shall be created except by delivery of the definitive DDA and all other related and necessary instruments, duly authorized by the Columbia Gateway Urban Renewal Board and The Dalles

City Council, and all necessary Tokola corporate action and executed by authorized representatives of the Parties. If the DDA is not executed and delivered prior to the expiration of the Term and any extensions thereto, or if Tokola elects, in its sole discretion, by notice in writing to the Agency and City not to pursue development of the Project, this Agreement shall terminate and be of no further force or effect, except Sections 9, 11, and 12, which shall survive termination. If during the course of negotiations it becomes clear that the Parties will not reach an agreement, Tokola shall not unreasonably withhold consent to early termination of this Agreement.

TOKOLA

Tokola Properties, Inc.
An Oregon corporation

By: _____
Dwight Unti
President

Date: _____

CITY OF THE DALLES

An Oregon municipal corporation

By: _____
Stephen E. Lawrence, Mayor

Date: _____

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

An Oregon municipal corporation

By: _____
Stephen E. Lawrence, Chair

Date: _____