

AGENDA**REGULAR CITY COUNCIL MEETING****JANUARY 10, 2022****5:30 p.m.****VIA ZOOM**<https://us06web.zoom.us/j/88147760127?pwd=bzF6UVBBS0EvaDIxTEVyRngrbExmQT09>

Meeting ID: 881 4776 0127

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1. CALL TO ORDER
2. ROLL CALL OF COUNCIL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. PRESENTATIONS/PROCLAMATIONS

A. Main Street The Dalles Update – Tory Davis

6. AUDIENCE PARTICIPATION

During this portion of the meeting, anyone may speak on any subject which does not later appear on the agenda. Five minutes per person will be allowed. If a response by the City is requested, the speaker will be referred to the City Manager for further action. The issue may appear on a future meeting agenda for City Council consideration.

7. CITY MANAGER REPORT
8. CITY COUNCIL REPORTS
9. CONSENT AGENDA

Items of a routine and non-controversial nature are placed on the Consent Agenda to allow the City Council to spend its time and energy on the important items and issues. Any Councilor may request an item be “pulled” from the Consent Agenda and be considered separately. Items pulled from the Consent Agenda will be placed on the Agenda at the end of the “Action Items” section.

CITY OF THE DALLES

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

- A. Approval of the December 6, 2021 Council Work Session Meeting Minutes
- B. Approval of the December 13, 2021 Regular City Council Meeting Minutes
- C. Resolution No. 2022 – 001 Concurring with Mayor’s Appointment to Various Commissions and Committees

10. CONTRACT REVIEW BOARD ACTIONS

- A. Contract with Randi Healthcare Consulting LLC to Provide Professional Services and Project Management Regarding Police Department Accreditation

11. ACTION ITEMS

- A. Strategic Investment Program Community Service Fee
- B. General Ordinance No. 22-1388, an Ordinance Amending Sections 10.2.030, 10.5.060.030 and 10.5.070.020 of The Dalles Municipal Code, Title 10 - Land Use and Development
- C. Resolution No. 22-002 Approving a Rate Increase Averaging Approximately 5.05% Resulting from Increased Operational and Disposal Fee Costs Incurred by The Dalles Disposal Service, Effective January 1, 2022
- D. Resolution No. 22-003 Authorized under General Ordinance No. 21-1387 and Directing the City Attorney to Issue a Subpoena for the Production of Records Relating to Steven Day and Ensuring Compliance with and Enforcement of The Dalles Municipal Code Chapters 8.02 and 8.04
- E. Authorizing the City Attorney to Execute and Submit all Necessary Settlement Documents Connected with National Opioid Litigations

12. DISCUSSION ITEMS

- A. Potential Disposition of Real Property Located at 700 Union Street

13. ADJOURNMENT

This meeting conducted VIA Zoom

Prepared by/
Izetta Grossman, CMC
City Clerk

CITY OF THE DALLES

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



Objectives:

(1) Status Report

Author: Victoria Davis, MBA, Executive Director

Contribution(s): Main Street Board of Directors

December 17th, 2021

Status Report:

Board Members

- Main Street has successfully been reorganized to better serve our stakeholders needs. And we are pleased to announce that we have a 7-member working board. The board consists of Jeff Adams, Jared Sawyer, Crystal Krueger, Anthony Pereria, Chris Zukin, Carmen Meyers, and Codie Carpenter. We are continuing to build a coalition of volunteers and partners to enhance economic development in The Dalles.

Portfolio, Targeting Economic Growth

- We are collaborating with Urban Development and Mid-Columbia Economic Development District to create a portfolio that Main Street will use to attract investors, entrepreneurs, and tourists, to do business in The Dalles. One of ways we are going to accomplish this mission is to ensure that our scope correlates with the City of The Dalles 2040 Survey. Main Street is also gearing up to establish internships for prospective business students and form mutually beneficial relationships; such as Ph.D. student, Nichol Cowart who will be helping us formulate metrics for our portfolio as she works on her thesis.

Creating Economic Opportunities

- Main Street is continually evaluating how our organization can identify ways to promote events in The Dalles. And it was shocking to us that multiple school administrators stated just how thankful they were that Main Street is reaching out to them and providing their students with family fun events; which apparently too few organizations do except for sports teams. Main Street would like to encourage organizations that throw family fun events to reach out to your local superintendents and school administrators and get the children involved. With that said, Main Street is proud to say they we have formed strong connections with 18 schools throughout the Mid-Columbia region and have served more than 16,000 flyers promoting events in The Dalles in two months. And its working. Main Street conducts surveys at our events and found that one in every eight customers is from out of town. And the good folks from the surrounding areas also noted that many more would come if the bridge was not closed.

Community Events

- Main Street is committed to increasing economic development and we are pleased to say that we have thrown 7 events since our last conversation in September. We are very proud of our volunteers, board members, and partners that accepted the challenge and willfully took on such a demanding pace; such as our friends at the Senior Center who help celebrate Scott McKay's retirement and his 15 years of service as the organizations Executive Director. In addition, we had our Trick or Treat event; which one business

owner counted 1,000 visitors, we also had 2 Downtown Santa's, Downtown Santa Con, 2nd Wall dogs Mural Teaser Event, and our newest event called the Downtown County Festival; which is the first time Main Street has reached out to promote and partner with some of our region's ranchers, farmers, and The Dalles Riders Club. Our agriculture and farming industry is a staple in our community and we cannot wait to grow this event into a regional success.

Active Grants Status Report

- Main Street has three active Grants right now; which are The Last Stop Saloon, The Dalles Granada Theater, and the Parklet Program. This means that upward of 340,000 thousand dollars is being pumped right back into our downtown business district. As for the The Parklet Grant, it is near completion pending Destination Ready's acceptance of our final report. This will add 4 more parklets that will become available in early March to help increase beautification and outdoor seating in our downtown business district.

Thank you for your time, doe anyone have any question for me?



AGENDA STAFF REPORT

AGENDA LOCATION: Item #9 A-C

MEETING DATE: January 10, 2022

TO: Honorable Mayor and City Council

FROM: Izetta Grossman, CMC, City Clerk

ISSUE: Approving items on the Consent Agenda and authorizing City staff to sign contract documents.

- A. **ITEM:** Approval of the December 6, 2021 City Council Work Session Minutes.

BUDGET IMPLICATIONS: None.

SYNOPSIS: The minutes of the December 6, 2021 City Council Work Session have been prepared and are submitted for review and approval.

RECOMMENDATION: That City Council review and approve the minutes of the December 6, 2021 City Council Work Session minutes.

- B. **ITEM:** Approval of the December 13, 2021 Regular City Council Meeting Minutes.

BUDGET IMPLICATIONS: None

SYNOPSIS: The minutes of the December 13, 2021 Regular City Council meeting have been prepared and are submitted for review and approval.

RECOMMENDATION: City Council review and approve the minutes of the December 13, 2021 Regular City Council meeting minutes.

- C. **ITEM:** Approval of Resolution No. 2022-001 Concurring with the Mayor's

Appointment to Various Commissions and Committees

BUDGET IMPLICATIONS: None

SYNOPSIS: The Mayor has interviewed candidates and the Resolution has been prepared for your review.

RECOMMENDATION: Approve Resolution No. 2022-001 Concurring with the Mayor's Appointment to Various Commissions and Committees

MINUTES

CITY COUNCIL WORK SESSION
DECEMBER 6, 2021
11:30 p.m.

VIA ZOOM
LIVESTREAM VIA City website

PRESIDING: Mayor Richard Mays

COUNCIL PRESENT: Darcy Long, Tim McGlothlin, Rod Runyon, Scott Randall, Dan Richardson

COUNCIL ABSENT: None

STAFF PRESENT: City Manager Julie Krueger, Legal Counsel Jonathan Kara, City Clerk Izetta Grossman,

CALL TO ORDER

The meeting was called to order by Mayor Mays at 11:40 p.m.

ROLL CALL OF COUNCIL

Roll Call was conducted by City Clerk Grossman. Runyon, Randall, Richardson, McGlothlin present; Long present via Zoom.

DISCUSSION

Prothman Representative Bill McDonald gave a brief bio of his experience both in being an administrator and serving as a commissioner.

He said the City Clerk had the advertising process if anyone wanted a copy.

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McDonald reviewed the process:

- Building the profile after gathering the information from this meeting
- Next week draft document for Council review
- Advertising begins on social media and Prothman website
- Prothman reviews applications; does initial interview
- Council and Community panel interviews top five candidates
- Possible reception

In response to questions he said:

- Community panel: Key city partners, area City Manager, some staff
- Covid-19 has affected recruitment – lower number of applicants; typically, City would see candidates from California, Washington, Oregon, Colorado
- Advertising nationally and local organizations

Items Council identified as important:

- Experience – some maturity, public sector, time within city government
- Dynamic personality
- Understanding of small community
- History of community involvement
- Personnel management
- Leadership qualities
- Diverse skill set, new ideas
- Community Vision process – create trackable, measurable expectations
- Forward looking
- Relationship creation
- Live in The Dalles – Charter requirement
- Housing/Economic Development
- Diplomatic

Challenges/Opportunities identified by Council:

- Homeless issues
- Use of Google funds for greater good of community
- Relationships with stakeholders
- Dog River pipeline on cusp of contract bid
- Mid-Columbia Medical Center moving locations – need to work with other stakeholders
- Clean up image – art projects

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Things for candidate to know:

- Native American position
- Scenic beauty
- Tourism
- Strength of community
- Financially strong
- Longevity – only 2 City Managers in last 25 years (one 7 years; one 18 years)
- Positive things ahead
- Long time staff – some retirements
- Diverse population – culturally, politically
- Industry: Cherries, Wheat, Information services, Mid-Columbia Medical Center, Columbia Gorge Community College, Columbia Gorge Regional Airport (Life Flight)

Mayor Mays asked for council consensus on two interview panels; one Council; one with some staff, stakeholder/partners.

Long said she would like to see an equal balance of men/women and Latino representation on the stakeholder panel.

It was the consensus of the Council to have two panels and described.

McDonald said the reception would be the finalists/spouses; finger food; comment cards for community input; stations for each candidate for conversation.

In response to questions regarding advertising McDonald said specific ads begin in January; Facebook and website as soon as possible.

He said February 28th – March 4th he would bring the list of finalists to City Council.

He said the final interviews would be March 14th - 18th.

Mayor Mays said there were two things to consider:

- Soft skills (relationship building, etc.)
- Professional Experience

He said it was important to be realistic. He would hate to miss someone by being too strict.

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McDonald said the key was finding a good fit.

ADJOURNMENT

Being no further business, the meeting adjourned at 12:52 p.m.

Submitted by/
Izetta Grossman, CMC
City Clerk

SIGNED:

Richard A. Mays, Mayor

ATTEST:

Izetta Grossman, CMC City Clerk

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MINUTES

CITY COUNCIL MEETING
DECEMBER 13, 2021
5:30 p.m.

VIA ZOOM
LIVESTREAM VIA City website

PRESIDING: Mayor Richard Mays

COUNCIL PRESENT: Darcy Long, Tim McGlothlin, Rod Runyon, Scott Randall, Dan Richardson

COUNCIL ABSENT: None

STAFF PRESENT: City Manager Pro Tem Daniel Hunter, Legal Counsel Jonathan Kara, City Clerk Izetta Grossman, Finance Director Angie Wilson, Community Development Director Alice Cannon, Public Works Director Dave Anderson, Police Chief Tom Worthy, Senior Planner Dawn Hert

CALL TO ORDER

The meeting was called to order by Mayor Mays at 5:30 p.m.

ROLL CALL OF COUNCIL

Roll Call was conducted by City Clerk Grossman. All Councilors present.

PLEDGE OF ALLEGIANCE

Mayor Mays asked Councilor Runyon to lead the Pledge of Allegiance.

Councilor Runyon invited the audience to join in the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Randall and seconded by McGlothlin to approve the agenda as submitted. The motion carried 5 to 0; Randall, McGlothlin, Long, Richardson, Runyon voting in favor; none opposed.

PRESENTATIONS PROCLAMATIONS

The Dalles Area Chamber of Commerce Tourism Report

The Dalles Area Chamber President/CEO Lisa Farquharson reviewed the report.

Councilor Long thanked Farquharson for the depth of the report and the work done by the Chamber.

AUDIENCE PARTICIPATION

Leann Lewis, Montana Street talked about the issues she is having with the new construction on 19th Street.

She reviewed the items she felt were in violation:

- Two homes very close together on one lot – fire hazard
- Railing on decks see through – see trash, dogs and hear loud talking
- The property looks right into her back yard, which is down slope from the neighbors
- Neighbor walks around naked – no curtains, she has children

Mayor Mays asked if what she was asking for was code enforcement. He asked her to prepare a recommendation for Community Development Director Alice Cannon.

Lewis thanked the staff and Councilors that had come by to see the issues, she invited the rest of Council to come by and see what she was talking about. Lewis previously sent an email with photos to the Council (attached).

Steve Lawrence, 2017 View Court, encouraged Council to budget to complete the Bike Kiosk at Lewis and Clark Park before the Bike Trail was complete in 2024. He said Council needed to address how to welcome cyclists to The Dalles.

McGlothlin said it was time to circle around to finishing the kiosk.

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Richardson agreed and said more signage was needed.

City Manager Pro Tem said the Gorge Hub was designed from Fairview to The Dalles with maps at each hub with locations of the other hubs on the route. He said the hub was Mosier, and it wasn't complete. He said the Mosier hub was extensive, with a budget of over \$1 million.

Lawrence said he had talked to ODOT and there was additional funding available for the hub.

Mayor Mays asked Hunter to work with City Manager Krueger on funding in fiscal year 2022-23.

CITY MANAGER REPORT

City Manager Pro Tem Daniel Hunter reported 55 employee's CPR certification had lapsed over the last year. He requested \$4,015 from the safety funds to pay for classes through Columbia Gorge Community College.

Long said a local non-profit had found an online recertification program. She said she would like the City to look into the program first.

It was the consensus of Council to have Hunter look into the online program, to save money, and if the program wasn't a good fit to proceed with training through Columbia Gorge Community College.

CITY COUNCIL REPORTS

Councilor Runyon reported:

- Work Session City Manager Recruitment
- Mayor
- Main Street Executive Director, Tory Davis
- QLife Meeting
- Community Development Director on Ms. Lewis's issue

Councilor Randall reported:

- Main Street Executive Director, Tory Davis
- Citizens regarding Gitchel Building
- Google Strategic Investment Program

Councilor Long reported:

- Housing Webinar Mid-Columbia Economic Development District
- Main Street Executive Director, Tory Davis

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- Work Session City Manager Recruitment
- Mayor
- Citizens regarding Gitchel Building
- Ms. Lewis property issue

Councilor McGlothlin reported:

- Main Street Executive Director, Tory Davis
- Gitchel Building

Councilor Richardson reported:

- Gitchel Building
- Mayor
- Main Street Executive Director, Tory Davis
- Work Session City Manager Recruitment

Mayor Mays reported

Main Street Executive Director, Tory Davis

Scott McKay retirement at Mid-Columbia Senior Center

CONSENT AGENDA

It was moved by Long and seconded by McGlothlin to approve the Consent Agenda as presented. The motion carried 5 to 0, Long McGlothlin, Randall, Richardson, Runyon voting in favor; none opposed.

Items approved on the consent agenda were: 1) The minutes of the November 8, 2021 Regular City Council Meeting; 2) The minutes of the November 22, 2021 Regular City Council Meeting; 3) Police Surplus 8 Watchguard Vista Body cameras and 8 bay doc; 4) Approve Surplus Two 2017 (2) Ford explorer SUV police cars (VIN: 1FM5K8AR5HGE15714 AND 1FM5K8AR5HGE15715) for use as trade in on new vehicles; 5) Approval of Issuance of Enterprise Zone funds to CGCC; 6) Approval of Amendment No. 14 to Operations Management International (OMI) Agreement to operate the Wastewater Treatment Plant for Fiscal Year 2021-2022.

PUBLIC HEARING

General Ordinance No. 21-1388, an Ordinance Amending Sections 10.2.030, 10.5.060.030 and 10.5.070.020 of The Dalles Municipal Code, Title 10 - Land Use and Development

Mayor Mays reviewed the guidelines for the public hearing. Mayor Mays opened the public

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hearing.

Community Development Director Alice Cannon reviewed the staff report.

Mayor Mays asked if anyone had any comments in favor of or in opposition to the ordinance.

Kenny LaPointe, Mid-Columbia Community Action Council (MCCAC), said he was opposed to the conditional use permit, as it could possibly slow down the process underway for a Navigation Center. He said MCCAC had received \$1.5 million grant from the State for the project and was concerned about timelines for the grant process and any appeals that could be costly.

Mayor Mays closed the public hearing.

Council discussed appeal and timeline.

Facts discovered:

Can be appealed whether conditional use or not – even Ordinance can be repealed

House Bill 2006 expires July 1, 2022

Permitted use requires site team review, which can take up to 120 day and can still be appealed

Could incorporate language to include guidelines for applications prior to a specific date; and after a different specific date.

Change wording on “require” bathroom, laundry facilities to “access to...” “ Use State law

It was the consensus of Council for staff to revise the Ordinance as discussed and bring back to Council at the January 10, 2022 Council Meeting.

CONTRACT REVIEW BOARD

Utility Underground Feasibility Study Contract, proposal cost at \$72,177 with Stoddard Power Systems

City Manager Pro Tem Daniel Hunter reviewed the staff report.

McGlothlin asked if there were sufficient funds available.

Finance Director Angie Wilson said the resolution amending the budget to move the funds from contingency would be coming up later on the agenda.

It was moved by McGlothlin and seconded by Randall to authorize the City Manager to enter an agreement with Stoddard Power Systems to complete the Downtown Utility Underground Feasibility Study at a cost not to exceed \$72,177. The motion carried 5 to 0, McGlothlin,

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Randall, Richardson, Runyon, Long voting in favor; none opposed.

ACTION ITEMS

Resolution No. 21-031 Approving a Rate Increase Averaging Approximately 5.05% Resulting from Increased Operational and Disposal Fee Costs Incurred by The Dalles Disposal Service, Effective January 1, 2022

City Manager Pro Tem Daniel Hunter reviewed the staff report.

It was moved by Randall and seconded by McGlothlin to adopt Resolution No. 21-031 approving a rate increase averaging approximately 5.05% resulting from increased operational and disposal fee costs incurred by The Dalles Disposal Service, effective January 1, 2022.

Long said she asks for the operational cost before approving the rate increase every year and was asking again. She said she had to look up what the Standard Metropolitan Statistical Area was. She said it covered metropolitan areas, not small rural areas.

Jim Winterbottom, Waste Connections said they used the same CPI as the Landfill. He read the list of increased costs from his report.

Long said that didn't show if the increase to rate was to increase profits or cover expenses. She said she felt it was her responsibility as an elected official to ask these questions.

Kara said the franchise agreement with The Dalles Disposal required financial statement every year.

Winterbottom said he believed those were provided to the City Manager or City Attorney in the past. He said he could provide them.

Mayor Mays asked Long if she would like staff to get that information for her. She said she would like to see bottom line for Waste Connections before approving the rate increase. She said she felt the constituents need to know if the increase is necessary to provide service, or to maintain a large income.

McGlothlin said it was an honorable company, but he was concerned that the required documentation wasn't on file.

Randall and McGlothlin withdrew their motion.

It was the consensus of Council for staff to ask Waste Connections for the financial information

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and bring the information and Resolution back to the Council on January 10, 2021.

Resolution No. 21-032 Authorizing Transfers of Budgeted Amounts Between Categories of The General Fund of the City Of The Dalles Adopted Budget, Making Appropriations and Authorizing Expenditures for Fiscal Year Ending June 30, 2022

Finance Director Angie Wilson reviewed the staff report.

It was moved by Long and seconded by Richardson to adopt Resolution No. 21-032 Authorizing Transfers of Budgeted Amounts Between Categories of The General Fund of the City Of The Dalles Adopted Budget, Making Appropriations and Authorizing Expenditures for Fiscal Year Ending June 30, 2022. The motion carried 5 to 0, Long, Randall, Runyon, Richardson, McGlothlin voting in favor; none opposed.

Authority to Increase Police Department Evidence Officer to ¾ time

City Manager Pro Tem Daniel Hunter reviewed the staff report.

It was moved by McGlothlin and seconded by Randall to authorize the City Manager to increase the Evidence Officer position to three-quarter time. The motion carried 5 to 0; McGlothlin, Randall, Long, McGlothlin, Runyon in favor; none opposed.

DISCUSSION ITEMS

Gitchel/Waldron Drug Building

City Manager Pro Tem Daniel Hunter reviewed the staff report.

Mayor Mays asked Eric Gleason to address Council as representative of Friends of the Waldron Brothers Drug Store aka Gitchel building.

Gleason reviewed the history and documents in favor of preservation of the building. (attached)

Hunter said the last analysis was done in 2015, he was unsure of deterioration since that report.

Long said the Friends group just needed access, they had funds available.

In response to a question Gleason said the Friends would like to preserve the building on location if at all possible.

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After some discussion it was the consensus of the Council to have staff contact KPFF for a new analysis next fiscal year, including:

- Projected costs and feasibility of making the structure usable with occupants where it sits.
- Projected costs and feasibility of moving the structure, assuming no cost of lot for sighting.
- Projected costs and summary of structural work needed for demolition, including salvage of exterior stones and HVAC system.

EXECUTIVE SESSION

In accordance with ORS 192.660(2)(h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

Mayor Mays recessed Open Session at 8:20 p.m.

Mayor Mays reconvene Open Session at 9:23 p.m.

It was moved by Long and seconded by McGlothlin to not authorize any additional funds for the Gorge Aviation Services, LLC vs. City of The Dalles and Klickitat County litigation. The motion carried 5 to 0; Long, McGlothlin, Runyon, Richardson, Randall voting in favor; none opposed.

ADJOURNMENT

Being no further business, the meeting adjourned at 9:27 p.m.

Submitted by/
 Izetta Grossman, CMC
 City Clerk

SIGNED: _____
 Richard A. Mays, Mayor

ATTEST: _____
 Izetta Grossman, CMC City Clerk

From: [Leanne Lewis](#)
To: [Alice Cannon](#); tmclothlin@ci.th-dalles.or.us; [Izetta F. Grossman](#); [Julie Krueger](#); drichardson@ci.th-dalles.or.us; srandall@ci.th-dalles.or.us; [Darcy Long](#); runyon@ci.th-dalles.or.us; rpalmer@mcf.org
Subject: Fwd: 2 houses on lot above me
Date: Thursday, December 09, 2021 11:34:23 AM
Attachments: [66076830551_A247E6C6-FEF1-49CA-821F-50F889F7B995.HEIC](#)
[66076840971_40146E19-4003-4E70-ADF9-26FCED5EE0D5 \(2\).HEIC](#)

Attention The Dalles City, and Counsel Members

There are now 2 homes on the same lot above me, the roofs are about 5 feet apart, extreme fire danger. I'm asking for a quick stop work order until the city reevaluates its fire and Luda code. I now have zero privacy in my backyard, and all of our bedrooms upstairs can be viewed directly in, from all of their decks. The Luda City code says i have a right to privacy, i have already provided all the codes in my past emails. I HAVE ZERO!!!!

I would like all city planners, commissioners, city council members and the fire marshal to come to my home to evaluate what is being built in back of me. My neighbors are also sickened as to what is going happening concerning land use here.

Please contact me directly to swing by our property to see for yourself.

The goal for the Dalles Vision is NOT this! it's extremely dangerous, FIRE alone will jump from one structure to the next in a minute.

I look forward to hearing from each and everyone of you. We all can meet at the city building to discuss further what needs to be done to stop this land use negligence.

Leanne K. Lewis
OSU Alumni
TEXT or Call 503.515.6331

my address
1826 Minnesota St
97058

----- Forwarded message -----

From: **Leanne Lewis** <world6331@gmail.com>
Date: Thu, Dec 9, 2021 at 11:01 AM
Subject: 2 houses on lot above me
To: Leanne Lewis <world6331@gmail.com>

Thank You
Leanne Lewis



City of The Dalles City Council

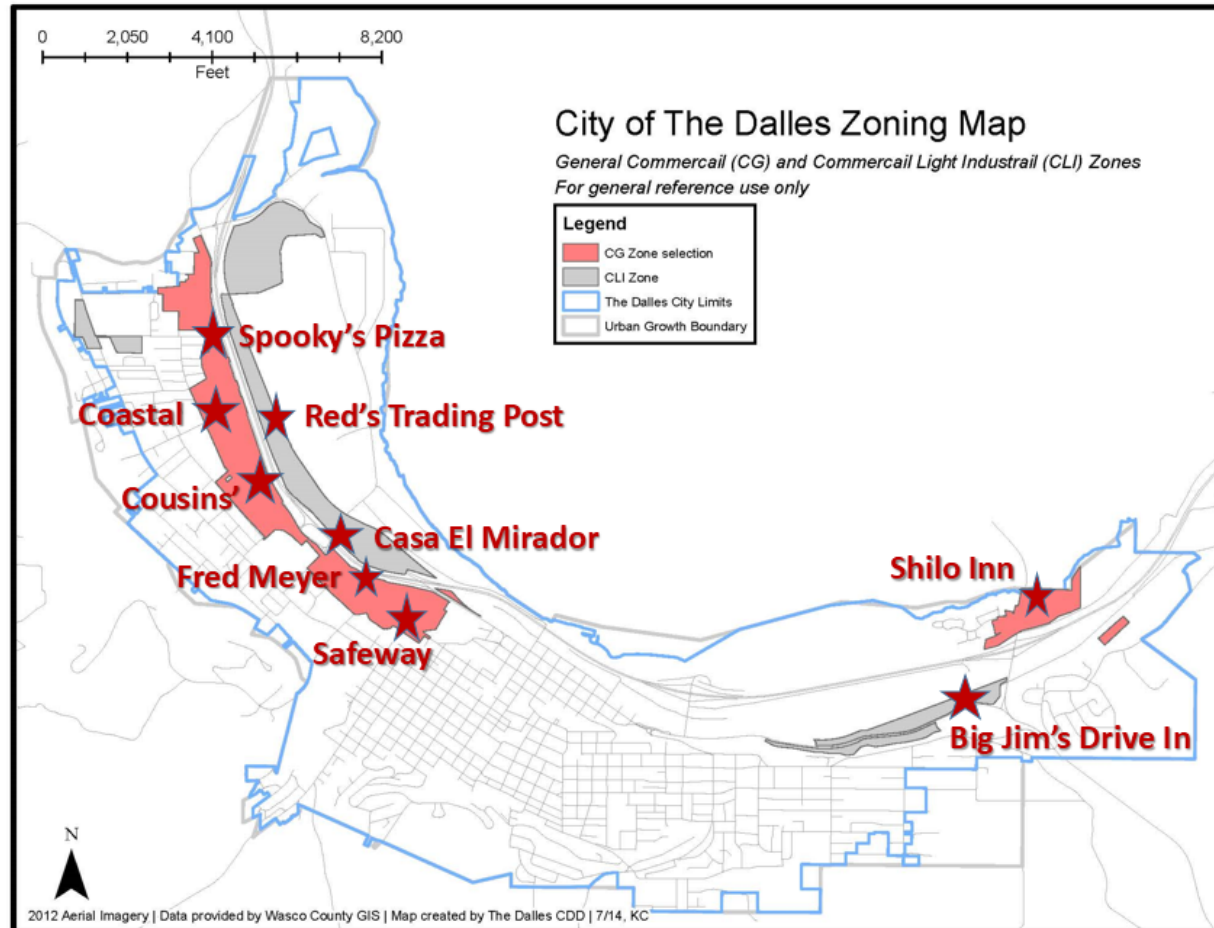
MONDAY, DECEMBER 13, 2021 | 5:30 PM

Zoning Ordinance Text Amendment - ZOA #106-21

Proposal: *Consideration of proposed changes to The Dalles Municipal Code, Title 10 - Land Use and Development. Amendment to expand the permitted uses in the Commercial General and Commercial Light Industrial zones to allow Shelter Housing, also defined as Established and Seasonal Shelters, as permitted uses subject to proposed standards.*

Properties: *All properties located in the Commercial General and Commercial Light Industrial Zoning Districts within the City of The Dalles Urban Growth Boundary.*

Applicable Properties



Planning Commission Public Hearing

November 18, 2021

At the November 18, 2021 Planning Commission public hearing, the Commission agreed with a majority of staff's recommendations. However, the Commission made three modifications to the proposed code amendments:

- *For established and seasonal shelters in the CG – General Commercial zone, seasonal shelters were removed from the list of permitted uses in the CG – General Commercial zone to uses that are allowed only after obtaining Conditional Use permit approval at a hearing before the Planning Commission. (Established and seasonal shelters remain listed as permitted uses in the CLI – Commercial/Light Industrial zone.)*
- *Bathing facilities are now required for both established and seasonal shelters.*
- *Shade trees are now listed as a required element in landscaping provided for established shelters.*

Zoning Ordinance Text Amendment Review Criteria

- ***The Dalles Municipal Code – Title 10- Land Use and Development.***
 - ***Section 10.3.110.030.*** *Proposed text amendments shall be consistent with the Comprehensive Plan, and State Laws and Administrative Rules, including the State Transportation Planning Rule OAR 660-012-0060.*
- ***The Dalles Comprehensive Land Use Plan***
 - ***Goal #1 Citizen Involvement.*** *To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.*
 - ***Policy 3.*** *The land-use planning process and policy framework shall include opportunity for citizen input as a part of the basis for all decisions and actions related to the use of land.*
 - ***Goal #2 Land Use Planning.*** *To establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions.*
 - ***Goal #10 Housing.*** *To provide for the housing needs of citizens of the state.*
 - ***Policy 8.*** *Flexibility in implementing ordinances is needed to accommodate infill and to foster a variety of development scenarios and housing options.*
 - ***Policy 21.*** *The City will support programs that would enable low and middle income people to obtain safe and sanitary housing through public and private for profit or non-profit efforts.*

Zoning Ordinance Amendment Review Criteria

- *The Dalles Municipal Code – Title 10- Land Use and Development.*
 - *Section 10.3.110.030. Proposed text amendments shall be consistent with the Comprehensive Plan, and State Laws and Administrative Rules, including the State Transportation Planning Rule OAR 660-012-0060.*
- **The Dalles Comprehensive Land Use Plan**
 - **Goal #1 Citizen Involvement.** *To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.*
 - **Policy 3.** *The land-use planning process and policy framework shall include opportunity for citizen input as a part of the basis for all decisions and actions related to the use of land.*
 - **Goal #2 Land Use Planning.** *To establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions.*
 - **Goal #10 Housing.** *To provide for the housing needs of citizens of the state.*
 - **Policy 8.** *Flexibility in implementing ordinances is needed to accommodate infill and to foster a variety of development scenarios and housing options.*
 - **Policy 21.** *The City will support programs that would enable low and middle income people to obtain safe and sanitary housing through public and private for profit or non-profit efforts.*

Zoning Ordinance Amendment Review Criteria

- *The Dalles Municipal Code – Title 10- Land Use and Development.*
 - *Section 10.3.110.030. Proposed text amendments shall be consistent with the Comprehensive Plan, and State Laws and Administrative Rules, including the State Transportation Planning Rule OAR 660-012-0060.*
 - *Goal #1 Citizen Involvement. To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.*
 - *Policy 3. The land-use planning process and policy framework shall include opportunity for citizen input as a part of the basis for all decisions and actions related to the use of land.*
 - ***Goal #2 Land Use Planning.** To establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions.*
 - *Goal #10 Housing. To provide for the housing needs of citizens of the state.*
 - *Policy 8. Flexibility in implementing ordinances is needed to accommodate infill and to foster a variety of development scenarios and housing options.*
 - *Policy 21. The City will support programs that would enable low and middle income people to obtain safe and sanitary housing through public and private for profit or non-profit efforts.*

Zoning Ordinance Amendment Review Criteria

- *The Dalles Municipal Code – Title 10- Land Use and Development.*
 - *Section 10.3.110.030. Proposed text amendments shall be consistent with the Comprehensive Plan, and State Laws and Administrative Rules, including the State Transportation Planning Rule OAR 660-012-0060.*
- **The Dalles Comprehensive Land Use Plan**
 - *Goal #1 Citizen Involvement. To develop a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the planning process.*
 - *Policy 3. The land-use planning process and policy framework shall include opportunity for citizen input as a part of the basis for all decisions and actions related to the use of land.*
 - *Goal #2 Land Use Planning. To establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions.*
 - **Goal #10 Housing.** To provide for the housing needs of citizens of the state.
 - **Policy 8.** Flexibility in implementing ordinances is needed to accommodate infill and to foster a variety of development scenarios and housing options.
 - **Policy 21.** The City will support programs that would enable low and middle income people to obtain safe and sanitary housing through public and private for profit or non-profit efforts.

Council Alternatives

1. Planning Commission recommendation to City Council:

Move to adopt General Ordinance No. 21-1388 amending three sections in Title 10 – Land Use and Development of The Dalles Municipal Code.

2. Decline the adoption of General Ordinance No. 21-1388.

3. Move to direct staff to modify General Ordinance No. 21-1388 to allow shelter housing to be permitted outright in the CG-General Commercial zone.



**Mid-Columbia
Community
Action Council**

Mid-Columbia Community Action Council
Serving Hood River, Wasco, and Sherman Counties
312 E. 4th St, The Dalles, OR 97058
606 State St, Suite 1B, Hood River, OR 97031
Tel: (541) 298-5131
www.MCCAC.com

December 13, 2021

RE: Legislative Public Hearing and consideration of Ordinance No. 21-1388

Mayor Mays and The Dalles City Councilmembers,

First of all, I want to thank the Planning Commission, City Council and City Staff for their continued dedication and support of Mid-Columbia Community Action Council (MCCAC), and its partner in agencies, as we work to prevent and end houselessness in our community. Thanks to your work, we have been able to expand the number of shelter beds available in the region from approximately 7,000 bed nights in the winter of 2020-2021 (November-March) to nearly 11,000 bed nights for the current 2021-2022 winter season. As you know, winter months in the Gorge pose very challenging conditions for our most vulnerable community members. Providing a safe, warm place to sleep is critical to the health and well-being of our houseless friends and neighbors. Again, I want to thank you and commend you for your work to address houselessness.

In addition to your support, I want to thank you for dedicating the time and resources to ensure that our land use system addresses the need for ongoing shelter in our community. As many of you know, MCCAC received \$1.5 million from the Oregon Legislature during the 2021 Legislative Session to develop a Navigation Center in The Dalles. The Navigation Center will become the future location of MCCAC's non-congregate shelter site (currently located on Bargeway and Terminal) along with MCCAC's office and co-location of other partner agency programs. These partner agencies include the Mid-Columbia Center for Living, the Mid-Columbia Housing Authority, The Next Door, Nch'I Wana Housing, One Community Health, Bridges to Health and the Oregon Human Development Corporation. Your work to address shelter siting in the City of The Dalles Land Use Development Ordinance will play a critical role in making the Navigation Center possible.

That being said, I have concerns with one aspect of the recommendations in General Ordinance 21-1388. This pertains to the Planning Commissions modification #1 to the proposed amendment. This modification reads as follows:

- 1) For established and seasonal shelters in the CG – General Commercial zone, seasonal shelters were removed from the list of permitted uses in the CG – General Commercial zone to uses that are allowed only after obtaining Conditional Use permit approval at a hearing before the Planning Commission. Established and seasonal shelters remain listed as permitted uses in the CLI – Commercial/Light Industrial zone.***

While this change is seemingly minor, it may pose a major challenge to MCCAC's ability to complete the development of the community Navigation Center within the timelines defined in legislation (June 30, 2023). In fact, it could pose a challenge to completing the project at all. The Conditional Use Permit (CUP) process recommendation for shelters established in General Commercial zones is the center of our concern. Historically, the CUP processes has allowed for "Not In My Backyard (NIMBY" rhetoric to control both affordable housing and shelter development processes. In many cases, NIMBYism has resulted in appeals to the Land Use Board of Appeals (LUBA) putting projects on hold while going through a lengthy legal defense. In some cases LUBA appeals have resulted in projects not being completed simply due to developers no longer being able to comply with funding timelines. This is without regard to the merit of the actual LUBA appeal. With approximately 18 months remaining on our funding timeline for The Dalles Navigation Center, a LUBA appeal would pose a significant threat to the project completion.

MCCAC values involvement from the community on any project we are working on, however it would not be beneficial to the community and the extremely vulnerable people MCCAC is serving to have to go through a timely and potentially costly CUP process, especially if a LUBA appeal were to be initiated. This could result in significant funding losses for our community and future increases in houselessness, which we cannot afford/ The remainder of the Shelter Siting Land Use Ordinance provides the framework needed to ensure project and operational success. This includes surety that project design meets the needs of the surrounding areas, that organizations operating shelter have a history of success and that operations provide for overall community safety and well-being. While the Shelter Siting Land Use Ordinance helps to accomplish this, these are also embedded into the goals of MCCAC's Navigation Center project. MCCAC has a history of operating shelter in The Dalles and has done so with integrity.

That being said, I would like to recommend that The Dalles City Council remove the CUP process requirement for projects in General Commercial zones, as shown in modification #1. I recommend that the City Council allow shelters established in both General Commercial zones or Commercial/Light Industrial zones be permitted as an outright use.

Once again, thank you for your work to address the shelter needs of our houseless community members. Without your support, many of our community members would be at risk of major health implications, including death, due to the extreme winter conditions in the Mid-Columbia Gorge. Shelter is both key to their safety and their future success.

Best Regards,



Kenny LaPoint
Executive Director

From: [Izetta F. Grossman](#)
To: [Darcy Long](#); [Dan Richardson](#); [Izetta F. Grossman](#); [Jonathan M Kara](#); [Julie Krueger](#); [Richard Mays](#); [Rod Runyon](#); [Scott Randall](#); [Timothy McGlothlin](#)
Subject: FW: Waldron Drug store building
Date: Monday, December 13, 2021 3:43:53 PM

-----Original Message-----

From: Sam Woolsey <samwoolseyrents@gmail.com>
Sent: Monday, December 13, 2021 3:40 PM
To: Izetta F. Grossman <igrossman@ci.the-dalles.or.us>
Subject: Waldron Drug store building

To whom it may concern,

I would like to be placed on record for the preservation of the Getchell Building(Waldron Drug store). The building is the oldest commercial building downtown. It represents the heritage of first street and is seen by freeway traffic and tour boats alike.

It is well known by state preservationists and considered to be one of 10 buildings in the state that is endangered to be demolished. That would be a travesty to the downtown area. For too many years we have destroyed the heritage that we should preserve I.e. Train Depot, Hotel Dalles and others.

When tourists come to town they want to see what The Dalles has to offer I.e. historic buildings, shopping, murals. We should put a sign on top of the Getchell building that says: "Visit Historic The Dalles"

Thank you,
Sam Woolsey
751 E 18th
The Dalles
Sent from my iPhone

From: MELBO Robert I
Sent: Wednesday, May 09, 2018 12:54 PM
To: BELL Christopher S *Historian
Cc: GOODMAN Cary; HOLTHOFF Carolyn P; GUNN Kenneth J; RUDNICKI Larissa; BOTTMAN Tobin C
Subject: RE: FW: Railroad right of way issue

Chris:

It is the 2009 Waldron Drug Store building engineering report that mentions Union Pacific requires a 25-foot set back from track centerline as a standard for placement of buildings. However, the report failed to note this railroad standard, of which there are many, isn't applicable off railroad property. The assertion that the Waldron building may be encroaching on the railroad right of way by a half to three-quarters of an inch is a minor issue, I believe, given that the 1867 building predated construction of the railroad and it was the northward shift of the railroad circa 1979-80 and the resulting property line adjustments that likely set the stage for the encroachment. What I'm suggesting here is that the location of the new right of way boundary in association with this project was imprecise.

All railroads adopt standards and they are a good thing because they provide for commonality and quality in construction, equipment, maintenance and procedures across far-flung systems. In many ways they represent extant "best practices." But standards are also dynamic in that they can be canceled, revised and newly-created as times and technology dictate. And railroads do deviate from their standards in situations where adherence is not possible or practical. Because of the Waldron building's location today relative to the track, I question whether the 25-foot standard existed circa 1979 when the mainline was shifted 15 feet northward. If a 25-foot set back was in effect 40 years ago then someone made a decision that 12 feet was sufficient and the building's location was "grandfathered." As an alternative, the railroad could have acquired the structure through condemnation and tore it down. In fact, the railroad's right of way appears to be so narrow in this immediate area that its northern boundary is only 12 to 14 feet from the centerline of the most northerly track, meaning that an adjoining property owner could erect a future building that would be closer than 25 feet.

The only other question I can think of is whether there exists an agreement between Union Pacific and the City of The Dalles that contains a condition specific to this building. Given the magnitude of this project in the late 1970s I would expect there to be some sort of an agreement executed between the parties, but the Public Utility Commission would not necessarily have received a copy that was subsequently bequeathed to ODOT. Eric should check that out with the city.

Robert I. Melbo

State Rail Planner
Oregon Department of Transportation

Rail and Public Transit Division
555 13th Street, N.E., Suite 3
Salem, Oregon 97301
(503) 986-4137 FAX (503) 986-3183
robert.i.melbo@odot.state.or.us

Market Assessment of the Waldron Building

For

Friends of the Waldron, The Dalles, Oregon

Summary of Findings: July 29, 2019



Portland, Oregon
www.marketekinc.com
503.504.6770

1.0 Project Description and Assumptions

The Waldron Brothers' Drugstore ('the Waldron') is the oldest intact commercial building in The Dalles constructed in 1879. Restore Oregon identified the Waldron as one of the 10 Most Endangered historic buildings in Oregon (2019) and to help jumpstart its revitalization, provided a small grant to the Friends of the Waldron to evaluate options for an economically viable use. The Friends and Marketek have collaborated to produce this preliminary evaluation of the most viable uses for the building. Market and economic conditions in The Dalles are dynamic and the information gathered in the summer of 2019 should be refreshed if more than 18 months pass prior to specific building renovations getting underway.

The project goals include:

1. Build the capacity of local volunteers (Friends group and Main Street) to participate in and understand the components of implementing a market feasibility analysis as part of the sustainability plan for the Waldron Drugstore Building ("the Waldron").
2. Evaluate reuse options that are most likely to succeed and make the best contribution to The Dalles community.
3. Assist with the overall redevelopment timeline for the Waldron, grounded in market, property facts, and conditions.

The project scope included a site visit, working phone meetings with the local project team, a community meeting, interviews with a dozen key local partners and stakeholders, a community survey, inventory of event space, artist survey and written memo of findings and next steps with supporting documentation.

Appendix A provides a timeline of the recent history and current status of the building as chronicled by the Friends of the Waldron.

The market assessment assumes that the building will remain at its current location and have a synergistic relationship with Lewis & Clark Festival Park events, parking and visitor traffic. The Friends group strongly prefers leaving the building where it is for historic authenticity and storytelling as well as to avoid exorbitant moving costs. Additionally, no other site for relocation has been identified. If factors weigh against this option, relocation can be considered. While the City has owned the Waldron since 1978, it is understood that Council's preference is to transfer ownership, responsibility and future operation and maintenance to another organization and/or to demolish the building. Other general assumptions that ground the market work include:

- Historic features and materials will be maintained and protected to retain historic designation
- Serve a public purpose or the 'public good' – if the building remains a public asset
- Prioritize reuse options that are stable, revenue generators
- Focus on uses that demonstrate market demand – local community and beyond
- Consider magnitude of cost associated with new uses/building rehab
- The Dalles is gaining recognition in Portland and Hood River as a less costly, quality community with increasingly diverse job opportunities. See below.

Undergirding the potential for sustainable usage of the Waldron is strong growth in the local and regional economy as reported by Mid-Columbia Economic Development District. Gorge employment has grown by over 10% in the last decade (2007-2017) adding 2,885 jobs with

manufacturing and leisure and hospitality sectors topping the list. Wasco County grew by over 11% adding 1,200 jobs. The Dalles serves as a regional retail/service center with a trading area of an estimated 70,000 residents in Oregon and Washington. The City is growing at a moderate pace with a current population of 14,625 today, up from 13,620 in 2010.

2.0 Community Input

Friends of the Waldron hosted a community meeting on May 18 with over 30 participants. Eric Gleason, President shared a visual and fact-based history of the building, recent work completed and goals of restoration. Mary Bosch, Marketek shared the approach taken to determine market feasibility of a potential use and how other historic properties have succeeded. Peggy Moretti of Restore Oregon discussed the endangered building status and the revitalization support of her organization. Meeting participants shared 10 distinct ideas for building use (from art gallery to office space) and helped establish why the uses would be supported.

The meeting was followed by a community survey to prioritize the proposed uses and gather additional input on space rental, stakeholder interests and general comments on the Waldron. One hundred three (103) people completed the survey. The results appear in Appendix B and helped guide additional research for the top target uses. By far, the majority of respondents were supportive of building restoration. On the subject of relocating the building, which about half dozen respondents raised, the comments were equally divided between keeping it at its original location connected to the park and relocating. The survey comment below is representative of many.

It is such a great building, and a real community asset. It would be great if its reuse could be integrated into the park, I think that its restoration and reuse would benefit the community by making the Park more functional year-round by providing indoor space. The upstairs of the building can be rented out as a bike hostel or for offices, including that of Main Street. The main level would be a great open room that can serve any number of purposes.

3.0 Potential Redevelopment

The Waldron Building has filled many purposes in its 154 years: a Post Office and drugstore, town newspaper office and Masonic Lodge, ticket office, and later as apartments, offices and even a haunted house. Short of a single anchor tenant for the space, it is expected that its reuse will be mixed-use and multi-purpose. What follows is a summary of potential uses identified, but viewed as less likely to come to fruition in the short term or without a strong champion. Also explored are three overarching uses that enable multiple building occupants or users working under an umbrella concept or theme to co-exist. They are: 1. Bike Hub, 2. Art Studio/Service collective, and 3. Multi-purpose Event Center. This section provides an overview of research completed and preliminary conclusions regarding these priority uses.

Critical to the success of any concept/redevelopment use progressing is clearly identifying a champion and advocate for the use, a project team, developer, funding plan, construction-engineering plan, cost estimates, operations budget and pro forma.

Size of space. The Waldron's size and configuration were considered as a general screen in considering if the proposed uses could be accommodated. A next step in the planning process will be to generate floor plans around one or more of the concepts presented here. Each of the three

levels is 1,716 square feet (22 ft. x78 ft) with two levels above ground and a basement. Assuming common area space will absorb 20% or more of each floor for entry ways, hallways, utilities, bathrooms and related, the remaining square footage per floor is 1,373.

3.1 Uses Reviewed but Not Actively Pursued

Proposed Use	Comments
Makerspace	Typically provide a wide range of equipment and services for industrial/crafter hobbyists and entrepreneurs. Must clearly define purpose and size to get at end users and market depth. E.g. small spaces emphasize educating members and larger ones offer equipment. Fees tied to membership. Gorge Makerspace in White Salmon is a local student-oriented model. The Dalles-Wasco County Public Library has opened a Makerspace with a 3D printer, sewing machines, a laser cutter for metal and wood, a vinyl cutter and a spiralizer. Demand should be monitored for this facility. Regarding amakerspaces, one community member commented on this use. <i>I do agree there is a gap. in order to grow a local labor market and also engage a regional visiting/tourist population, we can grow a maker/artist community. The Waldron is one of many locations in which Show and Tell Maker/Artist spaces could be set up.</i>
Co-working Space	The Foley coworking community recently opened in The Dalles and is testing a boutique type space in an elegant historic property. Multiple co-working spaces of different character may emerge locally. The cluster of tech companies in The Dalles area is a potential source of demand. The Gorge Tech Alliance has 60 members focused on research, development, manufacturing and support services. This growing area industry cluster will likely spawn entrepreneurs who could occupy a tech-focused co-working space. MCEDD’s 2019 economic development strategy supports alternative working spaces with business support services like flex spaces, makerspaces, agriculture-incubator, etc.
City Offices	The building could accommodate one or more departments that may wish to have access to the water treatment facility, park or Port area. TBD
Apartments	This option had little support as the building location poses challenges related to train noise, 24/7 access through the park, potential parking issues, etc.
Visitor center, history displays, art/craft/ wine sales	The Chamber is the official welcome center. However, the visitor market is extensive. Boat visitors alone number 20,000 per season with 4 cruise lines operating and 136 dockings in The Dalles. (Source: Shore Agent) But, getting their attention is highly competitive with so many venues and so little time. Main drawback to this use is seasonal and not a defined steady income stream. It could be combined with another use.
Historic Preservation Center or degree program HQ	Representative of the Friends of Waldron and the Columbia Gorge Community College (CGCC) met to discuss the creation of a historic preservation program in The Dalles (housed at the Waldron) similar to Clatsop Community College which combines classroom learning, hands-on restoration, skill-building applied to preservation projects in the field. While

	CGCC will explore historic preservation as a component of a construction trades program, it is not interested in leasing or utilizing space in the Waldron in its present location.
Theatre (live)	Existing performance space at St. Peter’s Landmark, Granada Theatre, Sawyer Hall at Zion Lutheran Church. Dalles Theatre Co and Serious Theatre may not have permanent homes and exploratory discussions should occur.
Nonprofit offices	The Dalles Main Street organization has expressed interest and is a lead project partner. Other nonprofits may be interested in sharing space although there appears to be ample supply in the downtown area.
Leverage and link Lewis & Clark Festival Park events	In the last 18 months, the Park was booked for 47 different events that included many small ones like birthday parties and a few larger events like the Hops ‘n Hogs BBQ/Festival. Some of these groups would likely rent the Waldron if available for public or private functions. See Appendix C for a complete list of those who reserved the Park.

3.2 Top Proposed Uses for the Waldron Building

I. Bike Hub

Over 34% of survey respondents identified this use among the top 3 to explore.

Concept

A ‘Bike Hub’ at the Waldron would be a one-stop service center for cyclists traveling on bike trails. The concept envisioned is a place for bikers to wash and service their bikes, store them in a secure location and ideally, stay overnight. Bike rental and retail supplies would augment basic services. Small towns on active bike trails have spawned bike centers or hubs like Santiam Bicycle in Dallas, Oregon and Oakridge Bike Shop, Oakridge where riders can get bike repairs completed, bike storage is available and nearby are rooms to rent or hostel-type arrangements. See also, the ‘donation-based’ bike hostel in Mitchell Oregon, called Spoke’n Hostel as an example of lodging for bikers.

Demand

Dean Runyan Associates has prepared multiple cyclist economic impact reports for Travel Oregon analyzing the overall expenditures of cyclists as well as spending specific to Oregon Scenic Bikeways and Gorge Bikeway regional impacts —for overnight and day trips. Expenditures include lodging accommodations, campground fees, restaurant and bars, groceries, fuel and other transportation costs, bicycle repairs and related clothing and gear, event fees, all types of recreation, and other retail. Travel expenditures in 2014, based on average expenditures per travel party per trip were \$694 for overnight trips and \$98 for day trips. Three key studies detailing current and future cyclist economic impacts are on Travel Oregon’s website.

- Oregon Scenic Bikeway Study 2014, Dean Runyan Associates
- Oregon Bike Industry Regional Economic Impact 2014, Dean Runyan Associates
- Trail Study – Columbia River Gorge, 2014, Dean Runyan Associates

Current cyclist activity is reportedly strong with The Dalles being mid-way of two very popular mountain bike trails: The Timber Trail and Outback Trail. However, The Dalles community eagerly anticipates significant expanded biking activity with the completion of the last segment of Historic Columbia River

Highway State Trail and reconnecting the remaining 11 miles of the Historic Columbia River Highway (Hood River to The Dalles segment). Once restored, it will allow cyclists to travel from Troutdale to The Dalles without being diverted to ride along the unprotected shoulder of Interstate 84. Further and most important to the Waldron is that the Trail will end at the Lewis & Clark Festival Park bringing hundreds if not thousands of cyclists to its doorstep annually.

This study describes the existing bicycling activity patterns in the Columbia River Gorge and estimates how the additional recreation spending made by bicycle riders would impact the local economies of the communities located within the Gorge should the Historic Columbia River Highway State Trail Plan be completed. With the completion of two key bicycle trail development projects – the Wyeth to Starvation Creek Trail project and Mitchell Point tunnel to Hood River project -- bicycle recreation activity participants will make an **additional \$6.3 million** in expenditures per year in the local communities throughout the Gorge.

Increased bicycle recreation spending will support an additional 82 full and part-time jobs with approximately \$1.7 million in earnings and \$270,000 in state and local tax receipts annually. Dean Runyan also reports that the Columbia River Gorge recreation and trails system is an international destination and will bring cyclists from around the globe to the region.

Also, of note is Travel Oregon's (T.O.) leadership, partnership and commitment to Scenic Bikeways is significant. Travel Oregon now promotes 17 designated bicycle routes that showcase Oregon's landscapes, history, culture and hospitality. T.O.'s strategy is far more than a marketing campaign and includes efforts to make a positive economic impact on communities along the way. They encourage multi-day rides and work to link the Bikeways to bike events and area small business for bike-friendly lodging, camping, dining, guide, shuttle companies and more.

Comments

Local cycling enthusiast, Victor Johnson runs a three-room Airbnb in The Dalles which caters to cyclists. He does not serve cyclists exclusively nor promote directly and reports very good occupancy during the peak visitor season. A conservative estimate of additional rooms that could be supported in the 4-5 months of heavy cycling season is 10 and significantly more if The Dalles aggressively promotes itself as the Gorge Trail's 'end destination.' The Waldron could be promoted as the bike hub for existing trails and the Columbia River Highway State Trail. To move this concept forward, the local/area cycling and outdoor recreation community will need to be gathered to flesh out the concept and map out a business plan.

II. Artist studio space or collective

Concept

An arts-themed program would include: artist studios, classes, exhibits, gallery and possible retail space. 25% of respondents to the community survey noted interest in Arts-related activities and nearly 47% expressed interest in a Made in The Dalles store as priority interests to explore for the Waldron. Comments of community members endorsing this concept.

- More than a gallery space. We need anything to make it more affordable for artists and creators, where they share space and can collaborate.

- Artists attract visitors. Visitors spend money. Some visitors will decide to invest/live in The Dalles. There are numerous artists here in The Dalles. We need more venues in which to display and sell their works. And we need to redevelop under used spaces in The Dalles in which they can pursue their craft and generate revenue through shared display galleries.

Case Study Example

Sequoia Gallery and Studios is a nonprofit organization that operates in a two-story building in downtown Hillsboro, Oregon. The ground floor includes a retail gallery and classroom space with 13 upper story on-site artist studios, open to the public. There is a great diversity of media, styles, and techniques represented. The studios vary in size from 220 to 324 square feet. Studio spaces lease for well below market prices, around \$150-\$250 each.

Demand

Marketek conducted a short survey of area artists regarding the potential need for and interest in studio space and willingness to pay. Manion Studio, The Dalles Art Center, Gorge Artists and White Salmon Arts Council helped to promote and distribute the Survey of Artists. Seventeen (17) artists have responded to the survey to date; results appear in Appendix D. While overall comments about the concept were extremely favorable, four respondents said they were not interested in studio space at this time; four said Yes; and nine were unsure due to cost, distance to The Dalles or the fact they had a functioning home-based studio. The majority of respondents did not favor the option of having one large shared work room. Of the nine who responded to the question regarding the monthly lease rate, eight checked \$300, the lowest rate listed.

Comments

While artists are often operating on a low cost basis and would not command strong rents, among the benefits of this concept are steady, year round occupancy and the potential to attract river cruise visitors and other tourists as well as the local community. Another bonus is that MCEDD has identified Art/Culture/Tourism/Recreation Tourism as a primary target industry sector by virtue of the number of jobs it provides. The organization is potentially a good partner should this concept move to the next stage of development. This sector encompasses initiatives to invest in the quality of tourism venues and visitor infrastructure and to ensure that trained workers are available in the field.

III. Event/Meeting Space

Of community survey respondents, 37% noted this use as having good potential and considerably more when accounting for the very strong interest in promoting the Waldron in conjunction with Park events and reservations.

Concept

The main floor of the Waldron would offer a flexible space to accommodate weddings, business meetings, corporate retreats, music events, parties, reunions, memorials. An open first floor space can accommodate the following estimated numbers in various configurations: 150 theatre style, 110 seated at round tables, 35+ in U-shaped or board room layout. Essential amenities include tables and chairs, quality AV, serving/staging kitchen for caterer. Marketek conducted six case studies of historic buildings functioning within or adjacent to city parks, like the Waldron. Most are owned and operated by the local government and function as a multi-purpose event space—a similar concept proposed as a prime

reuse for the Waldron. The characteristics, location, use and rental charges for the case studies are summarized in Appendix E.

Demand

Demand will be derived from local/area households, businesses and community/nonprofit organizations. The project budget did not allow an extensive user survey. However, 82 of 103 respondents to the Waldron survey said that they would likely rent the space for: Private functions (61%), Community group events (71%) and/or Business meetings (30%).

Marketek inventoried the most established and promoted event/meeting spaces in The Dalles to determine the current supply of facilities. Appendix F summarizes the size, characteristics and rental costs of facilities. The Discovery Center has the most modern and varied facilities for lease and several groups book multi-day programs there. The director reports that even with a minimal marketing budget, bookings are good throughout the year. As one indication of specific demand, the Discovery Center's Classroom with space for about 50 people was booked 120 days last year. It is priced at \$125/half day and \$225/full day.

Comments

It appears that there is a good supply of larger meeting facilities such as the Civic Center, Readiness Center and Discovery Center. The Columbia Gorge Community College also has large auditoriums and meeting rooms available for rent, though it will be more institutional in nature. However, smaller, boutique meeting/event spaces (such as what the Waldron could offer on the main floor) are more limited in The Dalles. With a growing population and business base and regular Park use for private events, the Waldron should continue to pursue interest in and options for a flexible multi-purpose space.

Conclusions

The market assessment provides good grounding of community interests and visions for the Waldron Building and a 'reality check' of how top proposed uses for the building might fit in with current market activity and factors. Summary conclusions follow.

- Community input through surveys, the public meeting and over a dozen phone conversations demonstrates a strong desire to preserve the Waldron and return it to a functioning, contributing historic building with the deepest roots of all commercial buildings in town.
- Each of the three priority development concepts has the potential to succeed as an anchor use for the Waldron Building and deserves further community discussion, outreach to anticipated local champions and mapping draft floorplans to visualize how the use may be actualized.
- With three stories, the building lends itself to multiple uses. For example, artisan space and offices can exist on the upper floor and be occupied and used during regular business hours, still allowing space on the lower floor(s) to be used for public, community and private events.

Entrances may need to be separated which a floor plan should depict. With a clear program of use and associated square footage, it will be relatively easy to generate lease rates and annual revenue.

- The ground floor (entry level) space ideally is left as open and flexible so that it will be easily and naturally connected to the Park and accommodate a range of events and activities.
- While there are countless stories and examples of successful revitalized historic buildings including those in Appendix E, the general public often needs a contextual concept drawing to grasp how a property could be redeveloped. This is particularly true with the Waldron where the community has raised questions about the street/railroad grade, access through the park, parking, connection to the park, influence of the sewage treatment plan and other factors. An architectural rendering that addresses these issues is a key next step. This is also a critical step in promoting the building as a community draw, business location and clearly rentable space. In addition, it is often an essential element of a fund development plan.

Appendix A - Recent History and Current Status of the Waldron, prepared by Friends of the Waldron, May 2019

Recent History

- **1976:** Building placed on the Oregon Inventory of Historic Buildings
 - New Life Coffee House
- **1978:** City buys Waldron Drugstore for preservation.
- **1982:** City leases building to the Jaycees for restoration.
 - Used for several years as a Haunted House.
- **1986:** Building is listed on The National Register of Historic Places
- **1989 to 1990s:** Building is used by the Windy River Gleaners.
- **2009:** City commissions engineering study.
 - Repairs and stabilizes the building.
 - Building serves as a historical monument.
 - Visible from town and from the Interstate Freeway.
- **2017:** City concerned about liability and cost.
 - Puts out a Request for Proposals for the building.
 - Emphasis on moving the building.
 - Restoration in place a possibility if certain issues can be addressed.
- **2018:** City Council, citing liability concerns and lack of a clear future for the building votes to direct staff to prepare to demolish the building.
- **2019:** Friends of the Waldron Brother's Drugstore incorporated as a 501c3 nonprofit.

Current Status

- We are working with City Staff to forge an Agreement to transfer the ownership of the building to a non-profit.
- Group of Volunteers is working on documenting the history of the building and the background of its current situation.
- What we have found out so far:
- City bought the building in 1978 to preserve it when the railroad track on 1st Street were shifted to the north.
- In 1978 The City and the railroad worked out access to the building, both by a pedestrian crossing of the tracks at Washington Street and via the Port Haul Road.
- The City owns the building in its entirety, the UP railroad does not have any kind of easement, and the building is grandfathered in, there are no issues with using the building in its entirety.
- The Waste Water Treatment Plant will likely not need to expand for at least another 20-30 years. Future expansion can be done below grade to minimize impacts.
- Access to the building remains a challenge, possible options include the Port Haul Road, a pedestrian crossing of the railroad tracks, or through the park.

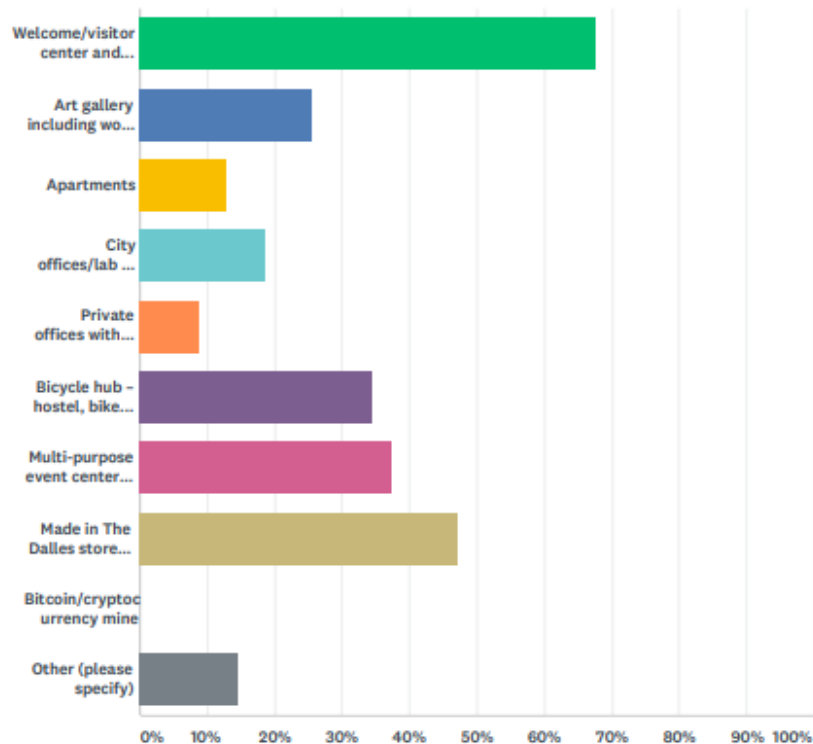
Appendix B – Waldron Survey Results & Comments

Waldron Building Community Survey

SurveyMonkey

Q1 At the May 18 community meeting about the future of the Waldron, several uses or purposes were identified for the building’s future occupancy. Please check the top 3 most likely to succeed uses from the list below and share any additional ideas. Please include any comments as to why you made your choices.

Answered: 102 Skipped: 1



ANSWER CHOICES	RESPONSES
Welcome/visitor center and history exhibits of Lewis and Clark and the river with tie-in to cruise ship passenger tours	67.65% 69
Art gallery including works of Benjamin Gifford, an early Oregon photographer, and other historical and contemporary local artists.	25.49% 26
Apartments	12.75% 13
City offices/lab for sewage treatment plant	18.63% 19
Private offices with one large and/or several smaller offices	8.82% 9
Bicycle hub – hostel, bike rentals, bike storage for visitors	34.31% 35
Multi-purpose event center: music/performance venue, wedding/other receptions, off-site meetings, movie house	37.25% 38

Waldron Building Community Survey

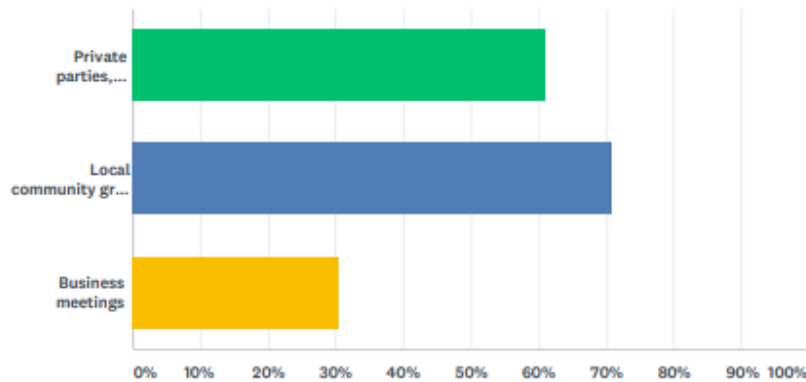
SurveyMonkey

Made in The Dalles store featuring local arts, crafts, food and info on local industry/Port of The Dalles	47.06%	48
Bitcoin/cryptocurrency mine	0.00%	0
Other (please specify)	14.71%	15
Total Respondents: 102		

#	OTHER (PLEASE SPECIFY)	DATE
1	There is ALREADY a Bike Hostel. Cryptocurrency will flop in a year, a wedding reception location next to a sewage treatment facility? Seriously?	6/16/2019 2:37 PM
2	Why not let the market determine what happens to it. Why should the city government pick out what should occupy it. If you want it but it.	6/15/2019 11:29 PM
3	Restaurant on ground level and galleries on upper level.	6/15/2019 10:28 PM
4	Pub/ restaurant	6/15/2019 9:20 PM
5	It's hard to say when I don't know the address of the building. Not everyone knows "the Waldron Building."	6/15/2019 8:27 PM
6	It is cost prohibitive to renovate this building. It needs to be torn down.	6/15/2019 2:02 PM
7	The current location severely limits the uses. Cruise ship visitors actually have little time to use a "visitor center"; and it's a little far off the beaten path to survive as a gift shop. Too loud for apartments with train so close. We really need a bike rental place in town. Logical location near Riverfront Trail. City MUST KEEP RESTROOMS OPEN all year instead of closing in early/late months.	6/14/2019 9:12 AM
8	Indoor play ground with a food court and commercial kitchen to support local business	6/11/2019 5:04 PM
9	Apartments	6/11/2019 2:51 PM
10	Leave it empty after cleaning out the added floor and tell the story with more media info as brochure and on line info.	6/7/2019 8:56 AM
11	I think all of the ones I checked could co-exist there; an apartment might house a manager for the various uses. Visitor center could be pretty small and contain many historic photos of TD downtown.	6/6/2019 2:45 PM
12	Offices upstairs for an entity that Uses the downstairs as event center for the park and provides visibility into the historical value things going on In The Dalles	6/6/2019 8:30 AM
13	tear it down	6/1/2019 6:45 PM
14	Model railroad and navigation layout (features 2,4, or more overlapped/intertwined color-coded historical stages of agri-comm'l expansion) of the transportation hub.	5/28/2019 10:32 PM
15	Occupancy by the city could be a thrift move since the city owns it. An art gallery sounds good, but I have no idea of the extent of income it could generate. High-end apartments perhaps in extra space if there is any? Multi-use is diversification, could lessen risk.	5/28/2019 8:45 PM

Q2 Below is a list of potential private uses for the Waldron. Thinking about your family, friends and groups you are affiliated with, please check any of the following uses that you or someone you know would likely rent the space for.

Answered: 82 Skipped: 21



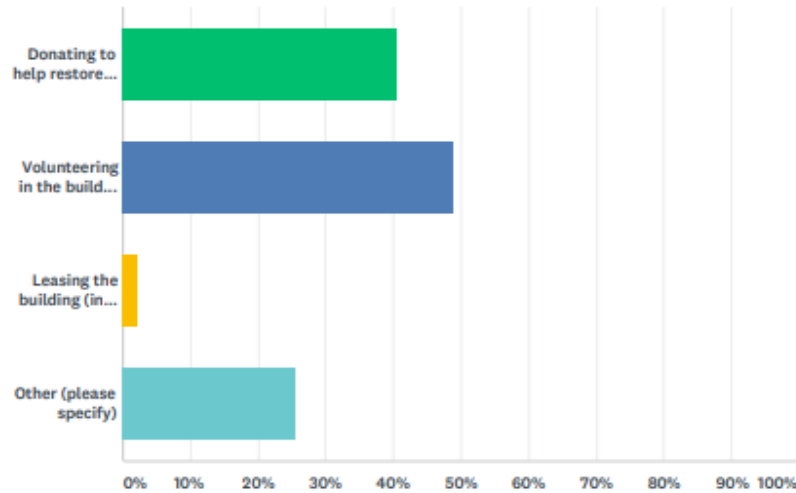
ANSWER CHOICES	RESPONSES
Private parties, weddings, reunions, other celebrations, religious services	60.98% 50
Local community group fund raisers/special events	70.73% 58
Business meetings	30.49% 25
Total Respondents: 82	

#	OTHER (PLEASE SPECIFY)	DATE
1	Seriously, it is next to a sewage treatment facility.	6/16/2019 2:37 PM
2	Not a viable space to rent.	6/15/2019 11:29 PM
3	I don't believe tat religious organization should have use of public buildings.	6/15/2019 9:53 PM
4	None of the above	6/15/2019 7:43 PM
5	Demolish	6/15/2019 2:02 PM
6	It would not be a "preferred" location in my mind for any of the above. Inaccessibility is a huge factor.	6/14/2019 9:12 AM
7	there are many better options for these activities.	6/7/2019 8:56 AM
8	I don't feel it has much potential for these things.	6/6/2019 2:45 PM
9	tear it down	6/1/2019 6:45 PM
10	lack of access and parking interfere with any of these uses	5/31/2019 6:04 AM
11	None of these are best use.	5/29/2019 7:16 AM
12	These are labor intensive and could be problematic	5/28/2019 11:00 PM
13	Information and docent center in affiliation with businesses, historical, and visitor entities co-operating in addition to other existing visitor centers throughout the city.	5/28/2019 10:32 PM

14	Think small here, or be in competition with the Gorge Interpretive Center.	5/28/2019 8:45 PM
15	None. As a professional event planner, I would Google Map the location and dismiss it instantly.	5/28/2019 8:19 PM

Q3 Please check below if you would like more information about:

Answered: 47 Skipped: 56



ANSWER CHOICES	RESPONSES
Donating to help restore the Waldron Building	40.43% 19
Volunteering in the building restoration work	48.94% 23
Leasing the building (in whole or part) as a tenant	2.13% 1
Other (please specify)	25.53% 12
Total Respondents: 47	

#	OTHER (PLEASE SPECIFY)	DATE
1	Meeting space	6/16/2019 7:55 PM
2	Cold storage facility with commercial kitchen for start ups to rent! That is what you should do with it!	6/16/2019 2:37 PM
3	Demo it	6/15/2019 11:29 PM
4	Na	6/15/2019 9:20 PM
5	No interest.	6/15/2019 7:43 PM
6	No thankyou	6/15/2019 4:21 PM
7	I would be interested to direct my clients there when they are needing catered meals for their meetings, reunions, etc	6/15/2019 2:18 PM
8	none	6/15/2019 2:10 PM
9	Are there leadership needs? Is there a board of directors?	6/11/2019 4:36 PM
10	keep me in the loop please	5/29/2019 3:32 PM
11	Updates on efforts so Restore Oregon can help publicize!	5/29/2019 3:21 PM
12	More research	5/29/2019 7:16 AM

Q4 If you have interest in facility space rental or if you checked any of the above, please provide your name and email address or telephone number below.

Answered: 23 Skipped: 80

#	RESPONSES	DATE
1	Cold storage for overflow of all the new eateries, small businesses, small farms, etc.	6/16/2019 2:37 PM
2	Kathy Svoboda Viemeister 5419931487	6/16/2019 7:59 AM
3	Kelly Smutz krsmutz@gmail.com	6/16/2019 7:24 AM
4	Julie Smith cathy58@gorge.net	6/15/2019 9:53 PM
5	Kmunsen@charter.net	6/15/2019 5:51 PM
6	Ashley Mata ashleynicholae19@gmail.com	6/15/2019 2:44 PM
7	Cherry City Catering carol@cherrycitycatering.com	6/15/2019 2:18 PM
8	Scottklein.iwon@gmail.com if there are further meetings about ideas	6/11/2019 5:04 PM
9	Courtney Christenson courtchrist@hotmail.com (310) 403 - 8460	6/11/2019 4:36 PM
10	Doug Leash dleash39@gmail.com	6/10/2019 1:08 PM
11	Carolyn Wood 541-296-8052	6/7/2019 8:56 AM
12	Sally Newell, 509-493-3624	6/6/2019 2:45 PM
13	Toddecarpenter@gmail.com	6/6/2019 8:30 AM
14	No way would I rent that place 13' from the tracks and 25+ trains a day you guys are crazy it's a lost cause	6/1/2019 6:45 PM
15	Ruth Cutler rcutler@gorge.net	5/29/2019 8:39 PM
16	could be rented for dance events. Ruth Olin Gorge Dance News rsolin@gorge.net	5/29/2019 3:32 PM
17	n/a	5/29/2019 2:30 PM
18	Mary Beth Thouvenel mbthouvenel@gmail.com	5/29/2019 8:59 AM
19	krisvader@gmail.com	5/29/2019 6:38 AM
20	Ztahol@gmail.com	5/28/2019 11:03 PM
21	Sandy Bisset wildflowers@gorge.net	5/28/2019 11:00 PM
22	Trish Neal trishaneal@hotmail.com	5/28/2019 10:05 PM
23	Karl Vercouteren - kjverc@gmail.com - 541 980-6558	5/28/2019 8:38 PM

Q5 Please share any other comments, ideas or suggestions about the future of the historic Waldron Building.

Answered: 32 Skipped: 71

#	RESPONSES	DATE
1	It's a wonderful piece of local history. I hope you can save it. The visitor center & local products concepts could be combined, along with bike rental. Concern is safe access with railroad so close.	6/16/2019 8:20 PM
2	There literally is already a bike hostel in town. I just want to say that one more time.	6/16/2019 2:37 PM
3	cost Benefit analys would suggest demolition.	6/15/2019 11:29 PM
4	Although this is a small town, there are many people here who have come from elsewhere and would appreciate addresses when reference is made to local buildings, etc. Saying "The Waldron Building" or "Lewis & Clark Festival Park" assumes everyone invited to the discussion (or event) is "in the know" about locations. I personally feel a bit put off by these sorts of assumptions, which makes it feel like the "good ol' boys" club, though I'm sure that is not the intent. I think City leaders need to become more aware of the new people here, and the fact that they aren't familiar with all the locations in town. ☹️	6/15/2019 8:27 PM
5	Because of the location and expense to renovate I don't think any are good options. Just my opinion.	6/15/2019 7:43 PM
6	Feel it needs to be relocated across the street or next to the Baldwin to maximize its potential	6/15/2019 2:53 PM
7	Thanks for stepping up! In my dreams I would love it to be a resilience center where community emergency response team (CERT) members get trained, with exhibitions explaining how extreme weather is increasing because of jet stream changes, with adaptation strategies to keep people safe in this area.	6/15/2019 2:11 PM
8	Perhaps some of the stone material could be salvaged to use in another project that is not in such a bad location.	6/15/2019 2:02 PM
9	The choices listed sounded great event spot, vender tourist store	6/15/2019 2:01 PM
10	It is such a great building, and a real community asset. It would be great if its reuse could be integrated into the park, I think that its restoration and reuse would benefit the community by making the Park more functional year round by providing indoor space. The upstairs of the building can be rented out as a bike hostel or for offices, including that of Main Street. The main level would be a great open room that can serve any number of purposes.	6/14/2019 2:02 PM
11	I understand the desire to keep the historic location due to the proximity to the waterfront. But I tend to agree we should move it. :(6/14/2019 9:12 AM
12	Things that benefit the community in general with play good food in support of local and healthy food businesses	6/11/2019 5:04 PM
13	I'm concerned about the proximity to the tracks. Will Union Pacific move the tracks? How would it be legal or safe to hold a public venue so close to a working rail line? I'm surprised this survey didn't address that, because it's hard to talk about these hypotheticals without knowing how the railroad tracks come into play. That seems like a serious issue.	6/11/2019 4:36 PM

14	I believe that the building can have multiple uses, because there is space for offices on the upper floors that can be occupied and used during regular business hours, and space on the lower floors that can be used for public and community events or private events. Because the building's use may be dependent on access through the park, use related to park activities, or even park maintenance seems like a good fit. Although I could only choose 3 options in question 1, I think some of those options could be combined. The Dalles Main Street has already expressed an interest in using part of it for offices and renting other spaces to help generate income. As much as I would like the building to be open to public and community use, if the sewage treatment plant agrees to use it for office space and can renovate it in a historically sensitive way, then that is also a good way to save it. However, I am very doubtful that those involved in the sewage treatment plant plans would favor using that building if there was an option to build a new one. Although many people see the location as a challenge, I noticed that Hood River has restaurants near their sewage treatment center and an event center in a "ruin" near the railroad tracks. Interesting buildings and unique locations can be a draw. An interesting reuse of this building may encourage more people to exit I-84 and explore the downtown. I support any use or action that will save this building and renovate or maintain it in place. Demolition is unnecessary.	6/8/2019 10:02 AM
15	It is a another of our historic buildings that needs to be saved just as it appears now.	6/7/2019 8:56 AM
16	I think a tunnel to connect it to downtown is far preferable to moving it! It would be great place to bring tour boat inmates to introduce a walking tour of our historic downtown.	6/6/2019 2:45 PM
17	Need to tap local resources as well as State and federal resources for funding	6/6/2019 8:30 AM
18	Likely I'm the wrong person for this survey. I'm old, and value old things, but I recognize sometimes it's time to let things die, expending resources toward new needs. Let this project go. Focus time/money/energy toward our schools, homeless needs, etc.	6/2/2019 8:35 PM
19	Really would like to see it stay in its current location as it would lose its value as a visual reference point for what First St. and The Dalles used to look like (river access up to back of the building). Also would lose part of building in the move.	6/2/2019 1:59 PM
20	Give it up already the city has over \$500k in this building keep wasting tax dollars getting grants great way to go. Cut our losses already and move on.	6/1/2019 6:45 PM
21	Would like to see the Waldron building keep its historical feel and tying it in with the Lewis and Clark Park and cruise tours. Historical exhibits would add interest and the possibility of offices would help. Income and upkeep could be an issue.	5/29/2019 8:39 PM
22	We need to teach in grade school the need to preserve our history and historic buildings. many grown-ups don't have the appreciation they should have because it is a new idea to them. Start early!	5/29/2019 3:32 PM
23	All responses above contingent on relocating the building. Current so close to the railroad tracks is untenable. If we cannot relocate the building, sadly I believe it must be demolished.	5/29/2019 2:30 PM
24	Remain an advertisement for Historic The Dalles	5/29/2019 8:52 AM
25	The idea to move the building across the railroad tracks was also brought up at the meeting.	5/29/2019 6:38 AM
26	Let's use it to make local history come alive.	5/28/2019 11:03 PM
27	I really think bikes and boats are the best idea	5/28/2019 11:00 PM
28	I love the idea of restoring an historical First Street, with the Waldron staying put.	5/28/2019 10:19 PM
29	I may not be in The Dalles but I'm more than willing to help however I am able.	5/28/2019 10:05 PM
30	Lord Bless your efforts to save this Historic Building	5/28/2019 9:40 PM
31	I am somewhat concerned about access to the property. I once worked at Oregon Cherry. That track crossing was blind and busy.	5/28/2019 8:45 PM
32	I believe that the Waldron can serve a purpose as an historic building, and that it would be ideal for organizations that serve to bridge present to past. As an event space, it has a myriad of issues.	5/28/2019 8:19 PM

Appendix C – Lewis & Clark Festival Park Usage

47 events took place from January 1, 2018 through July 25, 2019

January 2018: No public events

February 2018:

2/7 Wednesday 4:00 p.m. – 2/8 Thursday 4:30 p.m.: Blue Bell Overnight

2/10 Saturday 6:00 a.m. – 9:00 a.m. Valentines Run

March 2018:

2/17 Saturday 6:00 a.m.- 12:00 noon St. Patty's Run

April 2018

4/8 Sunday 6:00 a.m. – 5:00 p.m. Breakaway Promotions Bike Race (Gorge Gravel Grinder Ride)

4/14 Saturday 12:00 noon to 7:00 p.m. Jessica Aguilera Birthday party

4/27 Friday 12:00 noon – 4/28 Saturday 7:00 p.m. Cherry Festival Society of Creative Anachronism Performance

4/29 Sunday 8:00 p.m.– 4/30 Monday 7:30 a.m. Blue Bell Coast Guard

May 2018:

5/7 Monday 1:00 p.m.- 5/8 Tuesday 12:30 a.m. Blue Bell Coast Guard

5/12 Saturday 8:00 a.m. - 10:00 p.m. Jose Morales Birthday

5/13 Sunday 8:00 a.m. – 9:00 p.m. Mirella Ortiz First Communion

5/14 Monday 8:00 a.m. – 5/16 Wednesday 7:30 p.m. Sector Columbia River Mass Rescue Exercise

5/19 Saturday 10:00 a.m.-12:00 noon Yoga Red Cloud

5/19 Saturday 11:00 a.m.-6:00 p.m. Michael Carrillo Birthday Party 20-30 people

5/26 Saturday 12:00 noon – 10:30 p.m. Guadalupe Ortega Birthday

June 2018:

6/2 Saturday 11:00 a.m.-3:00 p.m. Celebration of Life – Pizzola

6/2 Saturday 4:00 p.m.-9:00 p.m. Graduation Party – Roze Strassheim

6/9 Saturday 3:00 p.m.-9:00 p.m. Rita Betancourt - Family Event

6/10 Sunday 9:00 a.m. – 1:00 p.m. Lisa Hong Baby Shower

6/15 Friday 8:00 a.m. –6/16 Saturday 6:00 p.m. Hops & Hogs BBQ Competition

6/16 Saturday 10:00 a.m.-12:00 noon Yoga Red Cloud

6/23 Saturday 9:00 a.m. – 11:00 p.m. Martin Pille

6/24 Sunday 10:00 a.m. – 8:00 p.m. Mekenzie Hemstreet Birthday Party

6/28 Thursday 5:00 p.m. – 7/1 Saturday 5:30 p.m. Fort Dalles Fourth Celebration

July 2018:

7/4 Wednesday 6:00 a.m. -5:00 p.m. 4th Family Fun Day

7/21 Saturday 10:00 a.m. – 12:00 noon Yoga Red Cloud

August 2018:

8/4 Saturday 8:00 a.m. – 8/5 Sunday 12:00 a.m. Class of 1978 Reunion

8/11 Saturday 6:00 a.m.-8/12 Sunday 12:30 a.m. Vega Wedding

8/18 Saturday 10:00 a.m. -12:00 noon Yoga Red Cloud

September 2018:

9/8 Saturday 12:00 p.m. – 11:30 p.m. Birthday Party Luisa Trejo Tomes

9/15 Saturday 10:00 p.m.- 12:00 noon Yoga Red Cloud

October 2018:

10/7 Sunday 8:00 a.m. – 7:30 p.m. PEO Sisterhood Scavenger Hunt

10/9 Tuesday 5:00 p.m. – 10/10 Wednesday 6:00 a.m. Coast Guard Blue Bell

10/20 Saturday 10:00 a.m. – 12:00 noon Yoga Red Cloud

November 2018:

No public events

December 2018:

12/15 Saturday 8:00 a.m. – 12:30 p.m. Reindeer Run & Snowflake Stroll

January 2019:

1/12 Saturday 7:00 a.m. – 12:00 noon Freeze Your Gizzard Blizzard Run

February 2019:

2/9 Saturday 9:00 a.m. Annual Trail Run/Walk Fundraiser – Colonel Wright School

March 2019:

3/16 Saturday 7:00 a.m. – 12:00 noon Annual Fun Run Colonel Wright School Fundraiser

April 2019:

4/7 Sunday 6:00 a.m. – 6:00 p.m. Breakaway Promotions

4/20 Saturday 8:00 a.m. – 1:00 p.m. Easter Egg Scramble – Bicoastal Media. Event is 11:00 – noon.

May 2019:

5/4 Saturday 10:00 a.m. – 7:00 p.m. Chaffin Baby Shower

5/25 Saturday 12:00 noon – 9:00 p.m. Carrera Baptism

5/26 Sunday 8:00 a.m. – 10:00 p.m. Morales Birthday

June 2019:

6/1 Saturday 3:00p.m. – 7:30 p.m. Nanez Graduation

6/8 Saturday 12:30 p.m. – 11:00 p.m. Child's Birthday - Avina

6/14 Friday 7:00 a.m. – 6/16 Sunday 4:00 p.m. The Gorge Hops and Hogs Festival

6/22 Saturday 5:00 p.m. – 11:30 p.m. Anniversary Celebration Luz Mondragon

6/29 Saturday 12:00 noon – 11:00 p.m. Birthday Party – Torres

July 2019:

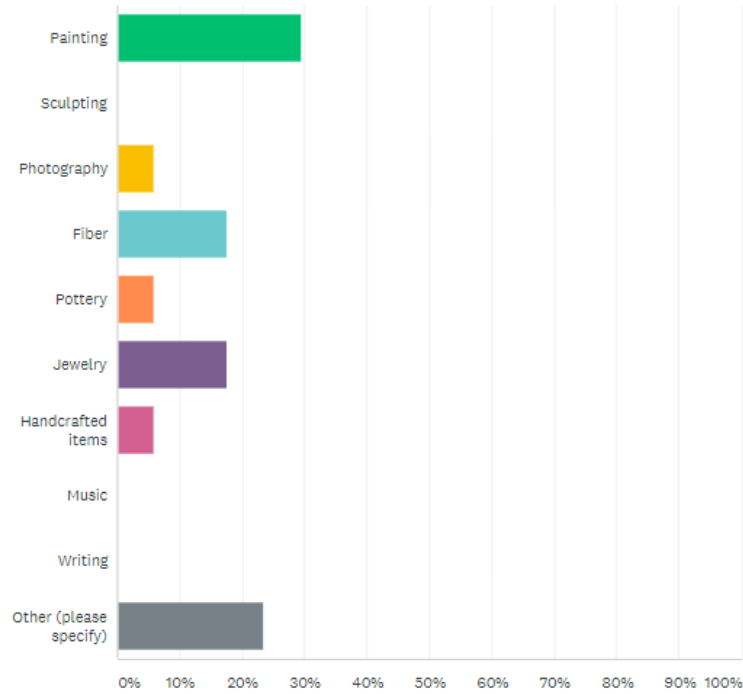
No events listed.

Source: City of The Dalles

Appendix D – Artist Survey Results re: Interest in Studio Space

What is the principal form of art with which you are engaged?

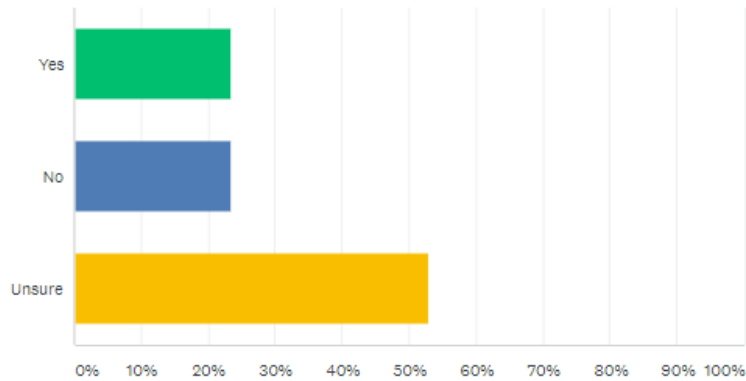
Answered: 17 Skipped: 0



ANSWER CHOICES	RESPONSES
▼ Painting	29.41% 5
▼ Sculpting	0.00% 0
▼ Photography	5.88% 1
▼ Fiber	17.65% 3
▼ Pottery	5.88% 1
▼ Jewelry	17.65% 3
▼ Handcrafted items	5.88% 1
▼ Music	0.00% 0
▼ Writing	0.00% 0
▼ Other (please specify)	Responses 23.53% 4
Total Respondents: 17	

One scenario for artist studios at the Waldron is 12 or more private studios of 200+ sq. ft. each + a larger shared working space for larger projects. Other amenities may include: retail space, wifi, gallery/performance space, etc. Would you be interested in becoming a member of a community like this and leasing a studio on a monthly basis?

Answered: 17 Skipped: 0

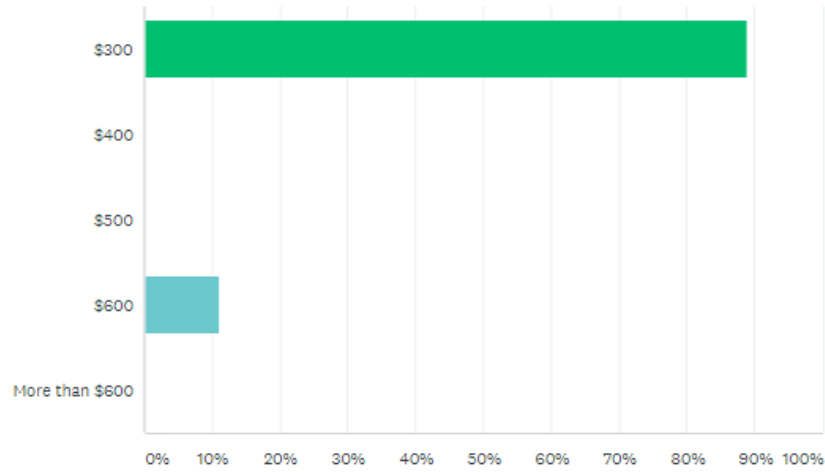


ANSWER CHOICES	RESPONSES
▼ Yes	23.53% 4
▼ No	23.53% 4
▼ Unsure	52.94% 9
TOTAL	17

[Comments \(11\)](#)

If you answered Yes to the question above, what is the most you would be willing and able to pay on a monthly basis for a private studio space. If you answered No, skip to the next question.

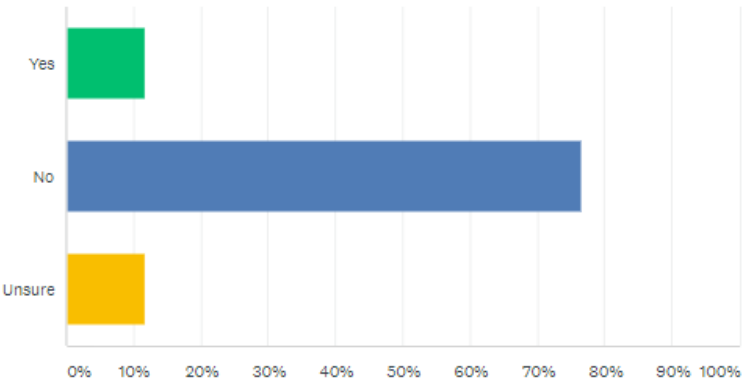
Answered: 9 Skipped: 8



ANSWER CHOICES	RESPONSES
▼ \$300	88.89% 8
▼ \$400	0.00% 0
▼ \$500	0.00% 0
▼ \$600	11.11% 1
▼ More than \$600	0.00% 0
TOTAL	9

Another option for artist work space is a shared area or group room where your "desk space" is along side 2-3 other artist? (Ex. Undisturbed project space such as an 8 ft table per artist). The estimated monthly price is \$100. Would you be interested in this option?

Answered: 17 Skipped: 0



ANSWER CHOICES	RESPONSES
Yes	11.76% 2
No	76.47% 13
Unsure	11.76% 2
TOTAL	17

[Comments \(6\)](#)

What amenities would be most important to you in an artist studio setting?
Please share your top three.

Answered: 13 Skipped: 4

1) light 2) clean and open 3) quiet

7/25/2019 11:03 AM

Just basic utilities and wifi.

7/25/2019 10:46 AM

Space, light, cost

7/25/2019 10:32 AM

Access to water, good light, quiet

7/25/2019 7:47 AM

good light, access to large utility sinks, privacy

7/25/2019 7:31 AM

Table space, wall space, storage cabinet

7/25/2019 7:17 AM

Water source, 220 v outlets, disgnated crcuits

7/20/2019 12:14 AM

Large work bench, Sink, Lockable Storage space


7/19/2019 7:34 AM

private studio sink, shared kitchen, group shows and events within the group
7/16/2019 9:00 AM

Natural light, quiet, views
7/15/2019 6:57 PM

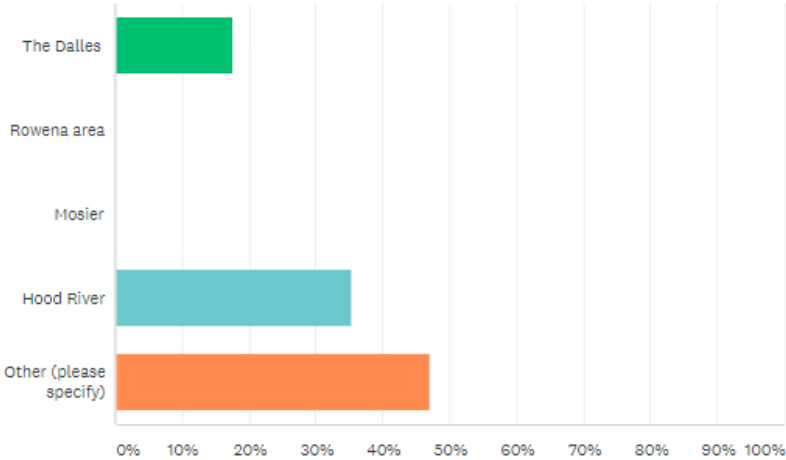
Wifi, shared work area, restroom
7/15/2019 6:48 PM

electricity for kiln work
7/15/2019 6:06 PM

Light  natural and artificial. Preservation of original architecture. Bathrooms and slopsink area.
7/15/2019 12:59 PM [View](#)

Where do you currently reside?

Answered: 17 Skipped: 0



ANSWER CHOICES	RESPONSES
▼ The Dalles	17.65% 3
▼ Rowena area	0.00% 0
▼ Mosier	0.00% 0
▼ Hood River	35.29% 6
▼ Other (please specify)	Responses 47.06% 8
TOTAL	17

If you would like to receive updates about the progress of the Waldron's revitalization or get involved in forming an artist studio center, please share your name and email address below:

Answered: 11 Skipped: 6

Joy333@embarqmail.com

7/25/2019 10:46 AM

Kristine knpskristine@gmwil.com

7/25/2019 10:32 AM

Ellen Vorster ellenvorster@yahoo.com

7/25/2019 7:47 AM

chelsea@wildcraftstudioschool.com

7/25/2019 7:31 AM

Kristine Dombroski krisvader@gmail.com

7/25/2019 7:17 AM

Director@thedallesartcenter.org

7/20/2019 12:14 AM

jinxie3946@yahoo.com Jinx Griswold

7/19/2019 7:34 AM

Joanne Ward jandmward@gmail.com

7/16/2019 5:56 PM

sarah@whitesalmonarts.org

7/16/2019 9:00 AM

charfort@gmail.com

7/15/2019 6:06 PM

llbalmuth@gmail.com

7/15/2019 12:59 PM

Please share any other comments.

Answered: 11 Skipped: 6

While the Dalles is a little far for me to travel, I strongly support the idea of transforming old buildings into vibrant working spaces.

7/25/2019 11:03 AM

[View respondent's answers](#)

[Add tags](#) ▼

This is a great idea!!!!

7/25/2019 10:46 AM

[View respondent's answers](#)

[Add tags](#) ▼

If it is something I, personally, may not take part in, it's a fantastic idea. For me, the distance would be the issue and need something closer to my home. Thank you for putting energy into this!!

7/25/2019 10:32 AM

[View respondent's answers](#)

[Add tags](#) ▼

So glad to hear about this potential development!

7/25/2019 7:31 AM

[View respondent's answers](#)

[Add tags](#) ▼

- Thank you. I'm hoping to hear about times to view/tour the building.
7/25/2019 7:17 AM [View respondent's answers](#) [Add tags](#) ▼

- I am interested in learning more about the project and if you are interested disseminating the information to other artists.
7/20/2019 12:14 AM [View respondent's answers](#) [Add tags](#) ▼

- This is a great idea. I just wish it was not such a long drive on a daily basis for me. Good Luck with it.
7/19/2019 7:34 AM [View respondent's answers](#) [Add tags](#) ▼

- For historical reasons I feel it is imperative to save the Waldron Bldg.
7/16/2019 5:56 PM [View respondent's answers](#) [Add tags](#) ▼

- This is exciting! Best of luck.
7/15/2019 6:57 PM [View respondent's answers](#) [Add tags](#) ▼

- glass studios are really more costly to set up and maintain. There would be cost to electricity for kiln work. This would need to be considered in setting the cost of rental
7/15/2019 6:06 PM [View respondent's answers](#) [Add tags](#) ▼

- There is a lack of support to artists and connection with the greater art community together with an emphasis on production of arts and crafts for the retail and tourist trade. Art is important for community and personal development and skill development in individual art practice. Inexpensive shared workspace is important for artists.
7/15/2019 12:59 PM [View respondent's answers](#) [Add tags](#) ▼

Appendix E – Event Center Case Studies

The examples that follow illustrate a number of publicly-owned historic buildings operating as event or multi-purpose spaces.

1. Hollinshead Barn at Hollinshead Park: 1235 NE Jones Road, Bend, Oregon:

<https://www.bendparksandrec.org/rental/hollinshead-barn/>

About: Homestead that operated from 1939 – 1983. Owners offered to BP&R in 1974 for visitors to learn about the history of central Oregon, BP&R acquired it in 1982. Associated ranch house and tack shed have been restored as a house museum.

Used for: Weddings, corporate retreats, meetings. Two floors for rent. Has enclosed outdoor area for dedicated event space. Capacity: 55 people.

Owned/Operated by: Bend Parks & Recreation

Insurance: Renters need to obtain Certificate of Insurance (COI) for General Liability in the amount of \$2,000,000 per occurrence and name BP&R as additionally insured. More:

<https://www.bendparksandrec.org/wp-content/uploads/2018/07/FacilityInsuranceRequirements.pdf>



Fees:

	<i>Mon-Thu 4hrs</i>	<i>Mon-Thu 8hrs</i>	<i>Mon-Thu 9-14hrs</i>	<i>Fri-Sun 14hrs</i>
<i>Commercial ID</i>	\$280.00	\$560.00	\$770.00	\$910.00
<i>Commercial OD</i>	\$336.00	\$672.00	\$924.00	\$1,092.00
<i>Private ID</i>	\$200.00	\$400.00	\$550.00	\$650.00
<i>Private OD</i>	\$240.00	\$480.00	\$660.00	\$780.00
<i>Non-Profit ID</i>	\$120.00	\$240.00	\$390.00	\$390.00
<i>Non-Profit OD</i>	\$120.00	\$240.00	\$390.00	\$390.00

2. Barn at Barrett Park, Barret Drive, Hood River, Oregon:
<https://hoodriverparksandrec.org/barrett-park/>

About: 31.4-acre orchard zoned as High Value Exclusive Farm Use (EFU). Hood River Park District purchased the property for \$610,000. Radio Control Flying is allowed use in EFU zone. Hood River parks partners with local RC flying club, Columbia Gorge Aeromodelers.

Used for: RC Flying

Owned/Operated by: Hood River Parks District / Columbia River Gorge Aeromodelers

Insurance: AMA \$2,000,000 liability insurance policy. (AMA = Auto insurance? Academy of Model Aeronautics?)

Does not appear to be for rent by the public



3. Oaks Pioneer Church, 455 SE Spokane Street, Portland, Oregon:
<https://oakspioneerchurch.org/>

About: Built in 1851 in Milwaukie, Oregon, and moved three times to it's current location just south of Sellwood Park.

Used for: Weddings, concerts, memorials, and funerals.

Owned/Operated by: Owned by Portland Parks & Recreation, operated by (and restored by) Sellwood Moreland Improvement League (SMILE)

Insurance: N/A

Rental Fees: Wedding Ceremony Rates - \$450 (2 Hours minimum), \$550 (2.5 Hours), \$650 (3 Hours) / Rehearsal Rates - \$100 (1 hour)



4. Community Music Center, 3350 SE Francis Street, Portland, Oregon:

<http://www.communitymusiccenter.org/newcmc/news.events/hallrent.htm>

About: Not in a park, but owned by Portland Parks and Rec. A similar structure to the Waldron – two story masonry construction. A 1912 historic masonry firehouse renovated in 1969 to house the Community Music Center, a non-profit association.

Used for: Community Music Center and a reservable meeting room and music hall.

Owned/Operated by: Owned by Portland Parks & Recreation, operated by Community Music Center.

Insurance: N/A

Rental Fees: <https://www.portlandoregon.gov/parks/article/467552>



5. Camas Community Center, 1718 SE 7th Avenue, Camas, Washington:

<http://www.cityofcamas.us/lacamaslodge/communitycenter>

About: Ballroom, Reception Room, Conference Room, Kitchen

Used for: Weddings, birthday parties, anniversary parties, reunions, etc.

Owned/Operated by: Camas Parks and Recreation

Insurance: N/A

Rental Fees:



	<i>Mid-Week M - F (am)</i>	<i>Weekend F (pm) - Sun</i>
<i>Reception Room</i>	\$75/day	\$150/day
<i>Conference Room</i>	\$50/day	\$100/day
<i>Ballroom</i>	\$150/day	\$300/day
<i>Kitchen</i>	\$30/day	\$50/day
<i>Sound System</i>	\$75/day	\$75/day
<i>Sound System w/Projector and Screen</i>	\$100/day	\$100/day
	<i>Deposit</i>	\$500/refundable
	<i>Alcohol Use fee</i>	\$100/non-refundable
	<i>Key Call-back fee</i>	\$150/non-refundable

6. Alderbrook Park, 45th & Leif Erickson Drive, Astoria:

http://www.astoriaparks.com/alberbrook_park.aspx

About: Capacity of 45 people. Building from historic firehouse that used to be on the site.

Used for: Birthday parties, etc. City Councilor town halls.

Owned/Operated by: Astoria Parks & Recreation

Insurance: Not needed because so few people, although insurance is necessary if someone using it is guaranteeing a service. Case-by-case basis.

Rental Fees: Depends on the amount of people, time, private, commercial.

Less than 25 people: \$29/ hour, \$89 half day, \$119 whole day

More than 25 people: \$59/ hour, \$179 half day, \$239 for full day.



Appendix F – The Dalles Event Venues

1. The Dalles Civic Auditorium: 323 East 4th St. <http://thedallescivic.com/>

Steeped in a rich historic past, the Dalles Civic Auditorium offers three rental options.

The Ballroom



6,000 s.f., can accommodate up to 400 guests. Floating hardwood dance floor, balcony. Rents for \$1,500 for the day with day-before access for personal set-up and decoration. The rental includes all tables & chairs, room set-up/break-down, use of a catering kitchen and mic & podium.

Fireside Room



940 s.f., can host up to 85 guests. \$75/hr. which includes all tables & chairs, room set-up/break-down, use of a catering kitchen and mic & podium. Typically, our clients plan for an additional hour; 45 minutes before the event to decorate and then about 15 minutes afterwards to gather any personal decorations.

Community Room



2,900 s.f., up to 200 guests can participate in activities including intermediate size banquets, birthday parties, reunions, vendor exhibitions, job fairs and art shows. \$75/hr. which includes all tables & chairs, room set-up/break-down, use of a catering kitchen and mic & podium. Typically, our clients plan for an

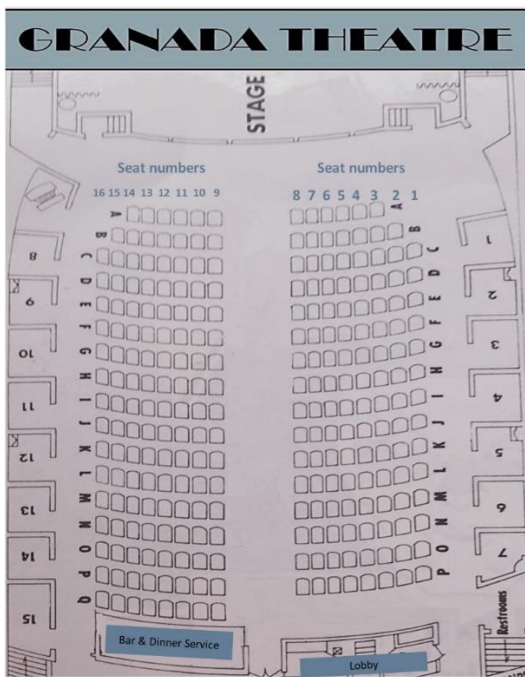
additional hour; 45 minutes before the event to decorate and then about 15 minutes afterwards to gather any personal decorations.

2) Granada Theater, 221 E. 2nd St. www.granadatheatrethedalles.com

Primarily a performance venue, the theater was built in 1929 and underwent a full restoration in recent years. It is available for meetings and weddings.

Rates: \$1,500 total for day of wedding and day prior.

Capacity: Approximately 300.



3) Old St. Peter's Landmark, 405 Lincoln St. (3rd & Lincoln Streets)

<https://oldstpeterslandmark.org/home/>

Old St. Peter's Landmark, originally known as St. Peter's Catholic Church, was built in 1897. When it was destined to be destroyed in 1970, citizens banded together to preserve the historic landmark.

Maximum capacity, 250

Rates are currently \$500 for five hours. The five hours are usually split between a

1 1/2-hour rehearsal the evening before the wedding, and 3 1/2 hours on the wedding day.



4) Columbia Gorge Discovery Center, 5000 Discovery Drive <https://www.gorgediscovery.org/>

The official interpretive center for the Columbia River Gorge National Scenic Area, the building is a 48,200 sq. ft. facility, which won an American Institute of Architects Honor Award for its appealing design. The Center is situated on a 54-acre point of land adjacent to the Columbia River and the Historic Columbia River Highway.

Boardroom



The Boardroom offers a view of the courtyard, adjacent restrooms, and easy access to the paved walking trail.

Rates: 1/2 day: \$100 Full day: \$150 After 5:00pm: \$85/hour

Dimensions: 26' x 22'

Set-up/Capacity:

Boardroom style: 25 Classroom style: 30 "U" shape: 20 Audience only: 30
Luncheon (6' rounds): 50 (Additional fee for linens)

Amenities (included): white board, projection screen, flip chart w/ markers

Amenities (rental fee): Konftel conference phone, digital projector, and laptop

The Classroom



The Classroom offers a view of the pond with two sets of double doors that lead right to our paved walking trail.

Rates: 1/2 day: \$125 Full day: \$225 After 5:00p m: \$85/hour
Dimensions: 44' x 20'
Set-up/Capacity:

Boardroom style: 40 Classroom style: 45 U shape: 35 Audience only: 50
Luncheon (6' rounds): 75 Cabaret style (6' rounds): 42

River Gallery



The River Gallery's raw timber columns and basalt rock walls perfectly frame the 30-foot wall of windows, with views of Klickitat Hills and the Columbia River.

Rates: 6:00pm – 11:30pm: \$3,500. \$300 additional set-up fee applies to those groups opting for more than one layout throughout the course of the event. Past 11:30pm: \$300/hour

Dimensions: 145' x 32'

Set-up/Capacity Seated dinner (6' rounds): 250 - Stand-up Reception: 400

Amenities (included): Dimmable track lights, sound system w/ microphone, podium, portable screen, digital projector, laptop

Café



Basalt Rock Café with a wall of windows, lofty ceilings, and open-air patio is available for private rental after 3:00 pm daily.

Rates: \$225/hour after 3:00 pm

Dimensions: 70' x 23', flexibly configured.

Capacity: 100 for formal dinner

M.J. Murdock Theater

The 140-seat theater, conveniently located adjacent to the Basalt Rock Café is able to accommodate anything from a film premiere to a training summit, yet intimate enough to gather your family for a slideshow. The elevated stage allows the speaker or performer to be easily visible. Equipped with a projection room ready to accommodate all of your A/V needs, the M.J. Murdock Theater is the only one in the entire Columbia Gorge available for both public and private use.

Rates: \$350 per occurrence \$165/hour

5) Sunshine Mill Winery, 901 East Second Street <https://www.sunshinemill.com/>

Originally a mill built over 130 years ago, it blends history with its re-invention as a winery.

	<i>Private/Corporate Event</i>	<i>Wedding</i>
<i>Monday-Thursday</i>	\$200 per hr/\$1,000 all day (Noon-10 p.m.)	\$300 per hr/\$2,000 all day (Noon-10 p.m.) for up to 100 attendees; \$2,250 for over 100
<i>Weekend—Friday-Sunday</i>	\$300 per hr/\$1,500 all day (Noon-10 p.m.)	\$400 per hr/\$2,500 all day (Noon-10 p.m.) for up to 100 attendees; \$2,750 for over 100



6) The Dalles Readiness Center, Address, 402 E Scenic Dr



Currently no website; contact Josh at 541 490 3086 for rental information.

ABOUT: Built in 2014 and managed by the Oregon Military Department, the facility serves as a community resource with a large meeting space that can host 400 guests and a smaller meeting room which seats 60. Events range from conferences to town halls to weddings.

Rental costs are \$75 per hour for the large room with additional costs of \$7 per table and \$1 per chair. For governmental entities, the base cost is \$60 an hour. The smaller conference/classroom rents at a daily rate of \$175 per hour. These prices apply only from 8:00 a.m. -4:00 p.m. Monday through Friday. Outside of these hours, there is an additional \$25 hr. charge.

7) Riverenza

Could not obtain info online and phone call not returned.

RESOLUTION NO. 22-001

**A RESOLUTION CONCURRING WITH THE MAYOR'S APPOINTMENTS
TO VARIOUS COMMITTEES AND COMMISSIONS**

WHEREAS, there is a vacancy on the City of The Dalles Planning Commission with the resignation of Brent Bybee; and

WHEREAS, Jim Wilcox's position on the Columbia Gorge Regional Airport Board expired December 31, 2021; and

WHEREAS, the Mayor has elected to appoint Maria Pena to the Planning Commission and reappoint Jim Wilcox to the Columbia Gorge Regional Airport Board.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS
FOLLOWS:**

Section 1. The City Council concurs with the appointment of:

Maria Pena to the Planning Commission filling an open position, with a term expiring April 30, 2024; and

To reappoint Jim Wilcox to the Columbia Gorge Regional Airport Board with a term expiring December 31, 2023.

Section 2. This Resolution shall be effective January 10, 2022.

PASSED AND ADOPTED THIS 10th DAY OF JANUARY, 2022.

Voting Yes, Councilors: _____
Voting No, Councilors: _____
Absent, Councilors: _____
Abstaining, Councilors: _____

AND APPROVED BY THE MAYOR 10th DAY OF JANUARY, 2022.

SIGNED: _____ ATTEST: _____
Richard A. Mays, Mayor Izetta Grossman, CMC, City Clerk



AGENDA STAFF REPORT

AGENDA LOCATION: Contract Review Board Item #10A

MEETING DATE: January 10, 2022

TO: Honorable Mayor and City Council

FROM: Tom M. Worthy, Chief of Police

ISSUE: Approve contracting authority with Ranit Healthcare Consulting LLC to support The Dalles Police Department Accreditation.

BACKGROUND:

The City of The Dalles Police Department (TDPD) desires to become an Oregon accredited police agency. Accreditation will ensure best practices in policy, training and more. Outside evaluators will certify that TDPD meets or exceeds multiple standards and benchmarks required for accreditation. In furtherance of this goal, the Department wishes to engage the services of an independent contractor with specific skills in project management, organization and project delivery. The work will involve access to sensitive documents, policies and police procedures. Therefore Oregon Criminal Justice Information Systems (CJIS) access clearance is required. The contractor will work in close collaboration with the Chief of Police, Management Team, line officers, the Federal Community Oriented Policing (COPS) Office, and Oregon Accreditation Alliance (OAA) staff to deliver completion of the accreditation process.

BUDGET IMPLICATIONS: This work is funded by a Federal Department of Justice Community Oriented Policing Grant that has been received by TDPD. The grant requires no matching funds. The grant total is \$74,750 and this contract will account for the largest portion of the grant with a not to exceed value of \$65,000.

COUNCIL ALTERNATIVES:

1. **Staff recommendation:** *Move to approve contracting authority for the City Manager to execute a contract in support of accreditation.*
2. Move to direct the City Manager to modify contract value or statement of work.
3. Decline

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into by and between the **City of The Dalles**, an Oregon municipal corporation, herein called the "**CITY**," and **Ranit Healthcare Consulting, LLC**, an Oregon limited liability company, herein called the "**CONTRACTOR**", to initiate, execute, and conclude the Oregon Accreditation Alliance accreditation process for the **CITY**.

IN CONSIDERATION of the mutual covenants and promises between the parties hereto, it is hereby agreed that the **CONTRACTOR** shall furnish the consulting services and the **CITY** shall make payment for the same, all in accordance with the terms and conditions set forth in this **AGREEMENT**, including all attachments and addenda which are appended hereto by mutual agreement of the parties.

The **CITY** and **CONTRACTOR** agree as follows:

1. **CONTRACTOR'S DUTIES**

1.1 The **CONTRACTOR** agrees to perform the following professional services in connection with the project as directed by the **CITY**.

1.1.1 Provide the services described in the Scope of Work (dated November 29, 2021) marked Exhibit "A", which is attached hereto and incorporated herein by this reference.

1.1.2. Furnish all labor, equipment, materials, expertise, tools, supplies, insurance, licenses, reference and background data and information, including subconsultants approved under this **AGREEMENT**; and provide any equipment

necessary to perform all tasks except as otherwise provided in the Supporting Documents.

1.1.3 Carry at least the types and amounts of insurance listed below:

<u>Type of Insurance</u>	<u>Limits of Liability</u>
Worker's Compensation	Statutory Worker's Compensation
Comprehensive General Liability	\$1,000,000 (Each Occurrence) \$2,000,000 (Aggregate)
Automobile Liability Combined Single Limits	\$1,000,000 All vehicles covered. Hired and non-owned auto liability
Professional Liability	\$1,000,000

The insurance shall be maintained in effect for the term of the proposed project. In case of the Professional Liability insurance, the term of the proposed project shall mean completion of the tasks shown in Section 1.1 as directed by the **CITY**.

1.1.3.1 The certificates of insurance shall name the **CITY** as additional insured and shall provide for thirty (30) days' notice to the **CITY** of any cancellation of the insurance policy.

1.1.3.2 The responsibility for proper and adequate Workers' Compensation coverage is the **CONTRACTOR'S**. In the event the **CONTRACTOR'S** insurance does not cover each and every subcontractor, certificates of insurance issued on policies by companies that are acceptable to the **CITY** covering each and every subcontractor shall be filed with the **CITY** prior to commencement of such subcontract operations. Prior to

commencing work under this **AGREEMENT**, the **CONTRACTOR** shall provide the **CITY** with evidence that it is either a "self-insured employer" or a "carrier insured employer" for Workers' Compensation as required by ORS Chapter 656.

1.1.3.3 Public liability and property damage insurance shall protect the **CONTRACTOR** and its subcontractors performing work covered by this **AGREEMENT** from claims for damages for personal injuries and property damage which may arise from its operations under this **AGREEMENT**, whether such operations are performed by itself or by any subcontractor, or by anyone directly or indirectly employed by either. Policy must include coverage for products/completed operations.

2. **CITY'S DUTIES**

2.1. In accordance with the terms and conditions of this **AGREEMENT**, the **CITY** shall compensate the **CONTRACTOR** for its professional services outlined in Article 1 herein as follows:

2.1.1. **CITY** shall compensate **CONTRACTOR** in an amount not to exceed the sum of \$65,000, at the rates shown in the November 29, 2021, Scope of Work marked as Exhibit "A", attached hereto and incorporated herein by this reference. Payment will be made in installments based upon **CONTRACTOR'S** invoice, subject to the approval by the **CITY**, and not more frequently than monthly. Payment shall be made only for work actually completed as of the date of the invoice.

2.1.2. Payment by **CITY** shall release the **CITY** from any further obligation for payment to **CONTRACTOR**, for services performed or expenses incurred as of the date of the invoice. Payment shall not be considered acceptance or approval of any work or waiver of any defects therein.

2.1.3 **CONTRACTOR** shall make payments promptly, as due, to all persons supplying labor or materials for the prosecution of this work.

2.1.4. **CONTRACTOR** shall not permit any lien or claim to be filed or prosecuted against the **CITY** on account of any labor or material furnished.

2.1.5. **CONTRACTOR** shall pay to the Department of Revenue all sums withheld from employees pursuant to ORS 316.167.

2.1.6. If **CONTRACTOR** fails, neglects or refuses to make prompt payment of any claim for labor or services furnished to **CONTRACTOR** or a subcontractor by any person as such claim becomes due, **CITY** may pay such claim and charge the amount of the payment against funds due or to become due the **CONTRACTOR**. The payment of the claim in this manner shall not relieve **CONTRACTOR** or their surety from obligation with respect to any unpaid claims.

2.1.7. **CONTRACTOR** shall pay employees at least time and a half pay for all overtime worked in excess of 40 hours in any one work week except for individuals under the contract who are excluded under ORS 653.010 to 653.261 or under 29 USC sections 201 to 209 from receiving overtime.

2.1.8. **CONTRACTOR** shall promptly, as due, make payment to any person, co-partnership, association or corporation, furnishing medical, surgical, hospital care or other needed care and attention incident to sickness or injury to the employees of **CONTRACTOR** or all sums which **CONTRACTOR** agrees to pay for such services and all moneys and sums which **CONTRACTOR** collected or deducted from the wages of employees pursuant to any law, contract or agreement for the purpose of providing or paying for such service.

2.1.9. **CITY** certifies that sufficient funds are available and authorized for expenditure to finance costs of this contract during the current fiscal year. Appropriations for future fiscal years shall be subject to budget approval by the City Council.

3. **GENERAL PROVISIONS**

3.1 All work performed pursuant to this **AGREEMENT** shall be performed according to the terms and conditions of this **AGREEMENT** and the Supporting Documents.

3.2. This **AGREEMENT** and any attachments represent the entire and integrated **AGREEMENT** between the **CITY** and the **CONTRACTOR** and supersede all prior negotiations, representations, or agreements, either written or oral. This **AGREEMENT** may be amended by written instrument signed by the **CITY** and the **CONTRACTOR**. Amendments shall automatically become part of the Supporting Documents, and shall supersede any inconsistent provision therein; provided, however,

that any apparent inconsistency shall be resolved, if possible, by construing the provisions as mutually complementary and supplementary.

3.4. This **AGREEMENT** shall be governed by the law of the State of Oregon.

3.5. No party shall hold the other responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, or other events beyond the control of the other or the other's employees and agents.

3.6. In the event any provision of this **AGREEMENT** shall be held to be invalid and unenforceable, the remaining provisions shall be valid and binding upon the parties. One or more waivers by either party of any provision, term, condition, or covenant shall not be construed by the other party as a waiver of a subsequent breach of the same by the other party.

3.7. The **CONTRACTOR** shall, within ten (10) calendar days after the execution of the **AGREEMENT** and before awarding any subcontract, furnish the **CITY** with a list of proposed subconsultants, and shall not employ any that the **CITY** may object to as incompetent or unfit.

3.8. The **CONTRACTOR** agrees that it is as fully responsible to the **CITY** for the negligent acts and omissions of its subconsultants and of persons either directly or indirectly employed by them as it is for the negligent acts and omissions of persons directly employed by them.

3.9. Nothing contained in the **AGREEMENT** shall create any contractual relations between any subconsultant and the **CITY**.

3.10. No oral order, objection, claim, or notice by any party to the other shall affect or modify any of the terms or obligations contained in this **AGREEMENT**, and none of the provisions of this **AGREEMENT** shall be held to be waived or modified by reason of any act whatsoever except for a written waiver or modification executed by the parties. No evidence of modification or waiver other than evidence of any such written waiver or modification shall be introduced in any proceeding.

3.11. Indemnification

3.11.1. The **CONTRACTOR** shall indemnify, defend, and hold harmless the **CITY**, its officers, employees, and agents, from all claims, demands, actions, and suits, including appeals, to the extent caused by any negligent act, error, or omission of the **CONTRACTOR** in the course of project.

3.12. Assignment/Delegation

3.12.1. Neither party shall assign or transfer an interest or duty under this Agreement without the written consent of the other and any attempted assignment or transfer without the written consent of the other party shall be invalid.

3.13. Termination.

3.13.1. The parties agree that any decision to terminate this Agreement shall be accompanied by thirty (30) days written notice to the other party prior to the date that termination would take effect. There shall be no penalty for early termination. If **CITY** terminates the contract pursuant to this paragraph, it shall pay **CONTRACTOR** for services rendered prorated to the date of termination.

4. **SPECIAL PROVISIONS**

4.1. The **CITY** and **CONTRACTOR** agree that:

4.1.1. This **AGREEMENT** shall commence on January 17, 2022, and all services to be performed by **CONSULTANT** shall be completed by January 31, 2023.

4.1.2. Notices relating to this **AGREEMENT** shall be given to:

- a) **CITY:**
Chief of Police
City of The Dalles
401 Court Street
The Dalles, Oregon 97058
- b) **CONTRACTOR:**
Claire Ranit
Ranit Healthcare Consulting, LLC
716 E. 14th Street
The Dalles, OR 97058

IN WITNESS WHEREOF the parties have caused this **AGREEMENT**

to be signed by their duly authorized representatives as of this _____ day of _____
20__.

CITY

CONTRACTOR

Julie Krueger, City Manager

Ranit Healthcare Consulting, LLC

ATTEST:

Izetta Grossman, CMC City Clerk

City Of The Dalles Police Department Accreditation Project Contractors Statement of Work
Exhibit "A" to Agreement for Professional Services

Background:

The City of The Dalles Police Department (TDPD, Department) desires to become an Oregon accredited police agency. In furtherance of this goal, the Department wishes to engage the services of an independent contractor with specific skills in project management, organization and project delivery. The work will involve access to sensitive documents, policies and police procedures. Therefore Oregon Criminal Justice Information Systems (CJIS) access clearance is required. The contractor will work in close collaboration with the Chief of Police, Management Team, line officers, the Federal Community Oriented Policing (COPS) Office, and Oregon Accreditation Alliance (OAA) staff to deliver completion of the accreditation process.

Objective:

The objective of this project is to achieve unqualified accreditation for TDPD from the Oregon Accreditation Alliance.

Contractor Name:

Ranit Healthcare Consulting LLC

Project Scope:

Initiate, execute and conclude the OAA Accreditation process.

Project Period of Performance:

January 17, 2022 to January 1, 2023. It is the intention of the Department that the project complete prior to September 30, 2022, but the January 31, 2023, date represents a hard deadline. The projected actual period of performance is January 17, 2022 to September 30, 2022, which equates to 41 weeks of effort.

TDPD Project Manager and Executive Sponsor:

Tom M. Worthy, Chief of Police

Contractor Project Manager:

Claire Ranit

Project Title:

The Dalles Police Department Accreditation Project

Grant Funding Opportunity Number (US Department of Justice):

O-COPS-2021-75010 Community Policing Development (CPD) Accreditation Solicitation

Physical Location:

City Of The Dalles Police Department Accreditation Project Contractors Statement of Work
Exhibit "A" to Agreement for Professional Services

Work may be conducted remotely within the United States with onsite and online meetings as well as other means of communication.

Supplies and Equipment:

Contractor will provide all supplies and equipment necessary to perform the functions required with the exception of devices that may be required to access police records. For that job function, only City owned devices and associated security protocols will be permitted.

Payment Rate:

\$80 / Hour Equates to 687 Hours of Effort over 38 weeks or 18 hours per week

Not to Exceed Total:

\$65,000

Payment terms:

Vendor will invoice monthly with a detailing of hours expended and remaining with total cost of monthly effort.

Worker Citizenship:

Vendor certifies that they are a United States Citizen.

Scope of Work (in three phases):

Phase 1, Exploration

In this phase contractor sets up the project for success. They will begin to understand the project, interact with OAA staff, TDPD Staff and COPS Staff. Contractor will read and understand the project documentation. Contractor will learn and facilitate training with project tools (Power DMS records management system etc). Contractor will establish a realistic schedule to accomplish the project objective by September 30, 2022. Contractor will establish key milestones that constitute checkpoints for project progress and success. Contractor will establish project documentation and reporting that is easily understood and serves as a monitoring tool to ensure that timelines and milestones are met. Contractor establishes standing meetings using available calendaring and collaboration tools. Contractor suggests recurring status reports that ensure collaboration and clear communication. Contractor understands budgetary constraints and opportunities and assists the project sponsor in budgetary tracking and reporting in all phases.

Phase 2, Execution

In this phase the contractor fully understands the level of effort necessary and has allocated the correct number of hours to the project to ensure completion. The contractor collaborates with stakeholders, sponsorship and the OAA to work through the accreditation process. The contractor keeps the project sponsor informed of any impediments to success as well as areas of organizational change to enable accreditation. In this phase contractor will locate and organize necessary department training, or identify training opportunities for individuals to further the

City Of The Dalles Police Department Accreditation Project Contractors Statement of Work
Exhibit "A" to Agreement for Professional Services

accreditation effort. The contractor spends considerable time locating policies and proofs of compliance and loading them into the OAA records management system. Contractor closely examines policies and identifies shortcomings, absences or adjustments and makes recommendations to the sponsor for improvement. Contractor collaborates with staff and partners including the OAA, Oregon Association of Chiefs of Police, and Federal COPS office and others to ensure best practice in policy development and adoption.

Phase 3, Project Close Out

In this phase all requirements of the OAA are thought to be met. Contractor reviews all aspects of the accreditation process and ensures that deliverables and objectives are met. Outstanding items are resolved and any "punch list" of items that were put on hold or saved for later work are complete. Contractor takes a forward look towards continued accreditation and sets reminders and planning items in motion to ensure ongoing accreditation past the term of this current project. Contractor collaborates with staff, sponsor and OAA evaluators to demonstrate compliance. Project is complete when the City of The Dalles Police Department is awarded accreditation from the OAA, and planning exists to continue as an accredited agency into the foreseeable future.

By the nature of this work all or part of this work may extend beyond a single phase or be required in each phase.



MEMORANDUM

SUBJECT: Strategic Investment Program Community Service Fee Distribution

TO: BOARD OF WASCO COUNTY COMMISSIONERS AND CITY OF THE DALLES CITY COUNCIL

FROM: MATTHEW KLEBES, ADMINISTRATIVE SERVICES DIRECTOR

DATE: 12/29/21

BACKGROUND INFORMATION:

The Strategic Investment Program developed by the State of Oregon has a component that requires an applicant to pay a Community Service Fee each year of an abatement. This fee equals 25% of each year's tax savings, capped at \$2.5 million outside of a Strategic Investment Zone.

The distribution of the Community Service Fee can be set by formal agreement between the County, City where the development is located, AND tax districts listed in ORS 198.010 or ORS 198, which have a sum of property tax authority that equals or exceeds 75% of the total for all such districts. Property tax authority consists of the sum of a district's permanent and local option rate authority, whether used and unused but it excludes the levy/tax rates for bonded indebtedness.

If a distribution agreement is not reached within the 3 month period following Business Oregon's determination on the proposed project(s), Business Oregon may decide the distribution formula for our community. This 3 month period can be extended if a sufficient set of parties are having productive negotiations and require additional time to reach agreement. Business Oregon made a positive determination on the SIP agreement on December 17, 2021.

Per ORS the County shall see to the entire annual distribution of funds comprising the community service fee which can include but are not limited to some or all of the following:

- County
- City government where approved project is located
- Any other local taxing district that levies taxes on the property where the approved project is developed
- Local organizations or programs that provide relevant and significant community service

A distribution formula shall determine the exact percentage of the CSF received or retained and this schedule of distribution formula may vary from year to year. This distribution may also be mutually amended or revised at a later time. The County shall formally report the annual distribution formula to the State and confirm that the State need not establish such formula.

It is important to note some rationale as to why school districts are not included as part of the 75% of property tax authority in determining the distribution of the CSF. Oregon school districts are funded via a

State-wide funding formula. As such, unlike other taxing districts where local tax dollars go directly to the district, taxes generated by a school district go to the State-wide funding formula:

“Oregon uses a formula to provide financial equity among school districts. Each school district receives (in combined state and local funds) an allocation per student, plus an additional amount for each student enrolled in more costly programs such as Special Education or English Language Learners” (Secretary of State, Public Education webpage)

For reference, local distribution of the Community Service Fee generated by SIP agreements is primarily guided by OAR 123-623-1950

PROCESS FOR DETERMINING THE COMMUNITY SERVICE FEE

It is the Negotiating Team’s recommendation, even though not all taxing districts are part of the decision making process detailed by State OAR, that input be solicited from all taxing districts in the Tax Code Area of the development site (which includes the D21 School District and Columbia Gorge Community College), as to how they would like to see the CSF distributed.

Following this, a meeting will be called with two (2) representatives each from the City of The Dalles, Wasco County, and each of the relevant taxing districts listed in the ORS, to consider input, discuss, and arrive at an agreement for the distribution formula of Project 1’s CSF. A Memorandum of Understanding (MOU) may be used to finalize this agreement.

A decision related to Project 2’s CSF distribution will be made if/when Google decides and commences construction of a second datacenter.

NEGOTIATION TEAM RECOMMENDATION FOR THE CITY OF THE DALLES AND WASCO COUNTY

Reflecting the various needs throughout our community and the impacts of the development that generates the Community Service Fee, it is the Negotiating Team’s recommendation that the Community Service Fee from the first datacenter built under this project be distributed to all taxing districts in the Tax Code Area (TCA), consistent with the sum of each district’s permanent and local option rate authority, whether use or unused but excluding the levy/tax rates for bonded indebtedness.

Furthermore, as you know, the Strategic Investment Program recently approved by the City and County contemplates the construction and operation of up to two large data center projects within the County that will support the Company’s internet business. As a condition precedent to construction of the Project, Chapter 10.3.030.020(K) of the City of the Dalles Land Use Development Ordinance’s (“LUDO”) requires Mid-Columbia Fire and Rescue (MCFR) to evaluate the emergency response plan of the development and to determine fire protection and response needs associated with the Project.

Based on its review of Google’s emergency response plan, MCFR has determined that it is in need of increased staffing to support their emergency response to the Project and community, *particularly during the construction phase* of the project. During this construction period, MCFR will have demands placed on their services but will not have additional resources to provide said services.

If an agreement is reached to distribute the 1st CSF to all taxing districts in the TCA, it is also the Negotiating team’s recommendation that the City and County make a loan to MCFR in the sum of Seven-Hundred and Fifty Thousand Dollars (\$750,000.00) to be used for increased costs associated with the development’s Emergency Response Plan. These funds would be distributed to MCFR within thirty (30)

days of receipt of the Initial Payment as described in the SIP Agreement. As a condition to disbursing the loan amount to MCFR, a Promissory Note and related Staffing Aid Agreement will be finalized detailing that these funds shall be used in connection with the requirements of the approved Emergency Response Plan. This loan would be paid by MCFR over the course of the first project's 15 years of abatement either as a reduction any MCFR's CSF allocation or, if insufficient, any other legal means.

In summary, staff is looking for consensus on the proposed process for soliciting community input, and affirmation that the Negotiating Team's recommendation to distribute the first CSF to all taxing districts in the TCA as described above and subsequent loan agreement with MCFR, is supported by both City Council and the Wasco County Commission.

If City Council and/or County Commission are in agreement with the negotiation team's recommendation the two below motion language could be used:

MOTION LANGUAGE: move to recommend distribution of Project 1's Community Service Fee to all taxing districts in the Tax Code Area consistent with the sum of each district's permanent and local option rate authority, whether use or unused but excluding the levy/tax rates for bonded indebtedness. Furthermore, I recommend that the distribution methodology for Project 2's CSF be determined when Project 2 commences construction.

MOTION LANGUGAGE: Contingent upon approval of the recommended distribution method of the Project 1 Community Service Fee by taxing districts, I move to approve a loan to MCFR in the amount of \$750,000 from Project 1's Initial Payment to be paid back by MCFR over 15 years and direct staff to finalize an agreement and promissory note for signature by the City Manager and County Administrator.

Alternatively, the Council and/or Commission may modify or provide alternative direction for staff on the process and recommended methodology of distributing the Community Service Fees.



AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #11B

MEETING DATE: January 10, 2022

TO: Honorable Mayor and City Council

FROM: Dawn Marie Hert, Senior Planner,
Community Development Department

ISSUE: General Ordinance No. 22-1388 Amending Sections 10.2.030,
10.5.060.030 and 10.5.070.020 of The Dalles Municipal Code,
Title 10- Land Use and Development

BACKGROUND: On December 13, 2021 the City Council conducted a legislative public hearing for a Zoning Ordinance Amendment, application ZOA #106-21, that made changes to The Dalles Municipal Code, Title 10 – Land Use and Development to allow shelter housing both on a temporary and permanent basis in the Commercial General and Commercial Light Industrial zoning districts. During the public hearing findings were discussed and are included in the public record. In addition, the public was given an opportunity to comment. Upon closing the public hearing, City Council discussed the request and the Planning Commission’s recommendation.

The Council agreed with the Planning Commission’s recommended modification to require the addition of shade trees with shelter housing. The Council also discussed the possibility of modifying the recommendation for the Commercial General zone to allow the shelters as “permitted outright”, rather than as a “conditional use”, for a specified period of time. This would allow the Council to review and determine if the uses should be modified and allowed as conditional uses at a future date. In addition, the Council discussed removing the requirement of bathing facilities at the shelters and deferring that requirement to the State. At the close of the Council’s discussion, staff was directed to make modifications to General Ordinance #22-1388 (previously #21-1388) and bring the revised ordinance back to Council for approval.

Per direction of Council, staff made the following modifications to the proposed code amendment:

1) For established and seasonal shelters in the CG – General Commercial zone, seasonal shelters were removed from Conditional Uses in the CG – General Commercial zone to uses that are Permitted Outright. (Established and seasonal shelters remain listed as permitted uses in the CLI – Commercial/Light Industrial zone.)

2) Bathing facilities requirement was removed for both established and seasonal shelters.

These modifications were incorporated in attached General Ordinance 22-1388.

Staff will return to City Council in Spring of 2023 to revisit the Commercial General modifications to the Municipal Code. At that time, Council may direct staff to proceed with a new land use application to make any necessary changes to the shelter housing code.

BUDGET IMPLICATIONS: None.

COUNCIL ALTERNATIVES:

1. **Staff recommendation:** *Move to adopt General Ordinance No. 22-1388 General Ordinance No. 22-1388 Amending Sections 10.2.030, 10.5.060.030 and 10.5.070.020 of The Dalles Municipal Code, Title 10- Land Use and Development by title only.*
2. Decline adoption of General Ordinance No. 22-1388.

ATTACHMENT

- General Ordinance 22-1388

GENERAL ORDINANCE NO. 22-1388

AN ORDINANCE AMENDING SECTIONS 10.2.030, 10.5.060.030 AND 10.5.070.020 OF THE DALLES MUNICIPAL CODE, TITLE 10 – LAND USE AND DEVELOPMENT

WHEREAS, on October 28, 2020, in response to the State of Oregon having the second-highest level of unsheltered houseless people in the country and leading the nation in its number of unsheltered houseless families, the City Council enacted Emergency Resolution No. 20-025 and resolved to address the unhoused public health crisis and temporary shelter emergency by permitting temporary shelter for its unhoused population at a City-owned site;

WHEREAS, in the 2021 Regular Session of the Oregon Legislative Assembly, House Bill 2006 became effective requiring cities to approve shelter housing if they meet certain criteria, meet building codes and pose no health or safety threat, which is set to expire on July 1, 2022;

WHEREAS, the City of The Dalles has been committed to providing safe shelter to its entire population directing staff to review the land use code and make recommendations that would include shelter housing as a permitted use;

WHEREAS, on July 26, 2021, the City Council conducted a public meeting discussing the proposed amendments;

WHEREAS, on August 17, 2021, staff shared the proposed amendments at a meeting with The Dalles Unhoused Task Force;

WHEREAS, on October 13, 2021, the City Planning Commission conducted a public meeting work session discussing the proposed amendments;

WHEREAS, on November 18, 2021, the City Planning Commission conducted a public hearing regarding proposed amendments to the City’s Municipal Code, Title 10 – Land Use and Development and voted unanimously to recommend approval Zoning Ordinance Amendment #106-21 to City Council;

WHEREAS, the City Council conducted a public hearing on December 13, 2021, to consider the City Planning Commission’s recommendations and, following the close of the public hearing, the City Council conducted deliberations and directed staff to modify the amendments and return to the City Council at a later date to review; and

WHEREAS, on January 10, 2022, the City Council conducted a public meeting to review the suggested modifications to the Municipal Code, conducted deliberations, and then the City Council members voted to approve the updated text amendments set forth below, based upon the following findings:

1. Goal #1 of the Comprehensive Plan concerns citizen involvement and seeks to develop a citizen involvement program ensuring the opportunity for citizens to be involved in all phases of the planning process. Policy #3 for Goal #1 provides “the land use planning process and policy framework shall include opportunity for citizen input as a part of the basis for all decisions and actions related to use of land.” The Planning Commission conducted two public meetings where citizens were provided the opportunity to comment upon the proposed text amendments. Notice of the public hearing before the City Council was advertised and the public was provided an additional opportunity to comment upon the proposed text amendments.

2. Goal #2 of the Comprehensive Plan concerns land use planning and seeks to establish a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual basis for such decisions and actions. Policy #6 of Goal #2 implements the Comprehensive Plan through appropriate ordinances and action. Implementing measures shall be developed to allow administrative review and approval authority. During the public meeting and public hearing conducted by the Planning Commission, City staff presented information describing applicable provisions of state law concerning shelter housing and proposed revisions needed to ensure the City’s land use code complied with statewide housing goals, administrative rules, and statutes. This land use planning process ensured a factual basis would be identified and established for the City’s decision-making. The proposed text amendments update the City’s existing zoning ordinance, following the Comprehensive Plan’s directive to implement the Plan through adoption of appropriate ordinances.

3. Goal #10 of the City's Comprehensive Plan is “to provide for the housing needs of citizens of the state.” Policy #8 of Goal #10 encourages flexibility in implementing ordinances to accommodate infill and foster a variety of development scenarios and housing options. Including temporary and permanent shelters fosters an added housing option for the houseless populations. Policy #21 of Goal #10 states that the City will support programs that enable low and middle income people to obtain safe and sanitary housing through public and private efforts. Expanding the opportunities for shelter housing types will enable people to obtain safe and sanitary housing through public and private efforts. These proposed changes will allow for opportunities to develop both temporary and permanent shelter housing for the houseless populations of the community.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF THE DALLES
ORDAINS AS FOLLOWS:**

Section 1. The Dalles Municipal Code, Title 10 – Land Use and Development

Section 10.2.030 Meaning of Specific Words and Terms shall be revised to include the following:

Homeless. An individual, group, or population lacking a fixed, regular, and/or adequate nighttime residence in accordance with and as classified under OAR Chapter 813 Division 240 State Homeless Assistance Program.

Shelter, Established. A building or group of buildings permanently used or intended for providing homeless shelter and incidental services.

Shelter, Seasonal. A building or group of buildings temporarily used or intended for providing homeless transitional or emergency shelter and incidental services for a maximum of six (6) months.

Section 2. The Dalles Municipal Code, Title 10 – Land Use and Development

Section 10.5.060.020(A) CG - General Commercial Primary Permitted Uses shall be revised to read as follows:

~~28. Other uses determined by the Director to be similar to the above uses.~~

28. Shelter housing.

a. Established and seasonal shelters. Established and Seasonal shelters shall:

- i. Provide sleeping and restroom facilities for clients;
- ii. Comply with State Building Code standards; and
- iii. Be operated by one or more of the following:
 1. A local government as defined in ORS 174.116;
 2. An organization with at least two years' experience operating low-income housing programs or reasonable equivalent and is:
 - a. A local housing authority as defined in ORS 456.375;
 - b. A religious corporation as defined in ORS 65.001; or
 - c. A public benefit corporation, as defined in ORS 65.001, whose charitable purpose includes the support of homeless prevention and has been recognized as exempt from income tax under section 501(a) of the Internal Revenue Code for at least three years prior to submitting its application for a seasonal shelter; or
 3. A nonprofit corporation partnering with any other entity described in this subsection.
- iv. The shelter shall maintain a written operational plan shall include the following information:
 1. Description of purpose and scope of services of the shelter;
 2. Bed capacity for guests;
 3. Hours of operation, if applicable; and
 4. Twenty-four-hour staffing and emergency contact.
- v. Setbacks. Setbacks shall be the same as setbacks required by the zone district.
- vi. Access.

1. Access shall be from an arterial or collector street, or shall be from a street with sufficient width and ease of access to allow any vehicle to enter and exit without causing undue traffic problems. If the access is not from an arterial or collector street, each access shall be evaluated on a case-by-case basis to determine if access is adequate for the type of vehicles anticipated to enter into, and exit from, the site. The evaluation will include on-street parking allowances and the condition of the street.
 2. In order to facilitate ease of entry and exit, the Planning Director may authorize a wider driveway entrance than is otherwise provided for in this Title.
 3. Site access connections to public streets shall meet the requirements of Section 10.6.050: Access Management.
- vii. Screening. Except for the access roadway into the shelter, the shelter shall be screened per Section 10.6.010.050.
 - viii. Bicycle parking for residents shall be installed to be consistent with Section 10.7.040 Bicycle Parking Design Standards and 10.7.060.010 Minimum and Maximum Off-Street Parking Requirements.
- b. Established Shelters, additional requirements.
- i. Surfacing. All areas used for vehicular and required pedestrian walkways shall be paved with asphalt, concrete or similar material, and be designed to provide for the control of runoff or surface water.
 - ii. Parking Requirement. There shall be a minimum of 1 parking space per every 10 beds and a maximum of 1 parking space per shelter unit. Parking areas shall meet all of the requirements of Section 10.7.030: General Design Standards for Surface Parking Lots.
 - iii. Bicycle Parking Requirement. There shall be a minimum of 1 bicycle parking space per every 5 beds. Bicycle Parking shall meet all the requirements of Article 7.040: Bicycle Parking Standards.
 - iv. Landscaping. All areas not occupied by buildings, walkways, parking, streets, and shelters shall be landscaped per the provisions of Section 10.6.010: Landscaping. A landscape plan is required prior to the City signing a building permit application. The landscaping plan shall include internal shade trees.
 - v. Shelter Maintenance and Storage. Each shelter shall at all times keep a neat appearance. All storage shall be contained in a building or enclosed shed. Except for the allowed vehicles, there shall be no outside storage of materials or equipment belonging to the shelter or to any of the guests.
 - vi. Services incidental to Established and Seasonal Shelter, including but not limited to the provision of utilities, showering or bathing facilities, laundry services, bedding, security, transportation, sustenance, low-

impact recreation areas, case management and social welfare services, storage sheds or lockers, and minor repairs undertaken specifically to make suitable space available for shelter.

29. Other uses determined by the Director to be similar to the above uses.

Section 3. The Dalles Municipal Code, Title 10 – Land Use and Development

Section 10.5.070.020(A) CLI – Commercial Light Industrial Primary Permitted Uses shall be revised to read as follows:

~~28. Other uses determined by the Director to be similar to the above uses.~~

28. Shelter housing.

a. Established and seasonal shelters. Established and Seasonal shelters shall:

i. Provide sleeping and restroom facilities for clients;

ii. Comply with State Building Code standards; and

iii. Be operated by one or more of the following:

1. A local government as defined in ORS 174.116;

2. An organization with at least two years' experience operating low-income housing programs or reasonable equivalent and is:

a. A local housing authority as defined in ORS 456.375;

b. A religious corporation as defined in ORS 65.001; or

c. A public benefit corporation, as defined in ORS 65.001, whose charitable purpose includes the support of homeless prevention and has been recognized as exempt from income tax under section 501(a) of the Internal Revenue Code for at least three years prior to submitting its application for a seasonal shelter; or

3. A nonprofit corporation partnering with any other entity described in this subsection.

iv. The shelter shall maintain a written operational plan shall include the following information:

4. Description of purpose and scope of services of the shelter;

5. Bed capacity for guests;

6. Hours of operation, if applicable; and

7. Twenty-four-hour staffing and emergency contact.

v. Setbacks. Setbacks shall be the same as the setbacks required by the zone district.

- vi. Access.
 - 8. Access shall be from an arterial or collector street, or shall be from a street with sufficient width and ease of access to allow any vehicle to enter and exit without causing undue traffic problems. If the access is not from an arterial or collector street, each access shall be evaluated on a case-by-case basis to determine if access is adequate for the type of vehicles anticipated to enter into, and exit from, the site. The evaluation will include on-street parking allowances and the condition of the street.
 - 9. In order to facilitate ease of entry and exit, the Planning Director may authorize a wider driveway entrance than is otherwise provided for in this Title.
 - 10. Site access connections to public streets shall meet the requirements of Section 10.6.050: Access Management.
 - vii. Screening. Except for the access roadway into the shelter, the shelter shall be screened per Section 10.6.010.050.
 - viii. Bicycle parking for residents shall be installed to be consistent with Section 10.7.040 Bicycle Parking Design Standards and 10.7.060.010 Minimum and Maximum Off-Street Parking Requirements.
- c. Established Shelters, Additional requirements.
- i. Surfacing. All areas used for vehicular and required pedestrian walkways shall be paved with asphalt, concrete or similar material and be designed to provide for the control of runoff or surface water.
 - ii. Parking Requirement. There shall be a minimum of 1 parking space per every 10 beds and a maximum of 1 parking space per shelter unit. Parking areas shall meet all of the requirements of Section 10.7.030: General Design Standards for Surface Parking Lots.
 - iii. Bicycle Parking Requirement. There shall be a minimum of 1 bicycle parking space per every 5 beds. Bicycle Parking shall meet all the requirements of Article 7.040: Bicycle Parking Standards.
 - iv. Landscaping. All areas not occupied by buildings, walkways, parking, streets, and shelters shall be landscaped per the provisions of Section 10.6.010: Landscaping. A landscape plan is required prior to the City signing a building permit application. The landscaping plan shall include internal shade trees.
 - v. Shelter Maintenance and Storage. Each shelter shall at all times keep a neat appearance. All storage shall be contained in a building or enclosed shed. Except for the allowed vehicles, there shall be no

outside storage of materials or equipment belonging to the shelter or to any of the guests.

29. Other uses determined by the Director to be similar to the above uses.

Section 3. The Dalles Municipal Code, Title 10 – Land Use and Development

Section 10.5.070.020(B) CLI – Commercial Light Industrial Accessory Uses Permitted Outright shall be revised to read as follows:

- 6. Services incidental to Established and Seasonal Shelter, including but not limited to the provision of utilities, showering or bathing facilities, laundry services, bedding, security, transportation, sustenance, low-impact recreation areas, case management and social welfare services, storage sheds or lockers, and minor repairs undertaken specifically to make suitable space available for shelter.

PASSED AND ADOPTED THIS 10TH DAY OF JANUARY, 2022.

Voting Yes, Councilors: _____

Voting No, Councilors: _____

Abstaining, Councilors: _____

Absent, Councilors: _____

AND APPROVED BY THE MAYOR THIS 10TH DAY OF JANUARY 2022.

Richard A. Mays, Mayor

Attest:

Izetta Grossman, CMC, City Clerk



AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #11C

MEETING DATE: January 10, 2022

TO: Honorable Mayor and City Council

FROM: Daniel Hunter, City Manager Pro Tem

ISSUE: Resolution No. 22-002 Approving a Rate Increase Averaging Approximately 5.05% Resulting From Increased Operational and Disposal Fee Costs Incurred by The Dalles Disposal Service, Effective January 1, 2022

BACKGROUND: This action was previously considered by Council on December 13, 2021 and at that meeting the public hearing was conducted. City Council requested more information from The Dalles Disposal regarding their financials.

By City Code 4.04.140 (Ord. 92-1155) those financial records are confidential and only available to the Mayor, City Council, the Auditor and select staff. The financials were provided to you on December 27, 2021.

COUNCIL ALTERNATIVES:

1. **Staff recommendation:** *Move to adopt Resolution No. 22-002 approving a rate increase averaging approximately 5.05% resulting from increased operational and disposal fee costs incurred by The Dalles Disposal Service, effective January 1, 2022.*
2. The Council could determine to approve a lesser amount for a rate increase and direct the City staff to work with The Dalles Disposal to prepare a revised rate schedule.
3. Decline to adopt the resolution.

RESOLUTION NO. 22-002

**A RESOLUTION APPROVING A RATE INCREASE
AVERAGING APPROXIMATELY 5.05 % RESULTING FROM
INCREASED OPERATIONAL AND DISPOSAL FEE COSTS INCURRED
BY THE DALLES DISPOSAL SERVICE, EFFECTIVE JANUARY 1, 2022**

WHEREAS, The Dalles Disposal Service, Inc. submitted a request dated October 15, 2021 for a rate increase averaging approximately 5.05% for increased operational costs and disposal fees, and for an adjustment to the company's rate schedule as a result of anticipated increases by the Wasco County Landfill for both its gate rate and the pass through Household Hazardous Waste Tax; and

WHEREAS, Title 4 Chapter 4.04.110 of The Dalles Municipal Code provides that the City Council shall review all requests for a rate increase for companies providing solid waste collection services to determine whether the proposed rates are just and reasonable and adequate to provide necessary collection services; and

WHEREAS, pursuant to ORS 294.160, the City Council provided an opportunity at the December 13, 2021 Council meeting for public comment upon the proposed rate increase; and

WHEREAS, The Dalles Disposal Service submitted testimony that the company has incurred recent increased operational costs including costs for health care, fleet maintenance, fuel, and containers; and

WHEREAS, The Dalles Disposal Service, Inc. provided further testimony that their company uses the Consumer Price Index (CPI) for the Standard Metropolitan Statistical Area (West-C) to benchmark their operational costs. The most recent comparison for the period between July 1, 2020 to July 1, 2021 showed an increase of 5.94%, and this figure was a good reflection of the cost increases incurred by The Dalles Disposal Service, Inc.; and

WHEREAS, the City Council finds that approval of the requested rate increase for The Dalles Disposal Service, Inc. resulting from the increased costs of disposal of waste materials at the Wasco County Landfill and increased operational costs, is appropriate and necessary;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE DALLES AS FOLLOWS:

Section 1. Rate Increase Approved. The rate increase requested by The Dalles Disposal Service, Inc., resulting from increased costs for disposal of material at the Wasco County Landfill and increased operational costs, as set forth in the attached Exhibit "A", is hereby approved, and shall take effect on January 1, 2022.

Section 2. Effective Date. The effective date of this Resolution shall be January 1, 2022.

PASSED AND ADOPTED THIS 10TH DAY OF JANUARY, 2022.

Voting Yes, Councilors: _____
Voting No, Councilors: _____
Absent, Councilors: _____
Abstaining, Councilors: _____

AND APPROVED BY THE MAYOR THIS 10TH DAY OF JANUARY, 2022.

Richard A. Mays, Mayor

Attest:

Izetta Grossman, City Clerk, CMC



AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #11D

MEETING DATE: January 10, 2022

TO: Honorable Mayor and City Council

FROM: Jonathan Kara, City Attorney

ISSUE: Adopting Resolution No. 22-003, a resolution authorized by General Ordinance No. 21-1387 and directing the City Attorney to issue subpoenas for the production of records relating to Steven Day and ensuring compliance with and enforcement of The Dalles Municipal Code Chapters 8.02 and 8.04

BACKGROUND: On November 8, 2021, the City Council adopted General Ordinance No. 21-1387, an ordinance amending Title 5 to The Dalles Municipal Code (**TDMC** or **Code**) by adding Chapter 5.01—Legislative Subpoenas. TDMC Chapter 5.01's purpose is to provide a legal avenue through which the City may compel the production of records necessary to determine whether a violation of the Code has occurred or is occurring.

Chapter 8.02 governs the City's short-term rental (**STR**) licensing and mandates all STRs obtain licenses from the Community Development Department prior to operation and explains new licenses are required for each calendar year's operation. The Code makes violations of Chapter 8.02 an infraction punishable by a fine not to exceed \$250.00 per violation, and each day's violation constitutes a separate offense.

Chapter 8.04 is the City's transient room tax (**TRT**) ordinance and provides STRs are assessed an eight percent (8%) tax on the amount a STR operator charges a guest for nightly rent. The TRT is generally paid to the STR operator at the time the rent is paid: the Code defines *operator* to include both the actual host and online hosting platforms (e.g., Airbnb, Inc.) who participate in the STR business by facilitating the reservations of the accommodation and collect or receive fees for booking services then remitting the TRT to the City. The Code provides hosts who receive any portion of the rent and hosting platforms providing booking services are jointly and severally liable for the TRT. The Code also provides TRTs are due and payable to the Finance Department monthly, and

TDMC 8.04.100 authorizes the Finance Director to make deficiency determinations on submitted returns when they possess relevant information the return may be incorrect.

The Code makes it unlawful for any operator to fail or refuse to furnish any return or other data required by the City or to render a false or fraudulent return. TDMC 8.04.200 provides willful violations of Chapter 8.04 are misdemeanors punishable by a fine of not more than \$500.00 or by imprisonment for not more than six months, or both, but does not independently authorize the City to compel production of records necessary to determine sufficiency of a return.

Here, to support the Finance Director in making an informed deficiency determination pursuant to TDMC 8.04.100, the City requires STR/TRT records relating to certain properties within city limits and owned/controlled by certain shell entities, usually limited liability companies, managed by Mr. Steven Day. According to Oregon Secretary of State records, Mr. Day is the managing member of several entities operating, at least, four (4) properties subject to the City's TRT. The City (through its Community Development Department, Finance Department, and City Attorney) has attempted to coordinate with Mr. Day and his property manager to retrieve the required records; however, the records Mr. Day provided are inconsistent with the City's understanding of his business operations and appear incomplete.

Cities and counties throughout Oregon and the nation regularly submit data requests directly to hosting platforms when faced with similar situations—if a city, for example, is hoping to determine whether the TRT information submitted to it by an STR host is legitimate, a reliable approach is to independently confirm the information's veracity directly from a hosting platform the city knows or suspects the STR property is listed with. Here, Airbnb, Inc. offers a *Law Enforcement Portal* allowing The Dalles Police Department to submit a *Law Enforcement Request* for basic subscriber information as set forth in 18 U.S.C. § 2703(c)(2) directly from the hosting platform's records, including information on lengths of services offered and the means and sources of payments rendered. Airbnb, Inc. routinely provides such information to law enforcement, but only when a request is accompanied by a duly issued subpoena.

TDMC 5.01.03 authorizes the City Council, by resolution, to direct the City Attorney to issue subpoenas compelling the production of records supporting the City's investigation of potential violations of the Code. Upon the City Council's adoption of attached Resolution No. 22-003, I intend to coordinate with the Police Chief to submit a *Law Enforcement Request* accompanied by subpoena to Airbnb, Inc. for records relating to Steven Day to ensure compliance with and enforcement of TDMC Chapters 8.02 and 8.04.

BUDGET IMPLICATIONS: Staff time to make the *Law Enforcement Request* and investigate the produced records. If the Finance Director determines a deficiency determination is warranted pursuant to TDMC 8.04.100, the City should expect, in addition to the TRT, other supplementary monies in the forms contemplated by Chapters 8.02 and 8.04.

COUNCIL ALTERNATIVES:

1. **Staff recommendation:** *Move to adopt Resolution No. 22-003, a resolution directing the City Attorney to issue subpoenas for the production of records relating to Steven Day and ensuring compliance with and enforcement of The Dalles Municipal Code Chapters 8.02 and 8.04.*
2. Do not adopt Resolution No. 22-003 and provide direction on how to proceed.

RESOLUTION NO. 22-003

A RESOLUTION DIRECTING THE CITY ATTORNEY TO ISSUE SUBPOENAS FOR THE PRODUCTION OF RECORDS RELATING TO STEVEN DAY AND ENSURING COMPLIANCE WITH AND ENFORCEMENT OF THE DALLES MUNICIPAL CODE CHAPTERS 8.02 AND 8.04

WHEREAS, the City is conducting an ongoing investigation to determine Steven Day's compliance with and the extent of the City's enforcement of Chapter 8.02—Short Term Rental License and Chapter 8.04—Transient Room Tax to The Dalles Municipal Code, and its investigation requires certain necessary information for a compliance determination or to support its enforcement;

WHEREAS, General Ordinance No. 21-1387, codified as Chapter 5.01 to The Dalles Municipal Code, authorizes and supports the issuance of subpoenas;

WHEREAS, TDMC 5.01.03 authorizes the City Council to direct the City Attorney to issue subpoenas *inter alia* compelling the production of records for evidence in any action or proceeding pending or potentially pending before it;

WHEREAS, the City Council hereby finds and determines probable cause exists Airbnb, Inc. and other witnesses may be in possession of information and/or records relevant to the City's ongoing investigation necessitating the issuance of subpoenas to compel production of relevant records, information, and documentation that may lead to the discovery of evidence relevant to the City's investigation; and

WHEREAS, the subpoenas authorized by this Resolution serve a lawful legislative purpose by allowing the City Council to investigate the finances associated with certain short-term rental properties located within city limits and owned, managed, or controlled by Steven Day or business associations or entities managed by Steven Day, and his compliance with Chapters 8.02 and 8.04, improving current and future City policies and procedures regarding short-term rentals and transient room taxes, and providing vital information to the community.

NOW, THEREFORE, BE IT RESOLVED BY CITY COUNCIL AS FOLLOWS:

1. The City of The Dalles hereby finds and determines the foregoing recitals are true and correct and adopt the recitals as findings in support of the actions taken herein.
2. The City of The Dalles hereby authorizes the City Attorney to issue subpoenas to Airbnb, Inc., its officers, agents, and employees, compelling the subpoenaed parties to produce all records, information, documents, and evidence to aid the City Council in its ongoing investigation into the finances associated with certain short-term rental properties located within city limits and owned, managed, or controlled by Steven Day or business associations or entities managed by Steven Day.
3. The City of The Dalles hereby orders the subpoenas issued by this Resolution shall be signed by the City Manager and attested by the City Clerk. A copy of this Resolution shall be attached to the subpoenas and shall be incorporated by reference therein. The subpoenas shall

be served upon the subpoenaed parties pursuant to General Ordinance No. 21-1387 or otherwise provided by law.

4. The City of The Dalles hereby declares failure to comply with the subpoena issued pursuant to this Resolution shall subject the subpoenaed parties to the remedies set forth in General Ordinance No. 21-1387 or otherwise provided by law.
5. The City of The Dalles hereby authorizes the City Attorney to take all actions necessary to issue, serve, and enforce subpoenas authorized pursuant to this Resolution.
6. This Resolution is effective immediately upon adoption.

PASSED AND ADOPTED THIS 10th DAY OF JANUARY, 2022.

Voting Yes, Councilors: _____
Voting No, Councilors: _____
Abstaining, Councilors: _____
Absent, Councilors: _____

AND APPROVED BY THE MAYOR THIS 10th DAY OF JANUARY, 2022.

Richard A. Mays, Mayor

Attest:

Izetta Grossman, CMC, City Clerk



AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #11E

MEETING DATE: January 10, 2022

TO: Honorable Mayor and City Council

FROM: Jonathan Kara, City Attorney

ISSUE: Authorizing the City Attorney to execute and submit all necessary settlement documents connected with National Opioid Litigations

BACKGROUND: Nationwide settlements have been reached to resolve all opioid litigations brought by states and municipalities against (1) the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (**Distributors**) and (2) manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (**collectively, J&J**). The settlements are anticipated to provide substantial funds to states and municipalities for abatement of the opioid epidemic.

The City, like most cities and counties, elected to be a *non-litigating party* in the multijurisdictional litigations and instead deferred to the *litigating parties* for their negotiations of these settlements—despite its indirect involvement, the City and all other non-litigating parties are positioned to receive significant settlement funds in exchange for releasing Distributors and J&J from future claims.

The proposed settlements are fully adopted by states and municipalities nationwide: Distributors will pay a maximum of \$21 billion over 18 years and J&J will pay a maximum of \$5 billion over no more than 9 years, with approximately \$22.8 billion in settlement proceeds payable to states and municipalities.

The list of Oregon’s participating municipalities and their respective projected allocations of settlement monies is attached to and made part of this Staff Report as Attachment “A”. The City is projected to receive 0.1723418738% of an approximated \$329 million (minus the litigating parties’ private and government attorneys’ fees) settlement, representing

\$303,919. If the City Council authorizes me to execute necessary settlement documents, funds can be expected to begin to flow to the City as early as April 2022, contingent upon achieving certain requirements, including meeting a specific participation threshold.

These settlements require a certain critical mass of both state and local governments “opt in” to the final terms. The extent of this participation will determine whether the settlement agreements become effective. Participation levels also impact how much money settling parties will receive because about half of the abatement funds are in the form of “incentive payments” and other settlement provisions also provide incentives for higher levels of participation. Importantly: the greater the level of participation, the more funds will ultimately be paid out to the City (and all municipalities) for abatement.

Distributors and J&J, and states and their subdivisions, each have options to walk away if either group is not satisfied with the level of participation. The date for the parties to decide whether they are going forward with the settlements will be **February 1, 2022.**

In order for the City to claim the potential settlement amount, the City Council must authorize the City Attorney to execute certain documents connected with litigation against Distributors and J&J by January 26, 2021, including Settlement Participation Forms (containing releases against future claims by the City against Distributors and J&J on this matter) and State of Oregon Subdivision Agreements Regarding the Distribution and Use of Settlement Funds.

If the settlement proceeds, the City must generally expend or encumber its received settlement funds within five (5) years of receipt and all settlement funds must be used pursuant to the list of approved abatement uses attached to and made part of this Staff Report as Attachment “**B**”. The City may form agreements or ventures, or otherwise work in collaboration with, federal, state, local, tribal, or private sector entities in pursuing approved abatement uses funded from its settlement allocation. If it receives settlement funds, the City must also submit an annual report to the Oregon Department of Justice regarding how it expended those funds over its fiscal year.

This litigation’s settlement is unusual but legally valid and enforceable—the litigating parties have coordinated settlement complexities over the last three (3) years and the process’s deadlines and specifics have been considerably amended. The authorization requested from the City Council here is for entering the documents subject to their adherence to substantively similar terms as described in this Staff Report and attachments. If the final documents result in materially different terms, I will bring this back to the Council for its direction.

BUDGET IMPLICATIONS: The City is expected to receive \$303,919 under the proposed settlements.

COUNCIL ALTERNATIVES:

1. **Staff recommendation:** *Move to authorize the City Attorney to execute and submit all necessary settlement documents connected with the National Opioid Litigation as substantively described.*

2. Do not authorize and provide direction on how to proceed.

Enclosures

Attachment “**A**” – *Estimated Allocation Shares for Oregon Cities and Counties*

Attachment “**B**” – *Approved Abatement Uses for Settlement Funds*

Estimated Allocation Shares for Cities and Counties

OREGON LOCAL GOVERNMENT GROSS RECOVERY BASED ON FULL PARTICIPATION & 55% SHARE TO LOCAL GOVERNMENTS

100.0000000000%	\$ 176,346,645		
State ID	Participating Subdivision	Percentages	LG Bucket Gross Recovery
OR1	Albany City	1.1574421234%	\$ 2,041,110
OR2	Ashland City	0.5725593238%	\$ 1,009,689
OR3	Astoria City	0.1859283065%	\$ 327,878
OR4	Baker County	0.4771636205%	\$ 841,462
OR5	Beaverton City	0.9709676029%	\$ 1,712,269
OR6	Bend City	0.9443519043%	\$ 1,665,333
OR7	Benton County	1.0219885306%	\$ 1,802,242
OR8	Canby City	0.1716812437%	\$ 302,754
OR9	Central Point City	0.1718730043%	\$ 303,092
OR10	Clackamas County	7.7713142577%	\$ 13,704,452
OR11	Clatsop County	1.1423692099%	\$ 2,014,530
OR12	Columbia County	1.0096699413%	\$ 1,780,519
OR13	Coos Bay City	0.2538945929%	\$ 447,735
OR14	Coos County	1.5633002470%	\$ 2,756,828
OR15	Cornelius City	0.0949750265%	\$ 167,485
OR16	Corvallis City	0.6633711425%	\$ 1,169,833
OR17	Cottage Grove City	0.0910229575%	\$ 160,516
OR18	Crook County	0.3513229911%	\$ 619,546
OR19	Curry County	0.7612961295%	\$ 1,342,520
OR20	Dallas City	0.1606964683%	\$ 283,383
OR21	Deschutes County	2.2569753600%	\$ 3,980,100
OR22	Douglas County	2.5689481047%	\$ 4,530,254
OR23	Eugene City	2.7611039932%	\$ 4,869,114
OR24	Forest Grove City	0.2522169415%	\$ 444,776
OR26	Gladstone City	0.1181360032%	\$ 208,329
OR28	Grants Pass City	0.8232581895%	\$ 1,451,788
OR29	Gresham City	0.9831942718%	\$ 1,733,830
OR30	Happy Valley City	0.0103506009%	\$ 18,253
OR32	Hermiston City	0.1316304314%	\$ 232,126
OR33	Hillsboro City	1.5083519364%	\$ 2,659,928

100.0000000000%		\$ 176,346,645	
State ID	Participating Subdivision	Percentages	LG Bucket Gross Recovery
OR34	Hood River County	0.3553687498%	\$ 626,681
OR35	Independence City	0.0808970601%	\$ 142,659
OR36	Jackson County	4.0769510640%	\$ 7,189,566
OR37	Jefferson County	0.3674692915%	\$ 648,020
OR38	Josephine County	1.6536523798%	\$ 2,916,160
OR39	Keizer City	0.1916558451%	\$ 337,979
OR40	Klamath County	1.2169628601%	\$ 2,146,073
OR41	Klamath Falls City	0.3209275214%	\$ 565,945
OR42	La Grande City	0.2715648669%	\$ 478,896
OR44	Lake Oswego City	0.6934160342%	\$ 1,222,816
OR45	Lane County	6.3326808234%	\$ 11,167,470
OR46	Lebanon City	0.3269345282%	\$ 576,538
OR47	Lincoln County	1.5190343268%	\$ 2,678,766
OR48	Linn County	1.8185376689%	\$ 3,206,930
OR49	Malheur County	0.5014027023%	\$ 884,207
OR50	Marion County	4.1636475308%	\$ 7,342,453
OR51	McMinnville City	0.4803592635%	\$ 847,097
OR52	Medford City	1.5540758598%	\$ 2,740,561
OR53	Milwaukie City	0.2113647118%	\$ 372,735
OR54	Monmouth City	0.0706960930%	\$ 124,670
OR55	Morrow County	0.1351544937%	\$ 238,340
OR56	Multnomah County	13.9643815662%	\$ 24,625,718
OR57	Newberg City	0.4093257361%	\$ 721,832
OR58	Newport City	0.1908392623%	\$ 336,539
OR59	Ontario City	0.1869780182%	\$ 329,729
OR60	Oregon City	0.2765040475%	\$ 487,606
OR61	Pendleton City	0.3521049458%	\$ 620,925
OR62	Polk County	0.7074299681%	\$ 1,247,529
OR63	Portland City	8.2736702858%	\$ 14,590,340
OR64	Prineville City	0.0924861843%	\$ 163,096
OR65	Redmond City	0.1550311086%	\$ 273,392
OR66	Roseburg City	0.6370799877%	\$ 1,123,469
OR67	Salem City	3.0438221421%	\$ 5,367,678
OR68	Sandy City	0.0775015682%	\$ 136,671

100.0000000000%	\$ 176,346,645		
State ID	Participating Subdivision	Percentages	LG Bucket Gross Recovery
OR70	Sherwood City	0.1404204928%	\$ 247,627
OR71	Silverton City	0.0775630731%	\$ 136,780
OR72	Springfield City	1.1667234659%	\$ 2,057,478
OR73	St. Helens City	0.1964453077%	\$ 346,425
OR74	The Dalles City	0.1723418738%	\$ 303,919
OR75	Tigard City	0.5049875956%	\$ 890,529
OR76	Tillamook County	0.9001228870%	\$ 1,587,337
OR77	Troutdale City	0.0899929610%	\$ 158,700
OR78	Tualatin City	0.1551565618%	\$ 273,613
OR79	Umatilla County	0.9738633884%	\$ 1,717,375
OR80	Union County	0.4153841374%	\$ 732,516
OR82	Wasco County	0.4116278731%	\$ 725,892
OR83	Washington County	7.2167622210%	\$ 12,726,518
OR84	West Linn City	0.1600504983%	\$ 282,244
OR86	Wilsonville City	0.1383351396%	\$ 243,949
OR87	Woodburn City	0.2069349266%	\$ 364,923
OR88	Yamhill County	1.4120246444%	\$ 2,490,058

EXHIBIT E

List of Opioid Remediation Uses

**Schedule A
Core Strategies**

States and Qualifying Block Grantees shall choose from among the abatement strategies listed in Schedule B. However, priority shall be given to the following core abatement strategies (“*Core Strategies*”).¹⁴

- A. **NALOXONE OR OTHER FDA-APPROVED DRUG TO REVERSE OPIOID OVERDOSES**
1. Expand training for first responders, schools, community support groups and families; and
 2. Increase distribution to individuals who are uninsured or whose insurance does not cover the needed service.
- B. **MEDICATION-ASSISTED TREATMENT (“MAT”) DISTRIBUTION AND OTHER OPIOID-RELATED TREATMENT**
1. Increase distribution of MAT to individuals who are uninsured or whose insurance does not cover the needed service;
 2. Provide education to school-based and youth-focused programs that discourage or prevent misuse;
 3. Provide MAT education and awareness training to healthcare providers, EMTs, law enforcement, and other first responders; and
 4. Provide treatment and recovery support services such as residential and inpatient treatment, intensive outpatient treatment, outpatient therapy or counseling, and recovery housing that allow or integrate medication and with other support services.

¹⁴ As used in this Schedule A, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs.

C. **PREGNANT & POSTPARTUM WOMEN**

1. Expand Screening, Brief Intervention, and Referral to Treatment (“*SBIRT*”) services to non-Medicaid eligible or uninsured pregnant women;
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for women with co-occurring Opioid Use Disorder (“*OUD*”) and other Substance Use Disorder (“*SUD*”)/Mental Health disorders for uninsured individuals for up to 12 months postpartum; and
3. Provide comprehensive wrap-around services to individuals with OUD, including housing, transportation, job placement/training, and childcare.

D. **EXPANDING TREATMENT FOR NEONATAL ABSTINENCE SYNDROME (“*NAS*”)**

1. Expand comprehensive evidence-based and recovery support for NAS babies;
2. Expand services for better continuum of care with infant-need dyad; and
3. Expand long-term treatment and services for medical monitoring of NAS babies and their families.

E. **EXPANSION OF WARM HAND-OFF PROGRAMS AND RECOVERY SERVICES**

1. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments;
2. Expand warm hand-off services to transition to recovery services;
3. Broaden scope of recovery services to include co-occurring SUD or mental health conditions;
4. Provide comprehensive wrap-around services to individuals in recovery, including housing, transportation, job placement/training, and childcare; and
5. Hire additional social workers or other behavioral health workers to facilitate expansions above.

F. **TREATMENT FOR INCARCERATED POPULATION**

1. Provide evidence-based treatment and recovery support, including MAT for persons with OUD and co-occurring SUD/MH disorders within and transitioning out of the criminal justice system; and
2. Increase funding for jails to provide treatment to inmates with OUD.

G. **PREVENTION PROGRAMS**

1. Funding for media campaigns to prevent opioid use (similar to the FDA's "Real Cost" campaign to prevent youth from misusing tobacco);
2. Funding for evidence-based prevention programs in schools;
3. Funding for medical provider education and outreach regarding best prescribing practices for opioids consistent with the 2016 CDC guidelines, including providers at hospitals (academic detailing);
4. Funding for community drug disposal programs; and
5. Funding and training for first responders to participate in pre-arrest diversion programs, post-overdose response teams, or similar strategies that connect at-risk individuals to behavioral health services and supports.

H. **EXPANDING SYRINGE SERVICE PROGRAMS**

1. Provide comprehensive syringe services programs with more wrap-around services, including linkage to OUD treatment, access to sterile syringes and linkage to care and treatment of infectious diseases.

I. **EVIDENCE-BASED DATA COLLECTION AND RESEARCH ANALYZING THE EFFECTIVENESS OF THE ABATEMENT STRATEGIES WITHIN THE STATE**

Schedule B
Approved Uses

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

PART ONE: TREATMENT

A. TREAT OPIOID USE DISORDER (OUD)

Support treatment of Opioid Use Disorder (“*OUD*”) and any co-occurring Substance Use Disorder or Mental Health (“*SUD/MH*”) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:¹⁵

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment (“*MAT*”) approved by the U.S. Food and Drug Administration.
2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine (“*ASAM*”) continuum of care for OUD and any co-occurring SUD/MH conditions.
3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including *MAT*, as well as counseling, psychiatric support, and other treatment and recovery support services.
4. Improve oversight of Opioid Treatment Programs (“*OTPs*”) to assure evidence-based or evidence-informed practices such as adequate methadone dosing and low threshold approaches to treatment.
5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions and for persons who have experienced an opioid overdose.
6. Provide treatment of trauma for individuals with OUD (*e.g.*, violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (*e.g.*, surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.
7. Support evidence-based withdrawal management services for people with OUD and any co-occurring mental health conditions.

¹⁵ As used in this Schedule B, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs.

8. Provide training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.
9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions.
10. Offer fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.
11. Offer scholarships and supports for behavioral health practitioners or workers involved in addressing OUD and any co-occurring SUD/MH or mental health conditions, including, but not limited to, training, scholarships, fellowships, loan repayment programs, or other incentives for providers to work in rural or underserved areas.
12. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 (“*DATA 2000*”) to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a *DATA 2000* waiver.
13. Disseminate of web-based training curricula, such as the American Academy of Addiction Psychiatry’s Provider Clinical Support Service–Opioids web-based training curriculum and motivational interviewing.
14. Develop and disseminate new curricula, such as the American Academy of Addiction Psychiatry’s Provider Clinical Support Service for Medication–Assisted Treatment.

B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY

Support people in recovery from OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the programs or strategies that:

1. Provide comprehensive wrap-around services to individuals with OUD and any co-occurring SUD/MH conditions, including housing, transportation, education, job placement, job training, or childcare.
2. Provide the full continuum of care of treatment and recovery services for OUD and any co-occurring SUD/MH conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.
3. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions.

4. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, including supportive housing, recovery housing, housing assistance programs, training for housing providers, or recovery housing programs that allow or integrate FDA-approved medication with other support services.
5. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions.
6. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions.
7. Provide or support transportation to treatment or recovery programs or services for persons with OUD and any co-occurring SUD/MH conditions.
8. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions.
9. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.
10. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family.
11. Provide training and development of procedures for government staff to appropriately interact and provide social and other services to individuals with or in recovery from OUD, including reducing stigma.
12. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.
13. Create or support culturally appropriate services and programs for persons with OUD and any co-occurring SUD/MH conditions, including new Americans.
14. Create and/or support recovery high schools.
15. Hire or train behavioral health workers to provide or expand any of the services or supports listed above.

C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED
(CONNECTIONS TO CARE)

Provide connections to care for people who have—or are at risk of developing—OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.
2. Fund SBIRT programs to reduce the transition from use to disorders, including SBIRT services to pregnant women who are uninsured or not eligible for Medicaid.
3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.
4. Purchase automated versions of SBIRT and support ongoing costs of the technology.
5. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments.
6. Provide training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.
7. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, or persons who have experienced an opioid overdose, into clinically appropriate follow-up care through a bridge clinic or similar approach.
8. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions or persons that have experienced an opioid overdose.
9. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.
10. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions or to persons who have experienced an opioid overdose.
11. Expand warm hand-off services to transition to recovery services.
12. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.
13. Develop and support best practices on addressing OUD in the workplace.

14. Support assistance programs for health care providers with OUD.
15. Engage non-profits and the faith community as a system to support outreach for treatment.
16. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions.

D. ADDRESS THE NEEDS OF CRIMINAL JUSTICE-INVOLVED PERSONS

Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:
 1. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative (“*PAARF*”);
 2. Active outreach strategies such as the Drug Abuse Response Team (“*DART*”) model;
 3. “Naloxone Plus” strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;
 4. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (“*LEAD*”) model;
 5. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or
 6. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.
2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.
3. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.

4. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are incarcerated in jail or prison.
5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are leaving jail or prison or have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.
6. Support critical time interventions (“CTP”), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.
7. Provide training on best practices for addressing the needs of criminal justice-involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, and the needs of their families, including babies with neonatal abstinence syndrome (“NAS”), through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support evidence-based or evidence-informed treatment, including MAT, recovery services and supports, and prevention services for pregnant women—or women who could become pregnant—who have OUD and any co-occurring SUD/MH conditions, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for uninsured women with OUD and any co-occurring SUD/MH conditions for up to 12 months postpartum.
3. Provide training for obstetricians or other healthcare personnel who work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions.
4. Expand comprehensive evidence-based treatment and recovery support for NAS babies; expand services for better continuum of care with infant-need dyad; and expand long-term treatment and services for medical monitoring of NAS babies and their families.

5. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with NAS get referred to appropriate services and receive a plan of safe care.
6. Provide child and family supports for parenting women with OUD and any co-occurring SUD/MH conditions.
7. Provide enhanced family support and child care services for parents with OUD and any co-occurring SUD/MH conditions.
8. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.
9. Offer home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, including, but not limited to, parent skills training.
10. Provide support for Children's Services—Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION

F. PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding medical provider education and outreach regarding best prescribing practices for opioids consistent with the Guidelines for Prescribing Opioids for Chronic Pain from the U.S. Centers for Disease Control and Prevention, including providers at hospitals (academic detailing).
2. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.
3. Continuing Medical Education (CME) on appropriate prescribing of opioids.
4. Providing Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.
5. Supporting enhancements or improvements to Prescription Drug Monitoring Programs (“*PDMPs*”), including, but not limited to, improvements that:

1. Increase the number of prescribers using PDMPs;
2. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs, by improving the interface that prescribers use to access PDMP data, or both; or
3. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD in a manner that complies with all relevant privacy and security laws and rules.
6. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation's Emergency Medical Technician overdose database in a manner that complies with all relevant privacy and security laws and rules.
7. Increasing electronic prescribing to prevent diversion or forgery.
8. Educating dispensers on appropriate opioid dispensing.

G. PREVENT MISUSE OF OPIOIDS

Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding media campaigns to prevent opioid misuse.
2. Corrective advertising or affirmative public education campaigns based on evidence.
3. Public education relating to drug disposal.
4. Drug take-back disposal or destruction programs.
5. Funding community anti-drug coalitions that engage in drug prevention efforts.
6. Supporting community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction—including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration (“SAMHSA”).
7. Engaging non-profits and faith-based communities as systems to support prevention.

8. Funding evidence-based prevention programs in schools or evidence-informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.
9. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.
10. Create or support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions.
11. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.
12. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that (when not properly addressed) increase the risk of opioid or another drug misuse.

H. PREVENT OVERDOSE DEATHS AND OTHER HARMS (HARM REDUCTION)

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Increased availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, individuals with OUD and their friends and family members, schools, community navigators and outreach workers, persons being released from jail or prison, or other members of the general public.
2. Public health entities providing free naloxone to anyone in the community.
3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, community support groups, and other members of the general public.
4. Enabling school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.
5. Expanding, improving, or developing data tracking software and applications for overdoses/naloxone revivals.
6. Public education relating to emergency responses to overdoses.

7. Public education relating to immunity and Good Samaritan laws.
8. Educating first responders regarding the existence and operation of immunity and Good Samaritan laws.
9. Syringe service programs and other evidence-informed programs to reduce harms associated with intravenous drug use, including supplies, staffing, space, peer support services, referrals to treatment, fentanyl checking, connections to care, and the full range of harm reduction and treatment services provided by these programs.
10. Expanding access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.
11. Supporting mobile units that offer or provide referrals to harm reduction services, treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions.
12. Providing training in harm reduction strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions.
13. Supporting screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

I. FIRST RESPONDERS

In addition to items in section C, D and H relating to first responders, support the following:

1. Education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.
2. Provision of wellness and support services for first responders and others who experience secondary trauma associated with opioid-related emergency events.

J. LEADERSHIP, PLANNING AND COORDINATION

Support efforts to provide leadership, planning, coordination, facilitations, training and technical assistance to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Statewide, regional, local or community regional planning to identify root causes of addiction and overdose, goals for reducing harms related to the opioid epidemic, and areas and populations with the greatest needs for treatment

intervention services, and to support training and technical assistance and other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

2. A dashboard to (a) share reports, recommendations, or plans to spend opioid settlement funds; (b) to show how opioid settlement funds have been spent; (c) to report program or strategy outcomes; or (d) to track, share or visualize key opioid- or health-related indicators and supports as identified through collaborative statewide, regional, local or community processes.
3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.
4. Provide resources to staff government oversight and management of opioid abatement programs.

K. TRAINING

In addition to the training referred to throughout this document, support training to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, those that:

1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to abate the opioid crisis.
2. Support infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, or implement other strategies to abate the opioid epidemic described in this opioid abatement strategy list (*e.g.*, health care, primary care, pharmacies, PDMPs, etc.).

L. RESEARCH

Support opioid abatement research that may include, but is not limited to, the following:

1. Monitoring, surveillance, data collection and evaluation of programs and strategies described in this opioid abatement strategy list.
2. Research non-opioid treatment of chronic pain.
3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.

4. Research on novel harm reduction and prevention efforts such as the provision of fentanyl test strips.
5. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.
6. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (*e.g.*, Hawaii HOPE and Dakota 24/7).
7. Epidemiological surveillance of OUD-related behaviors in critical populations, including individuals entering the criminal justice system, including, but not limited to approaches modeled on the Arrestee Drug Abuse Monitoring (“ADAM”) system.
8. Qualitative and quantitative research regarding public health risks and harm reduction opportunities within illicit drug markets, including surveys of market participants who sell or distribute illicit opioids.
9. Geospatial analysis of access barriers to MAT and their association with treatment engagement and treatment outcomes.



AGENDA STAFF REPORT

AGENDA LOCATION: Discussion Item #12A

MEETING DATE: January 10, 2022

TO: Honorable Mayor and City Council

FROM: Jonathan Kara, City Attorney

ISSUE: Potential Disposition of Real Property located at 700 Union Street in The Dalles, Oregon

BACKGROUND: The City currently owns the real property addressed 700 Union Street in The Dalles, Oregon, comprising two parcels of land depicted in Assessor's Map No. 1N 13E 3 BC as Tax Lots 8000 (**Parcel A**) and 8100 (**Parcel B**). According to Wasco County's Geographic Information System, Parcel A occupies 0.65 acres and is currently used as a parking lot serving Parcel B, which occupies 1.60 acres, also provides parking, and is improved with a building the City leases. The Parcels are zoned CBC Central Business Commercial District and a City-owned right-of-way runs through the northern part of Parcel B.

The City-owned building improving Parcel B is commonly known as the State Office Building (**Building**). The Building was built in 1977 with a two-story, wood-frame construction containing 23,008 square feet of gross building area and 22,138 square feet of rentable area, and is leased to and completely occupied by the State of Oregon—Department of Human Services (**DHS**) and Employment Department (**OED**). The Oregon Department of Administrative Services (**DAS**) manages, negotiates, drafts, and approves the leases on behalf of DHS and OED. The City has been negotiating the terms of potential new leases with DAS and is requesting City Council direction on whether it has interest in selling the Parcels to a new owner to assume the City's position as landlord to the State under the leases.

The City entered two leases for the Building in January 2009: DHS occupies 75.40% of the Building and OED occupies the remaining 24.60%. While the City and State negotiated the renewal terms, both leases naturally expired on January 31, 2021. Contracting with the State is a relatively slow process compared to the same with private or municipal entities, so both the City and State anticipated the leases' expiry early in negotiations and thus administratively extended the existing lease terms through July 31, 2022.

The DAS-drafted leases have been amended several times since their original execution in 2009, but each amendment was non-substantive and generally only extended the terms of the leases. The State frequently assesses whether its contracts, including leases, should or must be amended consistent with the Public Contracting Code and other criteria relevant or convenient to the State. Here, under the existing lease terms through **July 31, 2022**:

- DHS's rent is \$27,206.17/month and OED's rent is \$7,609.19/month, totaling **\$34,815.36/month** to the City;
- The City is reimbursed yearly by the State for its **capital improvement expenses** (permanent structural alterations or other improvements prolonging the useful life of the Building) benefitting the Building; and
- The City is responsible for maintenance and other services supporting the Building.

Under the current iteration of the potential new leases being negotiated between the City and State, DAS has made it clear the State will no longer enter new leases wherein it reimburses landlords for capital improvements benefitting buildings the State rents. The State claims such historic lease provisions tend to make its budgeting processes difficult: the volatility associated with coordinating significant capital improvement reimbursements to landlords is impractical due to its biennial budgeting cycle.

In an effort to achieve budget confidence, and in exchange for removing the reimbursement provisions from the leases, the State is willing to pay a higher monthly rent for its occupancies. Before the City continues negotiating the specifics of these leases, staff is requesting City Council direction on whether the City should divest from these leases and sell the Parcels.

The City established new procedures for the sale of certain classes of City-owned real property when the City Council adopted Resolution No. 16-028, attached to and made part of this Staff Report as Attachment "A". The Parcels are classified as Developed Lots and may be sold to private purchasers if the City Council finds transfer of the Parcels is in the public interest. Resolution No. 16-028 provides a public hearing must be scheduled and noticed to property owners within 300 feet of the Parcels and, only after the public hearing, the City Council decides (1) whether it will offer the Parcels for sale and (2) *the minimum acceptable terms* of the sale.

The City Council's *minimum acceptable terms* should typically include the minimum bid acceptable to the City reflective of a market value for the subject property. The City contracted with BBG, Inc. on August 10, 2021, to perform a comprehensive commercial property appraisal on the Parcels, and the Appraisal Report is attached to and made part of this Staff Report as Attachment "B". BBG, Inc.'s market value conclusion of the combined Parcels A and B was **\$4,800,000** on August 25, 2021.

Other *minimum acceptable terms* may include the City encumbering the fee simple Parcels with a restrictive covenant to ensure, for example, subsequent owners continue to lease the Building to DHS and OED so long as the State is willing to continue renting.

Such a conditional restriction would create a future interest in the Parcels for the City— I can draft an instrument to confirm the Parcels will revert to City-ownership if a new owner fails to meet a condition imposed by the restrictive covenant. Note, however: any encumbrance to title may impact sale price.

While the City does not currently have a separated valuation of the individual Parcels, another option the City Council could explore is whether to sell Parcel B as described but retaining ownership of the smaller Parcel A for future development. Community Development Department staff conducted a site visit on September 17, 2021, and its Parking Assessment is attached to and made part of this Staff Report as Attachment “C”. Staff confirms Parcel B could be re-platted (if necessary) in such a manner to ensure the lot meets parking space standards as mandated by the City’s Land Use and Development Ordinance (**LUDO**). Staff also confirms Parcel A may be developed in the future consistent with any use permitted outright or conditionally in Article 5.050 CBC Central Business Commercial District to the LUDO.

The State initially expressed interest in purchasing the Parcels but has since indicated its inability to the City. However, the State does not object to the proposed transfer of the Parcels and leases to a private owner and remains committed to providing the essential services offered by DHS and OED to the public throughout the region regardless of the City Council’s decision on the Building’s disposition.

If the Council does not reach an informal consensus here, staff will continue to focus efforts on lease negotiations with the State.

If the City Council reaches an informal consensus providing staff sufficient direction to proceed with the real property sale procedures outlined in Resolution No. 16-028, I will coordinate with the Finance Director to prepare a thorough financial analysis of the leases, capital improvement expenditures, and lease revenue projections for the Council’s consideration at the public hearing. I expect staff can be prepared to submit a Staff Report there by the second meeting in February 2022.

BUDGET IMPLICATIONS: Staff time to prepare for a public hearing pursuant to Resolution No. 16-028. If Council would like a separated valuation of the individual Parcels, I understand the valuation should cost approximately one thousand dollars (\$1,000).

COUNCIL ALTERNATIVES:

1. **Staff recommendation:** *Since this is a Discussion Item, staff is hoping for Council’s informal consensus as to whether the City should prepare for a public hearing on the disposition of the real property addressed 700 Union Street. No formal action is requested or required.*

Enclosures

Attachment “A” – Resolution No. 16-028

Attachment “B” – BBG, Inc.’s Appraisal Report dated September 10, 2021

Attachment “C” – Community Development Department Parking Assessment dated September 17, 2021

RESOLUTION NO. 16-028

**A RESOLUTION ESTABLISHING NEW PROCEDURES FOR THE
SALE OF CERTAIN CLASSES OF CITY-OWNED REAL PROPERTY
AND REPEALING RESOLUTION NO. 98-013**

WHEREAS, ORS 221.727 provides the City may adopt a procedure for the sale of individual parcels of a class of City-owned real properties, or any interest therein, under a single program established within the City for the sale of that class of properties; and

WHEREAS, on March 9, 1998, the City Council adopted Resolution No. 98-013 establishing procedures for the sale of certain classes of City-owned real property; and

WHEREAS, a review of Resolution No. 98-013 indicates that some of its provisions are obsolete or have the potential to create some confusion or inefficiencies, and the Council desires to adopt a new resolution to address these issues;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL AS
FOLLOWS:**

Section 1. The following procedures shall be adopted for the sale of individual parcels of the following categories of real property.

Vacant Undevelopable Lots

The City owns certain vacant lots which are generally small and irregularly shaped. Typically these lots are adjacent to larger developed lots. These lots are not of sufficient size to be developed, and have minimal market value. The procedure for disposition of these parcels is as follows:

- A. The City Council will schedule a public hearing to take public testimony as to whether there is any public use for the property, or whether transfer of the property would benefit the public interest. Notice shall be given of the agenda item not less than ten (10) days before the Council meeting to all owners whose property is adjacent to the vacant lot. If either of these criteria is satisfied, the City Council will adopt a resolution declaring the property to be surplus.
- B. Notice of the proposed sale of the property shall be published once in a newspaper of general circulation in the City. The notice shall provide that persons interested in negotiating a purchase of the property must notify the City Manager's office by 5:00 PM on the fourteenth day from the date of publication. The City Manager shall proceed to negotiate with persons who have expressed an interest in purchasing the property. Potential purchasers shall be advised that they will be responsible for obtaining estimated costs for any necessary survey, preparation of preliminary title reports and title insurance costs, and for payment of required recording or mapping fees. Within sixty (60) days of the date of publication of the notice of the proposed sale, the interested purchaser who is the first purchaser to obtain confirmation

from the City Manager that terms for a purchase agreement have been negotiated, will be entitled to have the City Manager present the negotiated agreement for approval by the City Council at a regularly scheduled Council meeting. Following the Council's approval of the negotiated agreement, the City Attorney will proceed with preparation of documents to complete the purchase agreement.

Vacant Developable Lots and Developed Lots

- A. The City Council will schedule a public hearing and shall describe the proposed property for sale. Notice shall also be given to property owners within three hundred (300) feet of the subject property.
- B. Public testimony shall be solicited at the hearing to determine if there is any public use for the property, or if a transfer of the property is in the public interest.
- C. After the hearing, the Council shall decide if it will offer the property for sale, and what the minimum acceptable terms shall be. The minimum acceptable terms may include the following:
 - 1. The minimum bid acceptable to the City reflective of a market value for the property established by the City, either by a formal appraisal or a market analysis conducted with assistance from local real estate agents; and reflective of the City's estimate of the amount intended to compensate the City for any nuisance abatement costs, lien foreclosure costs, costs associated with closing the purchase, including the costs of a preliminary title report and title insurance.
 - 2. Submission of documentation of pre-qualification for any proposed financing for the purchase including pulling of credit reports and processing by automated underwriting.
- D. If an offer to sell is authorized by the Council, a notice soliciting sealed bids shall be published at least once in a newspaper of general circulation in the City at least two (2) weeks prior to the bid deadline date. The notice shall describe the property to be sold, the minimum acceptable terms of sale, the person designated to receive bids, the last date bids will be received, and the date, time, and place that bids will be opened.
- E. In the event bids are received which exceed the amount included in the City's minimum acceptable bid, the highest bid shall be accepted, and the City Manager, or his/her designee, shall complete the sale. In the event two or more bids are received which are equivalent to the amount included in the City's minimum acceptable bid, the bidders shall have a period of seven (7) business days from receipt of the notice to submit a revised bid. The highest revised bid which is submitted shall be accepted, and the City Attorney shall proceed to prepare documents to complete the sale.
- F. In the event no acceptable bids are received, the City reserves the right to reject all bids, and re-advertise the property for sale, or list the property for six months with a local real estate broker/agent on a multiple listing basis, at the same or different minimum acceptable terms established under Section C. A broker/agent shall be selected in accordance with the criteria found in Section G. A listing may be renewed for additional six (6) month periods at the Council's discretion.

G. The selection of a real estate broker/agent shall be in accordance with the following procedures:

1. The City shall publish notice in a newspaper of general circulation in The Dalles inviting proposals for the services to be provided in connection with the listing of the property. The notice shall be published at least two (2) weeks prior to the date on which proposals are due. Copies of the notice inviting proposals shall be mailed to local real estate brokers/agents within the City of The Dalles.

2. The broker's/agent's proposal shall be in writing and it shall address the selection criteria set forth in subsection 3 of this section.

3. The City Manager, or his/her designee, shall consider the following factors in the selection of a broker/agent:

a. The broker's/agent's record in selling the type of real property being offered by the City for sale and the broker or agent's familiarity with The Dalles area market values;

b. The broker's/agent's proposed marketing plan and timelines: signs, advertising, direct mail, and/or other methods;

c. The amount of the broker's/agent's commission; and

d. Other factors which were stated in the notice of the invitation to submit a proposal.

Section 2. Resolution No. 98-013 is hereby repealed.

PASSED AND ADOPTED THIS 24TH DAY OF OCTOBER, 2016.

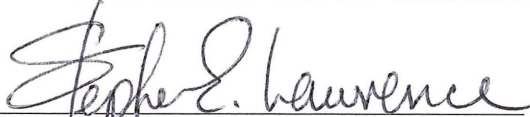
Voting Yes, Councilor: McGlothlin, Spatz, Miller, Elliott, Brown

Voting No, Councilor: none

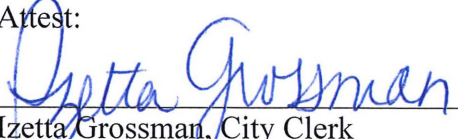
Absent, Councilor: none

Abstaining, Councilor: none

AND APPROVED BY THE MAYOR THIS 24TH DAY OF OCTOBER, 2016.


Stephen H. Lawrence, Mayor

Attest:


Izetta Grossman, City Clerk



Third-party reports by a true third party

Appraisal Report

The City of The Dalles Office Property

State office building
700 Union Street
The Dalles, Oregon 97058

BBG File #0121014563

Prepared For

The City of the Dalles c/o Jonathan Kara
Campbell Phillips PC
919 Cherry Heights Rd,
The Dalles, OR 97085

Report Date

September 10, 2021

Prepared By

BBG, Inc., Portland Office
1220 SW Morrison, Suite 800
Portland, OR 97205
503-478-1000

Client Manager: Kurt Plaster, MAI
kplaster@bbgres.com





September 10, 2021

The City of The Dalles
c/o Jonathan Kara
Campbell Phillips PC
919 Cherry Heights Rd,
The Dalles, OR 97085

Re: Appraisal of Real Property
The City of The Dalles Office Property
700 Union Street
The Dalles, Oregon 97058
BBG File #0121014563

Dear Ms. Anderson / Mr. Kara

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have prepared an Appraisal of the above-referenced property.

The subject is a city owned, elevator served, office building built in 1977 in the City of The Dalles, OR. The existing building is a two-story, wood-frame construction containing 23,008 square feet of gross building area and 22,138 square feet of rentable area. The subject is 100% occupied by the Department of Human Services and the Employment Department. While the subject is currently leased, the client has requested the fee simple interest to be appraised. The site area is 94,961 square feet or 2.18-acre.

As of the valuation date of this report, The City of The Dalles owns the subject property. The subject is not currently listed for sale, nor is it under a sales contract.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with additional requirements of Campbell Phillips PC (client). The report is intended to be used for internal decision marking purpose for The City of The Dalles. No other party may rely upon the findings in this report.

Covid-19 vaccines in the US have been a resounding success as death and new case rates continue to plummet. Americans are traveling again, and mobility should continue to increase as consumers spend more money. Strong economic growth is expected throughout 2021 and into 2022 as rates are expected to remain near historical lows. Given recent bond yield increases, investors have expressed worries over upward pressure on interest rates; however, rates remain well below historical norms.

Medium and long-term outlooks are favorable and interest rates are expected to remain low into 2023, which could bode well for commercial real estate. Over the short-term hotels, restaurants without drive-thru windows and non-credit retail have taken the brunt of the declines while industrial, self-storage and multi-family have been the least affected. Office demand has faced downward pressures due to remote working trends and elevated levels of unemployment, which are declining. We will continue to interview market participants regarding changes in market conditions.

Please refer to our detailed analysis of the impact of this pandemic on the various markets and property types within the addenda to this report. We are keenly mindful of the effect of the national, state, and local economies as they relate to the subject property. Key indicators have been addressed with the appropriate sections of this report.

Note: Our estimate of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.	
Extraordinary Assumption(s)	This appraisal employs no extraordinary assumptions.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

Based on our inspection of the property and the investigation and the analysis undertaken, we have concluded the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	August 25, 2021	\$4,800,000

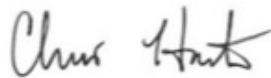
This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.



Kurt Plaster, MAI
OR Certified General Appraiser
License #: C001003
503-478-1014
kplaster@bbgres.com



Chris Hartman, MAI
OR Certified General Appraiser
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SUBJECT PROPERTY



AERIAL PHOTOGRAPH



SUMMARY OF SALIENT FACTS

PROPERTY DATA

Property Name	The City of The Dalles Office Property
Address	700 Union Street The Dalles, Oregon 97058
Location	The subject is located on the south side of E 5th Street bounded by Union Street and Court Street in the City of The Dalles.
Property Description	Office (General Purpose) State office building
County	Wasco
Parcel Number	03560, 13964
Census Tract No.	9702.00
Legal Description	Section 3 Township 1N Range 13E Quarter Bc Prcl 8100 Maptax Lot: 01N13 E03bc08100 00; Section 3 Township 1N Range 13E Quarter Bc Prcl 8000 Maptax Lot: 01N13 E03bc08000 00
Site Area	
Primary Site	94,961 square feet (2.18 acres)
Zoning	CBD; Central Business Commercial
Flood Status	Zone C is being replaced with unshaded zone X on new FIRMs. Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.
Year Built	1977
Type of Construction	Wood frame
Number of Buildings	1
Gross Building Area	23,008 square feet
Net Rentable Area	22,138 square feet
Total Number of Tenants	2
Occupancy	100.0%
Overall Condition	Average/Good
Overall Quality	Average
Overall Design/Functionality	Average

RISK SUMMARY

Advantages	The subject features adequate on-site parking. The subject is elevator served. The subject is not located within a FEMA flood zone.
Challenges	COVID-19 infections have created near-term risk that may not be priced into the real estate market. The reader should note the data and comparables used in this report are data points that occurred in the past and there is projection risk associated with using lagging indicators. The opinion of value is as of a specific point in time and the value may change.

VALUE INDICATIONS			
As Is as of August 25, 2021			
Sales Comparison Approach	\$4,760,000	\$215.01	Per Square Foot (NRA)
Income Capitalization Approach			
Direct Capitalization	\$4,830,000	\$218.18	Per Square Foot (NRA)
Approach Reliance	Direct Capitalization		
Value Conclusion - As Is	\$4,800,000	\$216.82	Per Square Foot (NRA)
Exposure Time (Months)	9-12 months		
Marketing Time (Months)	9-12 months		

PROPERTY HISTORY

The subject is a government owned property. Title of the subject is vest in The City of The Dalles.

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

SCOPE OF WORK

APPRAISAL INFORMATION

Client	Campbell Phillips PC 919 Cherry Heights Rd, The Dalles, OR 97085
Intended User(s)	This appraisal report may only be relied upon by the client and intended user(s) named herein The City of The Dalles.
Intended Use	This appraisal is to be used for internal decision making purposes.
Property Rights Appraised / Premise	•Market Value of the Fee Simple interest in the subject property, As Is as of August 25, 2021
Date of Inspection	August 25, 2021
Marketing Time	9-12 months
Exposure Time	9-12 months
Owner of Record	The City of The Dalles
Most Probable Purchaser	Investor
Highest and Best Use	
If Vacant	Office development
As Improved	As currently developed

SCOPE OF THE INVESTIGATION

General and Market Data Analyzed	<ul style="list-style-type: none"> ▪ Regional economic data and trends ▪ Market analysis data specific to the subject property type ▪ Published survey data ▪ Neighborhood demographic data ▪ Comparable cost, sale, rental, expense, and capitalization rate data ▪ Floodplain status ▪ Zoning information ▪ Assessor's information ▪ Interviewed professionals knowledgeable about the subject's property type and market 						
Inspection Details	<p>Chris Hartman, MAI, conducted an interior and exterior inspection on August 25, 2021.</p> <p>Kurt Plaster, MAI, did not inspect the subject property, but is familiar with the market for similar assets and participated in the valuation process, analysis, and conclusions in this report.</p>						
Property Specific Data Requested and Received	<table border="1"> <thead> <tr> <th colspan="2">PROPERTY DATA RECEIVED</th> </tr> </thead> <tbody> <tr> <td></td> <td>Historical operating statements</td> </tr> <tr> <td></td> <td>Leases</td> </tr> </tbody> </table>	PROPERTY DATA RECEIVED			Historical operating statements		Leases
PROPERTY DATA RECEIVED							
	Historical operating statements						
	Leases						

Data Requested, but not Provided

DATA REQUESTED, BUT NOT PROVIDED	
None	

Data Sources

DATA SOURCES	
Site Size	Wasco County Assessor's Records
Building Size	Wasco County Assessor's Records
Tax Data	Wasco County Assessor's Records
Zoning Information	City of The Dalles Planning Dept
Flood Status	FEMA
Demographics Reports	Spotlight
Comparable Improved Sales	BBG Database, CoStar, Brokers
Comparable Improved Leases	BBG Database, CoStar, Brokers
Subject Historical Expenses	Property Contact

VALUATION METHODOLOGY

Most Probable Purchaser

To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property.

The most probable purchaser of the subject property "As Is" is an investor.

Valuation Methods Utilized

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

Extraordinary Assumption(s) This appraisal employs no extraordinary assumptions.

Hypothetical Condition(s) This appraisal employs no hypothetical conditions.

DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.”

(Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471

Definition of Property Rights Appraised

Fee simple estate is defined as, “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Leased fee interest is defined as, “The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.”

Leasehold interest is defined as, “The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.”

Lease is defined as: “A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
 - Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
 - Applicable state appraisal regulations;
 - Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
 - Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
 - Appraisal guidelines of Campbell Phillips PC.
-

LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an **Appraisal Report**. An Appraisal Report must at a minimum summarize the appraiser’s analysis and the rationale for the conclusions. This format is considered most similar to what was formerly known as a Summary Appraisal Report in prior versions of USPAP.

SIGNIFICANT APPRAISAL ASSISTANCE

It is acknowledged that Yiting (Aimee) Yu (Registered Appraiser Assistant License No. AA03448) made a significant professional contribution to this appraisal, in the categories indicated below, all under the supervision of the persons signing the report.

Acknowledgement of Real Estate Appraisal Assistance:	
Define the appraisal problem	●
Conduct preliminary analysis, select and collect applicable data	●
Conduct an analysis of the subject property	●
Conduct highest and best use analysis	●
Estimate land value, including on-site improvements	
Estimate value of the property using each of the following approaches to value:	
Cost	
Sales Comparison	
Income Capitalization	
Reconcile each value indication and reconcile the final value estimate	
Report estimate(s) of value(s) as defined	

Miss Yu is a graduate of the University of Oregon with a Master of Science in Finance. She has two years of experience providing significant appraisal assistance to Certified General appraisers.

REGIONAL ANALYSIS

WASCO COUNTY REGIONAL ANALYSIS

Wasco County is in Oregon approximately 90 miles east of Portland. It is 2,382 square miles in size and has a population density of 11 persons per square mile.

POPULATION

Wasco County has an estimated 2021 population of 27,166, which represents an average annual 0.7% increase over the 2010 census of 25,213. Wasco County added an average of 178 residents per year over the 2010-2021 period, but its annual growth rate lagged the State of Oregon's rate of 1.0%.

Looking forward, Wasco County's population is projected to increase at a 0.8% annual rate from 2021-2026 or 221 residents per year. Wasco County's growth rate is expected to slightly lag that of Oregon, which is projected to be 1.0%.

	POPULATION TRENDS				
	Population			Compound Ann. % Chng	
	2010 Census	2021 Estimate	2026 Projection	2010-2021	2021-2026
Wasco County, OR	25,213	27,166	28,271	0.7%	0.8%
Oregon	3,831,074	4,281,747	4,491,795	1.0%	1.0%

Source: Environics Analytics

EMPLOYMENT

Total employment in Wasco County is currently estimated at 11,824 jobs. Between year-end 2010 and the present, employment rose by 441 jobs, equivalent to a 3.9% increase over the entire period. There were gains in employment in five out of the past ten years despite the national economic downturn and slow recovery. Wasco County's rate of employment growth over the last decade lagged that of Oregon, which experienced an increase in employment of 11.8% or 212,458 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Wasco County unemployment rate has been generally lower than that of Oregon, with an average unemployment rate of 6.7% in comparison to a 6.2% rate for Oregon. A higher unemployment rate is a negative indicator.

EMPLOYMENT TRENDS						
Year	Total Employment (Year End)				Unemployment Rate (Year End)	
	Wasco County,		Oregon		Wasco County,	
	OR	% Change		% Change	OR	Oregon
2010	11,383		1,794,045		11.0%	10.3%
2011	11,675	2.6%	1,809,926	0.9%	9.5%	9.2%
2012	11,340	-2.9%	1,775,016	-1.9%	9.4%	8.5%
2013	11,141	-1.8%	1,789,567	0.8%	8.4%	7.2%
2014	11,459	2.9%	1,842,745	3.0%	6.5%	6.0%
2015	11,767	2.7%	1,911,765	3.7%	5.4%	5.0%
2016	12,104	2.9%	1,966,524	2.9%	4.2%	4.3%
2017	12,042	-0.5%	2,001,932	1.8%	4.3%	4.1%
2018	11,868	-1.4%	2,011,924	0.5%	4.6%	4.2%
2019	11,881	0.1%	2,039,745	1.4%	3.6%	3.3%
2020-Dec	11,824	-0.5%	2,006,503	-1.6%	6.7%	6.3%
Overall Change 2010-2020	441	3.9%	212,458	11.8%		
Avg Unemp. Rate 2010-2020					6.7%	6.2%
Unemployment Rate -July 2021					3.6%	5.2%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Local Area Unemployment Statistics (LAUS). The figures are not seasonally adjusted.

**The numbers above are based on the Bureau of Labor Statistics and December is their most recent confirmed data. Due to the COVID-19 outbreak, Oregon has experienced an increase in unemployment rates. As of July 2021 (most recent available as of September 2021), the unemployment rate for Wasco County is being reported at 3.6% down from April 2020's peak of 12.9%. As vaccine come available to the public, the unemployment is expected to decrease in foreseeable future.*

MAJOR EMPLOYERS

Major employers in Wasco County are shown in the following table.

MAJOR EMPLOYERS - WASCO COUNTY, OR	
Name	Number of Employees
1 Mid Columbia Medical Center	Over 500
2 North Wasco County School District 21	Over 250
3 Oregon Cherry Growers	Over 250
4 Fred Meyer Stores Inc.	Over 250
5 State of Oregon	Over 250
6 Wasco County	Over 100
7 Columbia Gorge Community College	Over 100
8 Google	Over 100
9 Oregon Veterans Home	Over 100
10 U.S. Army Corps of Engineers	Over 100

Source: Wasco County Economic Development Commission, July 2014

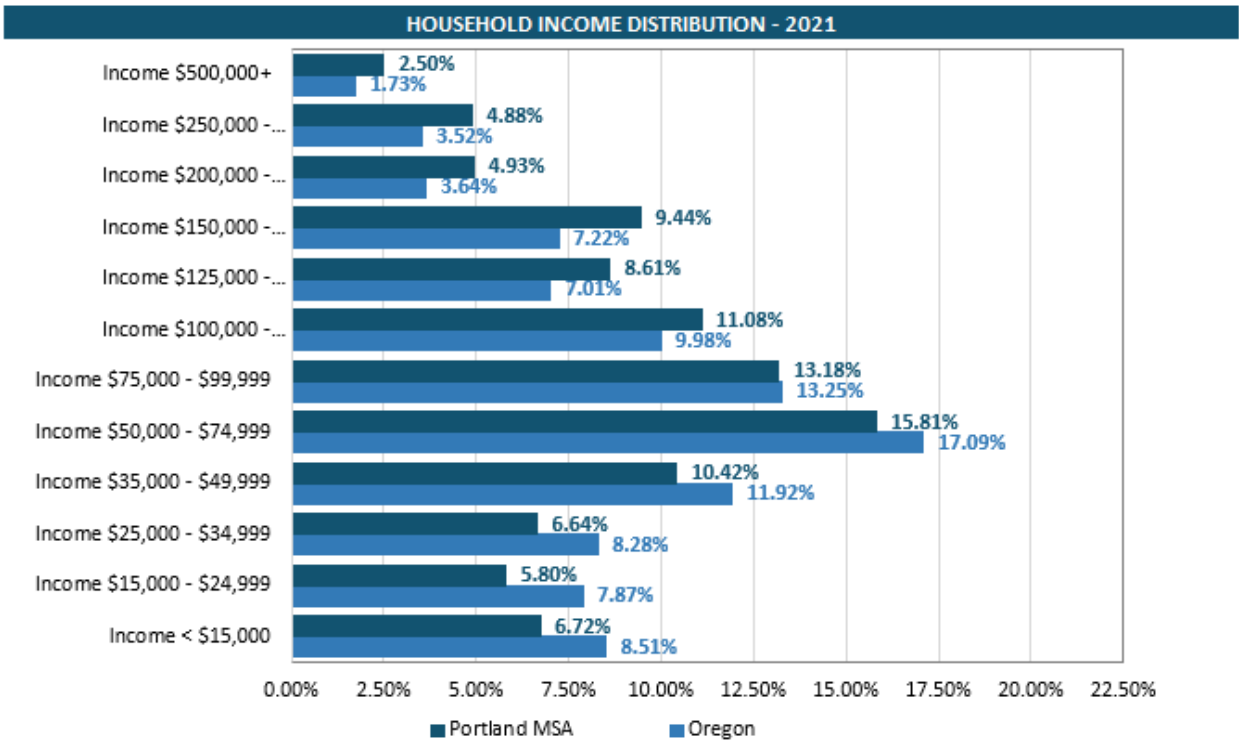
INCOME, EDUCATION AND AGE

Wasco County has a considerably lower level of household income than Oregon. Median household income for Wasco County is \$57,806, which is 16.4% less than the corresponding figure for Oregon.

MEDIAN HOUSEHOLD INCOME - 2021		
	Average	Median
Wasco County, OR	\$73,221	\$57,806
Oregon	\$95,518	\$69,151
Comparison of Wasco County, OR to Oregon	- 23.3%	- 16.4%

Source: Environics Analytics

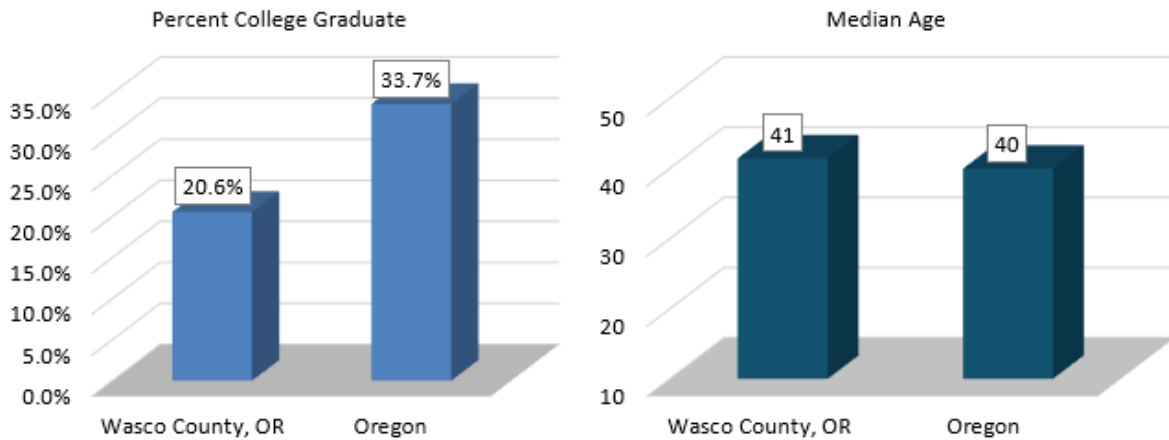
The Wasco County has a lower concentration of households in the higher income levels than Oregon. Specifically, 36% of Wasco County households are at the \$75,000 or greater levels in household income as compared to 46% of Oregon households. A higher concentration of households is apparent in the lower income levels, as 30% of Wasco County households are below the \$35,000 level in household income versus 25% of Oregon households.



Source: Environics Analytics

Residents of Wasco County have a lower level of educational attainment than those of Oregon. An estimated 19.7% of Wasco County residents are college graduates with four-year degrees, versus 33.3% of Oregon residents. People in Wasco County are slightly older than their Oregon counterparts. The median age for Wasco County is 41 years, while the median age for Oregon is 40 years.

EDUCATION AND AGE - 2021

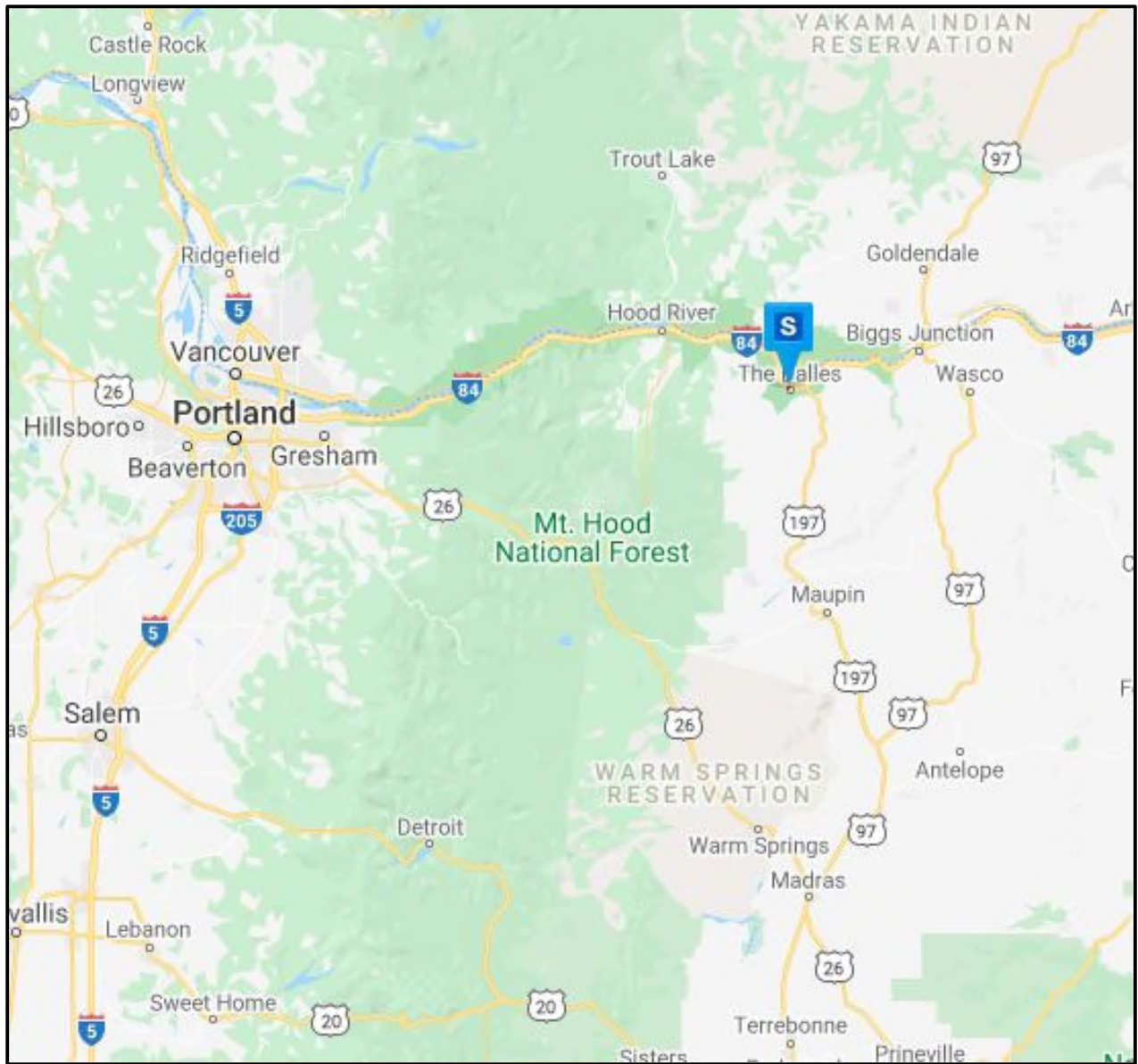


Source: Environics Analytics

CONCLUSION

The Wasco County economy will be affected by a growing population base and lower income and education levels. Wasco County experienced growth in the number of jobs and has maintained a generally lower unemployment rate than Oregon over the past decade. However, in the near-term Wasco County’s economy will be negatively affected by the Covid-19 pandemic. The length and strength of its effect on the region remains unknown.

REGIONAL MAP

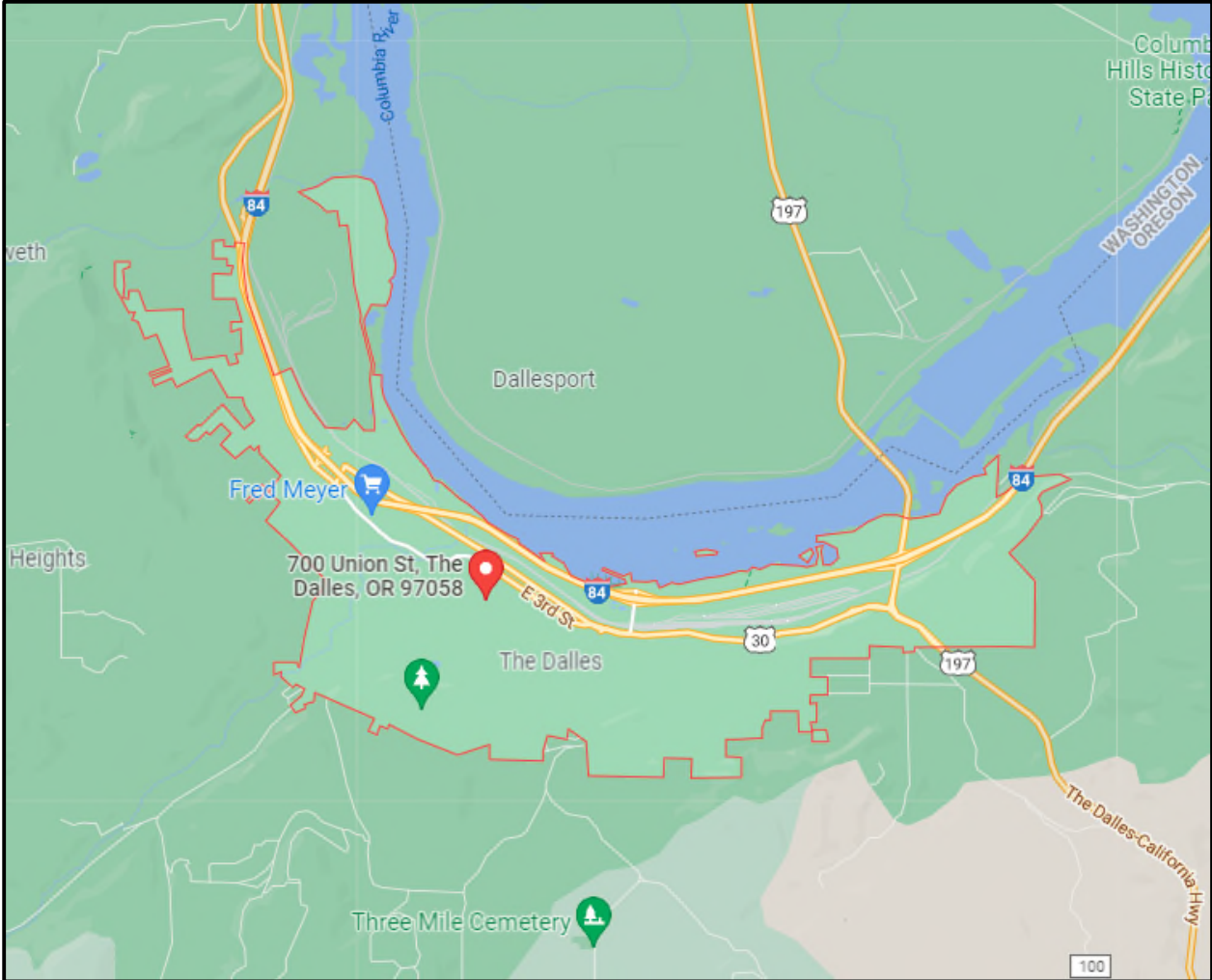


SURROUNDING AREA ANALYSIS

BOUNDARIES

The subject is located in the downtown area of the City of The Dalles in Wasco County. The following map marks the subject's location within the city.

A map identifying the location of the property follows this section.



ACCESS AND LINKAGES

Primary access to the area is provided by Interstate 84 and U.S. Highway 30. Both arterials cross the area in approximately an east/west direction. More importantly, the highways connect the subject with the City of Portland.

East of Portland, U.S. Highway 30 has been largely replaced with Interstate 84 and generally follows the southern shore of the Columbia River in Oregon. U.S. Highway 30 separated from Interstate 84 before it

enters the downtown area of The Dalles. It bifurcates into two one-way roads within the Downtown Core. The subject is located two blocks south of the U.S. Highway 30.

Interstate 84 runs north of the subject. Access to the subject from Interstate 84 is provided by a combination of Union Street, U.S. 30, and Brewery Overpass Road, and travel time from the major arterial to the subject is about four minutes. Overall, vehicular access is average.

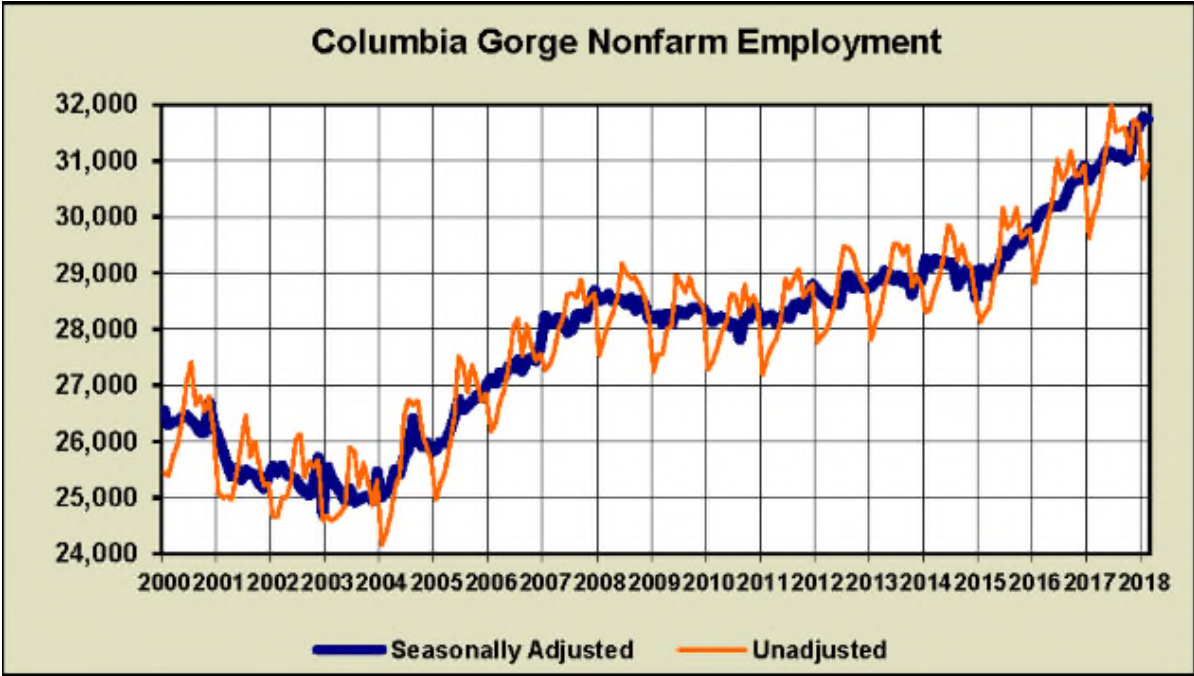
Public transportation is provided by Gorge Translink, an alliance of rural providers offering public transportation services throughout the Mid-Columbia River Gorge Area. The Dalles downtown area is served by The Dalles Deviated Fixed BlueLine, and the nearest bus stop is located approximately half miles from the subject. The local market perceives public transportation as fair compared to other areas in the region. However, the primary mode of transportation in this area is the automobile.

The Columbia Gorge Regional Airport is located about six miles from the property; travel time is about 12 minutes, depending on traffic conditions. The subject is one block south of The Dalles downtown core.

DEMAND GENERATORS

While The Dalles is fairly small in size and rural in location, the economic climate remains strong anchored by a strong industrial presence. With upwards of 50 national and regional businesses now operating within the area, it has become a desirable industrial location featuring notable employers including Google, UPS, FedEx, Frito-Lay and NW Natural Gas among others.

Much of the reason for the economic growth and sustainability of the area is due to the Port of The Dalles. The Port of the Dalles is an Oregon special district that works to create jobs and recruit businesses to located to the area through the development of industrial lands. Established in 1933, The Port district is approximately 425,000 square acres covering the northern third of Wasco County. The Port has had a significant impact on the economy of The Dalles, but the entire Columbia Gorge region. Below, provided by The Port is a figure highlighting the employment growth between 2000 and 2018.



DEMOGRAPHICS

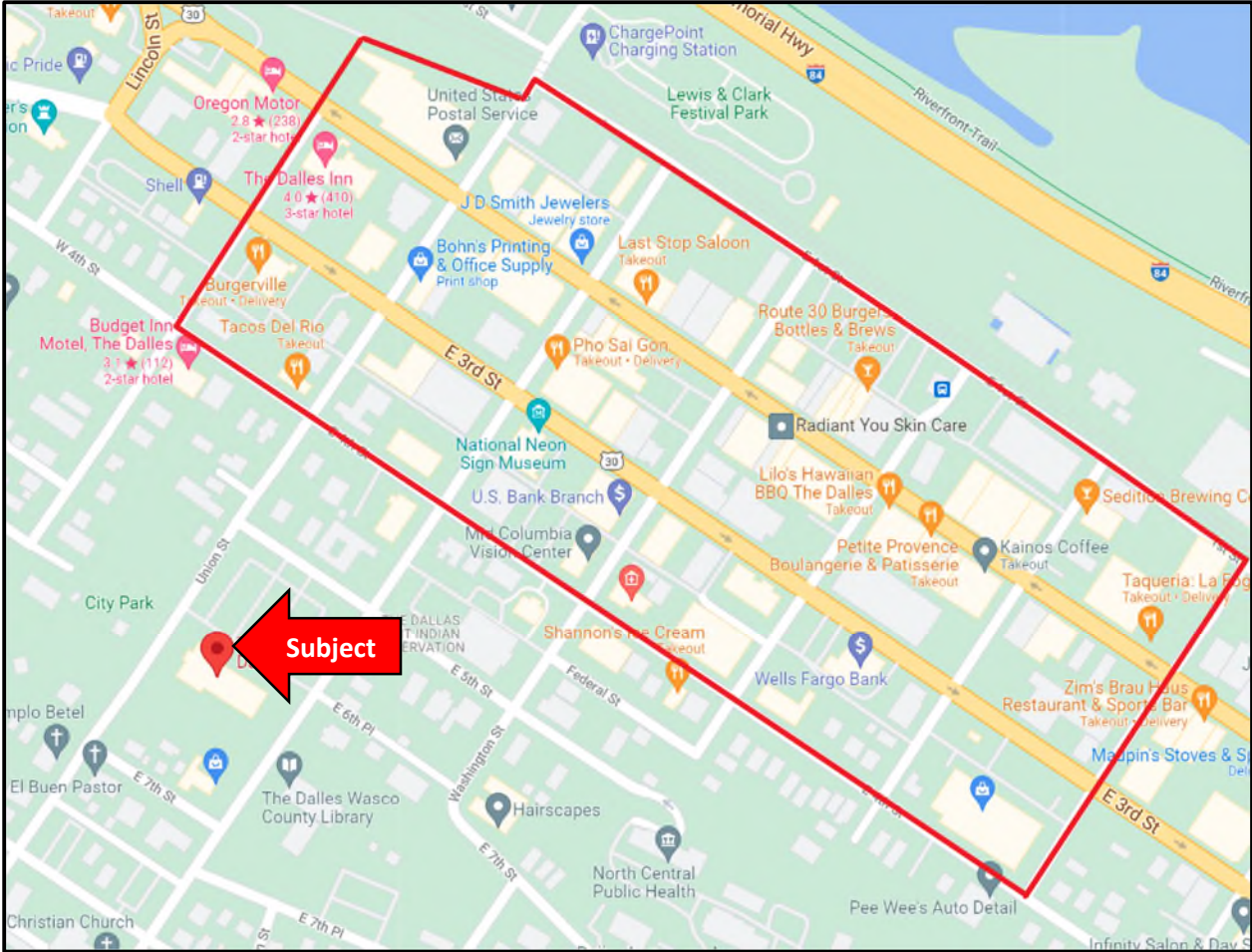
A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY MARKET AREA			
Description	700 Union Street - 1	700 Union Street - 3	700 Union Street - 5
	mi Radius Totals	mi Radius Totals	mi Radius Totals
Population			
2026 Projection	8,123	19,704	22,334
2021 Estimate	7,844	18,931	21,468
2010 Census	7,382	17,569	19,954
2000 Census	7,087	16,436	18,817
2021 Est. Median Age	38.83	39.44	39.86
2021 Est. Average Age	39.82	40.58	40.82
Households			
2026 Projection	3,320	7,914	9,003
2021 Estimate	3,198	7,578	8,623
2010 Census	2,989	6,967	7,931
2000 Census	2,852	6,529	7,443
2021 Est. Average Household Size	2.42	2.43	2.43
2021 Est. Households by Household Income (%)			
Income < \$15,000	8.2	8.4	7.9
Income \$15,000 - \$24,999	9.6	10.1	10.0
Income \$25,000 - \$34,999	11.1	12.1	12.2
Income \$35,000 - \$49,999	14.9	13.1	13.0
Income \$50,000 - \$74,999	22.0	21.2	21.2
Income \$75,000 - \$99,999	14.5	14.2	14.2
Income \$100,000 - \$124,999	8.8	8.1	8.4
Income \$125,000 - \$149,999	4.2	4.4	4.6
Income \$150,000 - \$199,999	3.9	4.9	4.9
Income \$200,000 - \$249,999	1.9	2.2	2.1
Income \$250,000 - \$499,999	0.8	1.2	1.2
Income \$500,000+	0.2	0.3	0.3
2021 Est. Average Household Income	\$68,986	\$71,716	\$72,564
2021 Est. Median Household Income	\$56,590	\$57,130	\$57,777
2021 Est. Tenure of Occupied Housing Units (%)			
Owner Occupied	54.9	61.0	62.7
Renter Occupied	45.1	39.0	37.3
2021 Est. Median All Owner-Occupied Housing Value	\$241,544	\$240,302	\$242,332

Source: 2021 Claritas, Inc.

SERVICES AND AMENITIES

While the subject is located within central business area of The Dalles. The downtown core is one block north of the subject, where improved with restaurants, convenience stores, and support services. The Dalles downtown core is outlined in the map below.



The closest lodging facilities are located within two minutes of the property and include Budget Inn Motel, The Dalles Inn, and Oregon Motor Motel. The nearest fire and police stations are within 1.3 miles of the property.

LAND USE

The city economy has historically been based on agriculture (cherry growing and shipping). After a dam was installed at The Dalles in 1957, Golden Northwest Aluminum was established to take advantage of the cheap electricity. The plant provided hundreds of jobs up until 2000, when electric prices rose, which lead to the plant closing and putting many residents out of work. Agriculture retained the city’s economy, afterward.

In 2006, Google built and opened a data center in town to take advantage of the electricity surplus and inexpensive real estate, which helped spur some new interest in the area. The Dalles has never been a weekend destination, overshadowed by the larger, more popular Hood River located 23 miles closer to Portland. The City’s urban renewal board has plans to help encourage a bit more interest, including developing a town center on the retired plant site and running a walking/road tunnel under the railroad to connect downtown to the proposed waterfront town center.

In the immediate vicinity of the subject, predominant land uses are office, community service, and residential uses. Other land use characteristics are summarized in the following table.

SURROUNDING AREA LAND USES	
Character of Area	Small town
Predominant Age of Improvements	20-60 years
Predominant Quality and Condition	Average
Approximate Percent Developed	80%
Infrastructure/Planning	Average
Predominant Location of Undeveloped Land	West and South
Prevailing Direction of Growth	Near Highways, Columbia River front

SUBJECT’S IMMEDIATE SURROUNDINGS	
North	United Church of Christ, law office,
South	Single-family residences, freestanding retail shop
East	The Dalles Wasco County Library
West	City Park

DEVELOPMENT ACTIVITY AND TRENDS

During the last five years there have been the following four developments within The Dalles. The pace of development has generally been intermittent over this time.

- Cherry Heights Shopping Center Building C (500 Cherry Heights Rd) – 33,261 SF retail strip center (2017)
- Holiday Inn Express& Suites (2920 W 6th St) – 93-room upper midscale hotel (2020)
- 3709 Klindt Dr – Single-story, single-tenant, 2,484 SF office building (2020)
- 3691 Klindt Dr – Two-story, 15,845 SF industrial flex property (2020)
- Cherry Heights Crossing Expansion (1218 W 6th St) – Two ground lease built-to-suit opportunity within an existing Goodwill anchored shopping center. The site is listing for lease (proposed)
- Holiday Garden Inn (200 Union St) – Four-story, 110-room upper midscale hotel (proposed)

OUTLOOK AND CONCLUSIONS

The area is in the stability stage of its life cycle. The history of the area and its growth trends point toward property values slowly increasing in the future. However, the short-term trend remains stabilized due to the impact of Covid-19 pandemic.

In comparison to other areas in the region, the area is rated as follows:

SURROUNDING AREA ATTRIBUTE RATINGS	
Highway Access	Average
Demand Generators	Average
Convenience to Support Services	Average
Convenience to Public Transportation	Below Average
Employment Stability	Average
Police and Fire Protection	Average
Property Compatibility	Average

General Appearance of Properties	Average
Appeal to Market	Average
Price/Value Trend	Average

NEIGHBORHOOD MAP



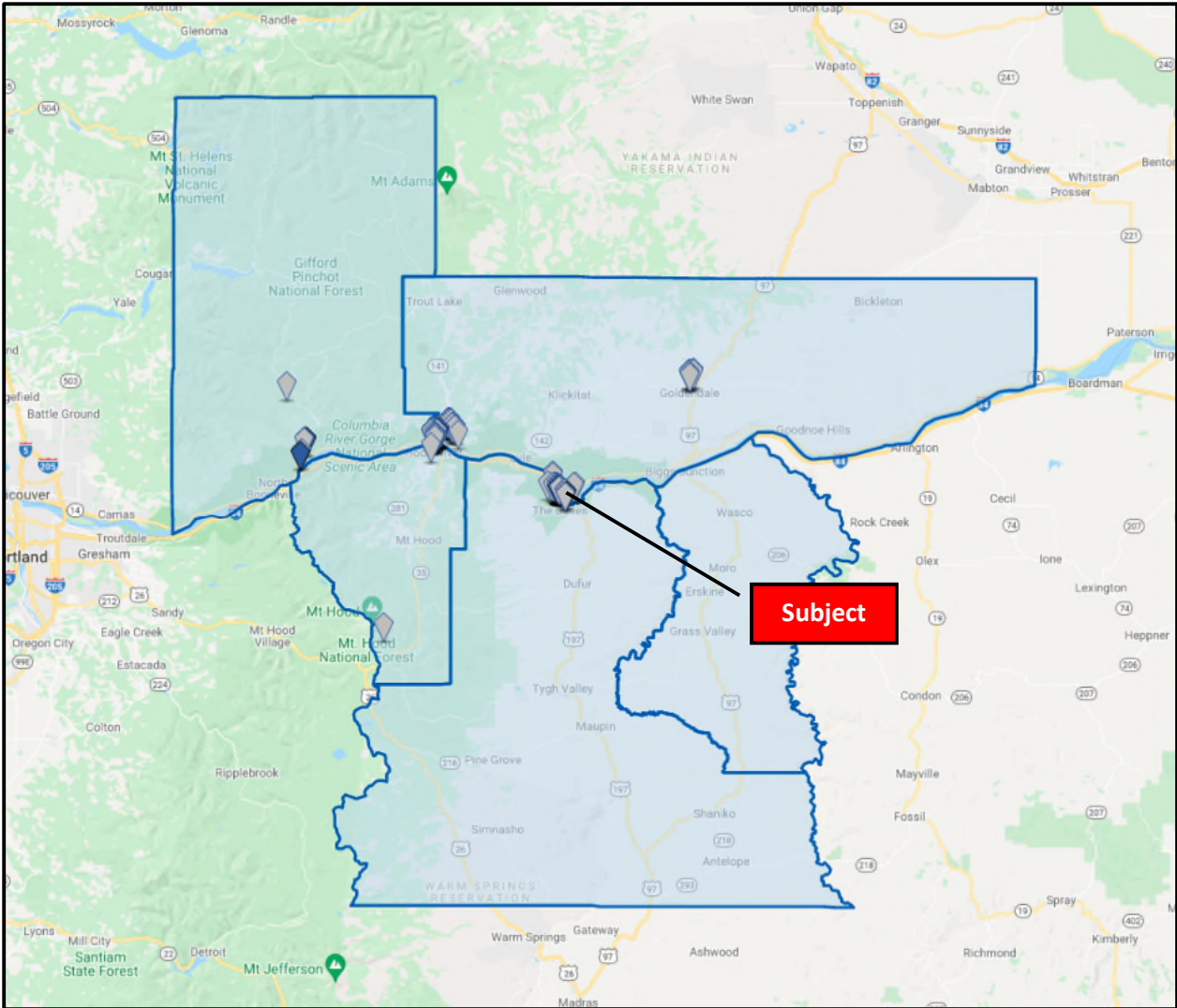
MARKET ANALYSIS

MID-COLUMBIA OFFICE MARKET

Our analysis of the commercial retail/office market includes Wasco, Hood River, and Sherman Counties in Oregon, as well as Klickitat and Skamania Counties in Washington. This analysis is based on data compiled by CoStar. The analysis reflects data as of third quarter of 2021.

The trends and average indicated are general in nature. They are not intended to act as an indicator of any specific property but help to illustrate overall trends in the terms of office space, although we note that CoStar excludes owner-occupied properties.

A map outlining the subject’s market area and the location of all office properties is shown below. The subject is government owned office building. It is essentially an owner-occupied property, thus not captured by CoStar. A general location of the subject is marked.

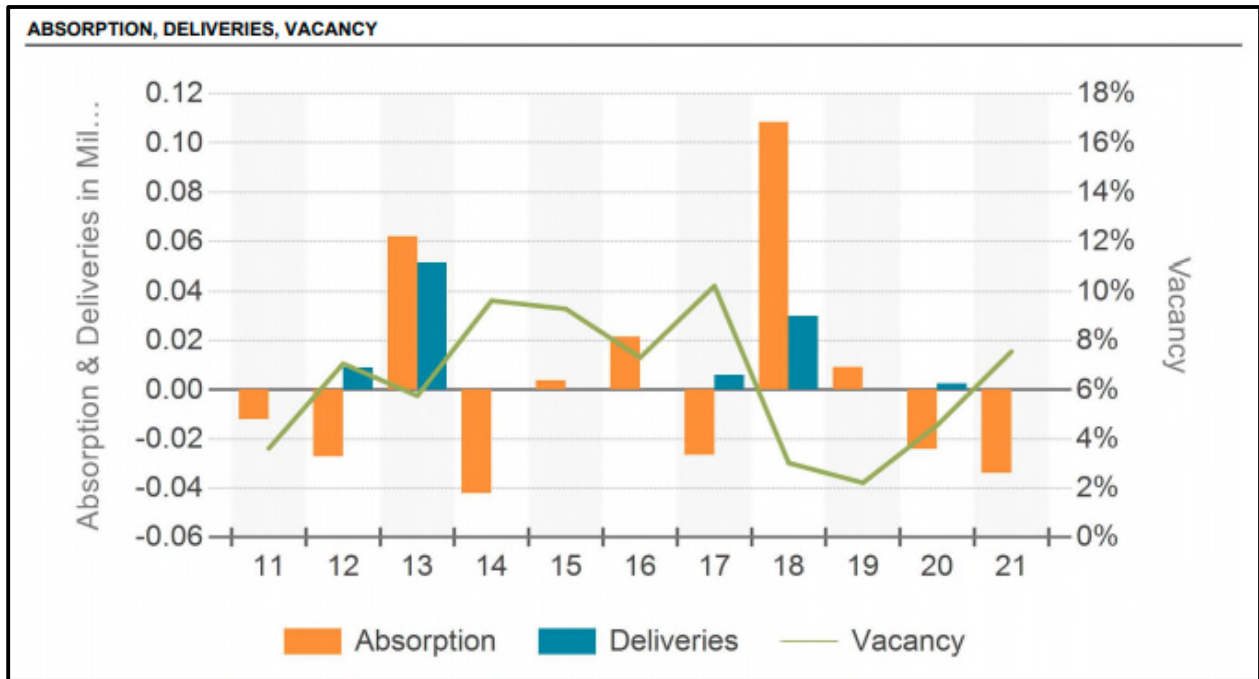


Based upon CoStar data, the above referenced area has 100 office properties with total rentable area of 1,130,925 square feet for an average of approximately 11,309 square feet. In general, commercial uses are clustered in Hood River and The Dallas, both of which are situated along Interstate 84.

SUMMARY STATISTICS					
Availability		Survey	5-Year Avg	Inventory	
Gross Rent Per SF		\$15.55	\$13.42	Existing Buildings	100
Vacancy Rate		7.6%	5.9%	Existing SF	1,130,925
Vacant SF		85,424	65,447	12 Mo. Const. Starts	0
Availability Rate		14.8%	7.5%	Under Construction	0
Available SF		166,896	84,152	12 Mo. Deliveries	0
Sublet SF		31,357	2,550		
Months on Market		2.6	15.4		
Demand		Survey	5-Year Avg	Sales	
12 Mo. Absorption SF		-3,203	16,646	Sale Price Per SF	\$155
12 Mo. Leasing SF		33,640	36,374	Asking Price Per SF	\$236
				Sales Volume (Mil.)	\$5.6
				Cap Rate	-
					7.7%

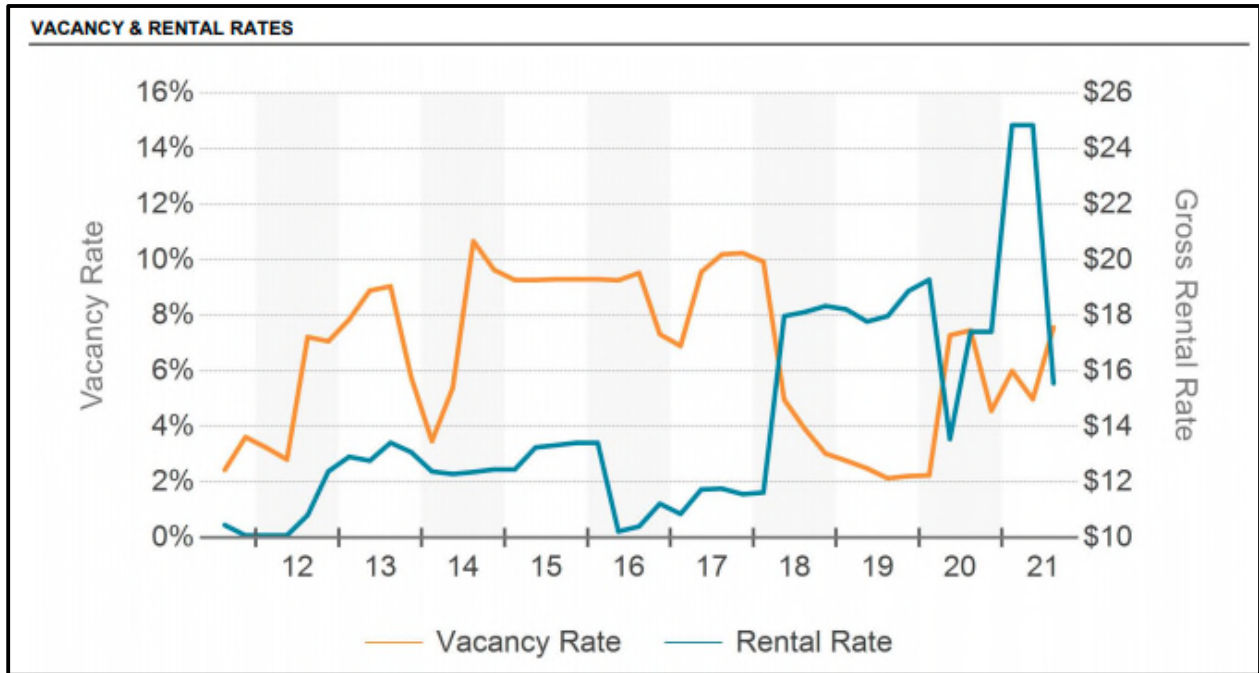
CONSTRUCTION AND ABSORPTION

New constructions are intermitted during the past decade years. New absorptions are positive in five out of past ten years. Overall, absorption is highly fluctuated in the designated area, which is typical for small market with limited inventories. It is noticed that the market experienced two consecutive years with negative absorption in 2020 and 2020, primary due to the impact of Covid-19 pandemic.



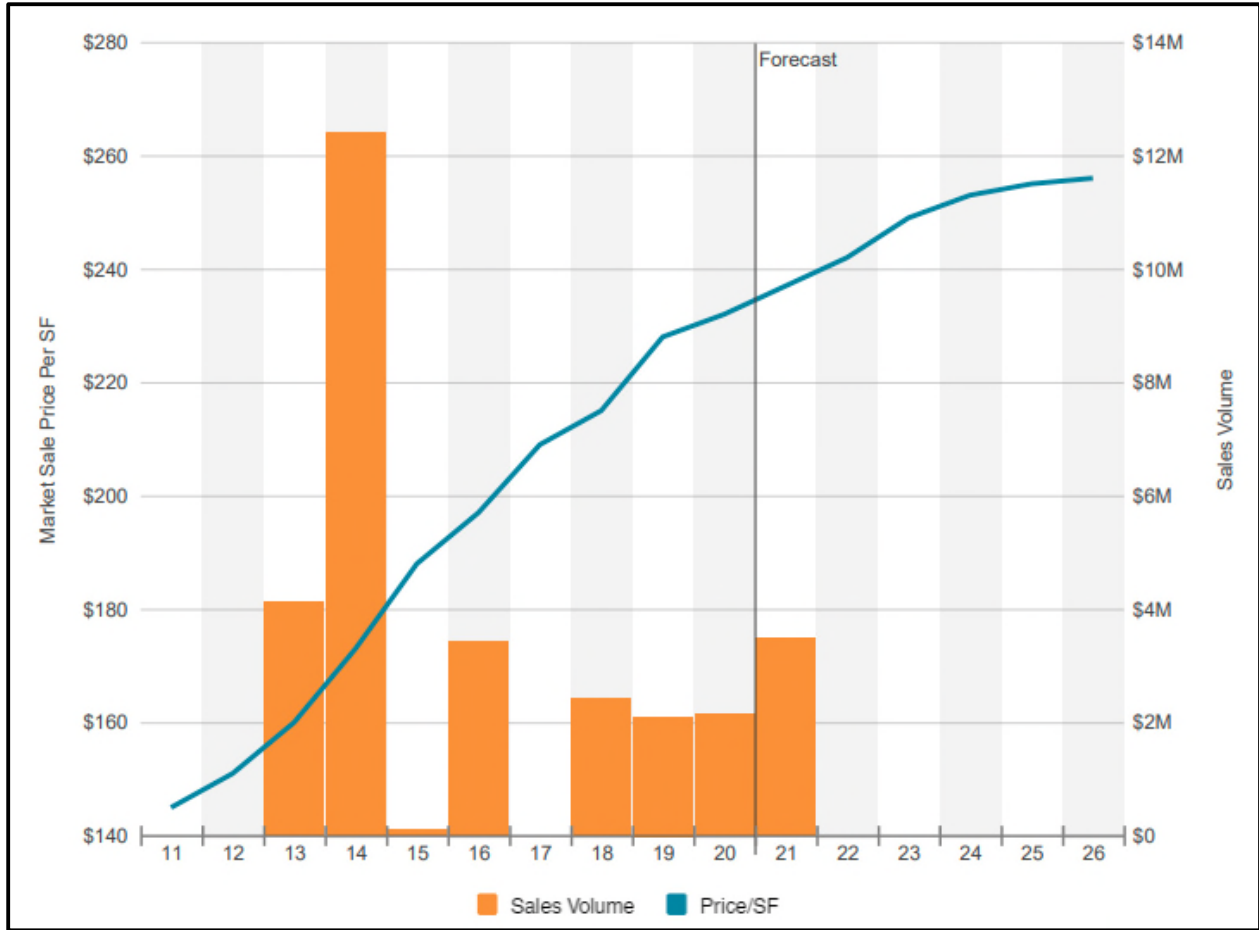
RENTAL AND VACANCY RATES

Office space vacancy in the market area currently stands at 7.6%, which is 28.8% higher than its five-year average of 5.9%. Office space vacancies were under 3% prior to the pandemic in 2019 but increased massively in early 2020 when the commercial real estate market initially influenced by the pandemic. Vacancies dropped slightly in late 2020 when stores and offices start to reopen but is still notably higher than prior Covid-19 level. Despite under the impact of Covid-19 pandemic, the current rental rate of \$15.55/SF is still higher than 5-year average of \$13.42/SF.



SALES VOLUME & MARKET SALE PRICE PER SF

The following chart illustrates the average sale price per square foot for office properties in the Mid-Columbia market over this period. Sale Volume is notably higher in 2014. Sale volume is \$5.6 million during the past year compared to the five-year average of \$2.6 million. Sale price is continuously increasing with lower growth rate during the pandemic. The current sale price per square foot is \$155 compared to the five-year average of \$130.



MID-COLUMBIA OFFICE MARKET CONCLUSION

The counties under analysis are exclusively small, rural communities with population growth lagging behind more urban areas in Oregon. Vacancy rates are subject to volatility due to negative absorption and lack of new construction. Overall, this is typical of smaller markets and market conditions within this area appear to be stable at this time. However, the onset of the Covid-19 pandemic has increased the vacancies. The market may continue to show volatility in vacancies and rental rates due to the ongoing pandemic.

SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. See the *Data Sources Used Within This Appraisal* table in the Scope of Work section for more detail.

AERIAL MAP



The subject site includes two contiguous tax lots totaling 94,961 square feet or 2.18-acre.

LAND AREA SUMMARY				
Tax ID	Tax Lot	SF	Acres	
03560	01N13 E03BC08100 00	66,211	1.52	
13964	01N13 E03BC08000 00	28,750	0.66	
Totals		94,961	2.18	

GENERAL SITE DESCRIPTION OVERVIEW

Location	The subject is located on the south side of E 5th Street bounded by Union Street and Court Street in the City of The Dalles.		
Parcel Number	03560, 13964		
Legal Description	Section 3 Township 1N Range 13E Quarter Bc Prcl 8100 Maptax Lot: 01N13 E03bc08100 00; Section 3 Township 1N Range 13E Quarter Bc Prcl 8000 Maptax Lot: 01N13 E03bc08000 00		
Site Area			
Primary Site	94,961 square feet	(2.18 acres)	
Total	94,961 square feet	(2.18 acres)	
Configuration	Rectangular		
Topography	Slightly sloping		
Drainage	Appears adequate		
Utilities/Municipal Services	Typical utilities and municipal services available to site.		
Floodplain	<u>Zone</u>	<u>Map</u>	<u>Date</u>
	Zone C	410237 - 4102370002B	January 18, 1984
	Zone C is being replaced with unshaded zone X on new FIRMs. Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
Census Tract No.	9702.00		
Soil/Subsoil Conditions	We did not receive nor review a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
Environmental Concerns	An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.		
Land Use Restrictions	We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.		
Hazards Nuisances	Not observed		
Frontage	353' on Union Street; 269' on East 5th Street; 353' on Court Street.		
Access	One curb cut on Union Street; Two curb cuts on East 5th Street; One curb cut on Court Street.		
Visibility	Average		
Surrounding Land Uses	Office, community services, residences.		
Opportunity Zone	No, the subject is outside an Opportunity Zone.		
Traffic Counts	Low on Union Street; Low on East 5th Street; Low on Court Street.		
Transportation Facilities	The Dalles is served by Gorge Translink. The closest bus stop is located half miles north of the subject on Federal Street.		

STREETS, ACCESS AND FRONTAGE

Details pertaining to street access and frontage are provided in the following table.

STREETS, ACCESS & EXPOSURE			
Street	Union Street	East 5th Street	Court Street
Frontage	353'	269'	353'
Paving	Asphalt	Asphalt	Asphalt
Curbs	Yes	Yes	Yes
Sidewalks	Yes	Yes	Yes
Lanes	1 way, 2 lane each way	2 way, 1 lane each way	2 way, 1 lane each way
Direction of Traffic	North	East/West	North/South
Condition	Average	Average	Average
Traffic Levels	Low	Low	Low
Signals/Traffic Control	None	Stop Sign	None
Access/Curb Cuts	One curb cut	Two curb cuts	One curb cut
Visibility	Average	Average	Average

ZONING

The subject is zoned CBD, Central Business Commercial. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

ZONING	
Designation	CBD
Description	Central Business Commercial
Zoning Intent	The CBC, Central Business Commercial zone district as part of the Commercial Comprehensive Plan designation and is intended to provide an area for commercial uses, along with civic and certain residential uses, and to provide all basic services and amenities required to keep the downtown area the vital pedestrian-oriented center of the community.
Compliance	The subject is a legal conforming use in this zoning district.

ZONING REQUIREMENTS	
Permitted Uses	A wide variety of retail, service and office uses, including food service, automobile repair, medical and dental clinic, animal sale and service, and hotel uses. Residential are permitted as long as the ground floor is a permitted commercial use.
Minimum Lot Size	None
Minimum Lot Depth	None
Minimum Lot Width	None
Maximum Coverage Ratio	Not required
Minimum Open Space	1 tree per 5 parking spaces
Front (min. ft.)	10 feet maximum
Rear, alley/no alley (min. ft.)	No minimum/maximum, except 15 ft. where shares lot line with residentially zoned property, unless there is a vertical grade change between adjacent zone districts greater than 20 feet
Side (min. ft.) interior	No minimum/maximum, except 15 ft. where shares lot line with residentially zoned property, unless there is a vertical grade change between adjacent zone districts greater than 20 feet
Maximum Height	55 ft. maximum, except 75 ft. maximum with a conditional use permit
Required No. Parking Spaces	Minimum 2 spaces per 1,000 SF floor area; maximum 3.5 spaces per 1,000 SF floor area for general office/administrative.
Subject's Total Parking Spaces	The subject is a 23,008 SF office building which requires a minimum of 80 off-street parking spaces. The subject provides 133 on-site parking spaces that conform to the zoning requirements.

According to the local planning department, there are no pending or prospective zoning changes. It appears that the current use of the site is a legally conforming use.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

OTHER LAND USE REGULATIONS

The subject is located in the Sub-district 3 Downtown Fringe. As defined by the municipal code, any area outside the Sub-district 1 Historic Districts and Sub-district 2 Downtown Core in the Central Business Commercial zone district shall be included in Sub-district 3.

All development and redevelopment in the CBC-3 Sub-district shall choose one of the following:

1. May be designed in accordance with the requirements of
 - a) Building Exteriors. Building exteriors may be finished with brick (excluding concrete brick), rock, stucco, plaster, cut stone such as marble or granite, and similar materials. Wood, metal and vinyl exteriors are prohibited.
 - b) Roofs. Buildings shall have flat (as opposed to sloped) roof lines. Roof lines may include parapets.
 - c) Minimum Building Height. Buildings shall be at least 16 feet minimum height with a façade having the architectural appearance of a 2-story structure.
2. May be designed so that building exteriors, roof lines, and front entries are compatible with the surrounding development in terms of setback, height, bulk, mass, and building materials.

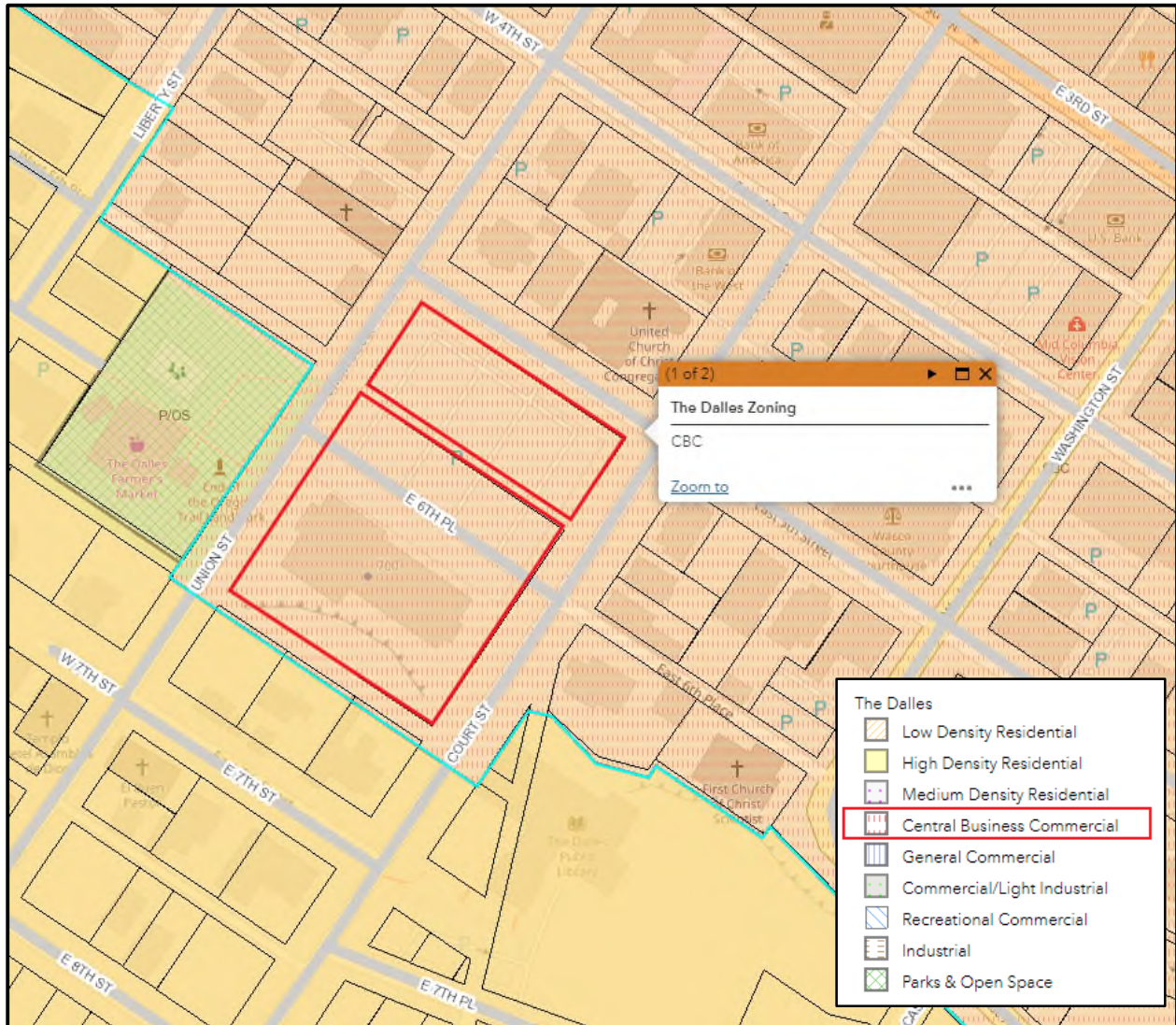
We are not aware of any other land use regulations that would affect the property.

CONCLUSION OF SITE ANALYSIS

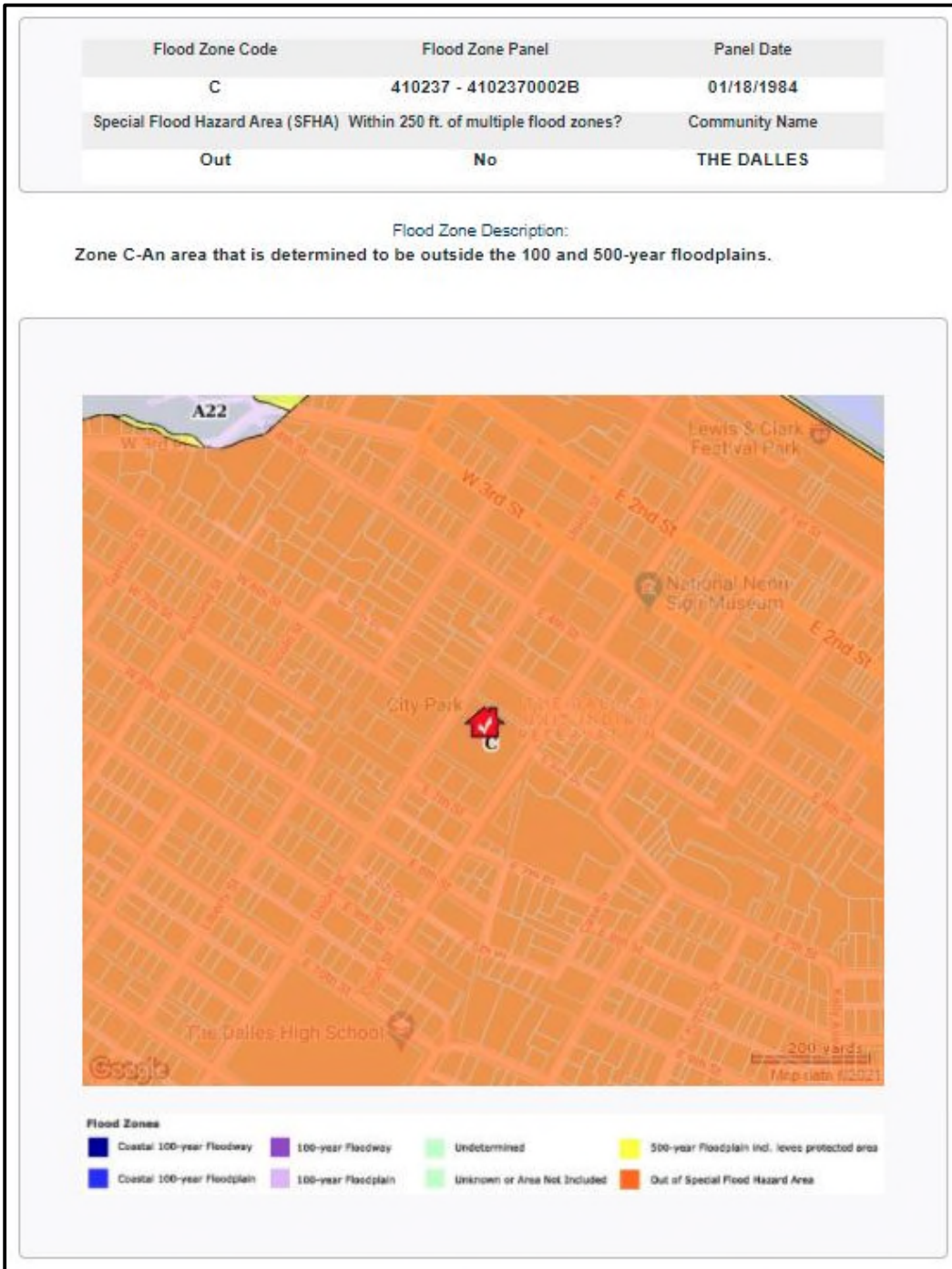
The subject site contains 94,961 square feet or 2.18 acres of Central Business Commercial zoned land in the City of The Dalles. The site is rectangular in shape, slightly sloping from south to north and has average access to local and regional thoroughfares.

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include a wide variety of retail, service and office uses, including food service, automobile repair, medical and dental clinic, animal sale and service, and hotel uses. Residential are permitted as long as the ground floor is a permitted commercial use. We are not aware of any other restrictions on development.

ZONING MAP



FLOOD MAP



IMPROVEMENTS DESCRIPTION

The subject is a city owned, elevator served, office building built in 1977 in the City of The Dalles, OR. The existing building is a two-story, wood-frame construction containing 23,008 square feet of gross building area and 22,138 square feet of rentable area. The subject is 100% occupied by the Department of Human Services and the Employment Department. While the subject is currently leased, the client has requested the fee simple interest to be appraised. The site area is 94,961 square feet or 2.18-acre.

GENERAL IMPROVEMENT DESCRIPTION OVERVIEW

Address	700 Union Street The Dalles, Oregon 97058
Property Description	Office (General Purpose) State office building
Year Built	1977
Number of Buildings	1
Number of Stories	2
Building Construction Class	Class C
Net Rentable Area	22,138 square feet
Gross Building Area	23,008 square feet
Building Footprint	11,540 square feet
Floor-Area Ratio	0.24
Elevator(s)	Yes
Ingress/Egress	One curb cut on Union Street; Two curb cuts on East 5th Street; One curb cut on Court
Parking	
Surface Parking Spaces	133
Total Parking Spaces	133
Parking Ratio	6.01 spaces per 1,000 SF of net building area.
ADA Compliance	Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

CONSTRUCTION DETAIL

General Layout	The subject is a two-story government office building.
Foundation	Poured concrete slab
Construction	Wood frame
Floor Structure	Wood frame
Exterior Walls	Wood Siding
Roof Type	Flat
Roof Cover	Sealed membrane
Windows	Double pane

INTERIOR DETAIL

Interior Walls	Painted drywall
Ceilings	Varies by space. Primary 2 x 4 acoustical tile
Floor Coverings	Mix of carpet, vinyl, and tile
Lighting	Fluorescent and Incandescent
Restrooms	Men's and women's restrooms on each floor

MECHANICAL DETAIL

Heating	HVAC
Cooling	HVAC
Plumbing	Assumed to code and adequate.
Electrical	Assumed to code and adequate.
Fire Protection	Wet system

SITE IMPROVEMENTS

Parking Type	Surface
Landscaping	A variety of trees, shrubbery and grass

DEFERRED MAINTENANCE

No deferred maintenance is apparent from our inspection.

PERSONAL PROPERTY

No personal property items or intangible items are included in this valuation.

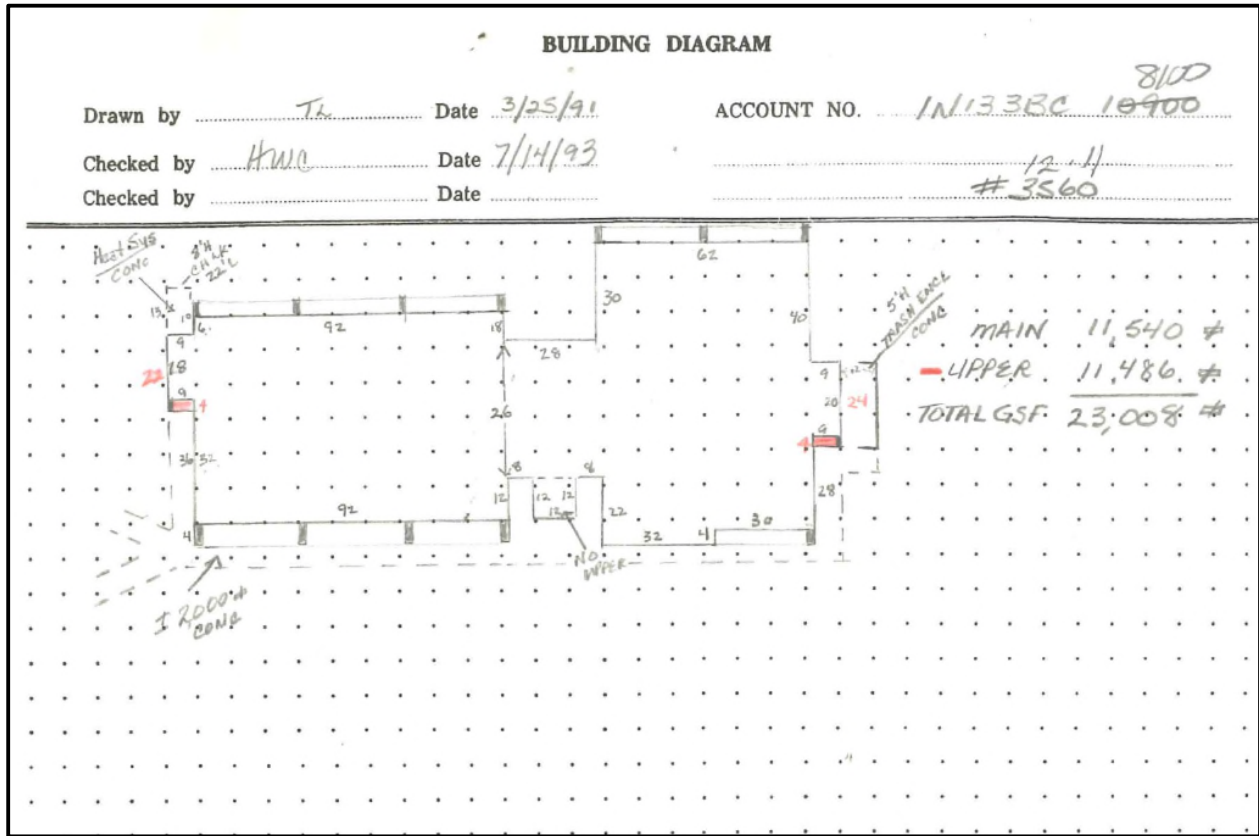
CONCLUSION OF IMPROVEMENTS ANALYSIS

Overall, the quality, condition, and functional utility of the improvements are average/good for their age and location.

SUMMARY

Building Condition	Average/Good
	We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical
Building Quality	Average
Design and Functionality	Average
Actual Age	44 years
Expected Economic Life	50 years
Effective Age	20 years
Remaining Economic Life	30 years

BUILDING PLAN (COUNTY)



PROPERTY PICTURES



North elevation



A view of the subject from the northeast corner



A view of the subject from the northwest corner



East elevation



West elevation



South elevation



Building rear patio



Main entrance exterior



Main entrance interior



Lobby ceiling & stairs



Vending machines



Elevator



Ground level open office area



Ground level hallway



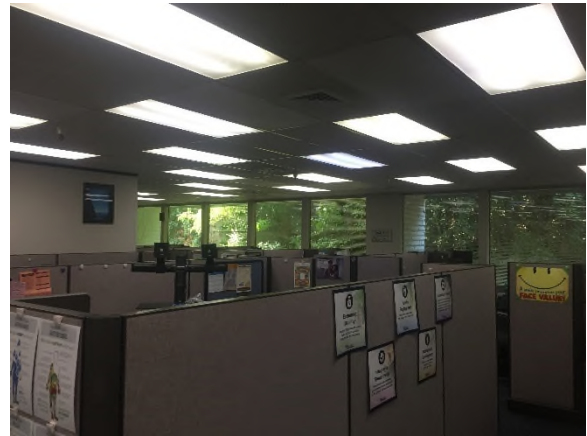
Breakroom



Breakroom kitchen



Typical department suite



Ground level open office area



Kitchenette/storage



Conference room



Storage



Upper level office space



Childcare



Reception/waiting area



Upper level conference room



Conference room kitchenette



Upper level typical private office



Upper level conference room 2



Upper level conference room 2



Upper level office hallway

PROPERTY TAX ANALYSIS

State and local taxation in Oregon relies on income taxation at the state level and property taxes at the local level. The following is a summary of the Oregon property tax system.

- Real estate taxes in the state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to assessed value.
- Property taxes are collected locally to fund schools and governments in the area. The State does not receive any property tax revenue.
- Property taxes are divided into school taxes and non-school taxes; non-school taxes raise revenue for City and County Governments, and educational service districts (community colleges, etc.).
- In 1998, assessed value was rolled back to the 1996 real market value less 10%, and growth in assessed value was limited to 3% per year. Thus, property taxes are no longer directly tied in with real market value. There are some exceptions with respect to the 3% growth limit, such as new construction.
- Property taxes may not exceed a limit of \$5.00 per \$1,000 of real market value for schools and \$10.00 per \$1,000 for non-schools
- The limitation does apply to exempt bond levies that are approved by general election with at least half of the registered voters eligible to vote.
- The tax year runs from July 1 through June 30, and the County Assessor's Office estimates value as of January 1 of each year. Property taxes are due and payable on November 15. A 3% discount is available if paid in full by November 15. A 2% discount is also obtainable if two-thirds of the amount is paid by this date. Another alternative is to make three equal (one-third) payments, on or before the 15th of November, February and May. Any balance owed begins to accrue interest after May 15, and counties initiate foreclosure if three years of taxes become delinquent.

Real estate taxes and assessments for the current tax year are shown in the following table.

REAL ESTATE TAXES 2020-2021						
Tax ID	Assessor's Real Market Value			Taxes and Assessments		
	Land	Improvements	Total	Millage Rate	Assessed Value	Real Estate Taxes
03560	\$196,700	\$2,385,610	\$2,582,310	\$0.0000	\$74,346	\$0
13964	\$87,430	\$49,570	\$137,000	\$0.0000	\$126,183	\$0
Totals	\$284,130	\$2,435,180	\$2,719,310		\$200,529	\$0

Based on the concluded market value of the subject, the assessed value appears low. The subject receives 100% tax exemption since it is a city owned property.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, it is appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

The site is zoned CBD, Central Business Commercial. Permitted uses include a wide variety of retail, service and office uses, including food service, automobile repair, medical and dental clinic, animal sale and service, and hotel uses. Residential are permitted as long as the ground floor is a permitted commercial use. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property.

While the subject is located within the Central Business area of The Dalles, restaurants, retail shop, and commercial services are predominated along U.S. Highway 30 in Downtown Core. Developments in the immediate area of the subject is predominated by single-family residences, offices, and community services. Given prevailing land use patterns in the area, only office development is given further consideration in determining highest and best use of the site, as though vacant.

PHYSICALLY POSSIBLE

The subject site contains 94,961 square feet or 2.18 acres of Central Business Commercial zoned land. The subject is located on the south side of E 5th Street bounded by Union Street and Court Street in the City of The Dalles. The site is rectangular in shape, slightly sloping and has average access to local and regional thoroughfares. The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

FINANCIALLY FEASIBLE

Financial feasibility is determined by the relationship of supply and demand for the legally probable land uses versus the cost to create them. The market analysis section reveals that office uses in the subject's market are generally stabilized. The Dalles is a small market with limited demands. Recent developed

commercial properties are predominated by pre-leased or owner-occupied projects. Additionally, the current Covid-19 pandemic has pushed vacancies higher than the five-year average. Therefore, new developments are not financially feasible unless with a tenant in place.

MAXIMALLY PRODUCTIVE

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than pre-leased or owner-occupied office development. Accordingly, it is our opinion that commercial development, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

HIGHEST AND BEST USE As Improved

The subject site is developed with an office use, which is generally consistent with the highest and best use of the site as if it were vacant. For the property as improved to be maximally productive, the improvement should closely match the ideal improvement, or alternatives should be considered, such as:

- **Renovation:** The subject was originally developed in 1977 but has been well maintained by the owner. The subject is currently in average/good condition, and no deferred maintenance is apparent from our inspection. Therefore, renovation besides regular maintenance is unnecessary.
- **Conversion:** Conversion is not warranted as the current use is legally permissible and conform to its surrounding uses.
- **Expansion:** Expansion is physically possible. There is a vacant undeveloped yard on the back of the existing improvements. However, expansion is not financially feasible without a tenant in-place. Since the existing improvements already meet the owner's needs, an expansion is not warranted.
- **Demolition:** Demolition is not warranted. The subject is an owner-occupied office building and is sufficiently suited to the owner's uses. The subject improvements grant value over and above the raw land value of the site. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds that value of the site, as if vacant. For these reasons, continued office use is concluded to be maximally productive and the highest and best use of the property as improved.

MOST PROBABLE BUYER

Considering that the subject is an owner-occupied building, the most probable buyer is a local or regional investor due to the size and its current use.

VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
Cost Approach	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts. ¹
Sales Comparison Approach	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting "units of comparison", for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
Income Capitalization Approach	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

VALUATION METHODS UTILIZED

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. The subject's age makes it difficult to accurately form an opinion of depreciation and tends to make the Cost Approach unreliable. Investors do not typically rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach to develop an opinion of market value.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

SALES COMPARISON APPROACH

METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

UNITS OF COMPARISON

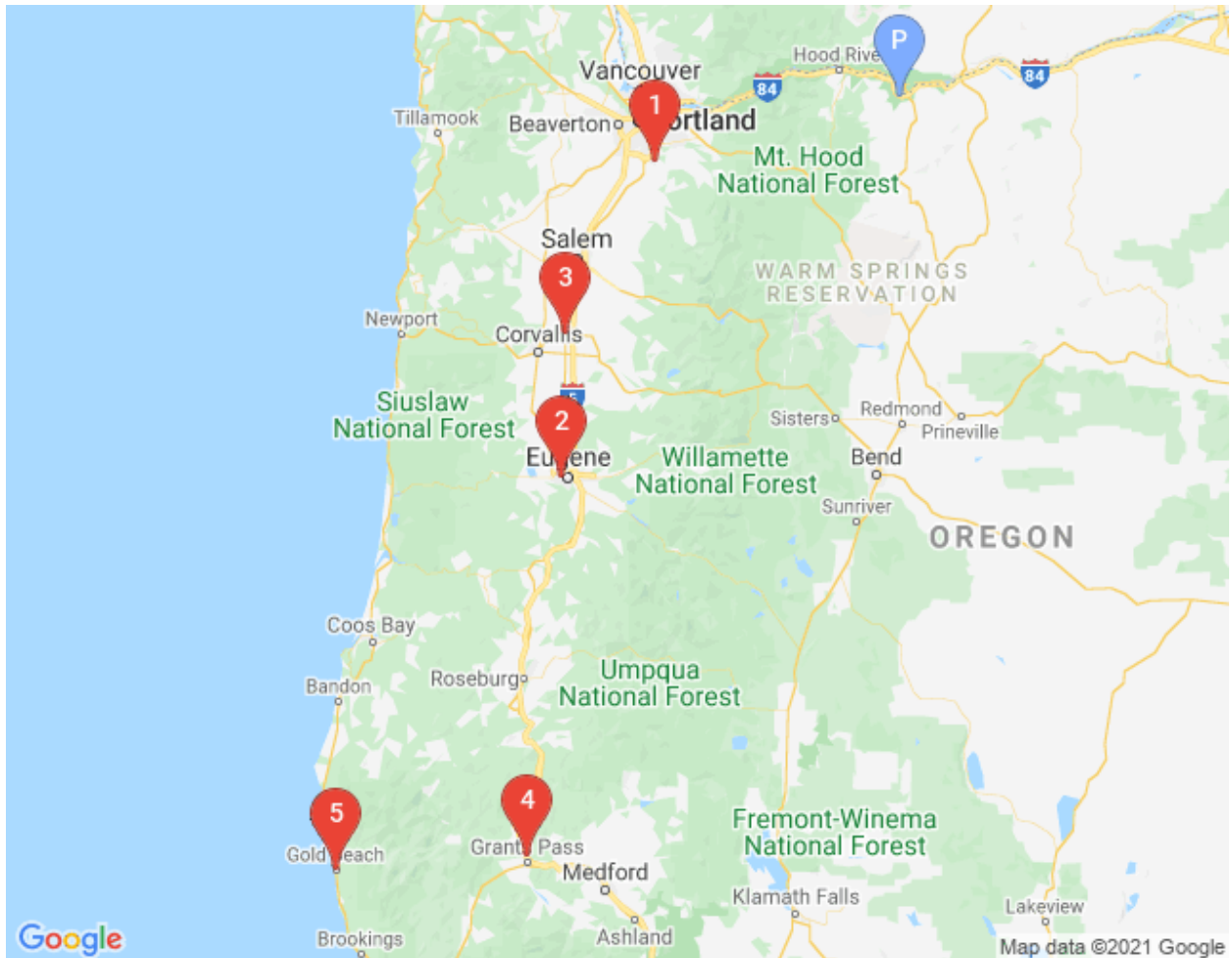
UNITS OF MEASURE

- X 1. **Per Square Foot of Net Rentable Area:** For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area.

COMPARABLE IMPROVED SALES

Research for comparable sales focused on sales of DHS properties throughout the State of Oregon. It is noted that no comparable sales were located in The Dalles. While the sales presented are somewhat dated, they are considered to be relevant due to the DHS tenancy.

On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.



COMPARABLE IMPROVED SALES SUMMARY

SUMMARY OF IMPROVED SALES									
Comp No.	Property / Location	Date of Sale	Transaction Status	Property Rights	Year Built	Bldg. Size (SF Net)	Site Size (SF) (Acres)	Sales Price \$/SF	Overall Rate
1	DHS Office Building 315 South Beaver Creek Road Oregon City, OR	Sep-15	Closed	Leased Fee	1995	32,952	166,221 3.82	\$5,750,000 \$174.50	7.90%
2	DHS Office 2101 W. 11th Ave. Eugene, OR	Jun-16	Closed	Leased Fee	1970	30,100	84,506 1.94	\$4,950,000 \$164.45	8.62%
3	Oregon Department of Human Services 118 2nd Ave. SE. Albany, OR	Nov-16	Closed	Leased Fee	1950	62,925	139,392 3.20	\$7,500,000 \$119.19	7.00%
4	DHS Grants Pass 2101 NW. Hawthorne Ave. Grants Pass, OR	Nov-17	Closed	Leased Fee	2016	58,126	182,081 4.18	\$24,800,000 \$426.66	6.00%
5	Gold Beach DHS 94145 5th Place Gold Beach, OR	Dec-19	Closed	Leased Fee	1992	11,250	32,234 0.74	\$1,765,000 \$156.89	9.02%
Subj.	The City of The Dalles Office Property 700 Union Street The Dalles, Oregon	-----	-----	Fee Simple	1977	22,138	94,961 2.18	-----	7.50%

COMMENTS

1 - The property was fully renovated in 2009. DHS has been a tenant in this building since 2008. Cap rate is 7.9%.

2 - DHS leases on a modified gross basis. DHS has been in the center since 2002 and recently extended its lease through 2025 with a new 10-year lease. Scheduled rent as of 12/1/15 is \$480,000 plus expense reimbursements of \$61,805.

3 - Deed price is \$7,500,000 and was purchased with a cap rate of 7%. The property was purchased for stability of income; DHS was the primary driver and has approximately 12 years left on their lease.

4 - Lease commenced 7/1/2016 for 20 years with stepped increases every 5 years. This is a no-termination government lease to Oregon Dept. of Human Resources with investment grade of AA+.

5 - Oregon DHS had 3.5+ years remaining on their lease at the time of the sale. There were two 2-year options to renew. The property was purchased by a government office developer. DHS was likely to remain in the building as it had occupied the property since its development in 1991. The lease was based on a modified gross structure where the tenant paid all utilities and janitorial directly and reimbursed for property taxes. There were \$170,000 in capital improvements completed in 2019, which included a new HVAC system, parking lot re-stripping, and exterior paint. The property was market for 6 months prior to its sale.

IMPROVED SALES COMPARABLE PHOTOS



Improved Sales Comparable #1



Improved Sales Comparable #2



Improved Sales Comparable #3



Improved Sales Comparable #4



Improved Sales Comparable #5

COMPARABLE IMPROVED SALES ADJUSTMENT GRID

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS						
Property / Location	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Property / Location	The City of The Dalles Office Property 700 Union Street The Dalles, Oregon	DHS Office Building 315 South Beaver Creek Road Oregon City, OR	DHS Office 2101 W. 11th Ave. Eugene, OR	Oregon Department of Human Services 118 2nd Ave. SE. Albany, OR	DHS Grants Pass 2101 NW. Hawthorne Ave. Grants Pass, OR	Gold Beach DHS 94145 5th Place Gold Beach, OR
Date of Sale	----	Closed	Closed	Closed	Closed	Closed
Date of Sale	----	9/18/2015	6/1/2016	11/1/2016	11/22/2017	12/31/2019
Bldg. Size (SF Net)	22,138	32,952	30,100	62,925	58,126	11,250
Sale Price	----	\$5,750,000.00	\$4,950,000	\$7,500,000	\$24,800,000	\$1,765,000
Unadjusted Price per SF (Net)	----	\$174.50	\$164.45	\$119.19	\$426.66	\$156.89
Transactional Adjustments						
Property Rights Conveyed Adjustment	<i>Fee Simple</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>	<i>Leased Fee</i>
Financing Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -
Terms/Conditions of Sale Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures After Sale Adjustment		\$ -	\$ -	\$ -	\$ -	\$ -
Market Conditions Adjustment	<i>Aug-21</i>	<i>Sep-15</i>	<i>Jun-16</i>	<i>Nov-16</i>	<i>Nov-17</i>	<i>Dec-19</i>
		18%	16%	14%	11%	5%
Adjusted Price per SF (Net)		\$205.91	\$190.76	\$135.88	\$473.59	\$164.73
Property Adjustments						
Location		-10%	-10%	-5%	-5%	20%
Property Size SF (Net)	22,138	32,952	30,100	62,925	58,126	11,250
		0%	0%	5%	5%	-5%
Year Built	1977	1995	1970	1950	2016	1992
		-5%	0%	5%	-10%	-5%
Condition	<i>Average/Good</i>	<i>Average/Good</i>	<i>Average</i>	<i>Average/Fair</i>	<i>Good/New</i>	<i>Average</i>
		0%	5%	15%	-15%	5%
Quality	<i>Average</i>	<i>Average</i>	<i>Average/Fair</i>	<i>Average/Fair</i>	<i>Good/Excellent</i>	<i>Average</i>
		0%	10%	10%	-20%	0%
Ratio per 1,000 SF	6.01	3.03	4.12	1.43	3.78	4.27
Parking		10%	5%	15%	5%	5%
Total Property Adjustments		-5%	10%	45%	-40%	20%
Indication for Subject		\$195.61	\$209.84	\$197.02	\$284.16	\$197.68

ADJUSTMENT PROCESS

The adjustment process is typically applied through either quantitative or qualitative analysis. Unless otherwise noted, adjustments presented in our analysis represent numeric expressions of our opinion of the degree to which a comparable is superior or inferior to the subject. Our qualitative adjustments are based on 5% increments with a minor adjustment (for a slightly superior or slightly inferior characteristic) considered to be 5% and a large adjustment (for a significantly superior or inferior characteristic) considered to be 25% or greater.

PROPERTY RIGHTS CONVEYED

While all of the comparable sales involve the transfer of the leased fee interest, no adjustments are indicated as the subject is also leased to DHS.

FINANCING

No adjustments warranted.

TERMS/CONDITIONS OF SALE

No adjustments warranted.

EXPENDITURES AFTER SALE

No adjustments warranted.

MARKET CONDITIONS

A 3% annual appreciation rate was applied to the comparable sales.

LOCATION

Sales 1-4 are located in larger metropolitan areas and a downward adjustment is indicated. Sale 5 is located in a smaller metropolitan area and an upward adjustment is indicated.

PROPERTY SIZE SF (NET)

Sales 3 and 4 consist of larger properties and an upward adjustment is indicated. Sale 5 consists of a smaller property and a downward adjustment is indicated.

YEAR BUILT

Sales 1, 4, and 5 consist of more recent construction and a downward adjustment is indicated. Sale 3 consists of older construction and an upward adjustment is indicated.

CONDITION

Sale 4 was in superior overall condition at the time of sale and a downward adjustment is indicated. Sales 2, 3, and 5 were in inferior overall condition at the time of sale and an upward adjustment is indicated.

QUALITY

Sales 2 and 3 consist of inferior overall quality of improvements and an upward adjustment is indicated. Sale 4 consists of superior overall quality of improvements and a downward adjustment is indicated.

PARKING

All of the comparable sales have a lower parking ratio and an upward adjustment is indicated.

CONCLUSION OF SALES COMPARISON APPROACH

After adjustments the comparable improved sales reflect prices ranging from \$195.61 to \$284.16 per square foot with an average adjusted price of \$216.86 per square foot.

SALES SUMMARY	UNADJUSTED	ADJUSTED
Minimum	\$119.19	\$195.61
Maximum	\$426.66	\$284.16
Average	\$208.34	\$216.86

Sale 4 is a very superior overall property and is a high indication for the subject. The remaining sales reflect a narrower range of indications. Sale 5 is the most recent sale and the subject is superior to that property. Most consideration was given to the indicated overall average adjusted sale price. All things considered we conclude that the indicated value by the Sales Comparison Approach is \$215.00 per square foot.

VALUE INDICATION FROM SALES COMPARISON

Our conclusion via the Sales Comparison Approach is as follows, as previously discussed.

SALES COMPARISON APPROACH VALUE CONCLUSION - AS IS	
Indicated Value per SF	\$215.00
Building Area (SF)	x 22,138
Indicated Stabilized Value	\$4,759,670
Rounded to nearest \$10,000	\$4,760,000

INCOME CAPITALIZATION APPROACH

GENERAL PROCESS

In the Income Capitalization Approach, the appraiser concludes to a value estimate for the subject by converting a projected net operating income into a single present value by using either the direct capitalization or yield capitalization method.

In direct capitalization, the estimated net operating income is divided by a market-driven capitalization rate to provide an indication of value. In yield capitalization, a series of income streams are discounted over a holding period to estimate a present value. The yield capitalization approach is referred to as a discounted cash flow analysis and is most useful for properties that are not stabilized or expect to have large fluctuations in the income stream over a holding period.

The Income Capitalization Approach to value requires the following sequential steps:

Estimate Economic Gross Income	Estimate the economic gross income for the subject's space based on existing leases and market data.
Estimate Effective Gross Income	Estimate a proper vacancy and credit loss for the subject's market, then deduct this rent loss from the estimated economic gross income to arrive at an effective gross income.
Estimate the Net Operating Income	Calculate the net operating income by deducting the estimated operating expenses (fixed and variable) and a provision for replacement of short-lived building components from the estimated effective gross income.
Estimate Value	Convert the net operating income into an estimate of value by using a market-derived capitalization rate in the case of direct capitalization and/or a market-derived discount rate in the yield capitalization analysis (discounted cash flow analysis). The yield capitalization approach also forecasts the anticipated future income streams and estimates a reversion price at the end of a presumed holding period. These future income streams are then discounted to a present value using a market-extracted discount rate based on investor expectations based on the risks associated with a property.

In this analysis, we use only direct capitalization analysis because investors in this property type typically rely more on this method.

Since the client has requested the fee simple interest to be appraised and since the subject leases have a short term remaining, we use market rent as the basis of our income projection.

INCOME ANALYSIS – RENT ROLL

Following is a reconstructed rent roll for the subject property.

RENT ROLL										
Tenant Name	Suite	Area (SF)	Start Date	End Date	Mos. Remain	Contract Rent/SF	Annual Rent	Expense Structure	Market \$/SF/Yr	Annual Mkt. Rent
Dept. of Human Services	---	16,692	Feb-09	Jan-22	5	\$19.56	\$326,474	NNN	\$18.00	\$300,456
Employment Dept.		5,446	Feb-09	Jan-22	5	\$16.77	\$91,310	NNN	\$18.00	\$98,028
Totals/Avg.	Occupied	22,138	100.0%			\$18.87	\$417,784		\$18.00	\$398,484
	Vacant	0	0.0%							
	Total	22,138	100.0%							

Both leases originally commenced in February 2009 for a 5-year term through January 2014. Both tenants have exercised a number of renewal options, including a 1-year renewal in January 2021 through January 2022. The most recent renewal for DHS indicates a total monthly rent of \$27,206.17 and the most recent renewal for the Employment Dept. indicates a total monthly rent of \$7,609.19.

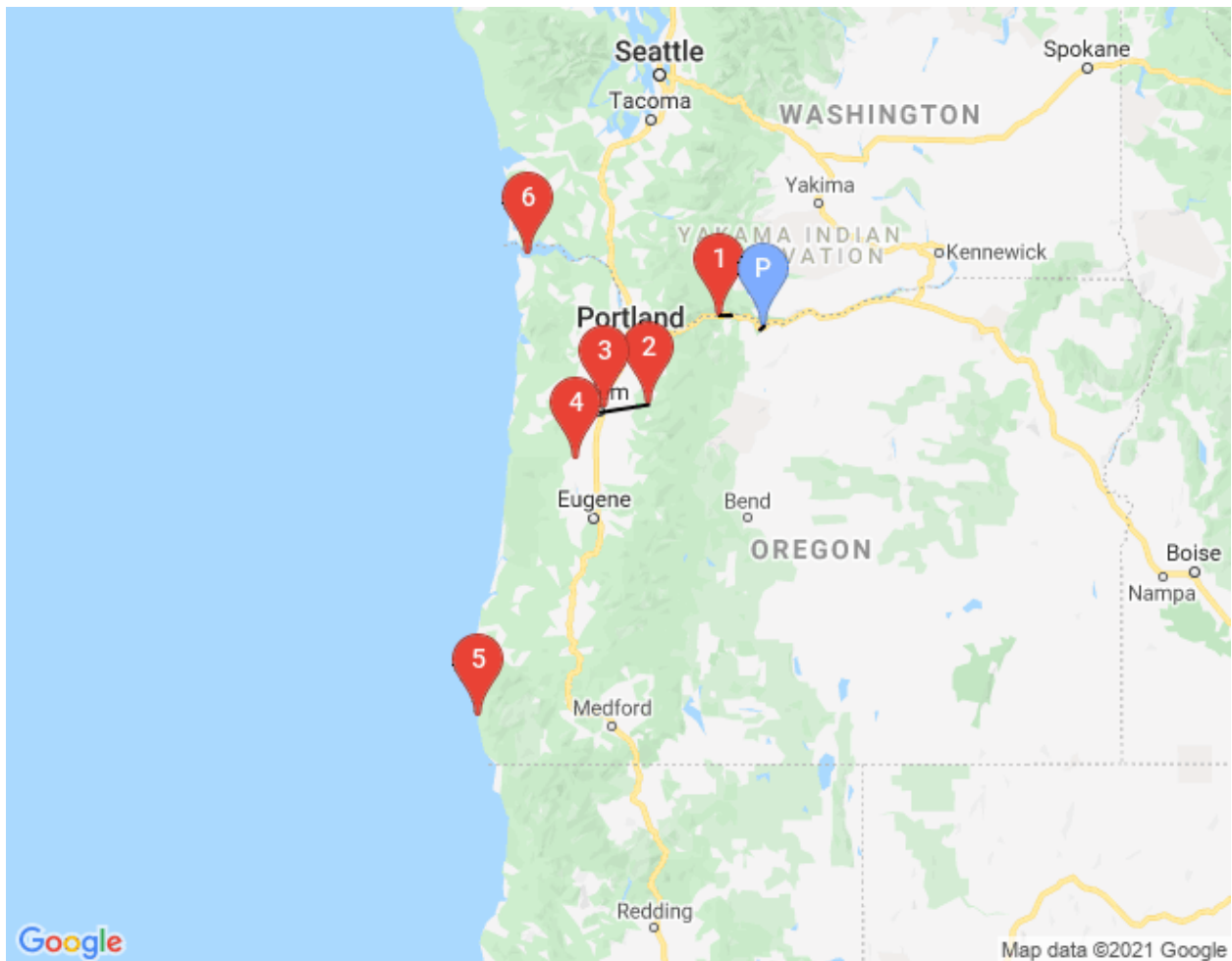
Both leases indicate a base monthly rent as well as a monthly reimbursement for Base Operating Expenses and Building Repair & Maintenance expenses. The Base Operating Expenses include Utilities, Janitorial, and Security expenses. Building Repair & Maintenance includes all interior, exterior, and parking lot repairs & maintenance expenses.

MARKET RENT

Contract rents typically establish income for leased space, while market rent is the basis for estimating income for current vacant space and future speculative re-leasing of space due to expired leases. Also, it is important to compare current contract rent levels with market rent levels. To estimate market rent for the subject, we searched for comparable rentals most relevant to the subject in terms of location, building class, size, and transaction date.

Research focused on leases to the Department of Human Services throughout the State of Oregon. One lease in Hood River is included as it consists of a larger space and it is noted that no comparable leases in The Dalles were located.

COMPARABLE LEASE MAP AND LEASE SURVEY



COMPARABLE LEASE SURVEY												
Comp No.	Property Name / Location	Bldg. Size (SF Net)	Year Built	Tenant	Lease Start	Lease Term	Unit Size (SF)	Lease Rate (\$/SF/Yr)	Expense Structure	TI Allowance (\$/SF)	Free Rent (Mos)	Lease Escalations
Lease 1	Waucoma Center 902 Wasco Street Hood River, OR	209,000	1937	Office Tenant	Apr-2018	60 mos.	17,000	\$20.00	NNN	0.00	0	3%/year
Lease 2	DHS - Salem 1660 Oak Street Southeast Salem, OR	30,007	2002	DHS	Aug-2019	120 mos.	18,832	\$15.60	NNN	50.00	0	3%
Lease 3	Oregon DHS 3150 Lancaster Drive NE Salem, OR	61,778	1981	Oregon DHS	Apr-2020	180 mos.	53,000	\$16.75	Modified Gross	20.00	0	flat for 5 yrs then fixed
Lease 4	Corvallis DHS 4170 SW. Research Way Corvallis, OR	53,397	2018	State of Oregon Department of Human Services	Mar-2018	228 mos.	53,397	\$30.00	NNN	0.00	0	2% Annual
Lease 5	Gold Beach DHS 94145 5th Place Gold Beach, OR	11,250	1992	Oregon DHS	Aug-2018	60 mos.	11,250	\$13.78	NNN	0.00	0	2.5% annual increases
Lease 6	DHS Astoria 450 Marine Drive Astoria, OR	30,000	1998	Oregon DHS	Jan-2018	120 mos.	24,096	\$18.24	Modified Gross	0.00	0	5% in Year 6
	Minimum		1937					\$13.78				
	Maximum		2018					\$30.00				
	Average		1988					\$19.06				
	Subject	22,138	1977									

LEASE COMPARABLE PHOTOS



Lease Comparable #1



Lease Comparable #2



Lease Comparable #3



Lease Comparable #4



Lease Comparable #5



Lease Comparable #6

LEASE COMPARABLE ADJUSTMENT GRIDS

LEASE ADJUSTMENT GRID - OFFICE						
0.95	Lease 1	Lease 2	Lease 3	Lease 4	Lease 5	Lease 6
Property Name	Waucoma Center	DHS - Salem	Oregon DHS	Corvallis DHS	Gold Beach DHS	DHS Astoria
Property Address	902 Wasco Street Hood River, 97031	1660 Oak Street Southeast Salem, 97301	3150 Lancaster Drive NE Salem, 97305	4170 SW. Research Way Corvallis, 97333	94145 5th Place Gold Beach, 97444	450 Marine Drive Astoria, 97103
Representative Lease	Office Tenant	DHS	Oregon DHS	State of Oregon Department of Human Services	Oregon DHS	Oregon DHS
Tenant						
Unit Size (SF)	17000	18832	53000	53397	11250	24096
Lease Start Date	Apr-2018	Aug-2019	Apr-2020	Mar-2018	Aug-2018	Jan-2018
Lease Term (mos)	60	120	180	228	60	120
Lease Rate (\$/SF/Yr)	\$20.00	\$15.60	\$16.75	\$30.00	\$13.78	\$18.24
Expense Structure	NNN	NNN	Modified Gross	NNN	NNN	Modified Gross
\$ Adjustment	\$0.00	\$0.00	-\$2.00	\$0.00	\$0.00	-\$2.00
Conditions of Lease						
\$ Adjustment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Market Conditions	Apr-2018	Aug-2019	Apr-2020	Mar-2018	Aug-2018	Jan-2018
% Adjustment	0%	0%	0%	0%	0%	0%
Cumulative Adjusted Rent	\$20.00	\$15.60	\$14.75	\$30.00	\$13.78	\$16.24
Location	0%	-5%	-5%	0%	10%	0%
Condition	-5%	-5%	-5%	-15%	10%	-5%
Quality/Appeal	0%	-5%	5%	-15%	5%	-5%
Parking Ratio	5%	5%	0%	5%	5%	0%
Subtotal Net Adjustments	0%	-10%	-5%	-25%	30%	-10%
Adjusted Lease Rate per Sq.Ft.	\$20.00	\$14.04	\$14.01	\$22.50	\$17.91	\$14.62

Lease Summary - Office	Adjusted
Minimum	\$14.01
Maximum	\$22.50
Average	\$17.18
Concluded Market Rent	\$18.00
Concluded Expense Structure	NNN

Comparable Leases 3 and 6 have been adjusted to reflect a triple-net expense basis.

Comparable Lease 4 reflects a build-to-suit project and is a high indication of a market lease rate.

Overall, considering the age, condition, and quality of the subject improvements, a market lease rate slightly above the indicated average appears reasonable for the subject.

MARKET RENT CONCLUSIONS

Based upon the preceding data and analysis, a summary of the concluded market rents utilized within the following analysis is presented within the following table.

MARKET RENT CONCLUSION	
	Office
Net Rentable Area (SF)	22,138
Percent of Total Area	100%
Comparable Lease Rate Range	\$13.78 - \$30.00
Concluded Market Rent (\$/SF)	\$18.00
Expense Structure	NNN
Concessions	None
Annual Escalations	3%
Tenant Improvements (\$/SF)	
New	\$15.00
Leasing Commissions (%)	
New	6%
Average Lease Term (years)	10

POTENTIAL GROSS RENTAL INCOME CONCLUSION

Potential gross rental income based on contract rents and potential gross rental income based on market rents is shown in the following table.

POTENTIAL GROSS RENTAL INCOME					
Tenancy Type	Total Area (SF)	Contract Rent *		Market Rent	
		\$/SF	Annual \$	\$/SF	Annual \$
Office	22,138	\$18.87	\$417,784	\$18.00	\$398,484
Total/Avg.	22,138	\$18.87	\$417,784	\$18.00	\$398,484

* Includes vacant suites at market rates

Since we are estimating the subject's fee simple value in this analysis, we will rely on capitalization of the subject's market rates through the remainder of this analysis. The subject's contract rents are presented as additional information.

VACANCY AND COLLECTION LOSS

Occupancy data for the market, submarket, and the subject, as well as the concluded occupancy/vacancy for the subject, is shown in the following table.

VACANCY CONCLUSION	
Market Occupancy	94%
Submarket Occupancy	94%
Subject's Current Occupancy	100%
Subject's Proposed Occupancy	95%
Subject's Stabilized Occupancy	95.0%
Subject's Stabilized Vacancy Loss	5.0%

A total vacancy loss for the subject property of 5.0% is projected.

EXPENSE RECOVERIES

Expense recoveries (reimbursements), or pass-through income, is a charge to tenants for specified operating expenses, usually without limitation of the amount. The subject’s lease rates are structured on a triple net basis, and the landlord will recover most expenses related to the leased space. Recoveries for each tenant is detailed in the table below. As previously mentioned, the tenants reimburse the owner for utilities, repairs & maintenance (which includes landscaping & grounds) and janitorial.

EXPENSE RECOVERIES										
Tenant Name	Area (SF)	Pro-Rata Complex	Utilities	Repairs & Maintenance	Landscaping & Grounds	Janitorial	Management	Replacement Reserves	Total Expenses	Recoverable Expenses
Dept. of Human Services	16,692	75%	\$20,865	\$16,692	\$5,008	\$46,738	\$3,703	\$4,173	\$97,178	\$89,302
Employment Dept.	5,446	25%	\$6,808	\$5,446	\$1,634	\$15,249	\$1,208	\$1,362	\$31,706	\$29,136
Total	22,138	100%	\$27,673	\$22,138	\$6,641	\$61,986	\$4,911	\$5,535	\$128,884	\$118,438

SUBJECT’S HISTORICAL INCOME AND EXPENSES

The subject’s historical income and expenses are detailed in the following table.

HISTORICAL & PRO FORMA OPERATING ANALYSIS								
	July 2018 - June 2019		July 2019 - June 2020		July 2020 - June 2021		BBG Projection*	
	Total	per SF	Total	per SF	Total	per SF	Total	per SF
INCOME								
Gross Potential Rent	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$398,484	\$18.00
Recoveries	0	\$0.00	0	\$0.00	0	\$0.00	118,438	\$5.35
Potential Gross Income	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$516,922	\$23.35
Physical Vacancy	0	\$0.00	0	\$0.00	0	\$0.00	25,846	\$1.17
Vacancy & Collection Loss	0	\$0.00	0	\$0.00	0	\$0.00	25,846	\$1.17
EFFECTIVE GROSS INCOME (EGI)	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$491,076	\$22.18
EXPENSES								
Real Estate Taxes	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Insurance	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Utilities	\$27,221	\$1.23	\$25,523	\$1.15	\$27,678	\$1.25	\$27,673	\$1.25
Repairs & Maintenance	\$24,474	\$1.11	\$14,911	\$0.67	\$19,913	\$0.90	\$22,138	\$1.00
Landscaping & Grounds	\$10,208	\$0.46	\$5,703	\$0.26	\$6,593	\$0.30	\$6,641	\$0.30
Janitorial	\$62,253	\$2.81	\$62,485	\$2.82	\$60,813	\$2.75	\$61,986	\$2.80
Administrative & General	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Management	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$4,911	\$0.22
Replacement Reserves	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$5,535	\$0.25
TOTAL EXPENSES	\$124,155	\$5.61	\$108,622	\$4.91	\$114,997	\$5.19	\$128,884	\$5.82
NET OPERATING INCOME (NOI)	(\$124,155)	-\$5.61	(\$108,622)	-\$4.91	(\$114,997)	-\$5.19	\$362,193	\$16.36

* Fiscal Year Beginning Aug-21

** Annualized 12 mos

COMPARABLE EXPENSE DATA

Each of the respective expense items is projected in consideration of actual historical operations and market data. The following table summarizes the expenses from other DHS properties. Although an attempt was made to categorize expenses on a similar basis to the subject, the nature of the raw data prevented such in some categories, especially with regard to the level of detail. The management fee for a property is typically based upon a percentage of the EGI, which is denoted separately.

EXPENSE COMPARABLES												
Comparable No.	1			2			3			4		
Property Name	DHS Cottage Grove			DHS Eugene			DHS Corvallis			DHS Astoria		
City	Cottage Grove			Eugene			Corvallis			Astoria		
Year Built	2001			1970			2018			1998		
Rentable Area	11,965			30,100			53,397			30,000		
INCOME	Amount	\$/SF	% EGI	Amount	\$/SF	% EGI	Amount	\$/SF	% EGI	Amount	\$/SF	% EGI
Effective Gross Income	\$261,780	\$21.88		\$559,822	\$18.60		\$1,798,909	\$33.69		\$570,964	\$19.03	
EXPENSES												
Real Estate Taxes	\$21,058	\$1.76		\$59,297	\$1.97		\$107,862	\$2.02		\$50,652	\$1.69	
Insurance	\$4,427	\$0.37		\$3,010	\$0.10		\$5,340	\$0.10		\$2,042	\$0.07	
Utilities	\$0	\$0.00		\$0	\$0.00		\$0	\$0.00		\$47,827	\$1.59	
Repairs & Maintenance	\$2,632	\$0.22		\$19,565	\$0.65		\$24,029	\$0.45		\$22,203	\$0.74	
Landscaping & Grounds	\$0	\$0.00		\$0	\$0.00		\$0	\$0.00		\$0	\$0.00	
Janitorial	\$0	\$0.00		\$0	\$0.00		\$0	\$0.00		\$0	\$0.00	
Administrative & General	\$14,956	\$1.25		\$0	\$0.00		\$5,340	\$0.10		\$19,123	\$0.64	
Management	\$0	\$0.00	0%	\$3,010	\$0.10	0.5%	\$34,174	\$0.64	1.9%	\$6,267	\$0.21	1.1%
Replacement Reserves	\$0	\$0.00		\$0	\$0.00		\$0	\$0.00		\$0	\$0.00	
Total Expenses	\$43,073	\$3.60	16%	\$84,882	\$2.82	15%	\$176,745	\$3.31	10%	\$148,114	\$4.94	26%
NET OPERATING INCOME	\$218,707	\$18.28		\$474,940	\$15.78		\$1,622,164	\$30.38		\$422,850	\$14.10	

It is noted that the various DHS properties outlined above have different lease/expense structures than the subject. Further, it is likely that the Repairs & Maintenance expenses above also include Landscaping & Grounds expenses as well.

OPERATING EXPENSE ANALYSIS AND PROJECTIONS

Typically, the best source of information to estimate pro forma operations for the property is the actual historical performance of the subject. We have been provided with three years of historical operations (2018-2021). A summary of historical operations for the subject, as well as our projections, are found in the following table. Each of the respective expense items is estimated in the following analysis with consideration given to comparable expense data from the local market.

OPERATING EXPENSE COMPARISON AND CONCLUSION						
Expense Item	Expense Comps		Annualized			BBG Forecast
	Range	Average	2018 - June	2019 - June	2021	
Real Estate Taxes	\$1.69–\$2.02	\$1.86	\$0.00	\$0.00	\$0.00	\$0.00
			\$0	\$0	\$0	\$0
Insurance	\$0.07–\$0.37	\$0.16	\$0.00	\$0.00	\$0.00	\$0.00
			\$0	\$0	\$0	\$0
Utilities	\$1.59	\$1.59	\$1.23	\$1.15	\$1.25	\$1.25
			\$27,221	\$25,523	\$27,678	\$27,673
Repairs & Maintenance	\$0.22–\$0.74	\$0.52	\$1.11	\$0.67	\$0.90	\$1.00
			\$24,474	\$14,911	\$19,913	\$22,138
Landscaping & Grounds	-	\$0.00	\$0.46	\$0.26	\$0.30	\$0.30
			\$10,208	\$5,703	\$6,593	\$6,641
Janitorial	-	\$0.00	\$2.81	\$2.82	\$2.75	\$2.80
			\$62,253	\$62,485	\$60,813	\$61,986
Administrative & General	\$0.10–\$1.25	\$0.66	\$0.00	\$0.00	\$0.00	\$0.00
			\$0	\$0	\$0	\$0
Management	\$0.10–\$0.64	\$0.32	\$0.00	\$0.00	\$0.00	\$0.22
			\$0	\$0	\$0	\$4,911
Replacement Reserves	-	\$0.00	\$0.00	\$0.00	\$0.00	\$0.25
			\$0	\$0	\$0	\$5,535
Total Operating Expenses Per SF	\$2.82–\$4.94	\$3.67	\$5.61	\$4.91	\$5.19	\$5.82
Total Operating Expenses			\$124,155	\$108,622	\$114,997	\$128,884

The subject is owned by the City of The Dalles and is exempt from Property Taxes. Additionally, the operating statements do not include an Insurance, Administrative & General, Management, or Replacement Reserves expense.

Considering that the subject is city owned, an insurance expense is not considered to be applicable. Administrative & General expenses can be property specific, as an example the DHS Astoria A&G expenses include parking lot lease expense. For these reasons, an Administrative & General expense is not estimated for the subject.

However, a Management fee is considered to be appropriate, as most investors will still anticipate some costs associated with ownership/asset management. The management expense ranged from 0.5% to 1.9% of effective gross income for the comparable expenses. A management fee of 1.0% is applied to the subject's expenses.

Lastly, a replacement reserve allowance of \$0.25 per square foot is estimated based upon the overall age, condition, and quality of the subject improvements.

PRO FORMA OPERATIONS

Following is a summary of the income and expense projections for the subject which is a summation of the preceding analysis.

PRO FORMA		FY 2022	
Income		\$	Per SF
Gross Potential Rent		\$398,484	\$18.00
Recoveries		\$118,438	\$5.35
Total Potential Gross Income		\$516,922	\$23.35
Less Vacancy Loss	5.0%	(\$25,846)	-\$1.17
Effective Gross Income (EGI)		\$491,076	\$22.18
Expenses			
Real Estate Taxes		\$0	\$0.00
Insurance		\$0	\$0.00
Utilities		\$27,673	\$1.25
Repairs & Maintenance		\$22,138	\$1.00
Landscaping & Grounds		\$6,641	\$0.30
Janitorial		\$61,986	\$2.80
Administrative & General		\$0	\$0.00
Management	1.0%	\$4,911	\$0.22
Replacement Reserves		\$5,535	\$0.25
Total Expenses	26.2%	\$128,884	\$5.82
NET OPERATING INCOME (NOI)		\$362,193	\$16.36

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert a projected single year's income expectancy into an indication of value. Dividing a property's net operating income by an appropriate market-derived capitalization rate provides a value indication. This capitalization rate is known as the overall rate.

There are several methods that can be used in deriving an overall rate that can be used to capitalize the net operating income that was projected in the previous Pro Forma Operating Statement.

MARKET DERIVATION

When adequate data is available, the overall rate is best derived from the comparable sales employed in the Sales Comparison Approach. The following table summarizes capitalization rates extracted from the comparable sales transactions.

MARKET DERIVED CAPITALIZATION RATE SUMMARY							
No.	Property / Location	Date of Sale	Year Built	Occup.	Sale Price PSF	NOI PSF	Capitalization Rate
1	DHS Office Building 315 South Beaver Creek Road Oregon City, OR	09/18/2015	1995	100%	\$ 174.50	\$13.79	7.90%
2	DHS Office 2101 W. 11th Ave. Eugene, OR	06/01/2016	1970	100%	\$ 164.45	\$14.18	8.62%
3	Oregon Department of Human Services 118 2nd Ave. SE. Albany, OR	11/01/2016	1950	100%	\$ 119.19	\$8.34	7.00%
4	DHS Grants Pass 2101 NW. Hawthorne Ave. Grants Pass, OR	11/22/2017	2016	100%	\$ 426.66	\$25.62	6.00%
5	Gold Beach DHS 94145 5th Place Gold Beach, OR	12/31/2019	1992	100%	\$ 156.89	\$14.15	9.02%
Low							6.00%
High							9.02%
Median							7.90%
Average							7.71%
Appraiser's Concluded Range							7.00% - 8.00%

The sales above indicate a range of capitalization rates from 6.00% to 9.02% with an average of 7.71%. The remaining lease term for Sale 1 was not available, but the tenant has been occupying the property since 2008 and it is likely that there were a few years remaining on the lease and likely some renewal options. Sale 2 sold with approximately 9 years remaining on the lease but also reflects an inferior overall property. Sale 3 sold with approximately 12 years remaining on the lease and also reflects an inferior overall property. Sale 4 sold with 20 years remaining on the lease and reflects a superior overall property. Sale 5 sold with a short term remaining on the lease and reflects an inferior overall property.

While the subject is currently leased with a short-term remaining on the leases, this appraisal considers the fee simple interest and in that context it is assumed that the tenants would execute a new 5-year or 10-year lease. All things considered the subject warrants a capitalization rate between 7.00% - 8.00% .

VALUE INDICATION FROM DIRECT CAPITALIZATION

An opinion of market value is indicated by the Direct Capitalization Method by dividing the net operating income (NOI), derived earlier in this section by the appropriate capitalization rate. Our conclusion via the Direct Capitalization Method is as follows.

DIRECT CAPITALIZATION METHOD VALUE CONCLUSION - AS IS		
NET OPERATING INCOME	\$362,193	\$16.36
Sensitivity Analysis (0.25% OAR Spread)	Value	\$/SF
Based on Low-Range of 7.25%	\$4,995,760	\$225.66
Based on Most Probable Rate of 7.50%	\$4,829,235	\$218.14
Based on High-Range of 7.75%	\$4,673,453	\$211.11
Indicated Stabilized Value	\$4,829,235	
Rounded to nearest \$10,000	\$4,830,000	\$218.18

RECONCILIATION AND FINAL VALUE

SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
As Is as of August 25, 2021			
Sales Comparison Approach	\$4,760,000	\$215.01	Per Square Foot (NRA)
Income Capitalization Approach			
Direct Capitalization	\$4,830,000	\$218.18	Per Square Foot (NRA)
Approach Reliance	Direct Capitalization		
Value Conclusion - As Is	\$4,800,000	\$216.82	Per Square Foot (NRA)
Exposure Time (Months)	9-12 months		
Marketing Time (Months)	9-12 months		

MARKET VALUE - VALUATION RELIANCE

The income capitalization approach is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The sales comparison approach is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The cost approach is not applicable to the assignment considering that following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- This approach is not typically used by market participants, except for new or nearly new properties.

FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value - As Is	Fee Simple	August 25, 2021	\$4,800,000

MARKETING TIME AND EXPOSURE TIME

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always

presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local office market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 9-12 months.

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 9-12 months.

The sales used in the Sales Comparison Approach were formally marketed and purchased after being exposed to the market in a range from not marketed to 12 months.

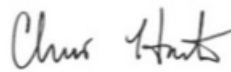
CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Oregon.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Kurt Plaster, MAI has and Chris Hartman, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. Kurt Plaster, MAI has not and Chris Hartman, MAI has made a personal inspection of the property that is the subject of this report.
13. Aimee Yu provided significant real property appraisal assistance to the person signing this certification.
14. Kurt Plaster, MAI has not and Chris Hartman, MAI has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.



Kurt Plaster, MAI
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OR Certified General Appraiser
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STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
 - a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liability or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
 - b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
 - c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
 - d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
 - e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
 - f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity

- with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
 - h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
 - i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
 - j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
 - k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
 - l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

- 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
- 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
- 5) The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
- 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

BBG



Third-party reports by a true third party.

BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 35 offices across the country serving more than 2,700 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

SERVICES

Valuation

- + Single Asset Valuation
- + Portfolio Valuation
- + Institutional Asset Valuation
- + Appraisal Review
- + Appraisal Management
- + Lease and Cost Analysis
- + Insurance Valuation
- + Arbitration & Consulting
- + Feasibility Studies
- + Highest and Best Use Studies
- + Evaluation
- + Investment analysis
- + Tax appeals
- + Litigation Support

Advisory

- + ASC 805 Business combinations
- + ASC 840 Leases
- + Purchase Price Allocations
- + Portfolio Valuations for reporting net asset values (NAV)
- + Public and non-traded REIT valuations
- + Valuations for litigation and litigation support
- + Sale-leaseback valuation analysis
- + Valuations for bankruptcy/fresh start accounting
- + Cost segregation analysis

Assessment

- + Environmental due diligence
- + Property condition consulting
- + Small loan services
- + Energy consulting
- + Environmental consulting
- + Zoning
- + ALTA Surveys



VALUATION



ADVISORY



ASSESSMENT



ZONING

ADDENDA

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GLOSSARY

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.¹

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.²

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations.¹

Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.¹

Client:

1. The individual, group, or entity who engages a valuer to perform a service (USPAP)
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed).¹

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property.³

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

Credible:

1. Worthy of belief, supported by analysis of relevant information. Credibility is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).¹

Deferred Maintenance: Needed repairs or replacement of items that should have taken place during the course of normal maintenance.¹

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.¹

Economic Life: The period over which improvements to real property contribute to property value.¹

Effective Date: 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.¹

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income.¹

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.¹

Exposure Time: 1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market (USPAP 2016-2017-ed).¹

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed).¹

Fair Market Value: In nontechnical usage, a term that is equivalent to the contemporary usage of market value.¹

Fair Share: That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%.¹

Fair Value:

1. 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. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).¹

Fair Value: 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.²

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.¹

Going-Concern Value: 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed.¹

Gross Building Area (GBA): 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space.¹

Highest and Best Use: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) ¹

Hypothetical Condition: 1) 117. A condition that is presumed to be true when it is known to be false. (SVP). 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) ¹

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income. ¹

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector. ¹

Insurable Value: A type of value for insurance purposes. ¹

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for ex-ample, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), -future economic benefits (such as revenues or reduced future costs). (IAS 38) ¹

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.) ¹

Intended Use: 1) The valuer's intent as to how the re-port will be used. (SVP) 2) The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) ¹

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) ¹

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income

patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y). ¹

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS) ¹

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. ¹

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. ¹

Liquidation Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. ¹

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area: ¹

$$\text{Load Factor} = \frac{(\text{Rentable Area} - \text{Useable Area})}{\text{Usable Area}}$$

Market Value. The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.*

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., expo- sure in a competitive market for a reasonable time prior to sale).

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market

value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and each acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions)¹

Market Value "As If Complete" On The Appraisal Date:

Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future.⁴

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.)³

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease.¹

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.⁵

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.¹

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.¹

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value.¹

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.²

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute economically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation.¹

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.¹

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."¹

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.¹

Scope of Work: 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016–2017 ed.)¹

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.³

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as “the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit).”

Use Value:

The value of a property assuming a specific use, which may or may not be the property’s highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually.¹

¹Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute 2010). ²Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser, IFRS Website, www.ifrs-ebooks.com/index.html*. ³Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). ⁴ This definition is taken from “Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon,” *Journal of Real Estate Appraisal*, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. ⁵Financial Publishing Company, *The Real Estate Dictionary*, 7th ed. ⁶ U.S. Treasury Regulations

LETTER OF ENGAGEMENT



August 6, 2021

The City of the Dalles
c/o Jonathan Kara
Campbell Phillips PC
7919 Cherry Heights Rd
The Dalles, OR 97085

Email: jkara@campbellphillipslaw.com

RE: Appraisal Report of The City of the Dalles Commercial Property, 700 Union Street, The Dalles 97058

Dear Mr. Kara:

We are pleased to submit this proposal and our Terms and Conditions for the Appraisal Report of the above referenced real estate.

PROPOSAL SPECIFICATIONS

Valuation Premise:

Form an opinion of the
Market Value

Property Rights Appraised:

As Is
Fee Simple

Intended Use:

Internal Decision Making Purpose

Intended Users:

The City of the Dalles

Scope of Work:

All Applicable Approaches

Inspection:

BBG Inspection

Site/Property Contact:

Name: Rachel Anderson
Phone: 541-371-5585
Email: randerson@campbellphillipslaw.com

Appraisal Standards:

Uniform Standards of Professional Appraisal Practice (USPAP) and Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute

PORTLAND

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1220 SW MORRISON
+ STE 800
PORTLAND, OR 97205

BBGRES.COM

VALUATION + ADVISORY + ASSESSMENT + ZONING

Report Type: Appraisal Report
Report Format: Narrative
Fee: ~~\$4,900 Building & Land Separately~~
 \$4,200 Combined
Retainer: None
Payment Terms: Balance is due and payable upon delivery of the final report or within 30 days of your receipt of our draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of our draft report. Fee quoted includes all expenses

Report Copies: PDF
Delivery Date: September 10th, 2021
Report Delivery Recipients: If any other person(s) are authorized to be included on delivery of the report, please include their information in the space below:

Name(s): Rachel Anderson, Jonathan Kara
Email(s): randerson@campbellphillipslaw.com
 jkara@campbellphillipslaw.com

The attached Terms and Conditions of the Engagement are deemed part of this Appraisal Services Agreement and are incorporated fully herein by reference and shall apply to any appraisal reports, contract or orders into which they are incorporated. In addition, with respect to any appraisal report, any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by BBG, Inc. and its agents, servants, employees, principals, affiliated companies and all those in privity with them, constitutes acceptance of such Terms and Conditions of the Engagement, as well as acceptance of all other appraisal statements, limiting conditions and assumptions stated in the appraisal report. Use of this appraisal report constitutes acknowledgement and acceptance of the Terms and Conditions of the Engagement, special assumptions (if any), extraordinary assumptions (if any), and hypothetical conditions (if any) on which this estimate of market value is based. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any other party who is not the identified client within this report who uses or relies upon any information in this report does so at their own risk.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.



As Agent for BBG, Inc.
 Kurt Plaster, MAI
 Managing Director
 1220 SW Morrison, Suite 800
 Portland, OR 97205
 P 503-478-1014
 C 503-593-7726
 E kplaster@bbgres.com

AGREED AND ACCEPTED

 Jonathan M. Kara, City Attorney
 Client Signature City of The Dalles

August 10, 2021
 Date

Terms and Limiting Conditions of the Engagement

The Terms and Conditions of the Engagement are deemed part of the attached Proposal Specifications and Appraisal Services Agreement and are incorporated fully therein, and shall apply to any appraisal reports, contract or orders into which they are incorporated.

A) Definitions. In the Terms and Conditions of the Engagement:

1. "BBG, Inc." means BBG, Inc. and its agents, successors, assigns, servants, employees, principals, affiliated companies and all those in privity with them.
2. "Appraiser" means the appraiser(s) performing part or all of the appraisal services and/or signing an appraisal report.
3. "Appraisal Services Agreement" means any written agreement with Client for performance of the appraisal services by Appraiser, including any agreement entered into electronically.
4. "Client" means any party identified expressly as a client in an Appraisal Services Agreement and also any party identified expressly as a client by the Appraiser in an appraisal report.
5. "Appraisal" means the appraisal or consulting report(s) prepared by BBG, Inc.

B) Limitations of Liability

It is expressly agreed that in any action which may be brought against BBG, Inc., arising out of, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, this Appraisal, or any information or opinions contained therein, BBG, Inc. shall not be responsible or liable for any incidental or consequential losses, unless the Appraisal was fraudulent or prepared with gross negligence. It is further agreed that the collective liability of BBG, Inc. in any such action shall not exceed the fees paid for the preparation of the respective Appraisal unless the Appraisal was fraudulent or prepared with gross negligence. Finally, it is agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

Client hereby agrees to indemnify, defend, protect and hold BBG, Inc. harmless from and against all claims, damages, losses and expenses, including attorneys' fees, expenses and costs, incurred upon investigating and defending any claim, action or proceeding arising from, or in any way connected to, relating to, or in any way pertaining to this engagement, this Appraisal Services Agreement, the Appraisal, or any information or opinions contained therein.

Further, you acknowledge that any opinions and conclusions expressed by professionals employed by BBG, Inc. related to the Appraisal are representations made by them as employees and not as individuals. BBG, Inc.'s responsibility is limited to you a Client, and use of BBG, Inc.'s product by third parties shall be solely at the risk of you and/or third parties. BBG, Inc. acknowledges that Client will be the end-user of, and can rely upon, the opinion and conclusions of BBG, Inc. for this Appraisal.

C) Confidentiality

The parties agree that (i) this Appraisal Services Agreement and the terms contained herein, (ii) valuation conclusions, (iii) the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof, and (iv) all information regarding the Site of whatever nature made available to either party by the other (including BBG, Inc.'s final report and all prior drafts of same) and methods of each party revealed during the performance of the Services (altogether, collectively, the "Confidential Information") shall be treated as strictly confidential. Accordingly, neither party nor any employee, agent or affiliate thereof shall disclose the same to any third party without the written consent of other party and approval of Appraiser; provided, however, that, a party shall not hereby be precluded from disclosure of Confidential Information that may be compelled by legal requirements, or from disclosing this Appraisal Services Agreement (and the terms contained herein) to its attorneys, accountants, auditors, lenders, and other professionals who may be bound to that party by duties of confidence.

Do not provide Personally Identifiable Information (PII) to BBG, Inc. or any of its agents. PII is any piece of information meant to identify a specific individual. This includes data such as a Social Security number, driver's license number and financial account numbers.

D) General Assumptions and Limiting Conditions

This appraisal report has been made with the following general assumptions:

- 1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:

Terms and Limiting Conditions of the Engagement

- a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liable or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
- b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
- c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
- d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
- e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value opinion. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
- f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
- g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
- h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
- i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.
- j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report.

Terms and Limiting Conditions of the Engagement

- Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.
- k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.
 - l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.
 - m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal report based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.
- 2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.
 - 3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
 - 4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
 - 5) The value opinions reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value opinions, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values stated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
 - 6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
 - 7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

Terms and Limiting Conditions of the Engagement

- 8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
- 9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or opinions of value.
- 11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.
- 12) The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the opinion of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

APPRAISER QUALIFICATIONS AND LICENSES

Profile

Kurt Plaster is a Managing Director with BBG in the Portland, Oregon office. He is engaged in business development and client outreach for the Portland office. He participates in office management and supervises and provides counsel to appraisers and staff. He reviews and signs reports, acts as a principle appraiser in assignments and works independently or in collaboration with appraisers and analysts.

Kurt has more than 15 years of experience in providing commercial and residential appraisals and consultation services for all types of real property and real property interests. Services performed include the appraisal, appraisal review, and/or consultation for acquisition / disposition, financing, estate, arbitrations, mediations, buy/sell agreements, development, condemnation, fractional interest and court testimony purposes. Typical clients served are financial institutions, investors, developers, legal & accounting firms, and government entities.

Professional Affiliations

Appraisal Institute

Member (MAI) Appraisal Institute
Director: Appraisal Institute Greater Oregon Chapter
Appraisal Institute Candidate Advisor
Manufactured Housing Communities of Oregon: Associate Member
Columbia Corridor Association Member

General Certified Appraiser:

Oregon, Certified General Appraiser, C001003
Washington, Certified General Appraiser, 1102120
Idaho, Certified General Appraiser, CGA-5638

Education

Brigham Young University, Bachelor of Science, Communications
Minor Business Administration





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1220 SW MORRISON ST STE 800
PORTLAND, OR 97205

Appraiser Certification and Licensure Board
State Certified General Appraiser
28 hours of continuing education required

License No.: C001003

Issue Date: June 01, 2021

Expiration Date: May 31, 2023

Chad Koch, Administrator

Profile

Chris is a Director with BBG in the Portland, Oregon office. He began his appraisal career in 2003, appraising a variety of properties throughout Oregon and Washington. He supervises and works in collaboration with appraisers and analysts.

Chris has established competency in major property types while developing expertise in office buildings, both suburban and CBD. Other property types include retail buildings and shopping centers, manufacturing and warehouse industrial buildings, mixed-use developments, hotel and motel hospitality properties, multifamily properties, and commercial and residential land.

Professional Affiliations

Appraisal Institute

MAI, Designation

General Certified Appraiser:

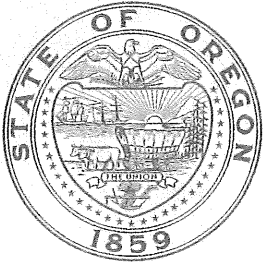
State of Oregon (License #C000935)

State of Washington (License #1102371)

Education

Bachelor of Science, University of North Carolina, Chapel Hill, NC





Appraiser Certification and Licensure Board

State Certified General Appraiser

28 hours of continuing education required

License No.: C000935

Issue Date: January 01, 2020

Expiration Date: December 31, 2021

CHRISTOPHER J HARTMAN
BBG INC
1200 SW MORRISON ST STE 800
PORTLAND, OR 97205

Chad Koch, Interim Administrator



Informal parking area; no striping

14

26

28

27

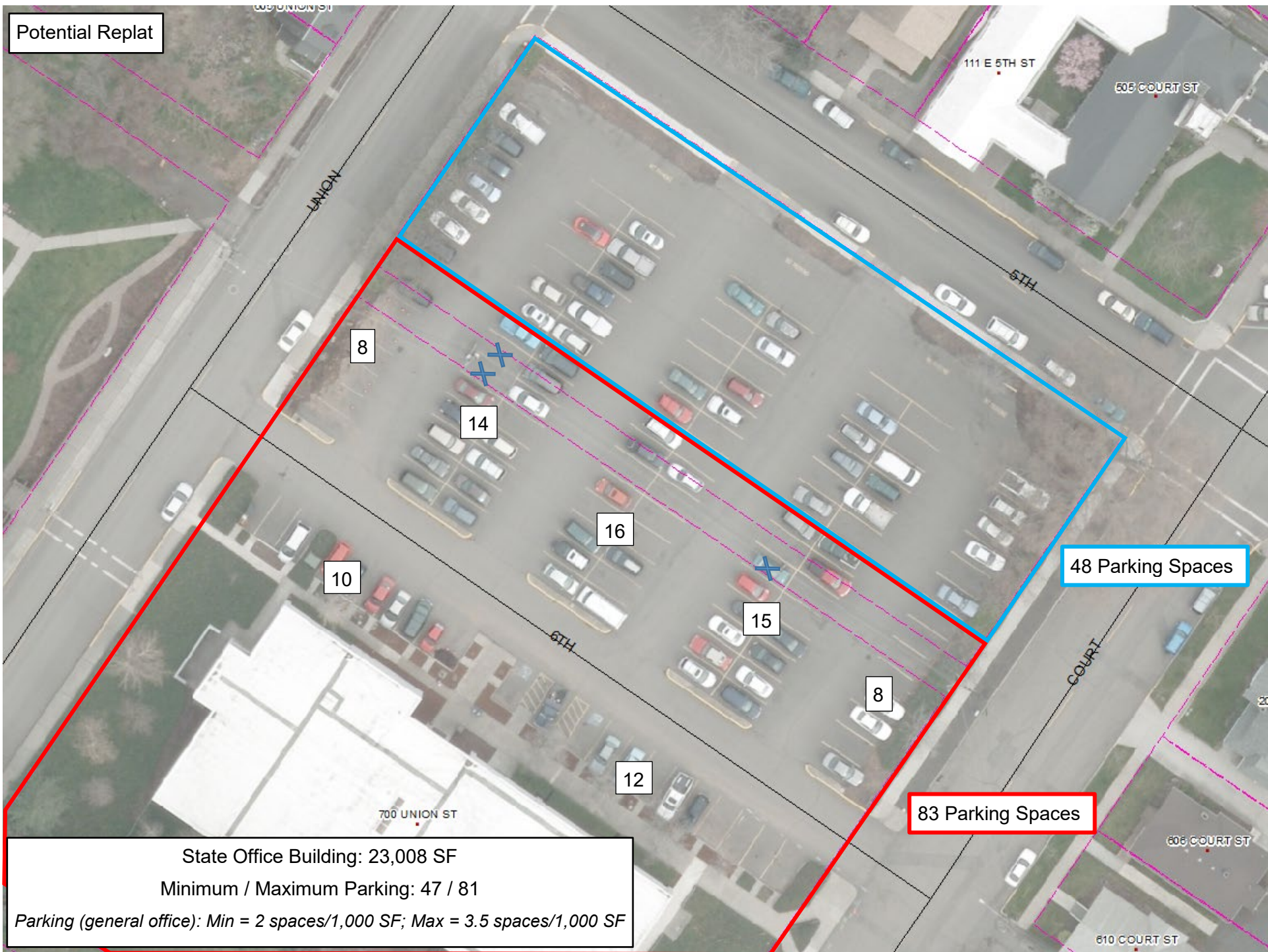
14

10

12

131 Parking Spaces (3 ADA)
X No Parking - power pole obstruction

Potential Replat



Existing Utilities

