

SPECIAL CITY OF REDMOND URBAN RENEWAL DISTRICT AGENCY BOARD MEETING WAS HELD NOVEMBER 27, 2012, IN THE CITY COUNCIL CHAMBERS.

BOARD MEMBERS PRESENT: Tory Allman – Joe Centanni – George Endicott – Camden King – Shirlee Evans – Jay Patrick

BOARD MEMBERS EXCUSED: Ed Onimus

STAFF PRESENT: Interim City Manager Sharon Harris – City Attorney Steve Bryant – Airport Director Kim Dickie – Assistant to the City Manager Betty Borgen – Police Lieutenant Nathan Garibay – Public Works Director Bill Duerden – City Recorder Kelly Morse – Community Development Director Heather Richards – CIS Administrator Sheri Cleveland – Finance/Budget Manager Jason Neff – Accounting Manager Jodi Burch – Economic Development Project Manager Jon Williams

MEDIA PRESENT: COTV

Chair Endicott called the meeting to order at 7:18 p.m. and established a quorum.

MINUTES

A. Minutes of October 23, 2012, Special Urban Renewal District Agency Board Meeting (Exhibit 1)

King moved, seconded by Evans, to approve the minutes of October 23, 2012, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, Evans-yes, King-yes, Onimus-absent, Patrick-yes)

ACTION ITEMS

A. Industrial Opportunity Fund Loan for Central Oregon Trucking Company (Exhibit 2)

Economic Development Project Manager Jon Williams is seeking approval of a \$112,500 forgivable loan to Central Oregon Truck Company (COTC). The loan is funded through the Industrial Opportunity Fund which is a project contained within the Redmond Downtown Urban Renewal Plan.

The zero percent interest loan is forgivable over five years based on a maximum of 20 percent of the total project capital costs and the number of jobs created. The loan is secured through a lien on the property and if employment falls short in any given year, repayment is proportionate to the year's employment shortfall.

COTC is relocating their headquarter facilities from Prineville to Redmond. Their new site sits on 9.3 acres east of US Highway 97 and south of NE Hemlock Avenue, contains 26,000 square feet of new construction, \$3.5 million of private improvements, 49 permanent Redmond based jobs and 25 jobs with wages and benefit value above the incentive threshold.

Mr. Williams reviewed the evaluation criteria noting that the credit risk is minimized because the loan is not funded until completion of the project and COTC has a long-standing operating history in conjunction with positive financial trends.

Redmond Economic Development, Inc. Manager Jon Stark commented that COTC is the largest transportation employer in Central Oregon and losing them to Nevada would have been a significant loss to the entire region. The relocation of COTC, Papé-Kenworth and a third transportation based company has been viewed as a tremendous effort in collaboration across multiple agencies. Mr. Stark added that the Industrial Opportunity Fund Loan program was the deciding factor for COTC's relocation.

King moved, seconded by Patrick, to approve an Industrial Opportunity Fund Loan to Central Oregon Trucking Company in the amount of \$112,500, authorizing the Interim Redmond City Manager to sign the loan documents and disburse the funds, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, Evans-yes, King-yes, Onimus-absent, Patrick-yes)

BID AWARDS / BID REJECTIONS

A. City Center Housing Strategy (Exhibit 3)

Mr. Williams requested the Board's approval of a contract award to Johnson-Reid in the amount of \$100,000 for a Center City Housing Strategy. The strategy is part of the Housing Opportunity Fund contained within the Redmond Downtown Urban Renewal Plan and will provide the Board with market and property analysis in order to deploy the opportunity fund.

Mr. Williams reported that the Urban Renewal Plan authorized \$7 million to support housing development. Population in the Urban Renewal District (URD) has increased 50 percent over the past 20 years while the City's overall population has grown 300 percent. The median household income within the URD is \$10,000 per year lower than the overall City's median income.

Elements of the strategy are as follows:

Baseline Conditions

- Physical review of existing residential areas within the URD
- Market analysis
 - 20-year demand
 - Product preferences
 - Obstacles
- 20 year financial feasibility analysis
- Inventory of physical, policy, and market obstacles

Recommendations

- Geographic prioritization
 - Catalytic impact
 - Consumer preference
 - Feasibility
- Recommendations for timing and nature of interventions to maximize impact of urban renewal investments
 - Where to invest (specific sites and areas as well as district wide programs)
 - When to invest to get maximum impact
 - How to invest (infrastructure, financing tools, land acquisition)

Return on Investment

- Forecast of housing development potential under no-action scenario versus implementation of Housing Strategy
- Calculation of economic impact of implementation of Housing Strategy
 - Property values / tax revenue
 - Retail demand
 - Other economic benefits (new residents, better use of infrastructure)

Staff issued a Request for Proposals and received five responses. After review by staff and a Downtown Urban Renewal Advisory Committee (DURAC) subcommittee, three firms were selected for interviews. Johnson-Reid was recommended by DURAC.

Mr. Williams and Community Development Director Heather Richards addressed questions from the Board concerning affordable housing, high density housing guidelines, impact on the medical district, and use of the strategy as a living document.

Evans moved, seconded by King, to authorize the Interim Redmond City Manager to sign the professional services contract to Johnson-Reid for the preparation of a Center City Housing Strategy for an amount not to exceed \$100,000, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, Evans-yes, King-yes, Onimus-absent, Patrick-yes)

PRESENTATIONS

A. Redmond Hotel Study

Mr. Williams provided the Board with a presentation regarding the preliminary results of the New Historic Redmond Hotel Highest and Best Use Analysis. The purpose of the study is to advise the Urban Renewal Agency on how best to invest the \$2 million allocated through the Urban Renewal Plan's Development Strategy by addressing the following:

1. What project is most sustainable from a market perspective and yields the most catalytic impact?
2. What construction elements need to be addressed to achieve sustainability?
3. What are the obstacles to development?

The Urban Renewal Development Strategy identifies the New Redmond Hotel as a potential catalyst project due to its listing on the National Register of Historic Places, its location at Redmond's most prominent downtown intersection, and because the upper stories have been vacant since 2005.

The scope of the study was to analyze the market demand for alternative uses, the cost of renovating and adapting the site for specific uses, the financial feasibility of alternative uses, the benefit to the downtown as well as tax rolls, and the timing and amount of investment.

The facility was evaluated for use as a boutique hotel, offices, and apartments. SERA Architects inspected the location and estimated the following rehabilitation costs:

- \$1.8 million (state of good repair only)
- \$7.1 million (state of good repair / reposition as boutique hotel)
- \$6.2 million (state of good repair / reposition as offices)
- \$5.8 million (state of good repair / reposition as apartments)

In terms of an economic development impact, hotel use is projected to return \$100,000 annually in tax increment to Urban Renewal District and generate \$500,000 in increased retail sales in the downtown area.

Mr. Williams explained that all of the projects would require some sort of additional subsidy, but the feasibility gap is smallest with the hotel scenario and largest for apartment redevelopment. All projects would qualify for historic preservation tax credits which could assist in offsetting construction costs.

Mr. Williams and Ms. Richards answered questions from the Board on the success of Bend area boutique hotels and the feasibility of a mixed use project.

B. Business/Medical District Update

Mr. Williams presented the Board with an update on the Business/Medical District Master Plan and Development Strategy. Areas highlighted in the presentation include background, goals, objectives, approach, and vision.

The Urban Renewal Plan authorizes \$6 million through the Business/Medical Park Development program to fund projects recommended by the Business Park Master Plan (Plan). Benchmarks for the area are:

1. Raise perceptions of the District through:
 - a. Excellence of services
 - b. Excellence of physical environment
 - c. Distinctive brand
2. Identify complementary and catalytic anchor tenants for the District
3. Respond to existing and future trends in healthcare
4. Leverage public funds through job creation and private investment
5. Create an environment that attracts professionals

