

Urban Renewal Advisory Committee Meeting

Regular Meeting

November 19, 2020

Present: Chair Jack Trumbull, Vice Chair Pat McAllister, Abby Capovilla, Tina Lassen, Amanda Goeke, Clint Harris

Staff: City Manager Rachael Fuller, Director of Finance/ACM Will Norris, Planning Director Dustin Nilsen, City Engineer Stoner Bell and Dev Bell, City Recorder Jennifer Gray

Absent: Joshua Chandler

I CALL TO ORDER – Trumbull opened the meeting at 5:35 p.m.

II MIG / HEIGHTS PROJECT CHECK IN

Norris stated these check-ins were discussed in the contract, creating more regular touch point events when there is not a full report to give. The goal is to inform everyone what is going on and have more facetime with the project consultants. This is the first check-in meeting. Nathan Polanski and Alex Dupey will give a brief update at the beginning of each URAC meeting, from here on out. It is a time for MIG to talk about what they have been working on and answer questions the committee might have.

Polanski stated Klein Associates is a part of the MIG team and their business is located in the Heights. They have been working on the field serve to develop a baseline for the project they will be using when they begin developing concepts. As of Monday, they were 85% complete with their field work and 75% complete with their CAD drafting. They are hoping to complete everything this week.

They have starting to work on docking reviews. There is a couple of years' worth of previous work; reports, community focused events, past walk-shops and past URA discussions. They have compiled a list of documents they will be reviewing to get familiar with all the previous work that has been done and to avoid duplicate work. He reviewed the list and asked if there are other documents that would capture information, to please share them with him.

Polanski reviewed the tentative scheduled events that will happen over the next year. He explained they will be coordinating with The Next Door to identify business and property stakeholders along the corridor.

Dupey will be leading the public engagement and land use components. He explained due to COVID, they have modified to pushed some of the public engagement out to spring. They

will continue to monitor that to see where things are at and how comfortable people are, if they are able to meet in person by then. They are proposing a very detailed online survey that will be sent out in the spring. Regarding stakeholder outreach with The Next Door, they have great connections with businesses and community members along the corridor. They will be working with them and have them review the updated public involvement plan to identify a core group of stakeholders, they would like to speak to early in the process. The Next Door will help throughout the process to ensure they are reaching out to stakeholders the best possible way.

III BUSINESS FROM THE AUDIENCE

There was discussion regarding the letter received by Claudia Munk-von Flotow. Norris explained she and her family own land in the Westside area and they are hoping to develop. He stated in reviewing her comments, he did not see anything factually incorrect. Seeing there are some major funding gaps to develop the Westside Plan and all the public infrastructure that would be needed. It was apart of the Westside Plan report that an Urban Renewal District could be one source of funding but obviously there are three active districts as noted in her letter. They would need to sunset one of them; there is a maximum geographic area and maximum assessed value set by the State.

IV AGENDA ADDITIONS OR CORRECTIONS

V APPROVAL OF MINUTES

Motion: To approve the meeting minutes of August 20, 2020 as written.
First: Lassen
Second: McAllister
Discussion: None
Vote: Motion passed unanimously

VI URBAN RENEWAL ADMINISTRATOR

1. Waterfront Stormwater Line Funding

Norris gave a staff report on the Waterfront Stormwater Line Replacement project and funding options.

The purpose of this item is to establish the Waterfront District's contribution to the Waterfront Stormwater Line Replacement project. The project's funding gap is an estimated \$4,244,008 if no Urban Renewal Dollars are allowed and the Agency requests repayment of the prior \$250,000 in Urban Renewal monies contributed to the project to-date. The Waterfront District has approximately \$2.6 million in remaining maximum indebtedness that can be applied to the project.

A seasonal sinkhole developed over a collapsed section of stormwater pipeline in the waterfront area. The collapsed corrugated metal pipeline was installed by the Army Corps of Engineers in the early 1960s. The City Council received a report detailing the least cost

replacement plan among several alternatives at their August 12, 2019 meeting. The least cost plan raises and relocates the failing line from underneath several buildings and into the public right-of-way. The least cost solution also diverts stormwater runoff from the south away from the waterfront district via an enhanced wetland that drains to the Waucoma Basin.

The City Council authorized Phase I Construction of the stormwater line replacement project at a special meeting on August 31st. This initial phase was necessary to immediately stabilize the Hood River Distillers property ahead of winter. This work was completed in the first week of November. The following phases of the construction will occur over the next two to three years and are still undergoing final design and permitting.

Project Funding Update:

The project's funding gap stands at an estimated \$4,244,008. Below is a summary of recent project developments impacting its budget:

Loss of Lottery Revenue Bond (\$1,700,000)

Hood River's legislative delegation obtained language in HB 5030 (2019) that authorized the State Treasurer "to issue lottery bonds in an amount that produces \$1.7 million in net proceeds [...] for distribution to the City of Hood River for replacement of the Hood River Waterfront storm line." The Oregon State Treasury has since notified the City that due to COVID-19 lottery revenues had declined to a point that the underlying bonds could no longer be sold to investors (see Exhibit B). While it is possible there may be a future bond sale, the City can no longer rely on this \$1.7 million in project funding.

Increased Project Costs

Project costs have increased from \$4.0M to \$5.2M through a series of required project modifications. The largest upward cost revision is due to the addition of downtown stormwater pretreatment facilities and construction of a maintenance road necessary to access these facilities. These project modifications are required by environmental regulatory agencies as a condition of approval.

Administrative Delays

Project financing is typically in place prior to beginning construction. However, administrative processes have been moving abnormally slow due to COVID-19. This meant that construction on the emergency Phase 1 had to move forward while still undergoing State Historic Preservation Office review and comment as a precondition to DEQ financing. Because of this, no Phase 1 construction activities could be funded by the DEQ loan. The City must finance Phase 1 construction activities locally, estimated at \$1,135,709. The updated project costs and available funding sources are included in Exhibit A.

Major Considerations:

When deciding how to allocate Waterfront District monies, it is important to know their alternative uses as well as alternative resources that can be applied to the Waterfront Stormwater Line Replacement project. Below is a summary of these considerations:

Alternative Waterfront District Projects

The Waterfront District has substantially accomplished its intended projects. The remaining projects from the District's Plan include administering a business marketing program and upgrades to Riverside Drive. The Agency held several meetings on the possible funding of Lot 1 improvements in early 2020 but no decisions were made.

Alternative Sources of Locally Controlled Revenue

Replacement of the Waterfront Stormwater Line must be completed to protect the buildings built over the line and to avoid district flooding. This means that any project funding gap that remains after state, federal, and grant resources are exhausted must be closed with locally controlled revenues. Outside of Urban Renewal funding, the City of Hood River controls:

Stormwater Rates

The City Council is authorized to set stormwater utility rates by resolution. The City could increase city-wide utility rates sufficient to fund a portion of the Waterfront Stormwater Line project. The City has approximately 3,250 stormwater accounts. If the project's full \$4,244,008 funding gap is applied equally to all accounts, each will pay \$1,305. This amount may be spread over many years.

Local Improvement District

The City may levy a special property tax assessment on properties benefitted by the Waterfront Stormwater Line, namely waterfront district businesses. The levy may be spread over period of up to 30-years. The City last used a Local Improvement District to pay for a portion of the Cascade District's State Street Improvement project.

General Fund Dollars

The City's General Fund is fully discretionary based on the City Council's direction. The largest sources of City General Fund revenues are city-wide property taxes, transient room taxes, franchise fees, ambulance charges, and parking revenues. This money is principally spent on Police and Fire/EMS services and to a lesser extent Parks, Planning, and other smaller city departments. COVID-19 substantially impaired City revenues. While the organization is operationally stable there is not excess resources for major new projects. Any General Fund contributions to the Waterfront Stormwater Line Replacement project would need to be offset by budget cuts to other programs.

Increasing Waterfront Maximum Indebtedness

ORS 457 allows Urban Renewal Districts to increase their total maximum indebtedness after obtaining written concurrence of taxing districts imposing at least 75 percent of the amount of taxes imposed under permanent rate limits.

Norris stated the group can discuss and use his active sheet on the shared screen to run through some hypothetical scenarios.

Norris asked the Advisory Committee to discuss and consider but does not have to be

decided this evening:

a) Forward a recommendation to the Urban Renewal Agency board to support spending the Waterfront District's remaining maximum indebtedness on the Waterfront Stormwater Line replacement project.

b) Consider requesting an increase in the Waterfront District's maximum indebtedness to help further offset the cost of the Waterfront Stormwater Line Replacement project and forward the Committee's recommendation (if any) to the Urban Renewal Agency Board.

Norris explained the Local Improvement District, raising utility rate and that type of information is provided to the group as context. What is being asked for right now is the Advisory Committees recommendation whether or not to spend the \$2.6 millions and the rest is context, and what some of the other considerations are.

McAllister stated he believes they should look at it from a standpoint of doing a combination. Using the money they do have in Urban Renewal, increase the indebtedness but also create an LID.

Goeke stated how they have come to this situation is hard and this should have not happened. The Waterfront District is doing well, and everything is improving value there. There is no other project that is pressing, and the money is not needed for something else. Instead of punishing the businesses in that area, they should use what they can. She would be interested in increasing the maximum indebtedness to see if they can cover the rest or at least a large part of it.

Harris asked what Council is wanting to do about this situation. Norris stated they would like to use the rest of Urban Renewal money, \$2.6 million minimum. They have not had the discussion about increasing maximum indebtedness. The last time staff talked to Council about this was before they lost the \$1.7 in the State Lottery funds and before the project cost more than a million dollars. Last time Council discussed this, the \$2.6 million from the Urban Renewal was going to cover the project and there was no need for a LID.

After discussion Trumbull stated he summaries what he has heard from the group. The Urban Renewal should help with the project but they do not want to spend all of the money. They would like to increase the maximum indebtedness to where they do not spend all of the money and sunset and not miss the opportunity to help with the development of Lot 1 in the future.

Motion: I move to recommend the existing money in the Waterfront District \$2.6 million be used for the stormwater line project and increase maximum indebtedness by amount lost by the State Lottery Funds. For the remaining diminished funding gap peruse a Local Improvement District with exact proportion dollar amounts to be set by the Urban Renewal Agency.

- First:** McAllister
Second: Harris
Discussion: The group discussed and agreed the Lot 1 issue should be a separate discussion and decision.
Vote: Motion passed. Lassen voted nay.

Norris gave the group an update on the Police Department facility.

VII COMMITTEE MEMBER TERMS

Trumbull and Goeke terms expire at the end of 2020. Both Trumbull and Goeke expressed they would like to continue on the Advisory Committee. Norris will send both of them the application and their previous application submittal. The positions will be advertised to the general public. Applications deadline is January 6, 2020. Interviews will be held during the January 14, 2021 City Council meeting.

The group agreed to hold a meeting in December. They will elect a chair and vice chair at the January meeting.

VIII ITEMS FROM MEMBERS

IX ADJOURN – 7:05 p.m. by unanimous consent.

Jack Trumbull, Chair

Jennifer Gray, City Recorder

Approved by the Agency on January 21, 2021