



**REDMOND URBAN RENEWAL AGENCY**  
**CITY OF REDMOND**  
 Community Development Department

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**DOWNTOWN URBAN RENEWAL ADVISORY COMMITTEE**  
City Hall Conference Room A, 716 SW Evergreen Avenue  
**Monday, May 09, 2011**  
**5:00 – 7:00 PM**

**Agenda**

		MEETING OBJECTIVES	
DURAC MEMBERS			<ul style="list-style-type: none"> <li>6<sup>th</sup> Street Phase II Construction Project - Design and Discussion</li> <li>Property Assistance Program - Color Palette</li> <li>Restaurant Capital Improvement Program</li> <li>Downtown Spring Plantings and Clean-Up</li> </ul>
		TIME	ITEM
PROPOSED AGENDA	Tory Allman, Chair	5:00 PM	CALL TO ORDER / INTRODUCTIONS
			DISCUSSION / ACTION ITEMS
	Steven Boothroyd, Vice-Chair	5:05 PM	A. Discussion / Update
	Krista Beale		<ol style="list-style-type: none"> <li>6<sup>th</sup> Street Phase II Construction Project - Design</li> <li>Property Assistance Program - Color Palette</li> <li>Downtown Clean-Up / Spring Plantings</li> </ol>
	Carol Nelson	6:00 PM	B. Action Items
	Susan Nobles		<ol style="list-style-type: none"> <li>Restaurant Capital Improvement Program</li> <li>RFP: Downtown Redmond Public Signage Program</li> <li>April 11 DURAC Minutes.</li> </ol>
	Brad Smith	6:45 PM	LIAISON COMMENTS
	Ken Streater	6:50 PM	CITIZEN COMMENTS
	Rachel Winkler	6:55 PM	STAFF COMMENTS
	Will Van Vactor		CHAIR COMMENTS- Acknowledgement of passage of 12 <sup>th</sup> Amendment to Downtown Redmond Urban Renewal Plan.
	7:00 PM	ADJOURN	

\*Please note that these documents are also available on the City's website [www.ci.redmond.or.us](http://www.ci.redmond.or.us); click on Departments, Community Development, Planning Division, DURAC (under the Urban Renewal box at the bottom). You may also request a copy at City Hall from Heather Richards 923-7756 or Jackie Abslag 923-7763.

Anyone needing accommodation to participate in the meeting must notify Mike Viegas, ADA Coordinator, at least 48 hours in advance of the meeting at 504-3032, or through the Telecommunications Relay Service (TRS) which enables people who have difficulty hearing or speaking in the telephone to communicate to standard voice telephone users. If anyone needs Telecommunications Device for the Deaf (TDD) or Speech To Speech (STS) assistance, please use one of the following TRS numbers: 1-800-735-2900 (voice or text), 1-877-735-7525 (STS English) or 1-800-735-3896 (STS Spanish). The City of Redmond does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities



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**DATE:** May 9, 2011  
**TO:** Downtown Urban Renewal Advisory Committee  
**THROUGH:** Heather Richards, Community Development Director  
**FROM:** Jon Williams, Economic Development Project Manager  
**SUBJECT:** Twelfth Amendment to the Redmond Downtown Urban Renewal Plan

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**Addresses Council Goals:**

**7. URBAN RENEWAL**

**Invest resources to encourage new business investment in designated blighted areas that will grow the job base and strengthen and diversify the tax base in that area.**

B. Create a readily identifiable city center core that is vibrant with a mixture of offices, specialty shops, entertainment, housing and other commercial uses.

**Report in Brief:**

The Twelfth Amendment to the Redmond Downtown Urban Renewal Plan authorizes \$150,000 for a Restaurant Capital Improvements Program. The Amendment recognizes that “restaurants are a critical component of a vibrant downtown and one of the uses that draws residents and out-of-town visitors downtown on a frequent basis” and that “the high cost of purchasing restaurant equipment can be a significant barrier to opening a restaurant”. As currently defined in the Plan, the Restaurant Capital Improvements Program authorizes the Urban Renewal Agency to purchase capital equipment which could then be leased or sold to restaurant owners.

In order to inform the development of criteria for implementing the Program, staff investigated other communities that have programs to support restaurant development within their urban renewal areas. The experiences of Pendleton, Oregon, Portland, Oregon and Upland, California were examined in depth. This report summarizes the findings of this research and provides recommendations for consideration by DURAC.

**Background:**

Staff reviewed the programs in Pendleton, Oregon, Portland, Oregon and Upland, California and interviewed the managers of these programs. Portland’s program has been in place for several years and has been used in multiple urban renewal districts within the City of Portland. Upland’s program has been in place two years and has provided \$350,000 for a single large restaurant. Pendleton’s program has been in place 11 months and is expected to make its first loan shortly. In reviewing the programs staff looked at how locations were selected for the programs, what types of restaurants were funded, what kind of work was eligible, how the financial support was structured, and what underwriting criteria were used in evaluating creditworthiness of applicants. Findings are summarized below.

**Locations to prioritize:** Many successful downtowns have a ‘restaurant row’ or other area with multiple restaurants nearby one another. This clustering provides a critical mass that provides a sense of vitality for visitors and can encourage other shops to extend their hours to capture restaurant

visitors—as can be seen in downtown Bend. In addition, the proximity of restaurants to one another provides a cross marketing opportunity as visitors to one restaurant are exposed to additional dining options in the immediate area. Discussions with the project manager in Portland indicated that clustering of new restaurants along a short stretch of Mississippi Avenue helped change perceptions of that area and spur new investment. Pendleton's plan recognizes the importance of clustering by limiting program eligibility to a core subarea within its urban renewal district and providing enhanced incentives for projects located on its Main Street.

**Types of restaurants to prioritize:** While some restaurants, such as fast food establishments, largely depend on drive-by traffic or customers already in the area, restaurants offering a unique or high quality experience can attract visitors from throughout the community or even outside the community. To ensure that funded restaurants draw new visitors to the downtown rather than simply capture drive by traffic, Upland requires that funded restaurants offer table service, be licensed to serve beer and wine, be open six days a week, are open to minors at all times, and make plans to provide evening entertainment. Pendleton and Portland do not explicitly target specific types of restaurants.

**Eligible Work:** As currently defined in the 12<sup>th</sup> Amendment to Redmond's Downtown Urban Renewal Plan, the Restaurant Capital Improvements program was intended to support restaurant development solely through the purchase of restaurant capital equipment such as stoves, ovens, and refrigerators. In Pendleton and Upland, however, funds are available for both equipment and tenant improvements related to restaurant creation. In Portland, redevelopment funds are used for tenant improvements for restaurants but kitchen equipment is not generally funded. The Portland project manager noted that prospective restaurant operators may have access to existing or affordable used equipment but still require customization of the leased space.

**Loan terms:** In all three communities, restaurant support is funded as a loan rather than a grant. This filters out unqualified applicants and allows the funds to be recycled for future projects as loans are repaid. Loan terms were typically five years for fixtures and equipment and up to ten years for tenant improvements. The maximum loan size was \$60,000 in Pendleton. In Portland typical loan sizes ranged from \$25,000 to \$150,000. No maximum was identified in Upland which has so far made one loan of \$350,000. Rates varied across programs but typically varied based on the length of the loan (higher rates for longer terms) and the type of security provided. The Upland project manager indicated that lower rates would allow Upland's program to be more successful in attracting qualified applicants.

**Underwriting criteria:** Given the frequency with which restaurant enterprises fail, strong underwriting criteria were key components of the programs in all three communities. A failed loan represents a lost opportunity to reinvest public funds and can undermine the program's credibility with taxpayers. In all three communities, loans are required to be fully collateralized. These communities also evaluate the credit worthiness of the individual borrower. For the City of Redmond a lien against the property being improved would be the simplest form of collateral to administer. Pendleton and Upland, however, do accept alternative forms of collateral such as personal assets. In addition to collateral, the studied communities require evidence of creditworthiness including a business plan for the restaurant, schedules of personal assets, and credit scores.

## **Discussion:**

Based on the research conducted as well as the intent of the Restaurant Capital Improvements Program as stated in the 12<sup>th</sup> Amendment to the Downtown Redmond Urban Renewal Plan staff has the following recommendations implementing the Program in Redmond:

- **Locations to Prioritize:** In order to foster the development of a restaurant district within and surrounding the historic core of downtown Redmond and capture the benefits of a clustering of restaurants, staff recommends limiting the initial geographic boundaries of the program to the Downtown Design Overlay District and within that District to further prioritize projects proposed for 6<sup>th</sup> Street.

- **Types of Restaurants to Prioritize:** In order to ensure that funded projects contribute to overall business vitality by drawing visitors to the downtown, staff recommends prioritizing projects that provide table service, are open six days a week for at least lunch and dinner, are (or expect to be) licensed to service wine and beer, and are open to minors. If assistance is provided to property owners, the City could require that these conditions be included in leases between the property owner and the restaurant owner.
- **Eligible Work:** Because restaurants may require either tenant improvements or equipment, or both, staff recommends modifying the program guidelines to permit support for both tenant improvements and equipment. This change will require a minor amendment to the Urban Renewal Plan.
- **Loan terms:** Staff recommends structuring the program as a loan rather than a grant. This will allow limited program funds to be recycled as initial loans are repaid and will also discourage applicants from pursuing funds without well developed plans. Staff recommends limiting maximum loan size to \$50,000—thereby allowing at least three restaurants to be supported initially. Finally staff recommends that interest rates be set well below commercially available rates and potentially at 0%. This will allow the program to generate maximum interest, encourage strong proposals, and allow property owners to keep lease rates low.
- **Underwriting criteria:** To minimize credit risk staff recommends adopting the following underwriting criteria.
  - Loans should be made only to building owners. This not only simplifies the collateralization process, it ensures that if the restaurant fails, the improvements and assets will stay with the building and can be made available to a new restaurant business.
  - Loans should be made to finance improvements for identified tenants with funding contingent on provision of a signed lease agreement with a length equal to the proposed term of the loan.
  - Strong preference should be given to loans that can be fully collateralized with equity in the building being improved. Exceptions should be made only for borrowers able to provide alternative collateral in an amount and form acceptable to the City.
  - Borrowers should demonstrate a history of responsible use of credit as demonstrated by credit scores and an absence of unresolved past due accounts or unresolved lawsuits.
  - Borrowers should provide a personal guaranty to repay debt.

The next step in implementing the Restaurant Capital Improvements Program will be the development of program guidelines. Prior to drafting program guidelines for DURAC's consideration, staff requests DURAC guidance on the following items:

- Does DURAC have suggestions or comments with regard to any of the proposed program criteria?
- Does DURAC support a minor amendment to the Downtown Urban Renewal Plan to permit loans to property owners for the purpose of financing tenant improvements and major equipment to support the attraction of restaurants?
- Does DURAC support moving forward with developing implementation criteria for the Restaurant Capital Improvement Program?

#### **Fiscal Impact:**

Development of the proposed criteria would allow disbursement of not more than \$150,000 as authorized by the 12<sup>th</sup> Amendment to the Downtown Redmond Urban Renewal Plan.

#### **Alternative Courses of Action:**

1. Recommend that Staff develop program criteria for the Restaurant Capital Improvements Program;
2. Request more information; or
3. Recommend that Staff not develop program criteria for the Restaurant Capital Improvements Program at this time.

**Recommendation/Suggested Motion:**

I move to recommend that Staff develop program criteria for the Restaurant Capital Improvements Program.



**DRAFT**

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## **DOWNTOWN URBAN RENEWAL ADVISORY COMMITTEE**

### Meeting Minutes

Monday, April 11, 2011

City Hall, 716 SW Evergreen Avenue, Redmond, Oregon

**ADVISORY MEMBERS PRESENT:** Chair Tory Allman, Vice Chair Steven Boothroyd, Carol Nelson, Susan Nobles, Ken Streater, Will Van Vactor

**CITY STAFF PRESENT:** Heather Richards, *Community Development Director*; Jon Williams, *Economic Development Project Manager*; Cameron Prow, TYPE-*Write II*

**CITY COUNCIL LIAISON:** Margie Dawson

**OTHERS PRESENT:** Trish Pinkerton, *Redmond Spokesman*

*(scribe CP's note: The minutes were created from an audio recording and notes taken at the meeting. The three digits after the motion title show the number of members voting in favor/against/abstaining.)*

### **CALL TO ORDER/INTRODUCTIONS**

Chair Allman called the meeting to order at 5:08 p.m. with a quorum present.

### **DISCUSSION/ACTION ITEMS**

#### A. Discussion/Update

##### **1. Façade Rehabilitation/Renovation Grant Criteria**

Mr. Williams said that the Design Review Committee requested objective guidelines as to the type of projects that qualify for 90% grant assistance. A few property owners have indicated interest in upgrading the rear façades of their buildings but only if 90% grant funds can be used. He reviewed the history and operational policy of the property assistance program (loans and grants) and discussed the pros and cons of changing that policy, including financial impacts.

DURAC concerns included the *precedent that would be set by allowing storefront grant funds to be used for alleyway improvements.*

**Motion 1** (6/0/0): Mr. Streater moved that DURAC retain the current operational policy regarding storefront improvements in the urban renewal district. Ms. Nobles seconded the motion which passed unanimously.

##### **2. DURAC Work Program for 2011**

Mr. Williams summarized DURAC's workload for this year. Short-term projects with high visibility include signage to downtown amenities (wayfinding) and implementing an ice rink in Centennial Park for winter 2012. Long-term Requests for Proposal (RFP) that may be authorized under the 12<sup>th</sup> Amendment to the Urban Renewal District could include a business medical park master plan for the area around St. Charles Medical Center-Redmond and a circulation study of the urban renewal district. If the 12<sup>th</sup> Amendment passes, program rules and criteria will be required

for new programs and expansion of existing programs. Requests are already being received for the Restaurant Capital Assistance Program.

Ms. Richards said that the effective date of the 12<sup>th</sup> Amendment would be May 12, 2011, if adopted on April 12. Crafting operational policies would probably push the real effective date to July 1, 2011.

DURAC concerns included *posting notices of upcoming RFPs on DURAC's website, adding a permanent sign for Art Around the Clock, impact to traffic circulation from downtown events such as street fairs, and expected timeline for implementation of the 12<sup>th</sup> Amendment if it passes.*

### **3. 12<sup>th</sup> Amendment to Downtown Urban Renewal Plan – City Council Public Hearing**

Vice Chair Boothroyd and Ms. Nobles volunteered to serve as “point” people in support of the proposed 12<sup>th</sup> Amendment at the City Council public hearing on April 12, 2011. Chair Allman said he would also attend.

DURAC members urged emphasizing that the property tax rate will not be increased, clarifying the definition of maximum indebtedness, highlighting benefits to the proposed amendment, and sharing personal perspectives.

## **B. Action Items**

### **1. Property Assistance Program – Color Palette Request for Qualifications (RFQ)/RFP**

Mr. Williams presented the staff report (Exhibit A) and discussed responses to the RFQ/RFP. Most project applications revolve around a new paint scheme. Both staff and DURAC's Design Review Committee (DRC) spend considerable time helping applicants determine what is appropriate, given the complex and subjective design review criteria. Goals in developing a color palette are to significantly reduce project delays and enhance the appearance of Redmond. The DRC unanimously recommended BLRB/GGL Architects based on that firm's experience. This contract would be funded through the Property Assistance Program. Should applicants be required to use the color palette to receive Property Assistance Program funds? Is the proposed contract an appropriate use of Property Assistance Program resources? Should the color palette be codified into the design review criteria?

DURAC concerns included *palette format, implementation flexibility, and experience of the firm recommended by the DRC.*

**Motion 2** (6/0/0): Mr. Streater moved that DURAC accept the bid from BLRB/GGL Architects to develop 35 color palettes for the Property Assistance Program at a total contract cost not to exceed \$15,000. Mr. Boothroyd seconded the motion which passed unanimously.

DURAC members agreed **by consensus** that use of the color palette should remain an option for applicants, not a requirement.

## **C. Approval of Minutes**

**Motion 3** (5/0/1): Ms. Nobles moved to approve the November 16, 2010, December 13, 2010, and January 11, 2011, minutes (Exhibits B, C, and D) as presented, subject to the following changes:

- \* November 16 minutes: Verifying the 4:06 p.m. start date, identifying who seconded Motion 1, and identifying who moved and seconded Motion 2;
- \* December 13 minutes: Correcting the meeting date in the footer; and
- \* January 11 minutes: Adding the name of the person representing the Boys & Girls Club of Central Oregon, changing “Chair Dawson” to “Chair Allman” under the ADJOURN heading, and correcting the footer date.

Mr. Streater seconded the motion which passed with Mr. Allman, Mr. Boothroyd, Ms. Nelson, Ms. Nobles, and Mr. Streater voting in favor and Mr. Van Vactor abstaining due to his absence from those three meetings.

Mr. Williams said that staff would identify parties to the motions on the November 16, 2010, minutes.

**Motion 4** (6/0/0): Ms. Nobles moved to approve the March 14, 2011, minutes, subject to correcting the footer date. Mr. Streater seconded the motion which passed unanimously.

**LIAISON COMMENTS**

Ms. Dawson said that most of the other taxing districts support the proposed amendment. The Deschutes Public Library System has taken no action which is, in effect, a “no” vote. She is looking forward to hearing public testimony on this proposal.

**CITIZEN COMMENTS** (None)

**STAFF COMMENTS**

Mr. Williams said that he is coordinating the City-sponsored Easter egg hunt that will take place in Centennial Park on April 23, 2011. Children (up to 6 years old) will receive candy and prizes. Refreshments will be provided for volunteers who help set out 10,000 plastic eggs filled with candy.

**DURAC COMMENTS** (None)

**ADJOURN**

With no further business, Chair Allman adjourned the meeting at 6:05 p.m.

APPROVED BY THE DOWNTOWN URBAN RENEWAL ADVISORY COMMITTEE AND SIGNED BY ME THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2011.

ATTEST:

\_\_\_\_\_  
Tory Allman, Chair

\_\_\_\_\_  
Heather Richards, Community Development Director