COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

February 18, 2025
5:30 p.m.

City Hall Council Chambers
313 Court Street, The Dalles, Oregon

Via Zoom
https://us06web.zoom.us/j/86259459367?pwd=Z0Nnd3E4bkxBUVhXQkRKTkJCdEJ6QT09
Meeting ID: **862 5945 9367** Passcode: **292293**
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Contact the City Clerk at (541) 296-5481 ext. 1119, or amell@ci.the-dalles.or.us.

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. APPROVAL OF MINUTES – January 30, 2025
6. PRESENTATIONS
   A. Annual Audit FY 2023-24
   B. Annual Financial Report FY 2023-24
7. PUBLIC COMMENT – During this portion of the meeting, anyone may speak on any subject that does not later appear on the agenda. Five minutes per person will be allowed.
8. ACTION ITEMS:
   A. Incentive Program Grant Request: Claudia Leash / Oaks Hotel, 200 East Second Street
   B. Resolution 25-001, a Resolution Authorizing a Contribution Not To Exceed $150,000 in Support of the Federal Street Plaza Project
9. DISCUSSION ITEMS:
   A. Consideration of Agency Return on Investment for Property Rehabilitation Grants and Development Funding Agreement Requirements
10. BOARD MEMBER COMMENTS / QUESTIONS
11. STAFF COMMENTS / PROJECT UPDATES

12. EXECUTIVE SESSION

    A. Recess 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.

    B. Reconvene to Open Session

    C. Decision following Open Session

13. ADJOURNMENT

Meeting conducted in a room in compliance with ADA standards.

Prepared by/
Paula Webb, Secretary
Community Development Department

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING
January 21, 2025
5:30 p.m.

City Hall Council Chambers
313 Court Street, The Dalles, Oregon 97058
Via Zoom / Livestream via City Website

PRESIDING: Darcy Long, Chair

BOARD PRESENT: Staci Coburn, Walter Denstedt, Scott Hege, Kristen Lillvik, Dan Richardson, Marcus Swift and Ben Wring

BOARD ABSENT: Timothy McGlothlin

STAFF PRESENT: Director and Urban Renewal Manager Joshua Chandler, Economic Development Officer Dan Spatz, City Attorney Jonathan Kara, Secretary Paula Webb

CALL TO ORDER

The meeting was called to order by Chair Long at 5:30 p.m.

PLEDGE OF ALLEGIANCE

Chair Long led the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Hege and seconded by Wring to approve the agenda as presented. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, Richardson, Swift and Wring voting in favor, none opposed, McGlothlin absent.

ELECTION OF OFFICERS

Board Member Hege nominated Darcy Long as Chair. Board Member Coburn seconded the nomination. The nomination carried 7/0; Coburn, Denstedt, Hege, Lillvik, Richardson, Swift and Wring voting in favor, none opposed, McGlothlin absent, Long abstained.

Chair Long nominated Dan Richardson as Vice Chair. Board Member Swift seconded the nomination. The nomination carried 7/0; Coburn, Denstedt, Hege, Lillvik, Long, Swift and Wring voting in favor, none opposed, McGlothlin absent, Richardson abstained.

APPROVAL OF MINUTES

It was moved by Wring and seconded by Richardson to approve the minutes of December 17, 2024 as submitted. The motion carried 8/0; Coburn, Denstedt, Hege, Lillvik, Long, Richardson, Swift and Wring voting in favor, none opposed, McGlothlin absent.

PUBLIC COMMENT

None.

DISCUSSION ITEM

Property Rehabilitation Program: Proposed Modifications

Economic Development Officer (EDO) Spatz provided the staff report and thanked Jill Amery, Wasco County Assessor and Tax Collector, for her participation in the meeting.

Ms. Amery, Wasco County Assessor and Tax Collector, referred to an earlier conversation with Board Member Hege about the complexities of ROI. She asked, "What exactly do you want to measure?"

Ms. Amery's perspective on ROI is viewed differently. She asked further questions: How do you define ROI? What specific metrics are you trying to measure? Clarifying this could help provide better guidance to staff.

The agreement frequently references consulting with the assessor, but that is not Ms. Amery's role. She noted valuation is highly complex and varies case by case. If she provides an estimate, she is effectively conducting an appraisal, which legally binds her to that value. Since she holds both a private and state license, this adds further complexity when working with Mr. Spatz or any of her appraisers.

Ms. Amery stated she would like to assist, but a clear definition of ROI and its intended measurements would help guide the process more effectively.

Board Member Hege asked how many years it would take to recover an investment through increased property tax revenue. If $100,000 is invested in a project, the property's value theoretically increases, generating more property tax revenue. He inquired about the timeframe required to recoup the $100,000 investment.

Mr. Amery responded, stating that starts with a complexity. Are we increasing the real market value or the assessed value? Board Member Hege replied it was really about property taxes returning to the districts.

Ms. Amery explained the complexity of determining whether an investment impacts assessed value. Routine repairs and maintenance, even a $100,000 investment, might not increase assessed value, which is considered an exception event. Conversely, a $40,000 investment in another property could directly increase assessed value, making it possible to calculate a return. However, it is not a direct one-to-one correlation, as the changed property ratio must be applied, affecting the maximum assessed value.

She emphasized the distinction between assessed value (AV) and taxable assessed value (TAV), noting the need for accuracy in capturing the correct figures. Partial exemptions could further complicate assessments. She suggested refining the measurement criteria, as property tax impacts vary case by case. While new developments like Basalt Commons clearly increase the tax base, a $100,000 investment in a downtown property might not affect assessed value or generate a measurable return, even if it slightly raises real market value.

Director Chandler noted that when the Incentive Program was adopted, the goal was to streamline the process. However, early projects revealed potential bottlenecks, particularly in

determining return on investment (ROI). The first three projects required extensive back-and-forth discussions to estimate ROI.

He suggested that the Agency could commit to a set funding amount without requiring ROI calculations for smaller projects, such as façade improvements under $50,000. For larger investments, applicants might be required to provide additional ROI data for evaluation. He also questioned whether the Agency should establish a threshold for investments where ROI is uncertain.

Chair Long emphasized the importance of having this discussion on record, acknowledging that if the Board finds ROI complex, the public will likely be even more confused. She clarified that the intent behind discussing ROI was not just about financial returns but ensuring investments align with Agency goals and genuinely improve downtown.

She noted past investments in nonprofits that, while well-intentioned, did not contribute to the tax base. Instead of focusing solely on ROI, the goal should be for the Board to understand the broader impact of projects on downtown. Some investments, while not directly measurable, can attract more visitors and benefit surrounding businesses.

Given the complexities of Oregon's tax system and the limited time left in the urban renewal program, she suggested rewording the approach to ROI to better reflect the Board's intent – making sound investments that benefit the community – rather than trying to quantify an uncertain tax return.

Ms. Amery suggested that applicants provide financing packages, similar to those required for revolving loan funds. She noted that appraisals are typically conducted for larger projects, and in some cases, applicants must seek traditional financing first and be denied before accessing other funding sources. These documents, if available, could offer valuable financial data and possibly an appraisal. Requiring such documentation could provide clearer financial insights, making it easier for her to review and offer guidance.

Board Member Denstedt emphasized the importance of increasing the tax base, stating that while a full assessment is not necessary, investments in buildings generally increase their value. He noted that each Board member should evaluate projects individually to determine whether they represent a good return on investment. Regarding fire suppression, he acknowledged some uncertainty about whether re-roofing and fire suppression projects could be combined but strongly supported funding fire suppression improvements.

Board Member Wring reflected on previous discussions about a point system for evaluating projects, particularly those under $200,000. He acknowledged that assessing ROI through increased assessed value is challenging but noted clear examples, such as the Basalt Commons project, where the ROI is evident. He suggested developing a point-based evaluation system aligned with Agency goals, where projects could be weighted based on their impact.

For instance, fire suppression improvements, while not new developments, enhance existing buildings and meet multiple Agency objectives. Residential projects might receive additional points. The idea is to create a system that prioritizes projects efficiently, balancing risk versus reward, especially for smaller requests. Board Member Wring emphasized the need to streamline the process for lower-cost projects while maintaining a structured approach to decision-making.

Chair Long acknowledged the interest in a point system but noted its challenges, as scoring is subjective and varies by individual. Instead, she preferred ongoing discussions to refine

projects collaboratively, ultimately deciding by a simple approval or rejection. She presented this as one of two perspectives for the Board to consider.

Board Member Wring suggested that a point-based assessment could align with the Agency's goals by establishing measurable, objective criteria. While distinct from ROI, a business owner demonstrating a significant increase in property taxes, franchise fees, or transient room tax dollars could indicate financial benefits for downtown. However, quantifying that return would be challenging. An objective scoring system based on Agency goals could provide valuable insight.

EDO Spatz supported the idea, noting that a point system had been used about 15 years ago but was later discontinued. He suggested awarding based on the Agency's established goals, which were recently reaffirmed in the substantial amendment. A system highlighting how many goals a project meets could provide a clearer, more objective approach while addressing concerns about subjectivity.

Board Member Richardson suggested using a binary, yes-or-no system with a comprehensive list to ensure objectivity and consistency. This approach would create a logical framework that is straightforward to apply, not overly burdensome, and provides a clear rationale for project support.

Director Chandler acknowledged the potential of a point system and emphasized the need to determine where it would be most applicable, particularly for lower-tier projects. He reminded the Board that when the Incentive Program was first adopted in 2022, the language was vague. The Board later refined it to provide clearer eligibility guidelines, replacing subjective criteria with a defined list of eligible and ineligible projects.

While a point system could be incorporated into the current program, Director Chandler suggested it might be better suited for larger projects. He referenced Ms. Amery's earlier point about applicants providing a financing package, potentially including an appraisal, as a way to ensure serious commitment. Requiring such documentation would prevent staff from expending resources on projects that are not fully developed and could help address concerns regarding return on investment.

Board Member Wring agreed and questioned what threshold would trigger the use of a point system. If the amount fell within staff's discretion to approve without Board involvement, a point system might not be necessary. He also expressed interest in understanding why the previous point-based system was abandoned – was the issue with its design or was the concept itself flawed.

Chair Long stated that the process was becoming unnecessarily complicated. Having served on the Board for eight years without a point system, she saw no need for one now. The Board had never been unable to move forward without it. She preferred open discussion in public rather than assigning numbers, emphasizing that the Board's independence allowed members to bring their own perspectives and collaboratively make decisions.

Board Member Hege asked Ms. Amery for a general overview of the system, including what aspects were straightforward and which were more complex. He noted that new projects typically had a solid investment return. Ms. Amery responded that, while she could give a quick answer, she preferred to prepare a more thoughtful explanation. Given the complexity of the topic and the short time since their last meeting, she requested additional time to develop a clearer presentation for the next month.

EDO Spatz proposed continuing with roof repair and replacement as eligible Incentive Program projects, provided they accounted for no more than 50% of the total project cost and were part of a broader project. If phased, the entire project must be completed within the approved application timeline, with deadlines also addressed in Development Funding Agreements (DFAs). Fire suppression would follow the same conditions – limited to 50% of the total project cost.

For combined projects including both roof repair/replacement and fire suppression, their total cost could not exceed 75% of the overall project. He emphasized that these percentages were for discussion and sought to prevent projects focused solely on roof repair or fire suppression without additional improvements. The goal was to ensure intrinsic value beyond basic maintenance. He invited further input before continuing.

Board Member Denstedt expressed reluctance to allocate funds for roof repair, viewing it as the building owner's responsibility. However, he suggested that if businesses along the strip invested in fire suppression systems, it could potentially free up resources for further building improvements, which would be a beneficial outcome. He believed that investing in fire suppression would not result in excessive spending.

Chair Long expressed uncertainty about the cost of fire suppression systems, considering them potentially expensive. EDO Spatz shared one system he was aware of cost around $90,000, emphasizing the significant need for such systems. He also mentioned a local restaurant that saw its insurance premiums increase by $20,000 due to the lack of a fire suppression system, with the installation cost exceeding $100,000. EDO Spatz noted that roof repairs, while typically a maintenance issue, were necessary to prevent building loss.

Board Member Lillvik suggested considering a period, such as within the first few years of purchasing a building, for addressing roof repairs. She proposed that roof repairs could be eligible for funding within, for example, the first five years of ownership, giving new owners time to stabilize and make necessary improvements. This approach would address concerns about building owners who delay maintenance.

Board Member Wring discussed the challenges of fire suppression system costs, especially for new building owners who might face unexpected issues due to oversight by previous owners or inspectors. He suggested that it may not be fair to hold a new owner accountable for problems that arose before their purchase. Wring proposed that a timeframe after purchasing a building, such as a few years, could be considered for certain repairs like roof repairs. This would help distinguish between new owners who may have had limited due diligence and those who have neglected maintenance for an extended period.

Board Member Coburn expressed discomfort with funding roof repairs, viewing them as maintenance rather than long-term improvements. While acknowledging certain situations may justify support, she did not see roof repairs as aligning with the broader goals of the Agency.

Chair Long sought clarification, noting that if a roof or sprinkler system could not exceed 50% of a project and a sprinkler system cost $90,000 to $100,000, then in order to install a sprinkler system, the total project cost would need to be $180,000 to $200,000.

EDO Spatz responded that the numbers could be adjusted as needed, emphasizing that the concept was the priority. He asked the Board for input on whether roof repairs, sprinkler systems, or both should be included.

Chair Long responded that this was why she hesitated on a point system. The Board had always maintained enough flexibility to assess projects individually. If a project justified funding

for a roof because it protected the broader investment, the Board could approve it. Strict, narrowly defined criteria would remove that flexibility. She noted that projects in the area had not been uniform; each had been unique, with no two exactly alike.

Board Member Richardson asked EDO Spatz if he had a sense of the demand for roof replacement – whether approving it would result in a flood of requests immediately.

EDO Spatz replied that he had worked with four property owners over the past year and a half. Two had a clear need, while the other two could likely afford the repairs. Roof costs varied widely, from $40,000 to $1.7 million for a large building like Chenowith Middle School. He noted that roof and sprinkler systems were sometimes linked, as a charged sprinkler system required an insulated roof. Given that combined roof and sprinkler costs often exceeded $200,000, these projects would fall into DFA territory. He suggested removing the prohibition on roofs for larger projects, handling them on a case-by-case basis, while continuing to exclude roof repairs from Incentive Program funding but allowing sprinklers.

Director Chandler summarized that roof repairs would not be allowed for projects costing $200,000 or less. For larger roof repair projects, applicants would need to present their request to the Board, which would decide on a case-by-case basis through a DFA.

Board Member Richardson stated that he had no strong objections to roof repair funding but wanted to understand why it might be considered unwise. He noted that if roof repair constituted a small percentage of overall spending and was integral to certain projects, he did not see it as a significant issue.

Chair Long emphasized the importance of maintaining flexibility, citing Todd Carpenter's roof collapse as an example. She acknowledged that unforeseen circumstances, such as storm damage, could threaten adjacent businesses and render a building unusable. In such cases, she saw value in considering roof repair funding.

Board Member Lillvik questioned the role of repairs in general, comparing them to homeownership, where insurance covers most costs aside from a deductible and potential premium increase. She viewed this as a standard cost of doing business but supported keeping the option open, especially for new projects.

Board Member Denstedt distinguished between roof damage caused by unforeseen events, like heavy snow, which he viewed as an insurance claim, and damage due to neglect. He expressed concern that poorly maintained buildings would contribute to blight and eventually become worthless.

EDO Spatz acknowledged that installing sprinklers would have a significant positive impact and emphasized the potential value of maintaining some flexibility regarding roof repairs. He mentioned his interest in considering roof repairs for buildings acquired within the past five years, while also remaining open to the idea of using DFAs for such cases.

EDO Spatz introduced a new category for single-family residential properties, noting that there are only a few homes, particularly historic ones, within the district. He explained that funding up to $25,000 with a 50% match would be available for these properties, with an increased match requirement from the previous December. He confirmed that electrical and plumbing upgrades would be allowed, but no fixtures would be covered. He also clarified that roof repairs could be considered only if they did not exceed 50% of the overall project cost and were part of a larger renovation, asking whether this condition should remain in place or be removed.

Chair Long emphasized the importance of preventing downtown homes from falling into disrepair. She suggested adjusting the funding model so that instead of requiring roof repairs to be no more than 50% of a larger project, homeowners could receive assistance with a higher match requirement. For example, rather than needing a $20,000 project to qualify for a $10,000 roof repair, the program could cover only 25% of the roof cost while requiring a 75% match from the homeowner. She noted that in residential cases, a roof might be the most critical repair needed to prevent blight.

Director Chandler stated that there had been no direct discussions with residential property owners regarding roof repairs under the proposed residential upgrade program. Instead, past conversations had focused on upgrades such as replacing floor or wall-mounted heating systems with mini-splits and converting basements into accessory dwelling units (ADUs), which align with the Agency's goal of increasing downtown residential units. Given that incentives exist for commercial properties, he suggested it might be worthwhile to consider extending similar opportunities to residential properties.

Board Member Hege questioned the inclusion of residential upgrades in the program, stating that he did not fully understand why it fell under the Agency's scope. While he acknowledged the connection to increasing housing, he felt the program's primary focus was not on residential development. He expressed concern about investing in residential units within the district while not supporting those outside of it, emphasizing that the Agency's mission seemed more aligned with commercial and downtown business development.

Director Chandler explained that the discussion originated from a residential property located within the Central Business Commercial District. He noted that these homes have the flexibility to be converted into commercial spaces, such as offices, at any time. Since they fall within the district, their inclusion in the program aligns with the zoning regulations, which allow for both residential and commercial use.

Board Member Wring noted that if a homeowner decided to sell or convert their property into office space, it would change the use from residential to commercial. In that case, the property would then fall under the scope of the Urban Renewal program. Wring expressed some initial hesitation about including residential properties but acknowledged that once converted to commercial use, such properties could qualify for funding.

EDO Spatz replied it was brought up for discussion to receive Board guidance.

Board Member Coburn stated she would be more comfortable if the discussion focused on expanding housing rather than general HVAC or roofing upgrades without a clear connection to Agency goals. She emphasized that simply being located within the district should not be the determining factor for funding. However, if a project aligned with Agency objectives – such as adding an ADU that required plumbing, a bathroom, and heating – she could support it.

Director Chandler asked whether a homeowner in the district who converts a single-family home into a duplex would still qualify for the $10,000 toward SDCs. He inquired if this standard would apply regardless of whether the residential upgrade program remained on the table.

Chair Long and Board Member Swift were in favor of that because it increases housing and downtown residents that will most likely support downtown businesses.

Director Chandler added that these changes are not necessary for the application of SDCs. If the Board finds the proposed changes unacceptable, the SDCs could still be applied.

Board Member Richardson added that there is a philosophical reluctance to allocate funds to a project that many others in town cannot access. However, this is the nature of the district. If we are investing in this area and specific categories qualify for incentives, then we need to be comfortable with that. If we are open to covering SDC charges for second-story housing units or projects that provide housing, there seems to be no reason not to extend this to other residential areas within the district. As Board Member Swift points out, having people live downtown will, all things being equal, increase the prosperity of the area.

Board Member Coburn wanted to clarify that the Agency had a set of goals, one of which was the addition of housing and attracting people downtown. If some single-family residential upgrades contributed to that goal, Coburn personally felt it was acceptable. However, she emphasized that the community's funds should be spent on projects that align with those goals. If single-family residences could be converted into multi-family units, that might help achieve the objectives for both housing types.

Director Chandler replied that all costs for the grant would need to go toward the production of a new housing unit. Board Member Wring asked if a 3,500-square-foot home, split into a duplex, would exceed $10,000 in SDC fees. Director Chandler explained that adding a brand-new single-family home, including a duplex, would generally cost about $16,000 in SDCs, including Parks SDC fees. There is a difference between ADUs and duplexes in terms of SDCs, with ADUs benefiting from savings by tapping into existing water lines. As more units are added in multi-family projects, SDC costs decrease, but the program is designed to cover actual SDC costs, providing a good investment for adding dwelling units to the district.

EDO Spatz discussed the next component, SDC payments, raising the question of when a DFA project becomes large enough to justify staff time versus smaller projects through the Incentive Program. There was no clear threshold between a $200,000 and a $29 million project. To address this, a non-refundable administrative fee of $1,000 was proposed to ensure serious applications. The award could take the form of a grant, loan, or both. The idea of loans, previously unavailable, was proposed to provide flexibility and maximize impact on larger projects, pending due diligence.

For DFAs, a project must create at least five permanent family-wage jobs, with documentation required. The application must include an operational pro forma demonstrating sustainability for five years. Agency investment would not exceed 10% of the total project value. The proposal referenced a $29 million project where the Agency would contribute $1.7 million in combined SDCs and a DFA, with SDC offsets up to $10,000 per new residential unit. All of this would require Board approval.

Spatz also noted that DFAs involving projects between $200,000 and $29 million, such as $500,000 or $1.5 million projects, fall into an uncertain category. While not expected to overwhelm the process, they anticipated a few such projects as they promote available resources before the district ends in 2029.

Regarding loan administration, Spatz mentioned MCEDD's $75 per hour fee and Mount Hood Economic Alliance's $23,000 annual cost for managing their loan portfolio. MCEDD and the Alliance are additional loan resources. A proposal for setting project completion deadlines, including financial penalties for delays (liquidated damages), was also discussed, with terms to be negotiated in agreements. Overall, the approach sought flexibility while avoiding overly restrictive rules.

Chair Long asked for clarification on the envisioned penalty process, noting that many recent projects had experienced delays not caused by the applicant, resulting in extensions and agreement amendments. She questioned at what point a penalty would be applied.

EDO Spatz emphasized the need for discretion in the process but noted that continuous extensions could result in funding being tied up indefinitely. He suggested incorporating some enforcement flexibility to ensure projects progress within a reasonable timeframe, while avoiding rigid, fixed rules.

Board Member Hege questioned the need for loans, given the district's approaching end. He saw no reason to commit millions to a project and believed applicants should use existing funding to secure their own financing. In his view, the Board should not engage in loans at this stage.

EDO Spatz responded that allowing loans could enable a potential project to move forward almost immediately.

Board Member Hege asked if the loan would be structured with a 20-year amortization and repayments over that period, questioning where the money would go. EDO Spatz explained that upon the district's dissolution, funds would go to the City. If the Agency continued, the funds could be reinvested under a new district, serving as a long-term mechanism. Board Member Hege stated the Agency was not a long-term organization. EDO Spatz acknowledged this but noted that if a new district were formed elsewhere in the City, the loan program could remain a viable tool.

Board Member Hege questioned the need for the Agency to offer loans, given the availability of other loan programs and agencies. Chair Long asked if applicants were ineligible for conventional loans. EDO Spatz responded that some were, but mentioned a loan buy-down program previously used for the Gayer building.

Board Member Hege noted that buying down a loan functionally equates to a grant, which Spatz confirmed, explaining that the Agency would grant the difference between an affordable loan amount and the actual cost.

Board Member Richardson asked how the Agency's loan program would differ from MCEDD's, which acts as a lender of last resort. EDO Spatz clarified that MCEDD would manage the Agency's loan program, offering more attractive lending rates as part of a broader financing package.

Board Member Richardson expressed concern about tying up funds that may be needed for future projects, such as First Street, given the district's limited timeline. EDO Spatz emphasized that if the Agency had flexibility within DFAs to allocate more funding into projects, that would suffice. The goal was to maximize impact with available resources before the district's dissolution in 2029.

Chair Long asked about the administrative cost if MCEDD managed the loan program. EDO Spatz responded that MCEDD charges $75 per hour, citing an example where the Economic Alliance pays approximately $23,000 annually to manage five to seven loans.

EDO Spatz emphasized that these discussions were meant as reality checks, reflecting feedback from businesses over the past year and a half that the Agency's impact was too limited. He questioned how to address those concerns and noted that some proposed changes, such as expanding DFAs for sprinkler systems, could significantly help.

Board Member Lillvik agreed with the points raised and emphasized the importance of considering the Agency's legacy as it nears completion. She noted that loans are a divisive topic and referenced past controversy surrounding the Sunshine Mill. She expressed a preference for avoiding any decisions that could leave a similar lasting controversy to the Agency.

Director Chandler asked whether the Agency wanted to set a cap on DFA awards, noting that the Basalt Commons DFA was $750,000. He referenced a growing number of potential projects and questioned whether the Agency preferred spreading funds across multiple smaller projects or concentrating resources on one larger project. He suggested the decision could remain case-by-case or include a defined cap.

Board Member Swift asked if the Basalt Commons DFA was the largest award to date. Director Chandler confirmed it was the largest during his tenure.

Board Member Wring acknowledged the increased MI but noted much of it was intended for the First Street project. He questioned how much would remain afterward and referenced a state statute limiting funding amounts.

EDO Spatz clarified Board Member Wring was likely referring to BOLI prevailing wage requirements, which apply to projects receiving over $750,000 in public funds.

Chair Long emphasized that, despite the MI increase, funding for other projects would still be limited. She reiterated the Agency's focus on smaller downtown projects supporting local businesses.

EDO Spatz estimated roughly $5 million would be available after the $7 million First Street project, including $3.8 million already set aside.

Chair Long asked if the $7 million estimate assumed no City contribution. Director Chandler confirmed that was correct.

EDO Spatz added that a new, potentially impactful and costly project had recently emerged, with details expected in February.

Board Member Richardson supported another large DFA project but stressed the need for clear guidelines. He asked whether the Agency wanted to set a cap to preserve incentive funds.

EDO Spatz asked if the Agency preferred flexibility beyond $750,000 or a firm cap.

Board Member Hege noted the $750,000 threshold triggered prevailing wage requirements, increasing labor costs by approximately 20%. He questioned the benefit of larger awards if they merely imposed higher costs and additional regulations.

EDO Spatz noted that the $750,000 threshold was driven by prevailing wage requirements.

Chair Long added that the Agency sometimes structured agreements to avoid triggering prevailing wage calculations, allowing awards over $750,000 without necessarily increasing labor costs. Director Chandler noted SDCs would not affect prevailing wage requirements.

Board Member Hege expressed concern about granting $800,000 only for a recipient to incur an additional $175,000 in labor costs due to prevailing wage requirements, questioning the value of such an approach.

Chair Long suggested leaving the decision open for the Board to handle on a case-by-case basis.

Board Member Richardson stated he preferred not to exceed $750,000, or possibly $1 million for a significant project. He noted that $1 million would represent one-fifth of the Agency's estimated $5 million discretionary funding and could displace approximately 25 smaller incentive projects. He emphasized the Agency's goal to balance large-impact projects with support for small, local businesses and investors.

EDO Spatz concluded that the discussion provided sufficient direction and stated staff would return with more information in February.

Chair Long asked if Ms. Amery would be bringing more information back to the Board in February and whether a vote would then occur in March, or if the goal was to vote in February.

EDO Spatz replied that he would prefer a decision in February to provide guidance for upcoming projects.

Board Member Hege raised a question regarding the proposed increase in the grant limit to $200,000 with a 30% match. He asked if this meant the applicant would only contribute 30% while the Agency covered the remaining 70%. EDO Spatz confirmed that was the current structure for the mixed-use grant, while the commercial grant required a 50% match.

Board Member Hege expressed concern, stating he had repeatedly questioned the logic of a 30% match. He felt that if an applicant could not contribute at least 50%, it raised concerns about the project's viability. He believed a lower match requirement made Agency funds stretch less effectively.

EDO Spatz acknowledged the confusion and explained that combining the commercial and mixed-use grant programs had led to blending the match requirements. He clarified that the commercial grant required a 50% match, while the mixed-use grant required a 30% match. Combining them was an opportunity to set a clear, unified standard.

Chair Long calculated that under the proposed structure, a $300,000 project would require an applicant to contribute $60,000.

Director Chandler confirmed that the mixed-use program guidelines required a 30% match, meaning the Agency would cover 70%. He reiterated this was an opportunity to align the match requirement when combining the programs.

Board Member Hege stated that no funding source typically covers 70% of a private project, and he believed such a structure was unreasonable.

Board Member Richardson asked Board Member Hege what match percentage he would consider appropriate.

Board Member Hege suggested a 60/40 split, with applicants contributing at least 40%.

Board Member Wring, speaking as a downtown business owner, noted that a higher match could improve an applicant's ability to secure financing. He acknowledged the original intent of the mixed-use grant was to incentivize upper-floor housing. He cautioned that reducing that incentive could impact the creation of downtown housing. He asked if staff had examples of successful mixed-use projects under the 30% match requirement.

EDO Spatz and Director Chandler replied that there had not been any successful mixed-use projects funded under the program. One was approved but later withdrawn.

Board Member Hege questioned why all projects would be incentivized at a 70% level when the goal was specifically to encourage housing. Board Member Wring agreed and suggested

keeping the two programs separate, despite the additional administrative work, to better align with their distinct purposes.

Director Chandler explained that the motivation for combining the programs was feedback that the $50,000 commercial grant limit was not sufficient for many projects. While the goal of the mixed-use grant was to incentivize housing, commercial improvements represented the majority of grant applications. Adding residential units to older buildings remained difficult due to building code requirements.

Board Member Wring proposed increasing the commercial grant limit while potentially reducing the mixed-use grant cap.

EDO Spatz suggested a compromise: combining the programs under a $200,000 cap, with a 60/40 match for commercial projects and a 50/50 match if housing was included.

Board Member Richardson supported this approach, stating it remained a strong incentive while being more reasonable than a 70% Agency contribution.

Director Chandler requested additional information from County Assessor Amery regarding the ROI topic, noting that without further clarification, it might be premature to adopt a standard for ROI. Ms. Amery agreed to return.

Board Member Richardson said he got the sense from several people that ROI might not be something they needed to pursue, as it seemed too complex, and perhaps they should let it go.

Board Member Coburn agreed, noting that while it might not be necessary to pursue ROI, understanding it better could still be useful. The Board has generally assumed that improving a building would increase property taxes, but that might not always be the case. Having more clarity on when it does or doesn't apply could be helpful, even if it isn't framed as ROI.

EDO Spatz added that distinguishing between smaller and larger projects might make the ROI discussion more worthwhile, especially when considering larger projects in the $1 million to $3 million range.

Ms. Amery explained that the goal wasn't to clarify ROI but rather to offer a programmatic understanding of how it works. She noted that she had experience with it years ago, and that Board Member Hege had suggested it might be time to revisit the topic. Ms. Amery plans to provide a brief summary on how real market value increases and taxable increases work, including some amendments and adjustments she would like to make to the document. She assured the group that it would be a high-level overview and would not take up too much time.

Chair Long expressed appreciation for the effort and noted that it would also help the public better understand the process later.

BOARD MEMBER COMMENTS / QUESTIONS

Board Member Swift provided an update on the Federal Street Project. Several design schemes have been refined based on public input from 400 individuals regarding the Tony's lot. Public feedback is encouraged. An interactive open house will be held on February 12 at Freebridge Brewing at 5:30 p.m. The design schemes are now available online and will also be displayed at various local downtown businesses for additional public input.

Board Member Swift also shared that on Saturday, the grand opening of the new Tree Top Playground Structure at Sorosis Park was celebrated, with 250-300 attendees, primarily children excited about the new features. The playground offers many interactive and ADA-accessible

elements. Board Member Swift expressed gratitude to the City and County for their significant contributions to the Sorosis Park restoration. Looking ahead, Phase Two of the project will include new swings, benches, a shade structure, a batting cage, and a food truck spot, adding to the exciting upgrades at the park.

Board Member Lillvik inquired about the timeline for understanding what might be placed in the Tony's lot, noting that the Federal Street Plaza Committee has been considering design options. She expressed interest in having clarity on what might go in the space, or at least a few options, in the next month or two.

EDO Spatz replied a Request for Expressions of Interest (RFEI) was issued in the fall, and interviews with three proposals are forthcoming. Written questions have been sent to each respondent, and a decision is expected by February or March, pending due diligence. EDO Spatz acknowledged the importance of finalizing the decision and providing clarity.

Board Member Lillvik asked whether the Federal Street Plaza Committee could be provided with the design information from the Federal Street Plaza process to help determine which scheme might work best for the Tony's lot location. Specifically, Board Member Lillvik highlighted the challenge of determining how much frontage area on the Tony's lot should be allocated for potential business entrances, and suggested that having this information would be beneficial for the committee's work.

STAFF COMMENTS / PROJECT UPDATES

EDO Spatz announced he would retire at the end of March. "It has been a delight, and I want to emphasize I'm not going to fall off the face of the planet. I do want to stay engaged in this community. I raised my kids here. I love this town."

ADJOURNMENT

Being no further business, the meeting adjourned at 7:27 p.m.

Meeting conducted in a room in compliance with ADA standards.

Submitted by/
Paula Webb, Secretary
Community Development Department

SIGNED: _____
Darcy Long, Chair

ATTEST: _____
Paula Webb, Secretary
Community Development Department

AGENDA STAFF REPORT
AGENDA LOCATION: 7. A.

MEETING DATE: February 18, 2025

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz
Economic Development Officer

ISSUE: Annual Financial Report and Audit FY 2023-24

BACKGROUND

Each year, the City of The Dalles' Finance Department oversees the preparation of two financial reports for the Urban Renewal Agency. A brief description of each of these reports has been provided below:

1) **Urban Renewal Agency Annual Audit.** Prepared by KDP Certified Public Accountants, LLP. – This independent audit includes review of agency-wide financial statements, fund financial statements, notes to the financial statements, and supplemental information for the 2023-2024 fiscal year. KDP conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. The audit is included here as Attachment A.

2) **Urban Renewal Annual Financial Report**. Prepared by Elaine Howard Consulting, LLC. – Pursuant to Oregon Revised Statutes (ORS) 457.460, an Urban Renewal Agency must prepare a report on specific financial information no later than January 31 of each year. This report must be distributed annually by March 1 of each year to each taxing district affected by an agency urban renewal plan. In addition, notice shall be published once a week for not less than two successive weeks before March 1 indicating the statement has been prepared and is on file with the municipality and the agency and the information contained in the statement is available to all interested persons. This document is included here as Attachment B.

Staff will provide a brief summary of both reports at the February 18, 2025 meeting.

Attachments

- **Attachment A** – Urban Renewal Agency Annual Audit, FY 2023/2024 (KDP, LLP)
- **Attachment B** – Urban Renewal Annual Financial Report, FY 2023/2024 (Elaine Howard Consulting, LLC.)

COLUMBIA GATEWAY
URBAN RENEWAL AGENCY
A BLENDED COMPONENT UNIT OF
THE CITY OF THE DALLES, OREGON
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024
WITH
INDEPENDENT AUDITOR'S REPORT

"

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
The Dalles, Oregon
Year Ended June 30, 2024

BOARD OF DIRECTORS

Name and Address	Term Expires
Ben Wring 3443 Columbia View Drive The Dalles, Or 97058	December 31, 2024
Kristen Lillvik 710 E 18th St. The Dalles, OR 97058	June 30, 2027
Darcy Long 313 Court Street The Dalles, OR 97058	as appointed
Dan Richardson 313 Court Street The Dalles, OR 97058	as appointed
Timothy McGlothlin 313 Court Street The Dalles, OR 97058	as appointed
Walter Denstedt 708 W 13´¡ Street The Dalles, OR 97058	as appointed
Staci Coburn 460 E Knoll Drive The Dalles, OR 97058	as appointed
Scott Hege 511 Washington Street The Dalles, OR 97058	as appointed
Ben Wring 3443 Columbia View Dr The Dalles, OR 97058	as appointed
Marcus Swift 602 W 2nd St. The Dalles, OR 97058	as appointed

AGENCY ADDRESS

Administrative Offices
313 Court Street
The Dalles, OR 97058

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Columbia Gateway Urban Renewal Agency

Year ended June 30, 2024

Independent Auditor's Report

Certified Public Accountants, LLP
audit | tax | advisory | valuation

kdpllp.com

INDEPENDENT AUDITOR'S REPORT

Agency Officials
Columbia Gateway Urban Renewal Agency
The Dalles, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Columbia Gateway Urban Renewal Agency (the Agency), a component unit of the City of The Dalles, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis and General Fund budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management’s discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund budgetary comparison information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund budgetary comparison information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Debt Fund budgetary comparison information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Debt Fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Oregon State Regulations*

In accordance with *Oregon State Regulations*, we have also issued our report dated November 25, 2024, on our consideration of the Agency's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.

Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 4, 2024

Management's Discussion and Analysis

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2024

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Columbia Gateway Urban Renewal Agency (the Agency) for the fiscal year ended June 30, 2024. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

HIGHLIGHTS

- The assets of the Agency exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $4,297,190 (net position).

- The Agency's total net position increased by $900,790. This increase is attributable to an increase in investment earnings of $127,081 due to increased interest rates.

- The Agency's total liabilities decreased by $570,949. This was primarily the result of debt service payments of $600,000, partially offset by an increase in other liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements.

1. Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Columbia Gateway Urban Renewal Agency's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statement of activities* presents information showing how the government's financial position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in a future fiscal period (e.g., uncollected property taxes).

The government-wide financial statements can be found on pages 1 and 2 of this report.

2. Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements.

However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The Agency maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the two funds.

The Agency adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the General Fund and Debt Service Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

3. Notes To the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 16 of this report.

4. Required Supplementary Information and Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Agency's General Fund budget to actual statement. Required supplementary information can be found on page 17 of this report. Supplementary information including the Agency's Debt Service Fund budget to actual statement can be found on page 18 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities and deferred inflows of resources by $4,297,190 at the close of the most recent fiscal year. In fiscal 2023, the assets exceeded liabilities by $3,396,400. The primary purpose of the Agency is to utilize tax increment financing to fund various improvement projects as identified in the revitalization plan of the City.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2024

Summary Statements of Net Position for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Assets		
Current and other assets	$ 7,816,651	$ 7,486,810
Capital assets	95,534	95,534
Total assets	7,912,185	7,582,344
Liabilities		
Long-term liabilities	3,541,052	4,168,020
Other liabilities	73,943	17,924
Total liabilities	3,614,995	4,185,944
Net position		
Net investment in capital assets	(3,445,518)	(4,072,486)
Restricted	6,377,594	6,134,687
Unrestricted	1,365,114	1,334,199
Total net position	$ 4,297,190	$ 3,396,400

The deficit in net investment in capital assets is the result of the Agency's liabilities used to finance the construction of public infrastructure assets, which are contributed to the City of The Dalles.

Summary Statements of Activities for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Revenues		
Capital grants and contributions	$ 60,000	$ -
General revenues:		
Property taxes	1,666,557	1,673,417
Other	321,540	(163,306)
Total revenues	2,048,097	1,510,111
Expenses		
General government	512,926	554,000
Interest on long-term debt	171,082	194,678
Total expenses	684,008	748,678
Special item - impairment loss	(463,299)	-
Change in net position	900,790	761,433
Net position - beginning of year	3,396,400	2,634,967
Net position - ending	$ 4,297,190	$ 3,396,400

Net position increased during the year by $900,790 primarily due to property tax revenues exceeding expenses. Change in net position increased from fiscal 2023 due to an increase in investment earnings of $127,081 due to increased interest rates and decreases in general government expenses of $41,074 or 7.4% and interest on long term debt of $23,596 or 12.1% due to the reduction of debt outstanding through annual principal payments. Additionally, the Agency realized a loss on disposal of assets held-for-sale in fiscal 2023 of $355,315 which was nonrecurring in fiscal 2024; however, in the current year there was an impairment loss on assets held-for-sale in relation to demolition costs of the Tony's Building exceeding net realizable value. For further information regarding assets held-for-sale refer to Note 6.

The Agency's tax levy totaled $1,688,155 and is restricted to urban renewal projects and the repayment of debt. The debt was issued to finance a number of improvements within the Urban Renewal District. The Agency's projects are constructed and, upon completion, ownership is transferred to the City of The Dalles, except for capital assets that are purchased to be refurbished and sold.

BUDGETARY HIGHLIGHTS

The budget was based upon an effort by management to continue with projects identified in the urban renewal plan and with other projects as opportunities arise. The Agency's General Fund original legal appropriations totaled $5,558,977. Expenditures in the General Fund were $4,550,489 under budget, due to no capital outlay as budgeted projects were delayed to future years.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2024 the Agency had $95,534 invested in capital assets. The Agency has no other capital assets since all of the projects become assets of the City of The Dalles. They have been transferred to the City and are no longer assets of the Agency. For further information regarding capital assets refer to Note 7.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2024

Debt Outstanding

As of June 30, 2024, the Agency had $3,541,052 in debt outstanding compared to $4,168,020 in fiscal 2023. The $626,968 decrease resulted from the annual principal payment of $600,000 and amortization of the premium on debt of $26,968. For further information regarding debt refer to Note 8.

ECONOMIC FACTORS

The Urban Renewal Agency continues to be an important partner in economic development within the City of The Dalles, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Urban Renewal projects that increase property values within the boundaries of the Agency result in greater tax increment resources. That tax increment is then used to pay debt service on bonds issued to fund projects and improvements.

FINANCIAL CONTACT

The Agency's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the Agency's Finance Director at 313 Court Street, The Dalles, Oregon 97058.

Basic Financial Statements

Government-Wide Financial Statements

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS:	
Cash and cash equivalents	$ 6,428,396
Property tax receivable	74,294
Notes receivable:	
Current	25,000
Noncurrent	282,445
Assets held-for-sale	1,006,516
Capital assets:	
Nondepreciable	95,534
Total assets	7,912,185
LIABILITIES:	
Accounts payable and accrued expenses	59,616
Accrued interest payable	14,327
Long-term debt, net of unamortized premium	
Due within one year	652,983
Due in more than one year	2,888,069
Total liabilities	3,614,995
NET POSITION:	
Net investment in capital assets	(3,445,518)
Restricted for:	
Debt Service	801,925
System development	5,575,669
Unrestricted	1,365,114
Total net position	4,297,190
Total liabilities and net position	$ 7,912,185

See notes to the financial statements

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Total Governmental Activities
Governmental activities:					
General government	$ 512,926	$ -	$ -	$ 60,000	$ (452,926)
Interest on long-term obligations	171,082	-	-	-	(171,082)
Total governmen	$ 684,008	$ -	$ -	$ 60,000	(624,008)
General revenues:					
Property taxes revenue					1,666,557
Interest and investment earnings					316,522
Miscellaneous					5,018
Total general revenues					1,988,097
Special item - impairment loss (*see Note 6*)					(463,299)
Change in net position					900,790
Net position - beginning of year					3,396,400
Net position - ending of year					$ 4,297,190

See notes to basic financial statements

Fund Financial Statements

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	$ 5,626,471	$ 801,925	$ 6,428,396
Receivables:			
Property taxes	74,294	-	74,294
Notes	307,445	-	307,445
Total assets	$ 6,008,210	$ 801,925	$ 6,810,135
LIABILITIES:			
Accounts payable and other current liabilities	59,616	-	59,616
Total liabilities	59,616	-	59,616
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - Property taxes	65,480	-	65,480
Unavailable revenue - Notes receivable	307,445	-	307,445
Total deferred inflows of resources	372,925	-	372,925
FUND BALANCES:			
Restricted for:			
Debt Service	-	801,925	801,925
System development	5,575,669	-	5,575,669
Total fund balance	5,575,669	801,925	6,377,594
Total liabilities, deferred inflows of resources and fund balance	$ 6,008,210	$ 801,925	$ 6,810,135

See notes to the financial statements

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

TOTAL FUND BALANCE		$ 6,377,594
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		95,534
Property tax receivable and notes receivable are not available to pay for current-period expenditures and, therefore, are not recognized in the governmental funds.		
Property tax receivable	$ 65,480	
Notes receivable	307,445	
		372,925
Assets held-for-sale do not represent resources available to pay for current-period expenditures and, therefore, are not reported in the funds.		1,006,516
Premium on long-term debt reported in the governmental activities is included in revenues in the fund financial statements on issuance of debt and therefore are not reported in the funds.		(71,052)
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.		
Long-term debt	$ (3,470,000)	
Accrued interest	(14,327)	
		(3,484,327)
TOTAL NET POSITION		$ 4,297,190

See notes to the financial statements

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES:			
Property taxes	$ 875,568	$ 794,712	$ 1,670,280
Intergovernmental	60,000	-	60,000
Interest on investments	311,622	4,900	316,522
Miscellaneous	5,018	-	5,018
Total revenues	1,252,208	799,612	2,051,820
EXPENDITURES:			
Current:			
General government	493,076	-	493,076
Capital outlay	515,412	-	515,412
Debt service:			
Principal	-	600,000	600,000
Interest	-	200,425	200,425
Total expenditures	1,008,488	800,425	1,808,913
Net changes in fund balances	243,720	(813)	242,907
FUND BALANCES, BEGINNING (as restated)	5,331,949	802,738	6,134,687
FUND BALANCES, ENDING	$ 5,575,669	$ 801,925	$ 6,377,594

See notes to the financial statements

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Amounts reported in the statement of activities are different because:

Net change in fund balances - governmental funds		$ 242,907
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Property taxes	$ (3,723)	
		(3,723)
Governmental funds report expendituers for improvements to assets held-for-sale while governmental activities capitalize improvements to assets held-for-sale not to exceed the lesser of cost or net realizable value.		32,263
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest	$ 2,375	
Amortization of bond premium	26,968	
		29,343
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		600,000
Change in net position of governmental activities		$ 900,790

See notes to the financial statements

Notes to Basic Financial Statements

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Columbia Gateway Urban Renewal Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the Agency accounting policies are described below.

The Financial Reporting Entity

The Agency was created in 1990 by the City of the Dalles (the City) to assist in the redevelopment of blighted and deteriorated areas within the City through tax increment financing. The Agency is organized under general laws pertaining to urban renewal agencies in the State of Oregon. The Agency was formed primarily to carry out the terms of the Urban Renewal Plan, which is to eliminate blighting influences found in the renewal area, implement certain goals and objectives of the City of The Dalles' Comprehensive Plan, and assist in meeting the City's economic development objectives through redevelopment of key sites, property rehabilitation, improving infrastructure in the renewal area, and assisting with the construction of needed public facilities.

The Agency's governing body is identical to that of the City, and because the services of the Agency are for the benefit of the City, a determination was made by using guidance provided for in generally accepted accounting principles (U.S. GAAP) that the Agency is a blended component unit of the City. As a result, the Agency's financial statements are blended with those of the City by including them in the appropriate statements and schedules of the City's Annual Financial Report. Copies of which may be obtained from the City Administrative Offices, 313 Court Street, The Dalles, OR 97058.

Financial Statement Presentation, Measurement Focus, and Basis of Accounting

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the activities of the Agency. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. In the case of the Agency, no business-type activities exist.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. The Agency does not have *program revenues* and reports taxes and investment earnings as *general revenues.*

The government-wide financial statements are accounted for using an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Nonexchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements have been satisfied. The effect of interfund activity within governmental activities such as transfers, advances and loans are eliminated.

The Agency applies restricted resources when an expense is incurred for purpose for which both restricted and unrestricted assets are available.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

The Agency uses fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into two categories: governmental and proprietary. Each category, in turn is divided into separate funds. In the case of the Agency, fund financial statements are only presented using the governmental fund type, as no proprietary activity exist.

The governmental fund financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus whereby only current assets (deferred outflows) and current liabilities (deferred inflows) generally are included in the Balance Sheet, and the Statement of Revenues, Expenditures and Changes in Fund Balance present increases and decreases in those current net fund balances. Governmental funds use the modified accrual basis of accounting where revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Property taxes are reflected as revenues in the fiscal period for which they were levied, provided they are due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (1 month). Otherwise, they are reported as deferred inflow of resources (unavailable revenue). Property taxes, which are held at year end by the collecting agency, Wasco County, and are remitted to the Agency within the 1 month period, are reported as “Taxes Receivable.”

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Intergovernmental revenues are recognized as revenues when all eligibility requirements are met. There are, however, essentially two types of intergovernmental revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Agency; therefore, all eligibility requirements are determined to be met when the underlying expenditures are recorded. In the other, monies are virtually unrestricted as to the purpose of the expenditure and are usually revocable only for failure to comply with prescribed requirements; therefore, all eligibility requirements are determined to be met at the time of receipt or earlier if the susceptible to accrual criteria are met.

Financial operations of the Agency are accounted for in the following governmental funds:

General Fund – This fund accounts for the acquisition and development of capital improvement projects for the Agency. Revenues and other financing sources consist of property taxes, operating transfers from the debt service fund, bond proceeds, investment earnings and other miscellaneous revenues.

Debt Service Fund - Includes tax revenue deposits and debt payments for long term and short-term borrowing, including intergovernmental agreements with the City and lines of credit.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Cash and Investments

The Agency's cash and investments include cash on hand, demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The Agency maintains merged bank accounts and investments for its funds in a central pool of cash and investments that are commingled with the City of The Dalles. The investment policy of the Agency is to invest in LGIP and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The Agency allocates earnings on investments to each fund based on average monthly cash balances throughout the year.

Investments are stated at amortized cost, which approximates market value.

Receivables

Non-current property taxes and special assessments receivable are treated as deferred inflows of resources as unavailable revenue in the governmental funds. Property tax receivables are considered to be fully collectible. Accordingly, no provision for estimated uncollectible balances has been established for those accounts.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables". All other outstanding balances between funds are reported as "due to/from other funds."

Property Taxes Receivable

The Agency receives a tax increment under Section 1c, Article XI of the Oregon Constitution, and ORS Chapter 457. It states that the portion of the taxes representing the levy against the increase, if any, in true cash value of property located in the urban renewal area shall, after collection by the tax collector, be paid into a special fund of the Agency and shall be used to pay the principal and interest on indebtedness incurred by the Agency to finance or refinance the implementation of the Urban Renewal Plan. Property taxes receivable that are collected within 1-month after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred inflow of resources because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary because uncollectable property taxes become a lien of the property. Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are levied and payable on November 15. Taxes are administrated by the County. Collection dates are November 15, February 15, and May 15. Taxes are billed and collected by Wasco County and remittance to the Agency is made at periodic intervals. The Agency levied taxes at its maximum taxing authority of $1,688,155.

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. The remaining balance of taxes receivable is recorded as unavailable revenue because it is not deemed available to finance operations of the current period.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets include construction in progress and assets held for sale and are reported in the governmental activities column of the statement of net position in the government-wide financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Agency maintains a capitalization threshold of $5,000 and a useful life of over one year. The Agency has no depreciable capital assets.

Assets Held-for-Sale

Assets held-for-sale represent capital assets including land and other properties acquired to achieve the Agency's general purpose and are held until development or other opportunities are identified. Assets held-for-sale are recorded at the lower of cost or net realizable value.

Deferred Outflows/inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are no deferred outflows.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has property taxes and notes receivable that fit into this classification.

Long-term Obligations

The Agency reports long-term debt on the statement of net position. These obligations will be met using receipts from property tax and other special levies.

For governmental fund types, bond premiums and discounts are recognized during the current period. Bond proceeds and associated premiums or discounts are reported separately as another financing sources. Bonds payable are reported net of the applicable bond premiums or discounts, if any.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position and Fund Balance

Net position comprises of the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. The Agency's net position is classified in the following two categories:

Net investments in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.

Restricted net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the bonds. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Agency.

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In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components: non-spendable, restricted, committed, assigned and unassigned.

Non-spendable fund balance represents amounts not immediately converted to cash, such as prepaid items and inventory.

Restricted fund balance includes amounts that are restricted by external creditors, granters or contributors, or restricted by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance represents amounts that have been committed by resolution by the City Council which is the Agency's "highest level of decision-making authority." Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the City Council adopts another ordinance to remove or revise the limitation.

Assigned fund balance is also established by the Council through adoption or amendment of the budget as intended for specific purpose.

Unassigned fund balance represents the residual classification used for those balances not assigned to another category. Only the General Fund may have an unassigned balance.

There are no non-spendable, committed, assigned, or unassigned balances as of June 30, 2024.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the Agency's policy to use committed resources first, then assigned, and then unassigned as they are needed.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 1 – Summary of Significant Accounting Policies (continued)

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2024, the Agency implemented the following GASB Pronouncements:

GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. Issued in June 2022, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2024:

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the Agency for the fiscal year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*. Issued in December 2023, this Statement requires governments to provide essential information about risks related to vulnerabilities due to certain concentrations or constraints that may limit the ability to acquire resources or control spending. This Statement will be effective for the Agency for the fiscal year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*. Issued in April 2024, this Statement updates key components of the financial reporting model to enhance the effectiveness of providing information essential for decision making and assessing accountability. This Statement will be effective for the Agency for the fiscal year ending June 30, 2026.

The Agency will implement new GASB pronouncements no later than the required effective date. The Agency is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the Agency's financial statements.

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. For all funds, materials and services, capital outlay, debt service, transfers and contingency are the levels of control.

Original appropriations may be changed through resolutions by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the general fund to an appropriation category in another fund. A supplemental budget is required if appropriations are expected to exceed authorized appropriation amounts. Budget amounts are as originally adopted, or as amended by the City Council. Expenditures were within authorized appropriations levels for the year ended June 30, 2024.

The Board of Directors must authorize all appropriation transfers and supplementary budgetary appropriations.

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents are comprised of the following as of June 30, 2024:

Carrying amount of demand deposits	$	5,359,233
Carrying amount of investments		1,069,163
	$	6,428,396

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, commercial paper, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities and the Oregon State Treasurer's Local Government Investment Pool.

All deposits are held by the City of The Dalles on behalf of the Agency. The Agency considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty.

Deposits – The GASB has adopted U.S. GAAP, which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the Agency at June 30, 2024. If bank deposits at year end are not entirely insured or collateralized with securities held by the Agency or by its agent in the Agency's name, the Agency must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Any deposits with financial institutions will be covered up to $250,000 by federal depository insurance, and the remaining deposited at an approved depository as prescribed by the Oregon State Treasurer.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Effective July 1, 2008, state statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295 .001 to 295 .108. As long as the bank depository has entered into an agreement (ORS 295.008(2)(b)) and has deposited securities pursuant to state statutes (ORS 295.015(1)), there may now be on deposit at any one bank depository and its branches, a sum in excess of the amount insured by Federal Deposit Insurance Corporation. For the Fiscal Year ended June 30, 2024, the total carrying amount of the City's deposits, as pooled with the Agency, in various financial institutions was $5,359,234 and the bank balance was $5,359,278. All deposits are held in the name of the Agency. Of the bank balance, the entire amount was covered by federal depository insurance or collateralized.

Investments – The Agency has invested funds in the State Treasurer's Oregon Short-Term Fund LGIP during fiscal year 2024. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294 .895). LGIP is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the State to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the Agency’s name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

Note 3 – Cash and Cash Equivalents (continued)

Credit risk – State statutes authorize the Agency to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The Agency has no formal investment policy that further restricts its investment choices.

Concentration of credit risk – The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent 5.00% or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Agency has no such investments.

Interest rate risk – The Agency has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Note 4 – Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

As of June 30, 2024, the Agency had the following investments:

Investments Measured at Fair Value:	Total as of 6/30/2024	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government Investment Pool	$ 1,069,163	$	$	$ -	$ 1,069,163
Total	$ 1,069,163	$ -	$ -	$ -	$ 1,069,163

Cash and investments are comprised of the following as of June 30, 2024:

Demand deposits	$ 5,359,233
Investments - LGIP	1,069,163
Total	$ 6,428,396

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 5 – Note Receivables

In April 2001, the Agency entered into a loan agreement to assist a borrower with an acquisition and rehabilitation project resulting in a note receivable. The principal on the note is due no later than December 31, 2026, and interest is payable at 1% annually. The note is secured by real property and is considered fully collectible. As of June 30, 2024, the outstanding principal balance is $282,445. The agreement requires this amount to be paid on or before December 31, 2026.

In January 2019, the Agency entered into an agreement for the sale of a property for redevelopment resulting in a note receivable. The purpose of the redevelopment is to support public objectives of the Agency's Urban Renewal Plan. The eighth addendum to the agreement revised the schedule of contract payments and closings which includes various principal payments through October 2024. The note is secured by real property and is considered fully collectible. As of June 30, 2024, the outstanding principal balance is $25,000. This amount is anticipated to be paid in fiscal year 2025.

Note 6 – Assets Held-for-Sale

The Agency acquires and refurbishes assets for the benefit of the City and local businesses, and any assets during this activity would become the property of the benefiting entity. During the year ended June 30, 2024, demolition costs of $495,562 were incurred on a property held-for-sale with an initial cost of $423,934 and an assessed value of $456,200. As such, the difference of $32,263 was capitalized and the remaining balance of $463,299 in excess of the estimated net realizable value was recognized as an impairment loss on the Statement of Activities and reported as a special item.

The following is a summary of changes in assets held-for-sale during the fiscal year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Assets held-for-sale	$ 974,253	$ 32,263	$ -	$ 1,006,516

Note 7 – Capital Assets

The 3rd Street Streetscape project is in the early stages of design and engineering and the project is waiting on final approval for construction. Costs incurred to date are $52,668, with the estimated costs of $3 million. The 1st Street Parking Lot project has started. Cost incurred to date are $42,866.

At June 30, 2024, the capital assets of the Agency consist of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated				
Construction in progress	$ 95,534	$ -	$ -	$ 95,534
Total Capital Assets	$ 95,534	$ -	$ -	$ 95,534

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Note 8 – Long-Term Debt

The City issued $12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. $10,205,000 of the bonds was for the benefit of the Columbia Gateway Urban Renewal Agency and will be repaid from tax increment revenues within the Urban Renewal area with interest rates ranging from 2% to 5%, within an assistance agreement between the City and Agency. The bonds were issued to finance construction of public infrastructure improvements, urban renewal projects, to refinance the Urban Renewal Bonds Series 2002, to fund an urban renewal debt reserve, and to pay the costs of issuance. The Agency has pledged its tax increment revenues and earnings for repayment of the Agency portion of the obligation. If the bond is defaulted by failure to make required principal or interest payments or other covenants, action to enforce the financing agreement may take place for the outstanding balance of the obligation.

Future maturities are as follows:

Fiscal Year	Principal	Interest	Premium	Total
2025	$ 630,000	$ 171,925	$ 22,983	$ 824,908
2026	660,000	142,000	18,802	820,802
2027	695,000	109,000	14,424	818,424
2028	725,000	74,250	9,822	809,072
2029	760,000	38,000	5,021	803,021
	$ 3,470,000	$ 535,175	$ 71,052	$ 4,076,227

The following is a summary of changes in long-term debt during the fiscal year ended June 30, 2024:

	6/30/2023 Balance	Additions	Reductions	6/30/2024 Balance	Due Within One Year
Urban Renewal Portion					
Series 2009 FFCO	$ 4,070,000	$ -	$ 600,000	$ 3,470,000	$ 630,000
Premium on Debt	98,020	-	26,968	71,052	22,983
	$ 4,168,020	$ -	$ 626,968	$ 3,541,052	$ 652,983

Note 9 – Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year, and the Agency has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years.

Note 10 – Tax Abatements

The City has authorized tax-exempt status for five qualified firms within the City: Escape The Dalles, Hydro USA, Powder Pure, 15 Mile Ventures, LLC, and Design, LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2024, the foregone property tax revenue is $1,543,170.

Required Supplementary Information

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 888,276	$ 888,276	$ 875,568	$ (12,708)
Intergovernmental	-	-	60,000	60,000
Interest on investments	29,000	29,000	311,622	282,622
Miscellaneous	25,010	25,010	5,018	(19,992)
Total revenues	942,286	942,286	1,252,208	309,922
EXPENDITURES:				
Current:				
General Government:				
Materials and services	2,975,595	2,975,595	493,076	2,482,519
Capital outlay	2,583,382	2,583,382	515,412	2,067,970
Total expenditures	5,558,977	5,558,977	1,008,488	4,550,489
Revenues over (under) expenditures	(4,616,691)	(4,616,691)	243,720	4,860,411
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of property	2,824	2,824	-	(2,824)
Total other financing sources (uses)	2,824	2,824	-	(2,824)
Net changes in fund balance	(4,613,867)	(4,613,867)	243,720	4,857,587
FUND BALANCE, BEGINNING	4,613,867	4,613,867	5,331,949	718,082
FUND BALANCE, ENDING	$ -	$ -	$ 5,575,669	$ 5,575,669

Supplementary Information

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Budget			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Property taxes	$ 794,712	$ 794,712	$ 794,712	$ -
Interest on investments	4,900	4,900	4,900	-
Total revenues	799,612	799,612	799,612	-
EXPENDITURES:				
Debt service:				
Principal	600,000	600,000	600,000	-
Interest	200,425	200,425	200,425	-
Contingency	801,925	801,925	-	801,925
Total expenditures	1,602,350	1,602,350	800,425	801,925
Net changes in fund balances	(802,738)	(802,738)	(813)	801,925
FUND BALANCES, BEGINNING	802,738	802,738	802,738	-
FUND BALANCES, ENDING	$ -	$ -	$ 801,925	$ 801,925

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Agency Officials
Columbia Gateway Urban Renewal Agency
The Dalles, Oregon

We have audited the basic financial statements of the Columbia Gateway Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 4, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of *Oregon Revised Statutes* (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.

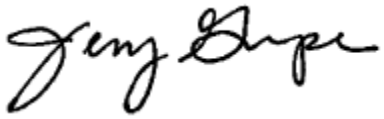
In connection with our audit testing, nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-010-0230 Internal Control

In planning and performing our audit of the General Statements, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Restrictions on Use

This report is intended solely for the information and use of the governing body and management of the Agency and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.



Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 4, 2024

ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2024

2023/2024

Columbia Gateway Urban Renewal Agency

This report fulfills the requirements, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

Annual Report for Fiscal Year Ending June 30, 2024

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

URBAN RENEWAL AREA BACKGROUND

The Columbia Gateway Urban Renewal Plan (Plan) was adopted by the City of The Dalles in 1990. A substantial amendment of the Plan was adopted in 2009 to increase the size of the urban renewal area and the maximum indebtedness allowed under the Plan. Over Fiscal Year 2023/24 the Columbia Gateway Urban Renewal Agency (Agency) worked on a substantial amendment that involved a revision of the goals and objectives, increasing the maximum indebtedness and adding projects. The revised goals and objectives were put into place in December, 2024, and are listed below to avoid confusion with goals and objectives previously adopted by the Agency, and to clarify future direction. The maximum indebtedness section of this document will indicate the increased maximum indebtedness from the 2024 substantial amendment.

Goals and Objectives

A. To foster public participation in all urban renewal activities, including but not limited to strategic planning, through semi-annual in-person and virtual town halls and other civic outreach, and to regularly communicate urban renewal achievements and activities through social and traditional media engagement, signage, website, and public presentations.

B. To make strategic investments of urban renewal funds and engage in various urban renewal activities which increase the value of properties within the Urban Renewal District so that the area will contribute its fair share to the costs of public services.

C. To make strategic investments that return unused and underused public and private properties to productive condition, consistent with the City's Comprehensive Plan and implementing ordinances;

D. To participate through land acquisition and disposition, rehabilitation loans and other activities in specific opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will accomplish any or all of the following goals:

   1. Encourage the expansion and development of businesses that will expand property values, produce jobs for the people of The Dalles and Wasco County;

   2. Ensure a more attractive, functional and economically viable city;

3. Restore historically significant properties to productive use when such use aligns with Goals A and B above,

4. Recognize, maintain awareness of, and when feasible, mitigate the fiscal impact of Urban Renewal on local tax districts,

5. Expand availability of family-wage housing, including but not limited to vertical downtown housing and multi-family residential housing.

6. Support the development of public spaces downtown.

E. To expand access and connections from downtown to the Riverfront and to provide facilities that enhance public use of the Riverfront;

F. To provide an adequate amount of properly located and designed off-street accessible parking in the downtown area;

G. To improve the visual appearance, capacity, and traffic flow of public streets where such improvements will foster adjacent commercial or residential investment and/or support public services.

H. To install and maintain coordinated street furniture, night lighting and landscaping in areas of maximum pedestrian concentration; including alley rights-of-way in the downtown area;

I. In conjunction with urban renewal projects, leverage other funding sources to install or upgrade public utilities, including but not limited to underground services in downtown alley rights-of-way.

J. To identify and actively pursue external grant and private resources in order to leverage the Agency's financial resources to the maximum extent possible.

FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

Money Received

In FY 2023/2024, the Columbia Gateway Urban Renewal Agency received $1,670,280 from property taxes.[1] The detailed revenues of the Columbia Gateway Urban Renewal Agency can be seen in Table 1.

Table 1. Money Received During FY 2023/2024

Revenues	General Fund	Debt Service Fund	Total
Property Taxes	$875,568	$794,712	$1,670,280
Intergovernmental	$60,000		$60,000
Interest on Investments	$311,622	$4,900	$316,522
Miscellaneous	$5,018		$5,018
TOTAL:	$1,252,208	$799,612	$2,051,820

Source: Columbia Gateway Urban Renewal Agency Financial Statement FY 2023/2024 pg. 5

Money Expended

Revenue received through urban renewal and spent on urban renewal activities is shown in Table 2.

Table 2. Expenditures During FY 2023/2024

Expenditures	General Fund	Debt Service Fund	Total
General Government	$493,076		$493,076
Capital Outlay	$515,412		$515,412
Debt Service			-
Principal		$600,000	$600,000
Interest		$200,425	$200,425
TOTAL:	$1,008,488	$800,425	$1,808,913

Source: Columbia Gateway Urban Renewal Agency Financial Statement FY 2023/2024 pg. 5

Estimated Revenues

The estimated tax revenues from the FY 2023/24 adopted Columbia Gateway Urban Renewal Agency budget are $1,650,188 from current year tax increment proceeds and $34,900 from prior year taxes.[2]

[1] Coumbia Gateway Urban Renewal Agency Audited Financial Statement FY 2023/2024, pg. 5
[2] Coumbia Gateway Urban Renewal Agency FY 2024/2025 Budget, pg. 5-10

Proposed Budget for Current Fiscal Year, FY 2024/25

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund is shown in Table 3 and Table 4 below. Table 3 shows the revenues and Table 4 shows the expenditures.

Table 3. Budget FY 2024/25 Revenues

Budget Category (Revenues)	General Fund	Debt Service Fund	Total
Beginning Fund Balance	$5,164,625	$801,925	$5,416,605
Division of Taxes Current	$823,128	$797,500	$1,650,188
Division of Taxes Prior Year	$35,000	$4,500	$34,900
Unsegregated Tax Interest	$3,200		$2,800
Interest Revenues	$100,000		$29,000
Misc.	$2,200		$10
Loan Principal Repayment	$25,000		$25,000
Loan Interest Repayment	$2,825		$2,824
TOTAL:	$6,155,978	$1,603,925	$7,161,327

The Columbia Gateway URA FY 2024/2025 Adopted Budget, pg. 5-9

Table 4. Budget FY 2024/25 Expenditures

Budget Category (Expenditures)	General Fund	Debt Service Fund	Total
Materials and Services	$2,806,035		$2,806,035
Capital Outlay	$3,349,943		$3,349,943
Reserve for Future Debt		$802,000	$802,000
Loan Principal		$630,000	$630,000
Loan Interest		$171,925	$171,925
TOTAL:	$6,155,978	$1,603,925	$7,759,903

The Columbia Gateway URA FY 2024/2025 Adopted Budget, pg. 5-10

Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 5. This information is from Wasco County Assessor records, Tables 4a and e. The figures for the permanent rate levy represent that levy in Wasco County only.

Urban renewal agencies do not create an additional tax. Instead, during the Agency's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The North Wasco School District #21 and Columbia Gorge Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

Table 5. Impact on Taxing Districts FY 2023/2024

Taxing Jurisdiction	Foregone Revenue to Urban Renewal	Total Permanent Rate Levy Imposed for Taxing District *	Urban Renewal as a Percent of Permanent Rate Levy
Wasco County	$412,554	13,461,669	2.97%
Port of The Dalles	$19,330	482,091	3.86%
Northern Wasco Park	$65,845	1,215,269	5.14%
Mid-Col Fire & Rescue	$203,752	4,506,622	4.33%
City of The Dalles	$292,567	4,958,829	5.57%
Columbia Gorge Comm Coll	$26,122	851,815	2.98%
Columbia Gorge ESD	$45,278	1,464,929	3.00%
North Wasco School District 21	$508,466	12,289,746	3.97%
Wasco County Soil Conservation	$24,206	787,641	2.98%
4H Extension	$24,206	747,376	3.14%
Wasco County Library	$65,828	2,079,064	3.07%
TOTAL:	$1,688,154		

Source: FY 2023/2024 Sal 4a and 4e from Wasco County Assessor
* represents permanent rate levy amounts in Wasco County only

Maximum Indebtedness

The maximum indebtedness (MI) established for the Columbia Gateway Urban Renewal Plan as of this reporting for FYE 2024 is $29,125,583. The maximum indebtedness is the total amount of funds that can be spent on projects, programs, and administration in the urban renewal area over the life of the urban renewal plan. The remaining MI of the area as of FYE 2024 is $4,812,786.88.[3] Maximum indebtedness used in FY 2023/2024 was $943,471.65. The 2024 Substantial Amendment increased the maximum indebtedness by $6,136,517.

Projects

The Agency started its new Incentive Program in 2022 to help businesses develop new commercial and/or residential units, and expanded this in 2023 to include "Development Funding Agreements" for projects of significant scale. These programs require matching contributions from the businesses. Full approval of a Substantial Amendment to increase the maximum indebtedness, approved by The Dalles City Council in December 2024, enables the programs to continue until termination of the urban renewal district in 2029. The Agency allocated $2,020,529 in FY 2023-24 for eight commercial improvements: $1,730,000 for Basalt Commons, ($730,000 "Development Funding Agreement" and up to $1,000,000 in System Development Charge offsets); $39,802 to The Foley; $50,000 to Stelzer Enterprises; $50,000 to Sunshine Mill Winery; $50,000 to The Mint; $50,000 to The Dalles Inn; $2,162 to the Williams Building; and $48,565 to the Legion Building.

[3] MI calculation performed by Tiberius Solutions LLC, E-mail attachment on 12/30/2024

AGENDA STAFF REPORT
AGENDA LOCATION: 8. A.

MEETING DATE: Tuesday, February 18, 2025

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz
Economic Development Officer

ISSUE: ***Incentive Program Grant Request: Claudia Leash / Oaks Hotel, 200 East Second Street***

BACKGROUND:

The Oaks Hotel is located at 200 East Second Street. Built c. 1890 or earlier, the Oaks Hotel is a grand example of commercial architecture in the High Victorian Italianate style. It has been owned for more than 50 years by Claudia Leash, who also owns and operates "Sigman's Flowers" at street level, a name often associated with the structure. Claudia Leash is the applicant for this Incentive Program funding request.

The building served as the Harry Taylor Saloon in 1908, and later as the Harry Jones Confectioner and Bettengen Cigar Store. The lower floor has been a flower shop since the late 1940s. The upper floor originally had nine rooms, used as a brothel and boarding house. The upstairs has been vacant since the 1970s. The upper façade is symmetrically organized into three bays, decorated by a bracketed cornice and carved spandrels bordering a central, round arched window frame.

The building is in need of significant restoration work, beginning with the exterior in 2024. This phase is funded through a combination of owner's investment and a $200,000 Oregon Main Street "Preserving Oregon" grant, with primary contract awarded to D&R Masonry.

To date about 90 percent of the exterior facade work and about 80 percent of the exterior painting have been completed. This includes replacement of about 1,000 bricks; rebuilding the entire east parapet wall; rebuilding and returning to service nine chimneys; and repairing and repointing bricks on all sides of the building. Exterior painting is largely completed, awaiting some finishing on the front of the building, trim on west and north sides, window frame and transom windows painting.

Other exterior work to be completed includes:

- Restoring metal work on top and middle cornices

- Installing new transom windows on the front of the building
- Restoring windows that have been blocked in
- Restoring second floor windows or replacing with wood-framed windows

The owner proposes to conduct the remaining work with assistance from Columbia Gateway Urban Renewal Agency (**Agency**) through a $200,000 commercial and mixed use grant, combined with up to $40,000 in System Development Charge (**SDC**) offsets. This will fully renovate the main and second floors. Sigman's Flowers will occupy the entire first floor, where renovation will include removal of interior coverings to expose the original brick and wood floors. The second floor, when complete, will have four new housing units available for rent. In addition, the original street-level entrance to the second floor will be reopened and restored, including a door and windows blocked over and lost through the years. All exterior modifications were previously approved by the City's Historic Landmarks Commission in August 2024, with additional land use and building permit review required for many of the interior modifications.

An important, preparatory aspect of the entire project was completed in 2022, as the owner applied for and secured U.S. Environmental Protection Agency funding awarded to City of The Dalles, Wasco County and Port of The Dalles for hazardous materials assessment (asbestos and lead paint), a project that also included preliminary re-use planning leading to the present application for upper-story residential development.

Interior renovation includes:

- Demolish and remove brick wall door passage, drywall, flooring, walls, ceilings leading into stairway and over ramp hallway
- Frame the back entry and restore original entrance
- Add security measures to passageway between Oaks Hotel and adjoining building
- Rebuild passage between the two buildings and remove connecting ramp to ensure security for residential units
- Rebuild lower stairs to meet current code
- Where possible match woodwork and wainscotting with historic materials
- Replace and rebuild flower shop entry with historically appropriate framing and door
- Restore two lost transom windows with approved wood design to closely match original windows
- Restore wood-framed windows, one of which is blocked with air conditioner insert
- Paint and stain to match other materials and colors
- Install a locking system to allow access to second floor

Total estimated cost of exterior and interior work is $798,281. Interior work specific to this application is estimated at $451,620 (page 5 of Attachment A). Owner meets and exceeds Incentive Program matching requirements through private financing and personal savings.

PROJECT BENEFITS:

Staff determines that this project meets the following Agency goals and objectives, as approved in the December 9, 2024, Substantial Amendment to the Urban Renewal Plan:

Goal B: To make strategic investments of urban renewal funds and engage in various urban renewal activities which increase the value of properties within the Urban Renewal District so that the area will contribute its fair share to the costs of public services.

Goal C: To make strategic investments that return unused and underused public and private properties to productive condition, consistent with the City's Comprehensive Plan and implementing ordinances;

Goal D: To participate through land acquisition and disposition, rehabilitation loans and other activities in specific opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will accomplish any or all of the following [relevant excerpts]:

- *Encourage the expansion and development of businesses that will expand property values, produce jobs for the people of The Dalles and Wasco County;*
- *Ensure a more attractive, functional and economically viable city;*
- *Restore historically significant properties to productive use;*
- *Expand availability of family-wage housing, including but not limited to vertical downtown housing and multi-family residential housing.*

Goal J: To identify and actively pursue external grant and private resources in order to leverage the Agency's financial resources to the maximum extent possible.

INCENTIVE PROGRAM REQUESTS:

Total Agency investment in the Oaks Hotel project would be $240,000. Board approval is required for Incentive Program projects exceeding $50,000 in value. Staff determines that the project qualifies for all three Incentive Program grants:

- **Mixed use:** Commercial development at ground level and four new residential units qualifies for $150,000 grant, contingent on 30 percent match by the developer.
- **Commercial:** Ground level renovation qualifies for $50,000 grant, contingent on 50 percent match by the developer.
- **Downtown residential SDC payments to City of The Dalles and Northern Wasco County Parks & Recreation District:** Four new units of up to $10,000 each. (This amount may be reduced to account for any existing SDC credits applied at the time of building permit.)

BOARD ALTERNATIVES:

1. **Staff recommendation: Move to authorize the Agency Manager to execute and implement the Incentive Program Grant Agreement with Claudia Leash, in an amount not to exceed $240,000, as presented.**
2. Make modifications to then authorize the Agency Manager to execute and implement the Incentive Program Grant Agreement with Claudia Leash, as amended.
3. Decline authorization and provide alternative direction to Staff.

Attachment:

- **Attachment A** – Urban Renewal Incentive Program Application, 200 East Second Street

Urban Renewal Incentive Program
APPLICATION

Property address: 200 E 2nd St

Incentive requested: *(check all that apply)*
☒ Commercial Project ☒ Mixed Use Project ☒ New Residential Project

Applicant

Claudia Leash - Owner	Sigman's Flowers
Contact person and title	Business name
541-340-0892	mleash@tdhgi.com & sigmansflowers@aol.com
Phone number(s)	Email Address
200 E 2nd St	
Mailing address	
The Dalles / City	OR / State — 97058 / ZIP Code
sigmansflowers.com	43/43
Website URL	Years in Business / Years in The Dalles

Are you current on business taxes? ☒ Y ☐ N

In which state are your incorporation &/or organization documents filed: Oregon

Ownership status:
☒ I own the property
☐ I own the property with others
☐ I am purchasing the property*
☐ I lease the property*

* Owner Authorization form required (attached)

Property Owner

*(**Required** if different than Applicant.)*

Owner name / contact	Owner business (if applicable)
Phone number(s)	Email Address
Mailing address	
City	State / ZIP Code

Do you expect property owner to be the same at time of project completion? ☒ Y ☐ N

Application Submittal

Minimum Requirements

To be eligible for Program funds, the following minimum requirements must be met:

(1) The subject real property (**Property**) must be located within the Area;

(2) Applicant must be the Property's current owner or must obtain the owner's prior written consent on the Application;

(3) Applicant must not be delinquent on any City accounts (e.g., utility accounts) and real property taxes concerning the Property must be paid in full at the time of Application submission and all fund disbursements. If the Applicant is not the Property's current owner, both the Applicant and owner must not be delinquent on any City accounts and be current on their real property taxes;

(4) The Property must not be subject to any tax abatements reducing its assessed market value (including, without limitation, tax credits, property-related subsidies, or any other tax exemption); provided, however, the Property may receive tax abatement or subsidies from The Dalles Vertical Housing Development Zone without impacting its eligibility under this Program;

(5) The project for which Program funds are sought must be an Eligible Project meeting and seeking to advance Plan goals and objectives; and

(6) Applicant must timely apply for Program funds on Agency's then-current Program application and in such manner as the Agency Manager (**Administrator**) may then prescribe.

Attachments

Separately attach the following documents:

- All relevant plans and specifications;
- Current photographs of the Property and adjacent buildings;
- Project schedule;
- Information concerning the Property, including ownership information and legal description;
- Title report to determine the extent of any existing liens or other encumbrances impacting the Property;
- Current property tax information for the Property; and
- All other information and/or documentation the Administrator deems necessary or appropriate to enable Agency to review the application and determine eligibility for the Program funds.

Public Information Notice

All documents and information contained in documents submitted by an Applicant to this Program are public records subject to the Agency's disclosure pursuant to the Oregon Public Records Law (ORS 192.311 *et seq*.) except such portions the Agency deems exempt from disclosure pursuant to ORS 192.345, 192.355, and other Oregon statutes or federal law. An Applicant may request the Agency consider portions of the Application *confidential* by submitting an analysis of the applicability of ORS 192.355(4) to the City Attorney prior to submission of this Application or any documents or information.

Property and Project Description

Property Description

Briefly describe the current use(s) and condition of the Property. This may include utility information, existing improvements, business uses and names of current commercial/industrial tenants, and number of current residential units.

The Oaks Hotel Building was built around 1890. Its a grand example of commercial architecture in the High Victorian Italianate style. The building is in need of significant restoration work to the exterior to preserve all of the buildings features. The upper façade is symmetrically organized into three bays; decorated by an elaborate bracketed cornice; and carved ornament in spandrels of the central round arched window frame.)

Sigman's Flowers has operated here for about 55-years and has been a flower shop since the late 1940's. The upstairs has not been used since the 1970's. However, prior to that it was a boarding house with 9-rooms and operated as a brothel back in the day. The goal is to convert this space to 4 housing units.

Project Narrative and Schedule

Briefly describe the proposed project and schedule of project completion. This may include business(es) committed to occupying the new/improved area, a description of the current development phase, estimated construction start/end dates, and type of work already completed.

The building's exterior needs significant attention from a company like D&R Masonry Restoration to professionally repair where water intrusion has damaged the exterior and reinstate the amazing architectural features of the building. With their skilled craftsmanship and attention to detail, D&R can revive the building's stunning exterior and bring it back to life.
We'll work with a number of different contractors to fully renovate the main floor and the 2nd floor.
*Sigman's Flowers will occupy the first floor (entire 1st floor to be gutted to expose the brick and plank wood floors
*The 2nd floor when completed will have a total of 4 housing units available for rent.
*Re-establishment of the entrance to the the 2nd level and restoring of doors and windows blocked in or lost over the years

1. Demo (Remove brick wall door passage, drywall, flooring, walls, ceilings going into stairway and over the ramp hallway
2. Frame back in entry and restore original hotel entrance door (original door is storage upstairs
3. Add security type Iron Rod doors to the passage between the buildings, to allow for security of businesses after hours
4. Rebuild the passage between the two buildings, and remove the ramp that connects the two buildings currently
5. Rebuild the lower stairs to ensure the entry meets current codes; may require some type of historical exception
6. Where possible match the current wood work and wainscoting for historic
7. Replace and rebuilding the entryway to the flower shop with historically appropriate framing and door
8. Restore the two lost transom windows with approved wood material to closely match original windows
9. Restore the wood framed windows; one is currently blocked in with window insert air conditioner
10. Paint and stain to match other materials and colors

Eligible Projects

Please choose all that apply.

- ☐ Development of new residential units.
- ☐ Restoration, reuse, or upgrades to historically listed buildings, including adapting historic or culturally significant existing buildings in the Area to new uses. Such improvements must first receive Historic Landmarks Commission approval prior to Application submission.
- ☐ Temperature or ventilation system upgrades (e.g., HVAC); however, *like-for-like* replacements are ineligible.

- ■ Interior and exterior infrastructure upgrades (e.g., plumbing, mechanical, electrical, sidewalk, drive-approaches, etc.).
- ☐ Parking lot improvements.
- ■ Permanent improvements for upper floors of existing Area buildings to make the space usable (if not currently in use).
- ☐ Demolition in conjunction with redevelopment of blighted properties.
- ☐ Safety and accessibility improvements (e.g., ADA access improvements, elevator installation, architectural lighting, seismic reinforcement systems, etc.).
- ☐ Fire suppression systems for new or reused spaces; however, fire suppression systems for existing uses are ineligible.
- ■ Façade improvements, including: **(i)** restoration of masonry, brickwork, and/or wood and metal cladding; **(ii)** installation of new or replacement of existing replacement and/or repair of architectural features; **(iii)** installation of new or replacement of existing awnings; **(iv)** installation of new or replacement of existing exterior lighting; **(v)** installation of new or replacement of existing gutters and downspouts; **(vi)** installation of new or replacement of existing windows; **(vii)** entranceway modification and/or implementation of safety features; **(viii)** structural support for façade only; **(ix)** new construction for façade treatments; **(x)** painting of exterior walls when repairs to siding are made or part of new construction of the façade; and/or **(xi)** construction and installation of bike racks.
- ■ Design or engineering work leading to permanent and physical improvements.
- ☐ Other permanent improvements and redevelopment aligned with Area and Agency goals as approved by the Administrator or Agency Board (as applicable), unless listed as an Ineligible Project.

Ineligible Projects

The following projects are not eligible for Incentive Program funding.

- Projects completed prior to grant funding award.
- Projects on land exempt from property taxes or otherwise by an Applicant or owner exempt from property taxes (e.g., non-profit organizations).
- General cleaning.
- Maintenance and *like-for-like* replacements.
- Roof repairs or replacements.
- Fire suppression systems for existing uses.
- Real property acquisition.
- Equipment acquisition
- Financing costs or debt and other similar operating expenses.
- Flooring.
- Interior electrical and plumbing fixtures.
- Paint and painting.
- Landscaping.
- Security system upgrades.
- Other non-permanent improvements or redevelopment not aligned with Area and Agency goals as denied by the Administrator or Agency Board (as applicable).

Project Budget

Budget Narrative

Please describe the project budget, including revenues and expenditures. Explain how cost estimates were obtained and how budget figures were derived, including cost control measures undertaken. Include any other relevant information that could assist the Agency in understanding better your investment proposal and project readiness.

We have estimated the total project cost: $798,281. Estimates were sourced through different contractors that specialize in each of the trades for the restoration of a historic building. We will be getting multiple bids for the build-out of the 1st and 2nd floors interior. We are also going to have a project manager to assist with over seeing the budgets and try to find ways to cut costs.

Budget Worksheet

Complete the budget chart below, detailing the total project cost estimate (excluding property acquisition and related expenses). Be as specific and detailed as possible. Add lines &/or extra pages as needed to provide sufficient detail. Please attach an additional sheet as needed.

Estimate of Total Project Costs

(excluding property acquisition and related expenses)

EXPENSE / ACTIVITY	CONTRACTOR OR VENDOR	ESTIMATED COST
Building Exterior Restoration	D&R	$ 134,211
Metal Work for Exterior Cornices		$ 122,450
Window Restoration		$ 35,000
New Windows and Doors		$ 20,000
Roof Replace to accomdate building changes		$ 35,000
		$
2nd Floor Restoration and build-out 4-units	(We can provide more detailed budget)	$ 366,620
1st Floor Restoration and building of Retail		$ 85,000
		$
		$
		$
		$
		$
		$
		$
		$
		$
		$
		$
EST. TOTAL PROJECT BUDGET		**$** 798,281

Funding

Amount of Requested Incentive Grant Funding

Commercial Grant Request	$ 50000
Mixed Use Grant Request	$ 150000
Residential Grant Request	$ 40000

Anticipated Financing

Grant funds will be committed prior to commencement of work but will not be disbursed until the Applicant provides proof of payment for the completed improvements (the Grant Agreement will have anticipated reimbursement schedule). Additionally, the Incentive Grant Program requires matching funds: Commercial Grant Applicants must fund at least 50% of total eligible project costs, Mixed Use Grants 30% of total eligible costs, and Residential Grants require the full project to be funded (through public and private sources) to take advantage of the SDC buydown. How will the improvements be financed?

- ☒ Bank / Credit Union Loan (name of lender): Key Bank, Credit Union
- ☐ Other grant from City of The Dalles (list source, amount): _____
- ☒ Other Grant (list all grant sources): Preserving Oregon Grant

- ☐ Other public funding (list source, amount, and whether secured/timing to secure): _____
- ☐ Other Urban Renewal Funding
- ☒ Private loan
- ☒ Equity ☐ Business Savings ☒ Personal Savings ☐ Gift ☐ Friend
- ☐ Other: _____

Eligibility of Proposed Project | Public Funding

Has the Property received other public funding or grants in the past five years? Is the Applicant or owner pursuing any other funding from City of The Dalles to carry out work on this property? Include details on source and amounts received or being pursued and note date of any public approvals.

No. And, no other funds requested at this time.

Certification by Applicant

(Please initial and sign.)

APPLICANT AFFIRMATION

By initialing each below, the Applicant affirms the following statements in the event the Applicant is awarded any funding or credits under this Program for the Project:

CL I understand I will enter into a contractual Grant Agreement with the Agency and a lien equal to the value of any awarded funds disbursed or credits applied will be assessed against the Property for fifteen (15) years from the date of Project completion. I further understand and commit to reimbursing the Agency the value of any awarded funds if the Property receives any Abatements in during the 15-year period other than abatements or subsidies through The Dalles Vertical Housing Zone.

CL If I am awarded any Grants for a Commercial Project or Mixed-Use Project, I understand I am required to invest at least fifty percent (50%) of the improvement costs for Commercial Projects and at least thirty percent (30%) for Mixed-Use Projects.

CL I understand any funding or credits may only be used for costs incurred (1) after award and (2) after the Agency executes the Grant Agreement. I further understand any costs incurred prior to award or the Agency's execution of the Grant Agreement are ineligible for reimbursement.

CL I understand all awarded funds or credits must be applied toward permanent and physical improvements or design or engineering work leading to permanent and physical improvements.

CL I understand the Project complies with The Dalles Municipal Code, the City's Land Use and Development Ordinance (including zoning and design standards), and historic review. I further understand I must secure all required land use approvals prior to submitting this Application.

CL I understand the Property is current with its property taxes and agree the Property owner is expressly responsible for all taxes associated with any award.

CL I authorize the Agency to request a title report on the Property subject to City Attorney review, and I understand the Agency may deny any awarded funding based on the title report and/or the number of liens assessed against the Property.

APPLICANT CONTACT CERTIFICATION

I, Claudia Leash, the Applicant Contact, certify I am authorized to sign on behalf of the Applicant. I understand the Agency must approve the proposed Project by executing a Grant Agreement before I am eligible for any reimbursements. Certain changes or modifications to the Project may be required by the Agency prior to its final approval. A Letter of Commitment will not be issued before the Agency receives the necessary bids, proposals, and documentation for the approved work. Any work commenced before the Agency issues a Letter of Commitment is not eligible for reimbursement. If approved for award, I hereby authorize the Agency to use before-and-after images or photographs of the Property and Project, both in print and online. I certify all information in this Application, and all information furnished in support of this Application, is true and complete to the best of my knowledge. The Agency may verify any of the information contained in or supporting this Application from any available source.

Claudia Leash

Applicant Signature

5/13/2024

Date

Owner Authorization

*(**Required** if owner is different than Applicant.)*

AUTHORIZATION AND CONSENT OF OWNER

I, _____, am the owner of record for tax purposes of the Property addressed _____ in The Dalles, Oregon. I hereby authorize the Applicant, _____, to alter my Property as described in this Application. I do not waive the right to review and approve and proposed Project before it commences.

I certify I have reviewed and understand the Incentive Program guidelines, including property tax abatement and credit restrictions that will be in effect for 15 years.

Print name of owner

Owner Signature

Date

NORTH ELEVATION

Proposed Restoration for Oaks Hotel, The Dalles (known as Sigman's Flower Building)

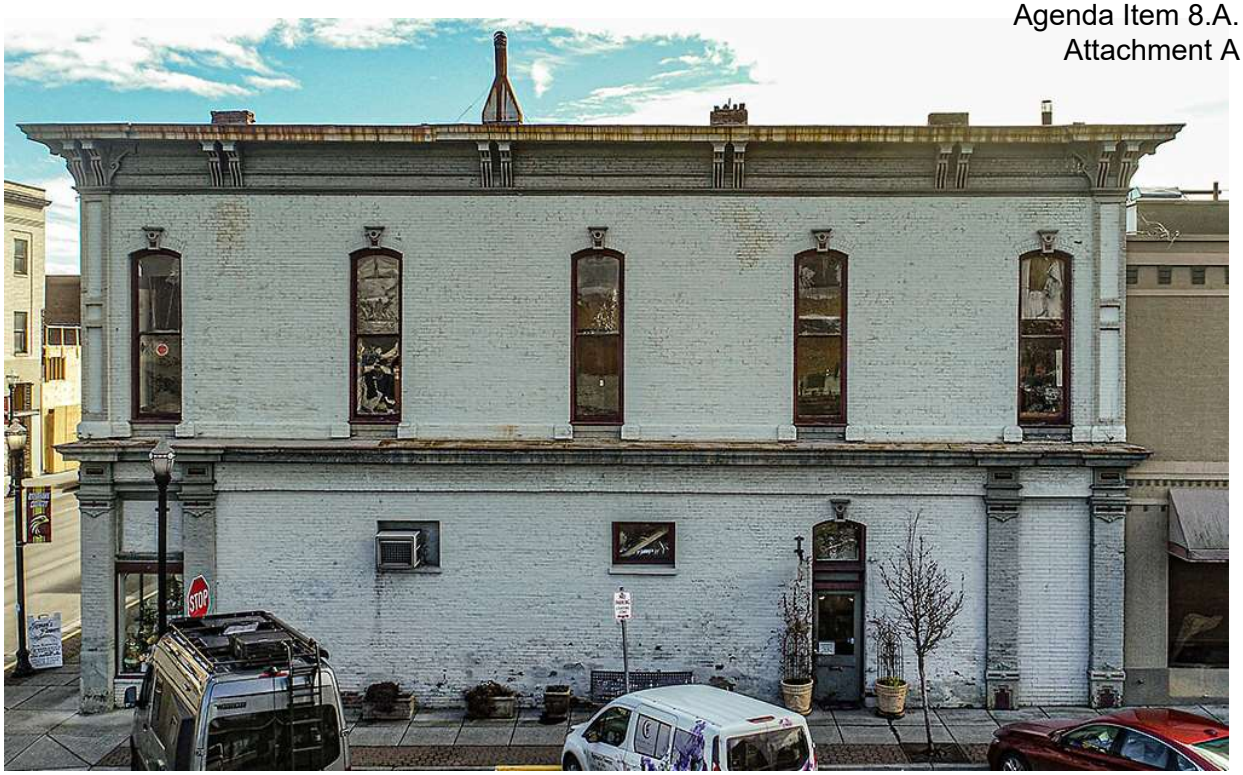
- Repair/Replace Existing Roofing & Flashings
- Repair/Restore Existing Cornice & Brackets
- Repair Bricks, Repoint Grout & Repaint Building
- Repair/Restore Window Frames
- Replace Deteriorated Tin Cap on Top Ledge of Architrave with New Continuous Copper Cap & Flashing
- New Transoms Windows Set In Bronze Anodized Aluminum Frames
- Welded and Powder Coated Tube Steel & Channel with Tension Rods and Connector Plates
- New Storefront Glass Set In Bronze Anodized Aluminum Frames
- New Glass Storefront Door In Bronze Anodized Aluminum Frame

WEST ELEVATION

Proposed Restoration for Oaks Hotel, The Dalles (known as Sigman's Flower Building)

North Facing Elevation

East Facing Elevation



West Facing Elevation

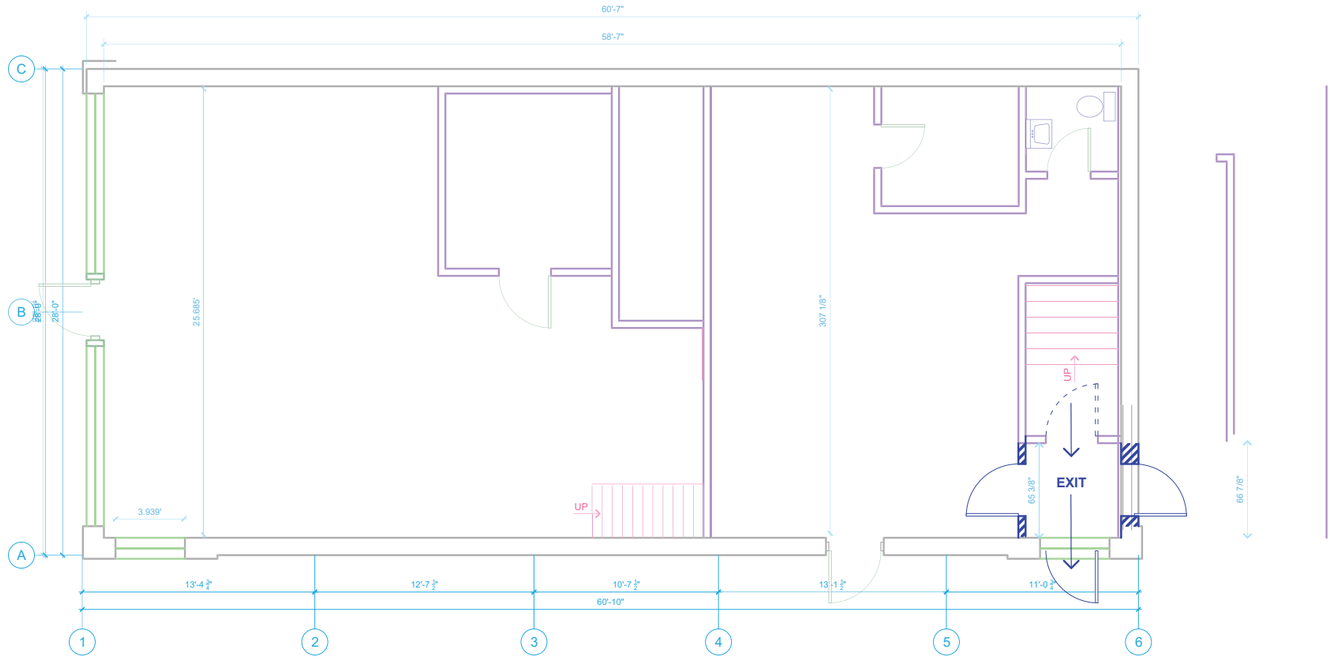
d

West Facing Elevation and View of South Rear Roofline

LRS ARCHITECTS
720 NW Davis 503 221 1121 ☎
Suite 300 503 221 2077
Portland OR 97209 www.lrsarchitects.com

PRELIMINARY NOT FOR CONSTRUCTION

CONSULTANT:



1. 1st Floor Plan
Scale: 1/4"=1/-0"

N

0 FEET 4

PROJECT NUMBER: *224XXX*

SIGMANS FLOWERS OAKS HOTEL

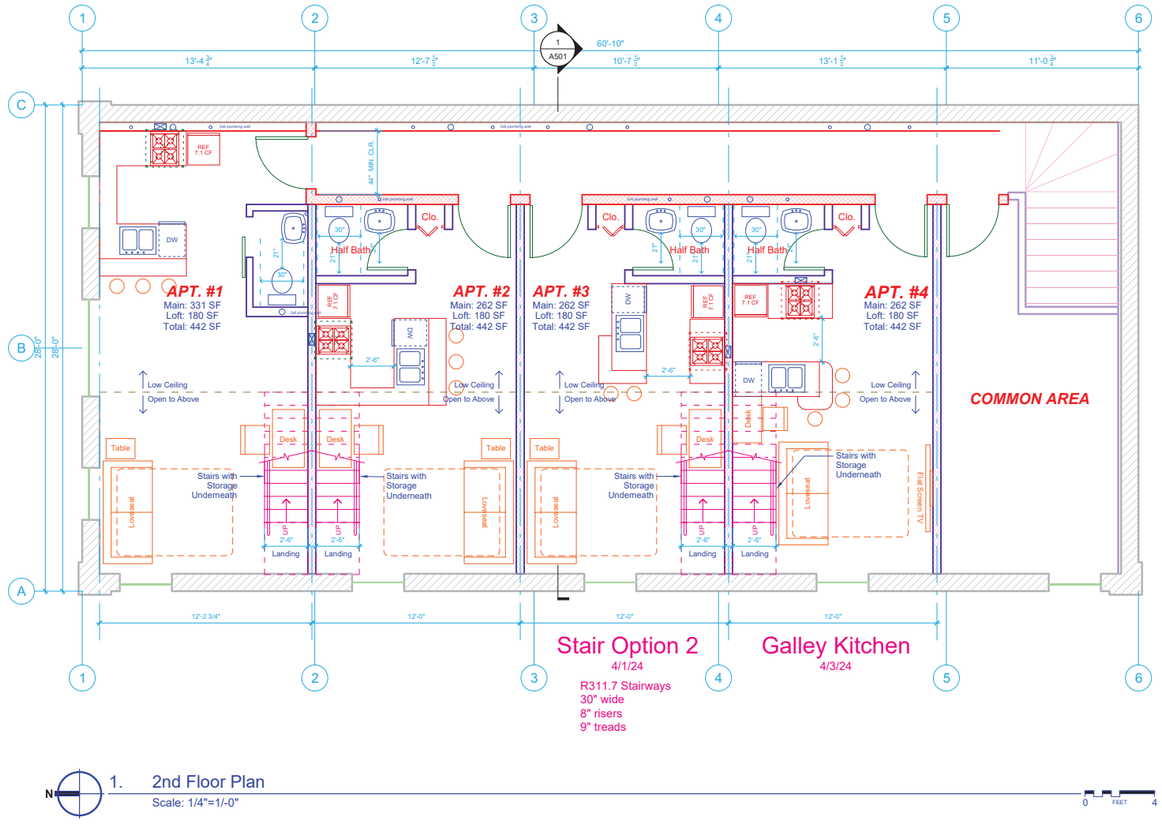
200 E. 2nd STREET
THE DALLES, OR
97058

SHEET TITLE:

1st Floor Plan

DRAWN BY: *ABB*

SHEET:
A201
PRELIMINARY
04.21.24



1. 2nd Floor Plan
Scale: 1/4"=1/-0"

N

0 FEET 4

LRS ARCHITECTS
720 NW Davis 503 221 1121
Suite 300 503 221 2077
Portland OR 97209 www.lrsarchitects.com

PRELIMINARY
NOT FOR CONSTRUCTION

CONSULTANT:

PROJECT NUMBER: *224XXX*

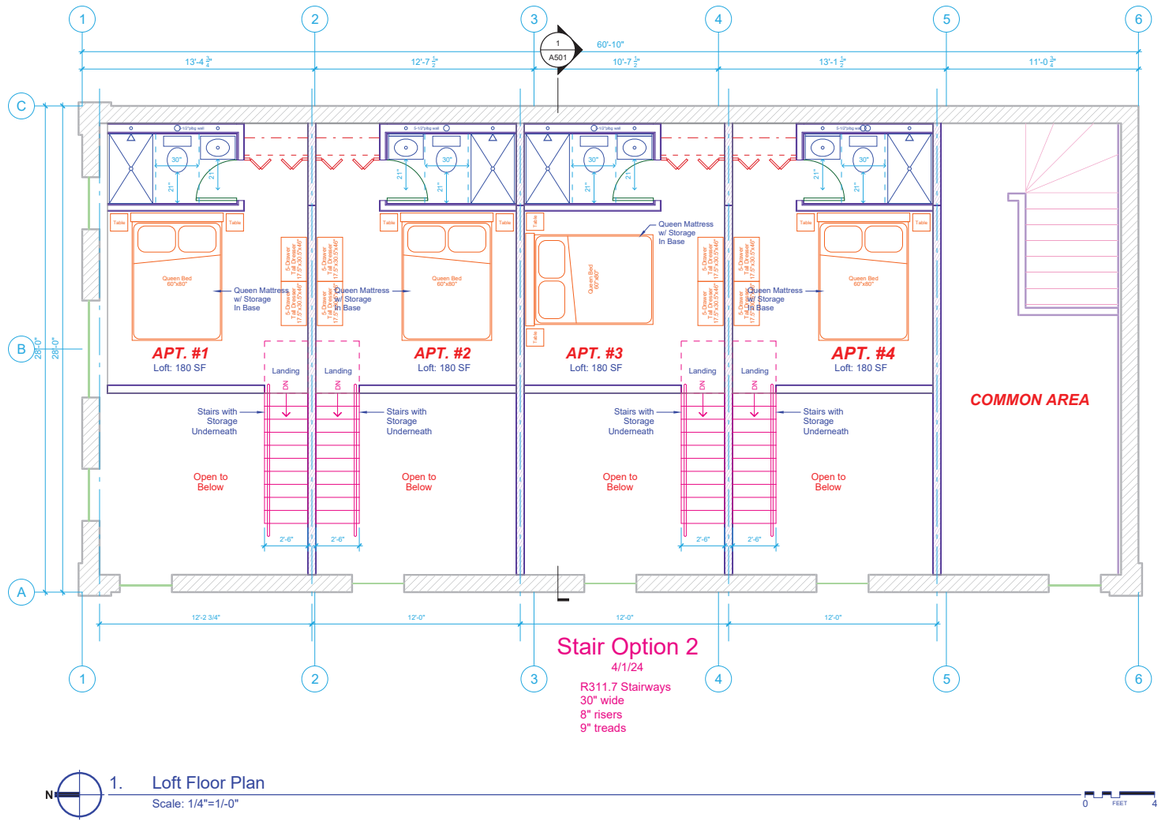
SIGMANS FLOWERS OAKS HOTEL

200 E. 2nd STREET
THE DALLES, OR
97058

SHEET TITLE:
2nd Floor Plan

DRAWN BY: *ABB*

SHEET:
A202
PRELIMINARY
04.21.24



1. Loft Floor Plan
Scale: 1/4"=1/-0"

N

0 FEET 4

ARCHITECTS
720 NW Davis 503 221 1121 ☎
Suite 300 503 221 2077
Portland OR 97209 www.lrsarchitects.com

PRELIMINARY
NOT FOR CONSTRUCTION

CONSULTANT:

PROJECT NUMBER: *224XXX*

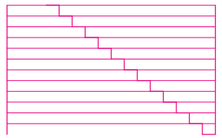
SIGMANS FLOWERS OAKS HOTEL

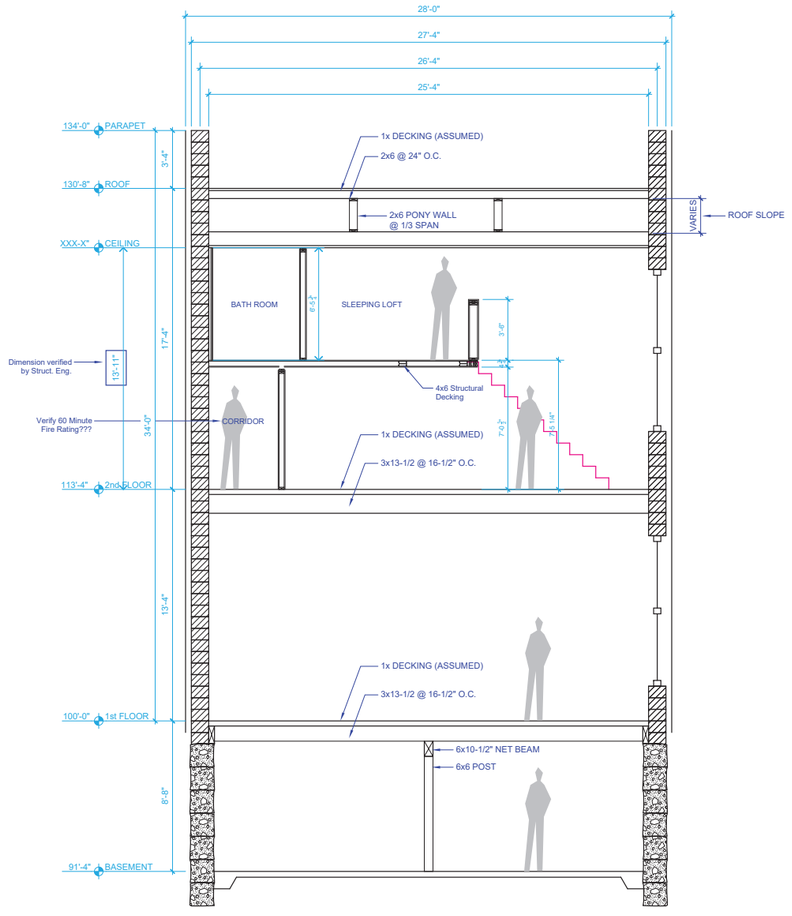
200 E. 2nd STREET
THE DALLES, OR
97058

SHEET TITLE:
Loft Floor Plan

DRAWN BY: *ABB*

SHEET:
A203
PRELIMINARY
04.21.24





SCALE: 1/4 = 1'-0"

1. Section
Scale: 1/4"=1/-0"

0 FEET 4

LRS ARCHITECTS
720 NW Davis 503 221 1121
Suite 300 503 221 2077
Portland OR 97209 www.lrsarchitects.com

PRELIMINARY NOT FOR CONSTRUCTION

CONSULTANT:

PROJECT NUMBER: *224XXX*

SIGMANS FLOWERS OAKS HOTEL

200 E. 2nd STREET
THE DALLES, OR
97058

SHEET TITLE:

Building Cross Section

DRAWN BY: *ABB*

SHEET:
A501
PRELIMINARY
04.04.24

AGENDA STAFF REPORT
AGENDA LOCATION: 8. B.

MEETING DATE: Tuesday, February 18, 2025

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz
Economic Development Officer

ISSUE: ***Adoption of Resolution 25-001, a Resolution Authorizing a Contribution Not To Exceed $150,000 in Support of the Federal Street Plaza Project***

BACKGROUND:

The Substantial Amendment to the Columbia Gateway Urban Renewal Plan (**Plan**), as approved December 9, 2024, added four projects to those previously listed. These are not necessarily "new" projects since they have been under way for several years, but it was in keeping with best practice to describe them officially in the Plan:

- *Basalt Commons: A mixed-use commercial and residential development at 523 East 3rd Street. Developer will demolish existing structure (a former auto dealer) and replace it with a five-story commercial and residential complex.*
- *Tony's Town & Country building acquisition, demolition and site rehabilitation.*
- *First Street reconstruction to include sidewalk replacement, street and sub-street reconstruction, tree plantings with irrigation, related infrastructure and public safety measures.*
- *Federal Street Plaza: Establish public plaza, green space and other improvements to create a community gathering space between First and Second streets.* ***Urban Renewal to help leverage external resources such as state and federal grants by contributing toward local match.***

This staff report relates to the fourth project described above, Federal Street Plaza. Conceptual plans for the plaza are being developed through an ad hoc committee appointed by Mayor Rich Mays, assisted by Walker Macy architectural firm. A public workshop was scheduled February 12, 2025, the results of which will be summarized in tonight's Board meeting.

The City is preparing a funding request to Oregon Parks & Recreation Department for $1 million to develop Federal Street Plaza. This request will require a 40 percent matching contribution in cash, in-kind or both. In keeping with the plaza project's inclusion in the Substantial Amendment to the Plan, staff requests the Board's authorization to dedicate an amount not to exceed $150,000 toward the City's match.

If the Board approves this request, the Agency's contribution will be formalized through Agency Resolution 25-001, included as Attachment A. An additional contribution is anticipated from Northern Wasco County Parks & Recreation District, which indicates its support and may provide a financial contribution toward the matching requirement as well.

The Dalles City Council will consider a related resolution at its March 10, 2025, meeting. This will comply with Oregon State Parks Department's requirement for documentation authorizing staff to submit the grant request.

PROJECT BENEFITS:

Successful development of the Federal Street Plaza will complement the Agency's re-development of the Tony's site. The Agency's Request for Expressions of Interest, released in September 2024, invited respondents to incorporate ideas for this plaza into their submittals. The plaza will bring broad, long-lasting benefits as a central gathering place or "town square," a feature which has been lacking downtown. It will have a bike hub, providing information for cyclists including those arriving via the Historic Columbia River Highway bike trail from Troutdale. There will be greenspace and a water feature. The former Transportation Center will see renewed use, following transfer of the Veterans Service Office to Wasco County's new administrative offices. Finally, the Plaza will connect to Riverfront Trail via First Street, which is being reconstructed beginning in 2025. This will provide a continuous, tree-lined corridor from Union Street to Second Street via the plaza.

FISCAL IMPLICATIONS:

If approved, the $150,000 match will be included in the fiscal year 2025-26 budget slated for adoption in April 2025. Staff also included the allocation in the Maximum Indebtedness tracking spreadsheet for FYE 2026, which indicates no adverse impact on spending authority and required fund balance.

BOARD ALTERNATIVES:

1. ***Staff recommendation: Move to adopt Resolution No. 25-001, as presented.***
2. Make modifications to then move to adopt Resolution No. 25-001, as amended.
3. Direct Staff to make changes to the Resolution then return for consideration at a future Board meeting.
4. Decline formal action and direct Staff accordingly.

Attachments

- **Attachment A** – Resolution No. 25-001
- **Attachment B** – Federal Street Plaza architectural concept renderings produced by Walker Macy

RESOLUTION NO. 25-001

A RESOLUTION AUTHORIZING A CONTRIBUTION NOT TO EXCEED $150,000.00 IN SUPPORT OF THE FEDERAL STREET PLAZA PROJECT

WHEREAS, the Agency added the Federal Street Plaza (**Project**) as a new project in its 2024 Substantial Amendment to the Columbia Gateway Urban Renewal Plan (**Substantial Amendment**);

WHEREAS, the Substantial Amendment describes the Agency's role in the Project as one of leveraging additional necessary resources while recognizing that the City of The Dalles (**City**) is primarily responsible for the Project;

WHEREAS, the Agency is prepared to contribute a maximum of $150,000.00 to support the City's completion of the Project;

WHEREAS, the State Parks and Recreation Department (**OPRD**) offers grant funding assistance through the Local Government Grant Program, which describes eligible projects as including outdoor park and recreation facilities such as the Project, and subject to a forty (40%) matching requirement;

WHEREAS, the City indicates it anticipates submitting a funding proposal to OPRD in 2025 for the Project; and

WHEREAS, the Agency desires to support the City consistent with the Substantial Amendment by allocating funding in support of the City's OPRD Local Government Grant Program application and towards any other matching requirements beyond or instead of that particular grant application.

NOW THEREFORE, BE IT RESOLVED BY THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD AS FOLLOWS:

1. Authorization. The Columbia Gateway Urban Renewal Agency Board hereby authorizes the Agency to allocate an amount not to exceed **$150,000.00** to the City of The Dalles and its Federal Street Plaza project.

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2. Effective Date. This Resolution shall be effective upon adoption

PASSED AND ADOPTED THIS 18TH DAY OF FEBRUARY, 2025,

Voting **Yes** Board Members: _____

Voting **No** Board Members: _____

Abstaining Board Members: _____

Absent Board Members: _____

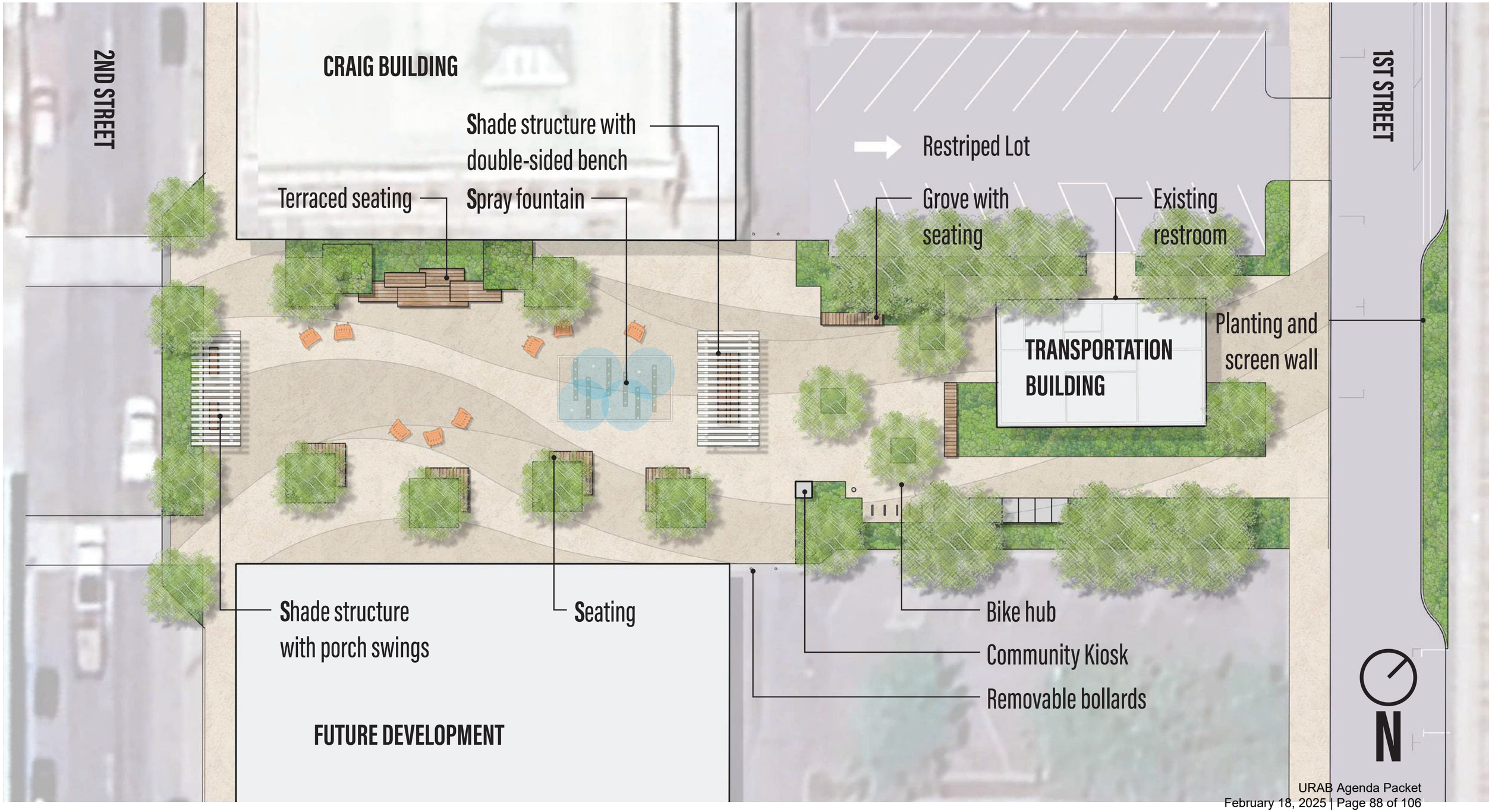
AND APPROVED BY THE CHAIR OF THE BOARD THIS 18TH DAY OF FEBRUARY, 2025.

SIGNED: ATTEST:

_____ _____

Darcy Long, Board Chair Joshua Chandler, Agency Manager

SCHEME A - RIVER CITY



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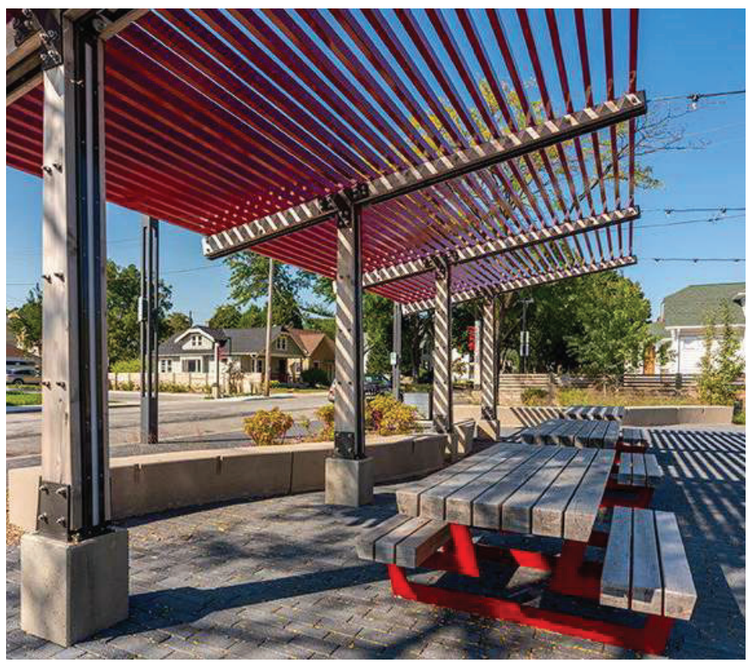

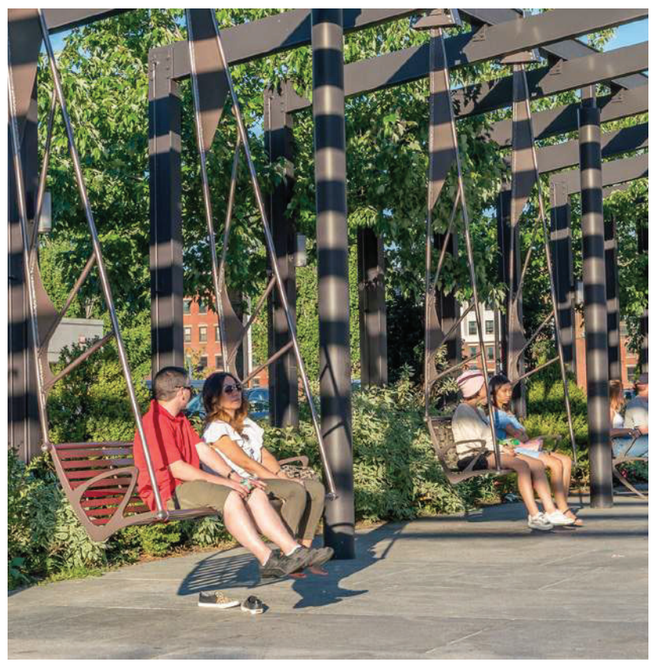

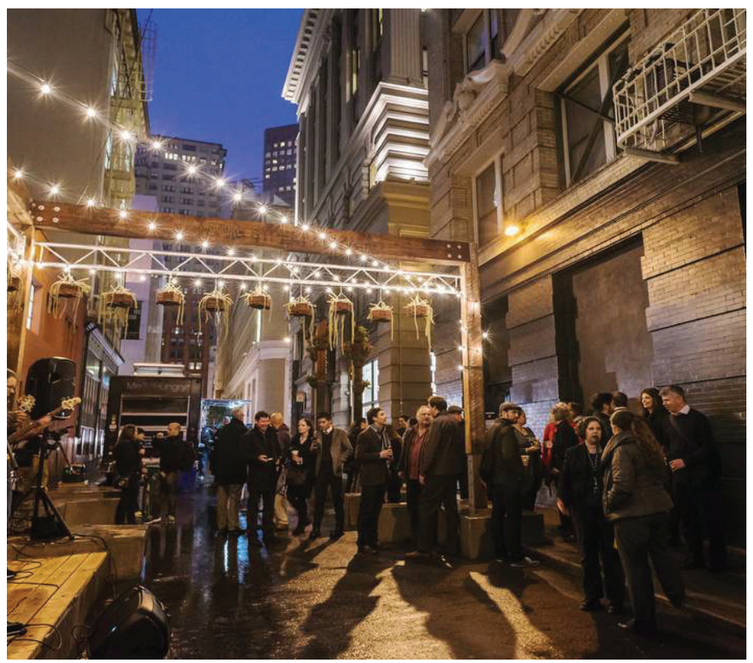

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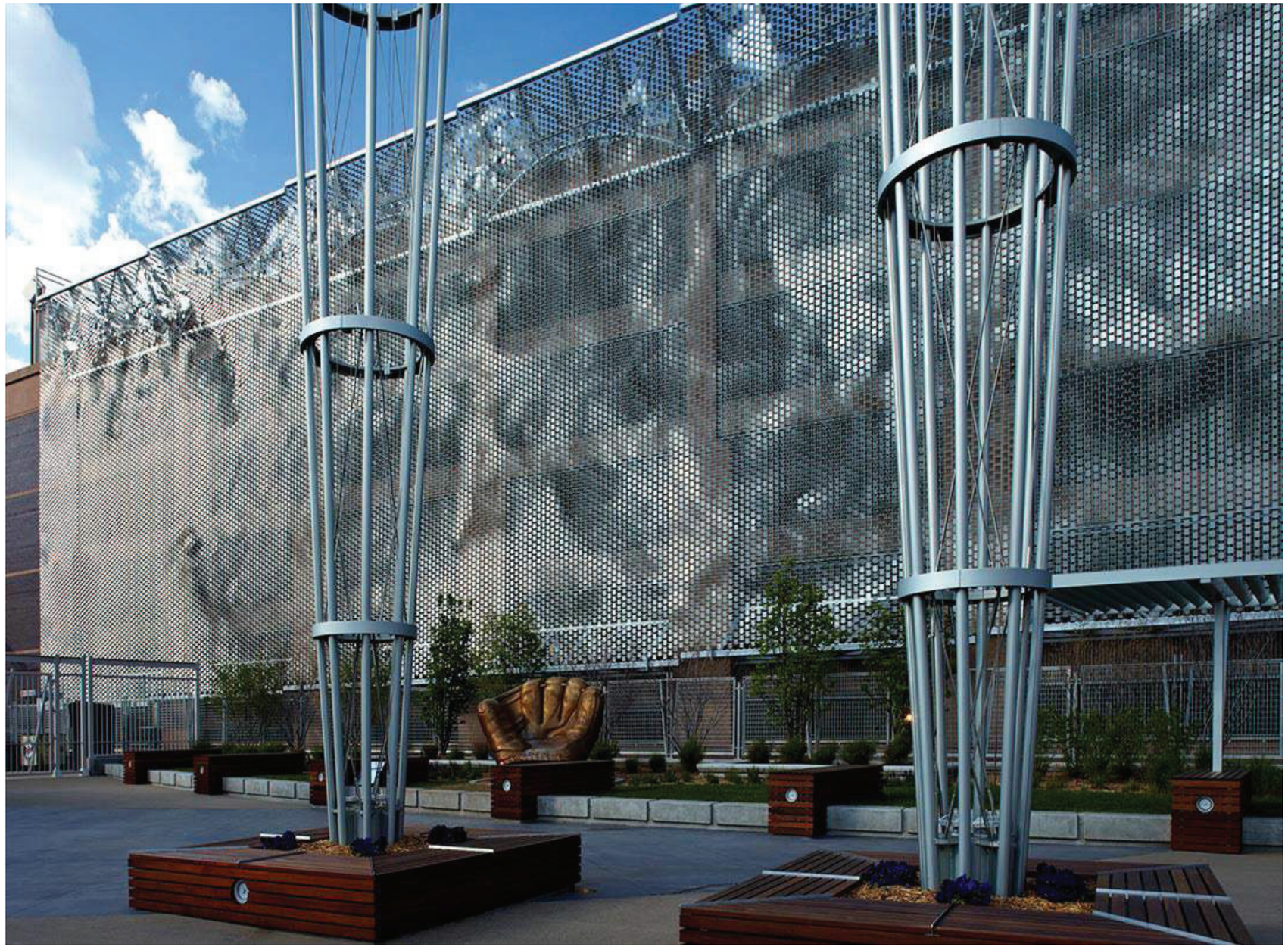

SCHEME A - RIVER CITY

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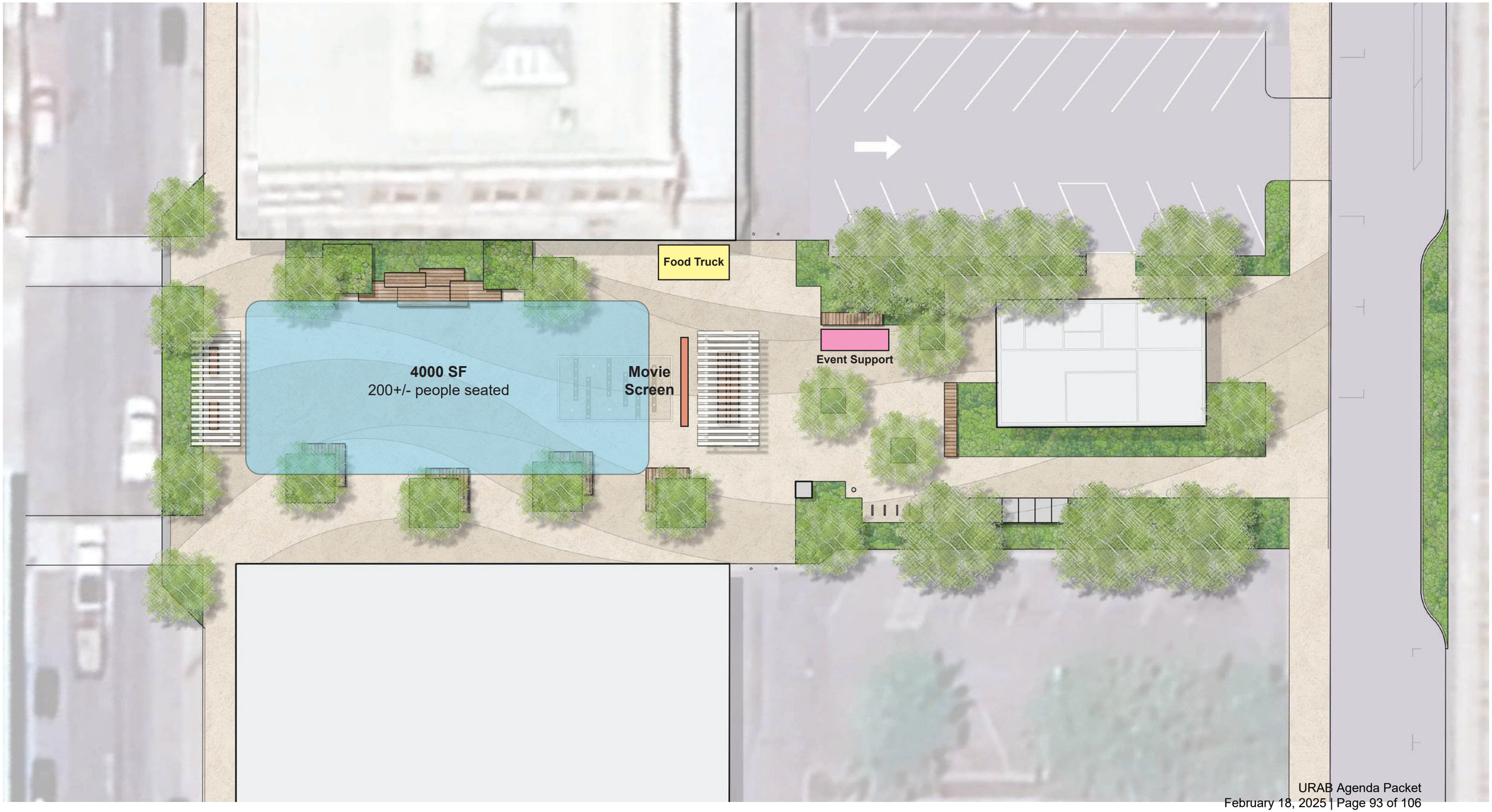
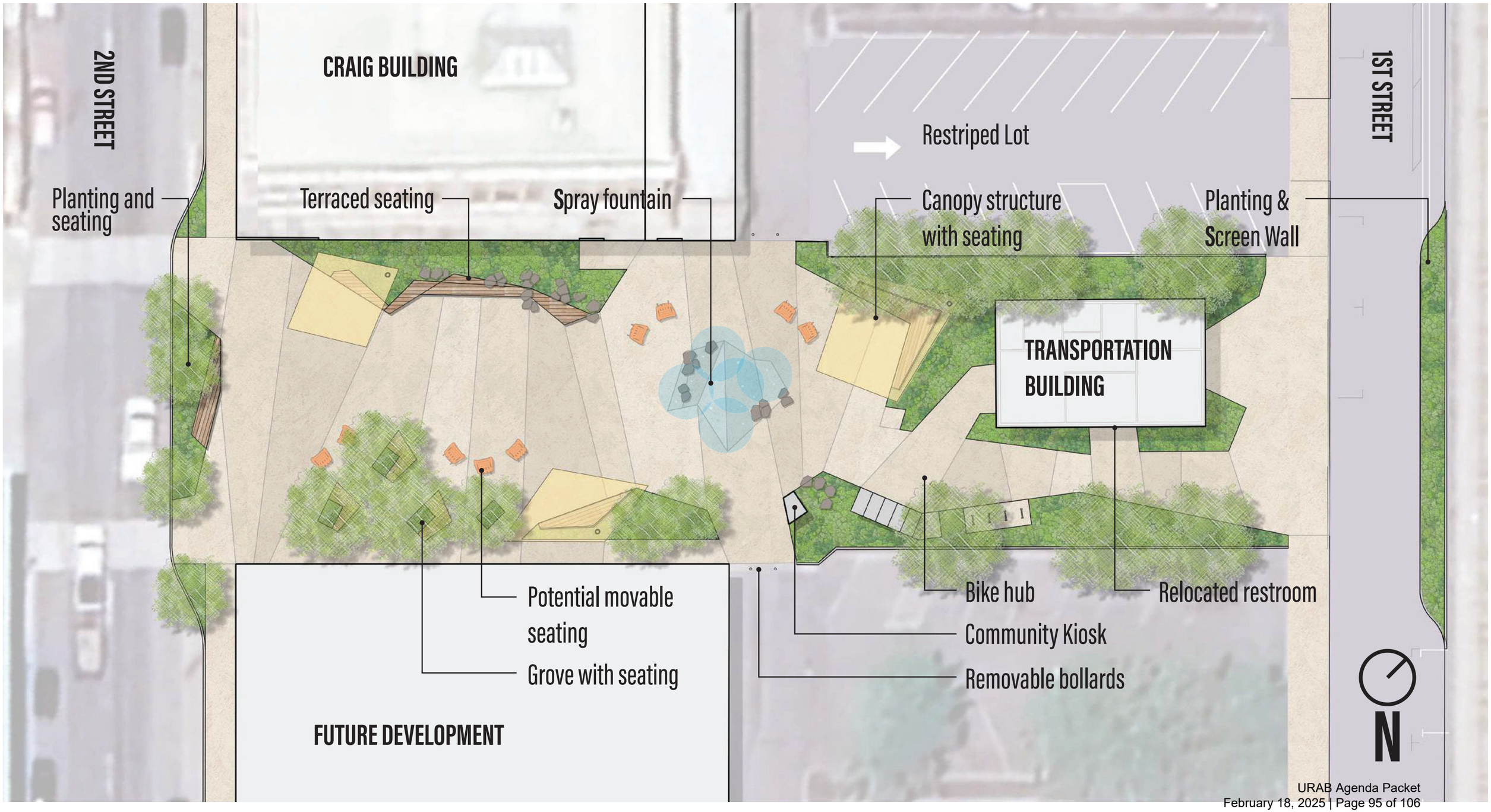


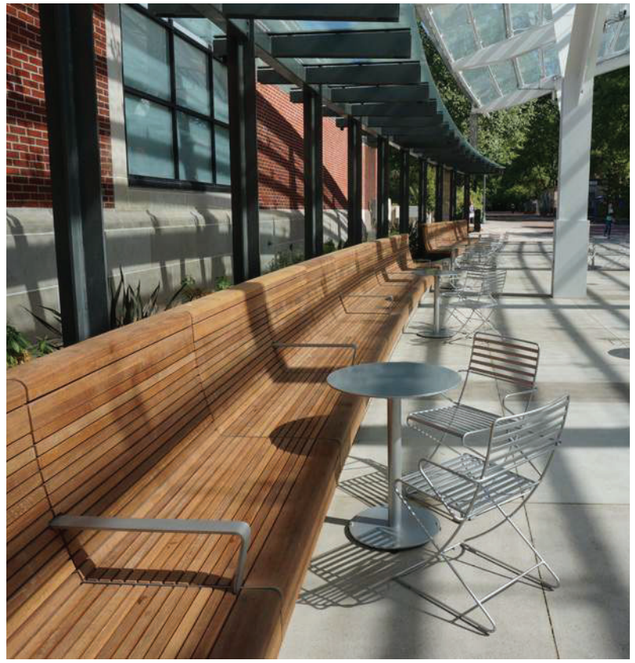
SCHEME A - RIVER CITY

SCHEME B - BASALT



SCHEME B - BASALT

SCHEME B - BASALT



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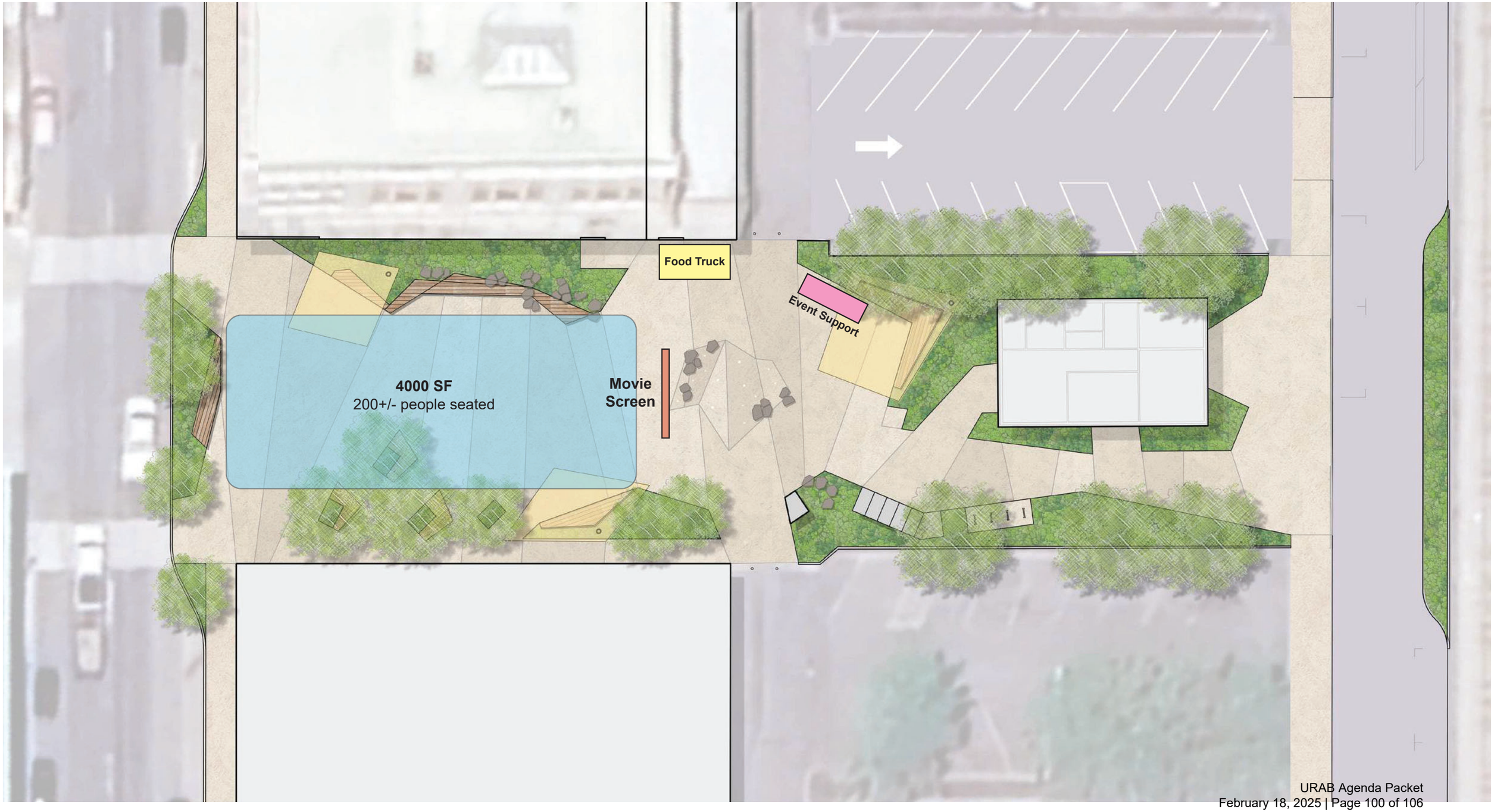
SCHEME B - BASALT



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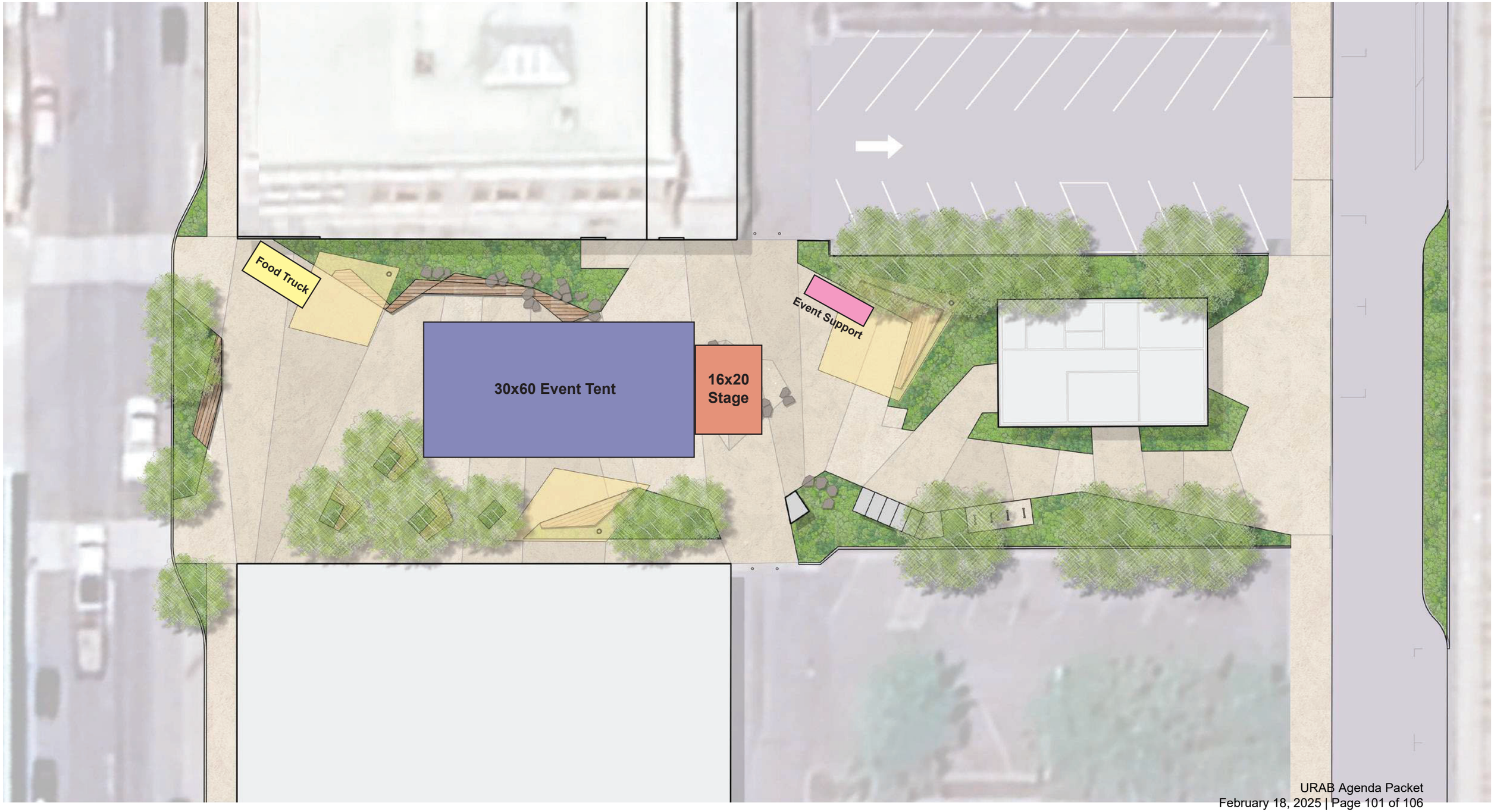

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT
AGENDA LOCATION: 9. A.

MEETING DATE: Tuesday, February 18, 2025

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz, Economic Development Officer

ISSUE: ***Consideration of Agency Return on Investment for Property Rehabilitation Grants and Development Funding Agreement Requirements***

BACKGROUND:

As the Columbia Gateway Urban Renewal Board (**Board**), staff, and consulting team worked to expand the Agency's spending authority, culminating with The Dalles City Council approval in December 2024, one unresolved question involved the ability to identify and quantify anticipated Return on Investment (**ROI**) when the Agency invests in a private sector project. Agency staff is requesting direction from the Board on how best to include ROI into upcoming revisions to available Property Rehabilitation Grants as the Agency anticipates significant new investments prior to the District's termination in 2029.

In recent years, there has been only one case where ROI has been documented with Agency Property Rehabilitation grants, the Basalt Commons project. The developer was able to provide a business case analysis projecting return on the Agency's investment. In public presentation to the Board, the developer proposed a "URA subsidy recapture" of approximately ten years for the Agency's $730,000 equity contribution, and another 3.5 years for the Incentive Program contribution, which at that time was calculated as $855,000 on 108 new residential units.

The Incentive Program contribution referred to the Agency's offset for System Development Charges placed by City of The Dalles and Northern Wasco County Parks & Recreation District. The contribution for Basalt Commons will now be higher, premised upon 116 new residential units. The program offers up to $10,000 per new unit; the Basalt Commons agreement is capped at $1 million.

In recent weeks staff have been meeting with Jill Amery, Wasco County Assessor, to gain a better understanding of how the process of determining ROI would work from a county assessment perspective. Assessor Amery also discussed this in the Board's public session at the January 21 meeting, and agreed to return with a formal presentation.

The Assessor has since prepared a slide presentation (**Attachment 1**) and will be attending tonight's meeting to answer the Board's questions. Based upon these discussions with the Assessor, staff recognize the difficulty of anticipating ROI, especially for Incentive Program projects of relatively small scale (compared with Basalt Commons or other larger prospective requests). The process involves complex tax value calculations and a certain degree of speculation, with ROI depending in part upon formal appraisal, which is not the Assessor's role. For this reason, staff recommend that ROI be required only for Development Funding Agreements, which in turn would be contingent upon applicants submitting a detailed pro forma to be accompanied by a property appraisal conducted by a qualified appraiser. A significant, non-refundable administrative fee could also be considered.

At present, the maximum Incentive Program grant (not counting any SDC offsets awarded for new residential units) is $200,000, the combination of commercial and mixed use grants allowed under the current Incentive Program. This leaves unaddressed any initial threshold for Development Funding Agreements. Should this threshold begin at $200,001, or (given the greater complexity of large projects and associated staff time) have a much higher initial bar?

Staff requests the Board's guidance tonight on the topics discussed above: When ROI should be required, and determination of a financial threshold for Development Funding Agreements.

BOARD ALTERNATIVES: This is a discussion item. Staff will incorporate Board guidance into upcoming Property Rehabilitation Grant modifications at a future Board meeting.

Attachment:

- **Attachment A** – Wasco County Assessor's Slide Presentation: Real Market Value or Assessed Value

Does my investment increase real market value or assessed value?

In November 1996, Oregon voters passed Measure 47, which essentially restricted increases in property taxes to no more than 3% per year. There were a number of technical problems with Measure 47, so the 1997 Legislature drafted Measure 50 to replace it.

Measure 50 "fixes" replicated the tax cuts intended by Measure 47, but focused on taxable VALUES and tax RATES, rather than taxes. The principal features were to "cut" and "cap" property taxes.

Measure 50 implementation established a Maximum Assessed Value or MAV. It is the MAV that is limited to a 3% increase per year, not the tax, except under specific circumstances, or exceptions.

Pioneering pathways to prosperity.

There are basically 2 tests associated with calculating the assessed value each year.

Maximum Assessed Value = The *greater of* 103% of the prior year Assessed Value OR 100% of the MAV from the prior year.

Assessed Value = The *lower of* the MAV or the Real Market Value (RMV) of the current year.

Tax Year	RMV	Prior year AVx1.03	Prior year MAV	Current MAV	Assessed Value
2021-22	249,084	229,068	226,518	229,068	229,068
2022-23	273,992	235,940	229,068	235,940	235,940
2023-24	242,100	243,018	235,940	243,018	242,100

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Increases to MAV

Specific types of changes to the property ***may*** increase RMV and ***can*** also increase MAV. These changes are referred to as the "exceptions" because they represent exceptions to the normal 3% limit. These exceptions are categorized as follows:

- New construction: Any new structure, building, addition or improvement to the land (including site developments).
- Reconstruction: Building or replacing the existing structure with one of comparable utility.
- Major additions: An addition with an RMV over $18,200 all at once or $45,000 over a 5 year period.
- Remodeling: A type of renovation that changes the basic plan, form, or style of the property.
- Rehabilitation: To restore to a former condition without changing the basic plan, form or style of the structure.

*Thresholds are indexed each year.

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Example

If you *upgrade* your kitchen, which adds $40,000 in value to your home, is that a……

- Reconstruction? No, it's not of comparable utility.
- Major addition? No, no square footage was added.
- Renovation? No, it's not an older or historic structure being modernized, remodeled, or restored.
- Rehabilitation? No, it wasn't restored to a former condition.
- Remodeling? Yes, the upgrade resulted in a change of form or style.

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General Ongoing Maintenance and Repair or GOMAR

New property or new improvements ***don't include GOMAR.*** GOMAR preserves the condition of the existing improvements. It allows improvements to achieve a useful life that is typical for the type and quality of the original improvements.

GOMAR allows for the replacement of worn out components. A change to the modern equivalent of original materials for the same class of construction is allowed, such as the replacement of old aluminum frame windows with new vinyl windows that would be used in the same class of building today.

The determination of whether an improvement constitutes GOMAR or an exception is the most subject issue relating to MAV. Each specific situation must be considered carefully. This is where appraisal judgement comes into play and why it is a challenge for non-appraisal professionals to determine if an investment will result in a taxable value increase.

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