



Kent Taylor Civic Hall
200 NE Second Street
McMinnville, OR 97128

Urban Renewal Agency Board Agenda
Tuesday, August 14, 2018
6:00 p.m.

1. CALL TO ORDER
2. CONSENT AGENDA: Consider the Minutes of the January 23, 2018 Urban Renewal Agency Board Meeting, March 27, 2018 Joint meeting of the Urban Renewal Agency Board and Urban Renewal Agency Committee, June 12, 2018 and June 26, 2018 Urban Renewal Agency Board Meetings.
3. RESOLUTIONS
 - a. Consider Resolution No. **2018-04**: A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with MAC MKT LLC for the Rehabilitation of the Huberd Shoe Grease Building at 1145 NE Lafayette Avenue in the NE Gateway District for a new mixed-use market place.
 - b. Consider Resolution No. **2018-05**: A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Granary Row LLC for the new construction of a commercial building at 1039 NE Lafayette Avenue.
 - c. Consider Resolution No. **2018-06**: A Resolution of the McMinnville Urban Renewal Board approving a targeted property improvement grant program for the NE Gateway District area of the McMinnville Urban Renewal District.
4. ADJOURNMENT

CITY OF McMinnville
MINUTES OF REGULAR MEETING
of the McMinnville Urban Renewal Agency
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, January 23, 2018 at 9:23 p.m.

Presiding: Scott A. Hill, Chair

Recording: Melissa Grace, City Recorder

Councilors:	<u>Present</u> Adam Garvin Kellie Menke, Council President Alan Ruden Wendy Stassens Sal Peralta	<u>Excused Absence</u> Remy Drabkin
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Also present were City Manager Jeff Towery, City Attorney David Koch, Community Development Director Mike Bisset, Deputy City Attorney Natalee Levine, Finance Director Marcia Baragary, Fire Chief Rich Leipfert, Information Systems Director Scott Burke, Parks and Recreation Director Susan Muir, Planning Director Heather Richards, Police Chief Matt Scales and members of the News Media – Dave Adams, KLYC Radio, and Tom Henderson, News Register.

AGENDA ITEM

1. CALL TO ORDER: Chair Hill called the meeting to order at 9:23 p.m. and welcomed all in attendance.

2. CONSENT AGENDA: Consider the Minutes of the January 9, 2018 Urban Renewal Agency Meeting.

Council President Menke MOVED to approve the consent agenda as presented; SECONDED by Councilor Ruden. Motion PASSED unanimously.

3. Resolution No. 2018-02: A Resolution appointing members to the McMinnville Urban Renewal Budget Committee.

Finance Director Marcia Baragary explained that there are currently two vacancies on the Urban Renewal Agency Budget Committee. Applications were received from Mr. John Mead and Ms. Sherry Markwood.

Council President Menke MOVED to approve Resolution No. 2018-02 appointing John Mead and Sherry Markwood as members of the

McMinnville Urban Renewal Budget Committee; SECONDED by Councilor Ruden. Motion PASSED unanimously.

4. ADJOURNMENT: Chair Hill adjourned the Meeting at 9:27 p.m.

City Recorder

CITY OF McMinnville
MINUTES OF REGULAR MEETING
of the McMinnville Urban Renewal Agency and the
McMinnville Urban Renewal Agency Committee
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, March 27, 2018 at 5:47 p.m.

Presiding: Scott A. Hill, Chair

Recording: Melissa Grace, City Recorder

Committee Members: Present

Adam Garvin
Kellie Menke, Council President
Wendy Stassens
Sal Peralta
Alan Ruden
John Dietz
Marilyn Worrix
Kelly McDonald
Walt Gowell
Kyle Faulk

Excused Absence

Remy Drabkin

Also present were City Manager Jeff Towery, City Attorney David Koch, Planning Director Heather Richards, Community Development Director Mike Bisset, and Police Captain Tim Symons.

1. CALL TO ORDER: Chair Hill called the meeting to order at 5:47 p.m. and welcomed all in attendance.

2. PARKING STUDY PRESENTATION

Planning Director Richards introduced Mr. Rick Williams, of Rick Williams Consulting.

Mr. Williams explained that the study area included:

- 5th Street and extensions (north);
- 1st Street (south);
- NW Adams/ Birch/ Alder (west); and
- Logan/ Three Mile Lane (east).

Mr. Williams shared that the survey days were Thursday, June 8 (while school was in session), and Saturday August 5th (“typical summer day”). He noted that the parking supply includes 2,845 total stalls with 798 being on-street stalls and 2,047 off-street stalls on 75 sites. 62% of the stalls allow unlimited time stays (no limit). He shared that this is unusually high for a “destination downtown”. 2,464 total stalls were surveyed: 1,666 stalls (81%) were sampled on 42 sites, all on-street stalls and all City

owned off-street sites were included. Mr. Williams added that there is a broad opportunity for off-street parking.

He explained that the parking industry uses the 85% rule. The optimal position to be is 70-85% where the supply is robust, accessible, and efficient.

The parking supply was recorded on Thursday, June 8th and Saturday, August 5th. Mr. Williams displayed a chart showing the utilization of the parking system. Overall the City is in the moderate use category. He explained that users in the 2-hours stalls on average stayed 1 hour and 34 minutes on a Thursday and 1 hour 56 minutes on Saturday. He stated that the 2 hour time stays seems appropriate as a majority of users need less than two hours and that occupancies are robust (73% - 82%). It was noted that there were low occupancies and lots of availability for no limit time stays. He added that the violation rate of time stay is 13 percent.

He stated that the turnover rate is 4.68 on weekday. The baseline turnover rate is 5. He noted that 111 vehicles were observed moving between stalls.

He reviewed the off-street utilization metrics. He stated that only 8 of 42 lots are 85%+ at peak hour (four are City lots) on the weekday. On the weekend 3 of the 42 lots are at 85+ at peak hour (1 City lot). He shared that there is real opportunity in off-site parking. The west end of the downtown had a more robust activity than the east end. He mentioned there is high opportunity on the east end.

Mr. Williams stated it would be helpful to get employees and long-term users into off-site parking stalls.

He noted that the parking numbers are in the optimal zone on the weekends.

He provided a summary:

- The majority of on-street parking favors long-term parking (i.e. employees).
- The on-street parking activity is robust on weekdays in the west end of the study area.
- High Occupancy Node (on-street) exceeds 85% occupancy in peak hour (weekdays) and creates a sense of constraint.
- Empty on-street stalls are generally available within short walking distance.
- The average length of stay is less than 3 hours on street and less than 2 hours in timed stalls.
- The off-street lots have parking availability.

The key strategy recommendations included:

- Establish a Parking Work Group as a forum for addressing parking issues in the Downtown.

- Increase 2-hour parking stalls/ reduce no limit stalls.
- Refine and improve the city's current parking signage system, logo, and on-street striping.

The mid-term strategy recommendations included:

- Upgrade the 5th Street public garage.
- Identify off-street shared-use opportunities based on data from 2017 off-street occupancy study.
- Explore valet options for use of surpluses in the City garage (hotel and restaurant).
- Add bike parking at strategic locations to create connections between parking and the downtown.

The longer-term strategy included:

- Create a policy and process for Residential Parking Permit Zones in residential neighborhoods adjacent to the downtown.
- Identify funding options for maintaining existing parking and funding future growth.
- Identify strategically located surface parking lot(s) for lease/ purchase as a long-term public parking asset.
- Continue to collect data to assess performance of the downtown parking supply.

Mayor Hill asked Mr. Williams to explain what he sees at the 5th Street garage. Mr. Williams explained that it is where you want the employees to go.

Council President Menke asked about the suggested Downtown Parking Advisory Committee. Mr. Williams stated that the Committee should consist of 10-12 members who represent city leadership, property owners and business representatives. He added that the group should meet on a routine basis.

Councilor Ruden asked about working with the McMinnville Downtown Association. Mr. Williams stated that Cities go business-to-business in partnership with the business community to place customers first in parking.

Councilor Ruden asked Mr. Williams what he suggests to do first at the parking garage on 5th Street. Mr. Williams suggested he would start with the exterior first, add the parking logo, work on entry and on lighting.

Mr. Williams noted that 30 percent of the traffic on 3rd Street is from traffic circling and looking for parking.

Discussion ensued regarding the differences in activity depending on which area one is looking for parking.

Mr. Gowell explained that employee parking downtown has been discussed since the late eighties. He stated that agitation has begun by local neighborhoods.

Planning Director Richards noted that there are funds in the proposed budget to address the parking garage.

3. Resolution No. 2018-02: A Resolution of the McMinnville Urban Renewal Board accepting the 2018 City of McMinnville, Oregon Downtown Strategic Parking Management Plan.

Councilor Ruden MOVED to approve Resolution No. 2018-02 accepting the 2018 City of McMinnville, Oregon Downtown Strategic Parking Management Plan; SECONDED by Council President Menke. Motion PASSED unanimously.

4. ANNUAL UPDATE ON THE URBAN RENEWAL PROGRAM

Planning Director Richards stated that Urban Renewal is all about projects. She stated that they are authorized in the Plan and they have authorized amounts associated with them. She stated that many of the projects in the Urban Renewal Plan have been funded through the Transportation System Bond.

Ms. Richards commented on the development assistance program. She stated that five loans/ grants in a total amount of \$110,000 were awarded for development assistance that was leveraged \$8,016,500 in projects. She mentioned that being able to put the Atticus in the Urban Renewal District as new construction, tax improvement and job creation this early in the Urban Renewal Agency is a great accomplishment.

She stated that the Alpine Avenue ribbon cutting is April 27, 2018. She indicated that they will be looking at it as a Festival Street. She stated that they will be evaluating electrical/ water infrastructure to see if any additional improvements need to be made for it to operate as a festival street.

She stated that they will be investing in some of the management and garage improvements as discussed earlier.

Ms. Richards stated that McMinnville Urban Renewal Agency Committee (MURAC) voted to do a rooftop lighting program to help create a District identity.

Ms. Richards stated that they just received approval to move forward with an architecting and engineering team to begin 3rd Street Improvements. It will involve community engagement, thoughtful and inclusive design, engineering for future opportunities, urban design/ fun/ brand, construction document development, business community preparation and construction. She mentioned that a Project Advisory committee will be formed.

Ms. Richards then discussed redevelopment in the NE Gateway District. She mentioned that there are two vacant lots that there has been some interest in; however, there are some barriers for projects to move forward including parking, 9th Avenue is an unimproved street, wastewater capacity, alleyway issues and proximity to power lines. She noted that there are small and constrained lots.

Ms. Richards discussed the Huberd redevelopment project explaining that they are looking at parking, what to do about Alpine Avenue, improvements to 11th Way and Wastewater Capacity.

She stated that MURAC has been looking at local street standards. She noted that there was a commitment to maintain large truck access on certain local streets as they turn off Lafayette Avenue.

Ms. Richards then discussed next steps in the Alpine Avenue area noting that there are properties that need to be looked at for redevelopment. This will include visiting with property owners to see if they would explore redevelopment.

Ms. Richards discussed the NE Gateway District and industrial use transition. She stated that there is a plan to start thinking about repositioning properties in this area. The NE Gateway District Plan also discusses a gateway into the Alpine Avenue area.

She stated that it looks like another large bond could be done in 2021 and 2022. She provided next year's proposed projects:

- Parking Study Recommendations \$62,000
- Property Assistance \$100,000
- District Identity Improvements \$35,000
- 3rd Street Improvements \$30,000
- Contingency \$238,000

Ms. Richards stated that there is an opportunity to start looking at a downtown plan that is more specific and looks at housing, office development, how to connect to City Center Park and NE Gateway District, and parking.

Discussion ensued regarding funding and beginning the 3rd Street Project.

Mayor Hill recognized MURAC for their thoughtfulness, vision and hard work.

Mr. Gowell noted that Ms. Richards presence has provided traction.

5. ADJOURNMENT: Chair Hill adjourned the joint meeting at 7:00 p.m.

City Recorder

CITY OF McMinnville
MINUTES OF REGULAR MEETING
of the McMinnville Urban Renewal Agency
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, June 12, 2018 at 9:35 p.m.

Presiding: Scott A. Hill, Chair

Recording: Melissa Grace, City Recorder

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Adam Garvin	Remy Drabkin
	Kellie Menke, Council President	
	Sal Peralta	
	Alan Ruden	
	Wendy Stassens	

Also present were City Manager Jeff Towery, City Attorney David Koch, Finance Director Marcia Baragary, Fire Chief Leipfert, Information Systems Director Scott Burke, Parks and Recreation Director Susan Muir, Planning Director Heather Richards, Police Chief Matt Scales and members of the News Media – Dave Adams, KLYC Radio, and Tom Henderson, News Register.

AGENDA ITEM

1. CALL TO ORDER: Chair Hill called the meeting to order at 9:35 p.m. and welcomed all in attendance.

2. PUBLIC HEARING: Proposed Budget as approved by the Budget Committee.

Finance Director Marcia Baragary explained that ORS 294.453 requires that after the local government's budget committee has approved the budget, the governing body must hold a budget hearing to take citizen testimony on the approved budget. She noted that the budget was approved by the Budget Committee on May 16, 2018.

Chair Hill opened the public hearing at 9:36 p.m. and asked if there were any comments. No comments were made. Chair Hill closed the public hearing at 9:36 p.m.

3. ADJOURNMENT: Chair Hill adjourned the Meeting at 9:37 p.m.

City Recorder

CITY OF McMinnville
MINUTES OF REGULAR MEETING
of the McMinnville Urban Renewal Agency
Held at the Kent L. Taylor Civic Hall on Gormley Plaza
McMinnville, Oregon

Tuesday, June 26, 2018 at 8:29 p.m.

Presiding: Kellie Menke, Chair

Recording: Melissa Grace, City Recorder

Councilors:	<u>Present</u>	<u>Excused Absence</u>
	Remy Drabkin	Scott Hill
	Adam Garvin	
	Sal Peralta	
	Alan Ruden	
	Wendy Stassens	

Also present were City Manager Jeff Towery, City Attorney David Koch, Finance Director Marcia Baragary, Fire Chief Rich Leipfert, Planning Director Heather Richards, Police Chief Matt Scales and members of the News Media – Dave Adams, KLYC Radio, and Tom Henderson, News Register.

AGENDA ITEM

1. CALL TO ORDER: Chair Menke called the meeting to order at 8:29 p.m. and welcomed all in attendance.
2. Resolution No. 2018-03: A Resolution adopting the budget for the fiscal year beginning July 1, 2018, making appropriations and declaring the tax increment.

Finance Director Baragary explained that the Resolution adopts the budget, makes appropriations, and declares a tax increment.

Councilor Garvin MOVED to approve Resolution No. 2018-03 adopting the budget for the fiscal year beginning July 1, 2018, making appropriations and declaring the tax increment; SECONDED by Councilor Ruden. Motion PASSED unanimously.

3. ADJOURNMENT: Chair Menke adjourned the Meeting at 8:30 p.m.

City Recorder



McMinnville Urban Renewal Agency /
City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: August 14, 2018
TO: McMinnville Urban Renewal Agency Board Members
FROM: Heather Richards, Planning Director
SUBJECT: Resolution No. 2018 – 04: A Resolution Authorizing a Loan and Grant to the MAC MKT LLC for the MAC Mkt project in the old Huberd Shoe Grease Building

Report in Brief:

This is an action to consider Resolution No. 2018 – 04, a resolution authorizing the City Manager or designee to enter into a development agreement with MAC MKT LLC for a ten year loan of \$90,000 and a \$5,000 grant for the MAC Mkt project at 1145 NE Lafayette Avenue in the NE Gateway District. (Attached).

Background:

On January 24, 2017, the McMinnville Urban Renewal Board approved Resolution 2017-03, authorizing the McMinnville Urban Renewal Advisory Committee (MURAC) to implement a Development Loan/Grant program to encourage new construction, tax base and job creation in the McMinnville Urban Renewal District as part of the Development Assistance Program described in the adopted McMinnville Urban Renewal Plan.

Development Loan/Grant Program: Up to 20% of the overall project costs and not to exceed \$100,000, that can be independently negotiated with each project and is discretionary relative to whether or not it is a loan or grant depending upon the amount of value that the project brings to the district, both in terms of taxable improvement and jobs, as well as community value. All development loans and grants over \$5000 must be approved by the Agency after review and recommendation by the McMinnville Urban Renewal Advisory Committee. All development loans and grants must be accompanied by a development agreement.

The purpose of the Development Loan and Grant program is to provide an ongoing source of gap financing for new construction or substantial rehabilitation projects that provide an immediate increase in assessed value and support additional goals in the McMinnville Urban Renewal Plan which are outlined below.

Qualifying projects must satisfy ALL of the following conditions, which this project does:

Attachments
Resolution No. 2018 – 04

- ✓ Be located within the boundaries of the McMinnville Urban Renewal District. Please see attached map.
- ✓ Be new construction or substantial rehabilitation projects that increase assessed value and create jobs.
- ✓ Comply with all federal, state and city codes.
- ✓ Leverage at least four dollars of private investment for each dollar of urban renewal financing. (Leverage will be 9 dollars of private investment for 1 dollar of urban renewal financing.)
- ✓ Address two or more of the following urban renewal strategy goals:
 - ✓ **ECONOMY:** Encourage the economic growth of the Area as the commercial, cultural, civic, and craft industry center for McMinnville.
 - ✓ **ENCOURAGE A UNIQUE DISTRICT IDENTITY:** One intent of the Plan is to enhance the physical appearance of the district, create a pedestrian environment that encourages the development and redevelopment of active uses such as shopping and entertainment, and support commercial, civic, and craft industrial business activity.
 - **DOWNTOWN COMMERCIAL CORE**
The downtown commercial core should be a regional destination as well as the commercial center for the citizens of McMinnville. Its identity should enhance and preserve the qualities of the downtown, including its historic heritage, that make it an economically healthy, attractive, and unique environment for people to live, work, shop, and socialize.
 - **NORTHEAST GATEWAY**
The Northeast Gateway area should be a unique destination that reflects the authenticity of historic and current uses within the area – a place where things are crafted, experienced, and enjoyed, and a place where you can live, work, and play.
 - **HOUSING:** Promote development of affordable, quality housing in the Area. Promote a residential development pattern that is land intensive and energy efficient, provides for an urban level of public and private services, and allows unique and innovative development techniques to be employed in residential designs.
 - ✓ **HISTORIC PRESERVATION:** Enhance sites and structures of historical, cultural and/or architectural significance.
 - ✓ **DEVELOPMENT AND REDEVELOPMENT:** Pursue development and redevelopment opportunities that will add economic, civic, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthen the Area, and attract visitors to the Area.

MAC MKT LLC submitted a Development Loan/Grant application on May 18, 2018.

Discussion:

MAC MKT LLC has proposed rehabilitating the historic Huberd Shoe Grease building at 1145 NE Lafayette Avenue into a mixed-use commercial market with a food market, food cart pod, taproom/bar,

brewery production space, event venue, bicycle rentals and vacation rentals. The total project budget is \$1,700,000 with estimated hard construction costs of approximately \$1,000,000.

MAC MKT LLC was able to secure financing for most of their project through a bank and Small Business Administration (SBA) loan, however due to the complexities of the historic rehabilitation project, the need to improve 11th Way and provide accessible sidewalks on Alpine Avenue, MAC MKT LLC applied to the McMinnville Urban Renewal Agency for a loan of \$100,000 as part of the Property Assistance Program, approximately 10% of the project's construction costs.

Per the process outlined in Resolution No. 2017-03, the McMinnville Urban Renewal Advisory Committee (MURAC) reviewed the MAC MKT LLC request at their meeting on July 11, 2018. At the meeting they discussed the benefits of the project – rehabilitation of a vacant historic building, business vitality on the north end of Alpine Avenue as a bookend to the Grain Station, job creation, economic multiplier, increased tax base, activity generator in the urban renewal area, etc. MURAC members concluded that the scale of the project and the projected benefits of the project for the McMinnville Urban Renewal Area and the community at-large, as well as the achievement of the goals outlined in the McMinnville Urban Renewal Plan, warranted a significant partnership from the McMinnville Urban Renewal Agency. After discussion, MURAC members voted to recommend to the McMinnville Urban Renewal Board to fund a \$90,000 loan and a \$5,000 grant to the project. The terms of the loan to be a ten year payback period with the first two years as interest only payments and a 20% reduction on the remainder of the loan at payoff if paid off within five years. The reasoning for this package was to protect the business' cash flow in the first two years of start-up and to encourage an early pay-off of the loan.

Other contingency measures that are recommended by MURAC are that the entire loan and interest be repaid to the McMinnville Urban Renewal Agency if the building sells within the ten years of the Development Agreement, and that one of the members of the MAC MKT LLC needs to provide a personal guarantee for the loan principal and interest if the project fails and the loan needs to be repaid.

Summary of recommendation and terms is outlined below:

Recommended Terms:

- Loan – Ten Year Loan for \$90,000 to the MAC MKT LLC for the MAC Mkt project in the old Huberd Shoe Grease Building. Interest to be 1.45%. Payments made semi-annually.
- Interest Only Payments – First two years of the loan payments can be interest only payments, paid semi-annually.
- Early Loan Payback – If MAC MKT LLC pays off the loan within five years of the disbursement, 20% of the remaining loan at payoff will be forgiven.
- Recording - Loan will be recorded on the deed of the property in a subordinated position to the SBA loan and the bank loan.
- Personal Guarantee – One of the members of the LLC will provide a personal guarantee for \$90,000 for the life of the loan.
- Payback Provision - Pay in full if the building is sold within the loan period.

- Façade Improvement Grant – A façade improvement grant of \$5,000 will be provided as part of the development agreement and all of the provisions of the façade improvement program will apply.

The Development Agreement will consist of an Agreement describing terms of the loan, as well as a Trust Deed and Promissory Note. The Agency already has templates for these documents that have been reviewed by legal counsel.

Fiscal Impact:

Total fiscal impact is \$95,000.

The Urban Renewal Fund for FY 18/19 budgeted \$120,000 for the Property Assistance Program. In addition \$90,662.55 from the previous year's budget rolled over with approximately \$30,700 obligated to current façade improvement projects.

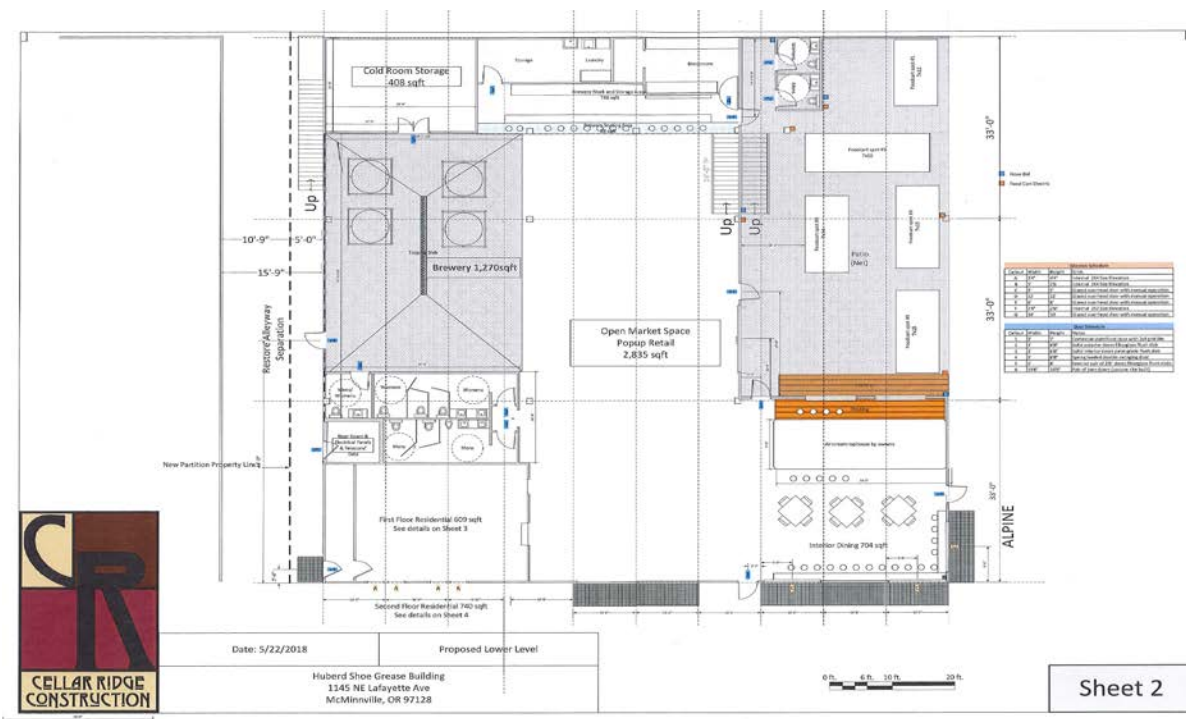
And additionally, the fund has \$238,320 in contingency funds available for emerging projects.

Urban Renewal Board Options:

1. Approve the Resolution.
2. Modify the terms and approve the Resolution as modified.
3. Request more information.
4. Deny the recommendation of the McMinnville Urban Renewal Advisory Committee

Action / Recommended Motion:

"I move to approve Resolution No. 2018 – 04, authorizing the McMinnville City Manager to enter into a Development Agreement with MAC MKT LLC for the MAC Mkt Project per the terms and structure outlined in this staff report."



RESOLUTION NO. 2018 - 04

A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with MAC MKT LLC for the Rehabilitation of the Huberd Shoe Grease Building at 1145 NE Lafayette Avenue in the NE Gateway District for a new mixed-use market place.

RECITALS:

Some of the McMinnville Urban Renewal Agency's (Agency) goals are to encourage the economic growth of the McMinnville Urban Renewal Area (Area) as the commercial, cultural, civic and craft industry center for McMinnville; to encourage a unique district identity both in the downtown commercial core and the Northeast Gateway area; and pursue development and redevelopment opportunities that will add economic, civic, craft industry and cultural opportunities for the citizens of McMinnville, economically strengthen the Area and attract visitors to the Area.

In order to achieve these goals, the Agency developed a Property Assistance Program to encourage new construction and significant redevelopment projects in the Area per Resolution No. 2017-03.

As part of the Property Assistance Program, the McMinnville Urban Renewal Board authorized the development of a Development Loan and Grant program that achieves per Resolution No. 2017.03.

MAC MKT LLC applied for \$100,000 from this Development Loan and Grant program to help rehabilitate the old Huberd Shoe Grease Building at 1145 NE Lafayette Avenue into a new mixed-use marketplace with food vendors, a brewery, and lodging, in the NE Gateway District, with total project costs of approximately \$1,700,000. The request for \$100,000 is approximately 10% of the total hard construction costs of the project, which amounts to approximately \$1,000,000.

The McMinnville Urban Renewal Advisory Committee reviewed the request at their meeting on Wednesday, July 11, 2018, and voted unanimously to recommend that the McMinnville Urban Renewal Agency fund the project with a \$90,000 loan and a \$5,000 grant.

The McMinnville Urban Renewal Board feels that this project achieves the overall goals and objectives of both the McMinnville Comprehensive Plan and the McMinnville Urban Renewal Plan.

And the McMinnville Urban Renewal Agency feels that an investment of \$95,000 in this project is a valuable investment for the Agency and the community of McMinnville helping to leverage urban renewal funds for a large catalytic project in the NE Gateway District, repositioning a large historic building that has been vacant for many years, creating jobs, and serving as an economic stimulus for an area that is in need of new investment.

The McMinnville Urban Renewal Agency has budgeted for this effort as part of the "Planning and Development Assistance Program" identified in the McMinnville Urban Renewal Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MCMINNVILLE URBAN RENEWAL AGENCY as follows:

1. That a loan of \$90,000 with a payback period of ten years and an interest rate of 1.45% is approved for the MAC Market project. Funds should only be used for approved capital costs. The first two years of the loan period will be an interest only payment period. If the loan is paid in its entirety within five years, 20% of the remaining portion of the loan at the time of payoff will be forgiven. Payments will be made semi-annually on December 31 and June 30 of each year.
2. That a grant of \$5,000 will be approved for the MAC Market project to be used for approved capital construction costs.
3. That the Agency will secure a personal guarantee from one of the members of the MAC MKT LLC to pay back the loan if the LLC becomes non-performing.
4. That the loan will be recorded on the deed of the property.
5. That the loan plus interest will be paid back to the Agency in full if the building is sold within the loan period.
6. That the loan is dependent upon successful underwriting review per the program's criteria.
7. The McMinnville City Manager or designee is authorized to execute a Development Agreement and such other documents as are necessary to carry out this decision.
8. This Resolution will take effect immediately upon passage.

Adopted by the Board of the McMinnville Urban Renewal Agency at a regular meeting held the 14th day of August, 2018 by the following votes:

Ayes: _____

Nays: _____

Approved this 14th day of August, 2018.

CHAIR OF THE URBAN RENEWAL BOARD

Approved as to form:

CITY ATTORNEY



McMinnville Urban Renewal Agency /
City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: August 14, 2018
TO: McMinnville Urban Renewal Agency Board Members
FROM: Heather Richards, Planning Director
SUBJECT: Resolution No. 2018 – 05: A Resolution Authorizing a Loan to the Granary Row LLC
Granary Row project at 1031/1039 NE Lafayette Avenue.

Report in Brief:

This is an action to consider Resolution No. 2018 – 05, a resolution authorizing the City Manager or designee to enter into a development agreement with Granary Row LLC for a ten year loan of \$71,000 for the Granary Row project at 1031/1039 NE Lafayette Avenue in the NE Gateway District. (Attached).

Background:

On January 24, 2017, the McMinnville Urban Renewal Board approved Resolution 2017-03, authorizing the McMinnville Urban Renewal Advisory Committee (MURAC) to implement a Development Loan/Grant program to encourage new construction, tax base and job creation in the McMinnville Urban Renewal District as part of the Development Assistance Program described in the adopted McMinnville Urban Renewal Plan.

Development Loan/Grant Program: Up to 20% of the overall project costs and not to exceed \$100,000, that can be independently negotiated with each project and is discretionary relative to whether or not it is a loan or grant depending upon the amount of value that the project brings to the district, both in terms of taxable improvement and jobs, as well as community value. All development loans and grants over \$5000 must be approved by the Agency after review and recommendation by the McMinnville Urban Renewal Advisory Committee. All development loans and grants must be accompanied by a development agreement.

The purpose of the Development Loan and Grant program is to provide an ongoing source of gap financing for new construction or substantial rehabilitation projects that provide an immediate increase in assessed value and support additional goals in the McMinnville Urban Renewal Plan which are outlined below.

Qualifying projects must satisfy ALL of the following conditions, which this project does:

- ✓ Be located within the boundaries of the McMinnville Urban Renewal District.

Attachments
Resolution No. 2018 – 05

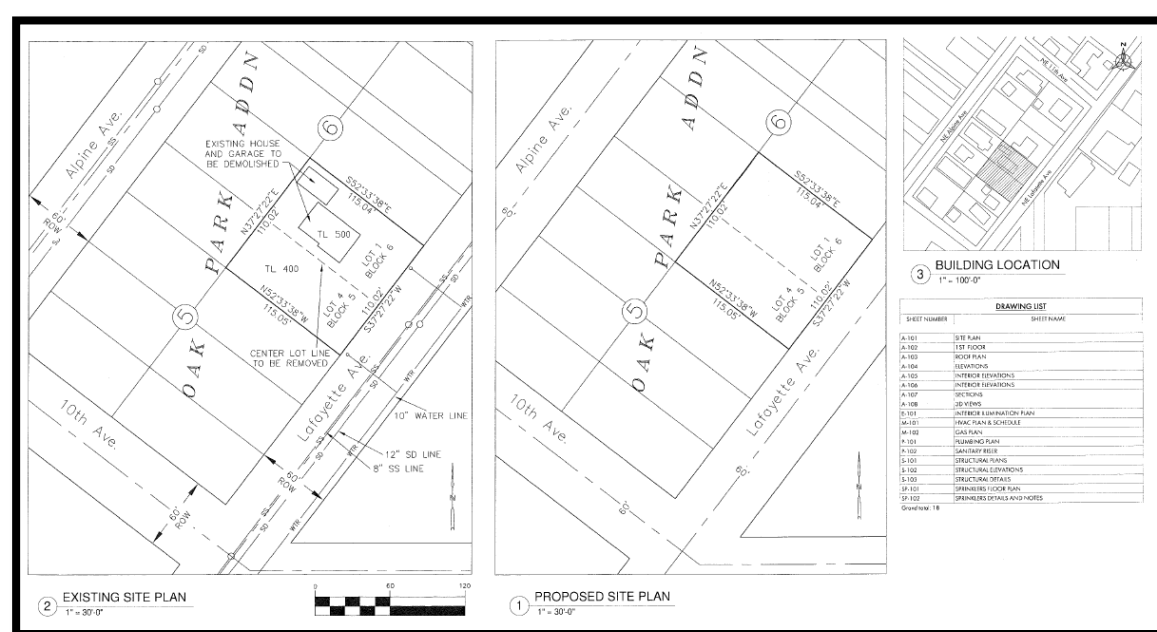
- ✓ Be new construction or substantial rehabilitation projects that increase assessed value and create jobs.
- ✓ Comply with all federal, state and city codes.
- ✓ Leverage at least four dollars of private investment for each dollar of urban renewal financing. (Leverage will be 4 dollars of private investment for 1 dollar of urban renewal financing.)
- ✓ Address two or more of the following urban renewal strategy goals:
 - ✓ **ECONOMY:** Encourage the economic growth of the Area as the commercial, cultural, civic, and craft industry center for McMinnville.
 - ✓ **ENCOURAGE A UNIQUE DISTRICT IDENTITY:** One intent of the Plan is to enhance the physical appearance of the district, create a pedestrian environment that encourages the development and redevelopment of active uses such as shopping and entertainment, and support commercial, civic, and craft industrial business activity.
 - **DOWNTOWN COMMERCIAL CORE**
The downtown commercial core should be a regional destination as well as the commercial center for the citizens of McMinnville. Its identity should enhance and preserve the qualities of the downtown, including its historic heritage, that make it an economically healthy, attractive, and unique environment for people to live, work, shop, and socialize.
 - NORTHEAST GATEWAY**
The Northeast Gateway area should be a unique destination that reflects the authenticity of historic and current uses within the area – a place where things are crafted, experienced, and enjoyed, and a place where you can live, work, and play.
- **HOUSING:** Promote development of affordable, quality housing in the Area. Promote a residential development pattern that is land intensive and energy efficient, provides for an urban level of public and private services, and allows unique and innovative development techniques to be employed in residential designs.
- **HISTORIC PRESERVATION:** Enhance sites and structures of historical, cultural and/or architectural significance.
- ✓ **DEVELOPMENT AND REDEVELOPMENT:** Pursue development and redevelopment opportunities that will add economic, civic, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthen the Area, and attract visitors to the Area.

Granary Row LLC submitted a Development Loan/Grant application on July 3, 2018.

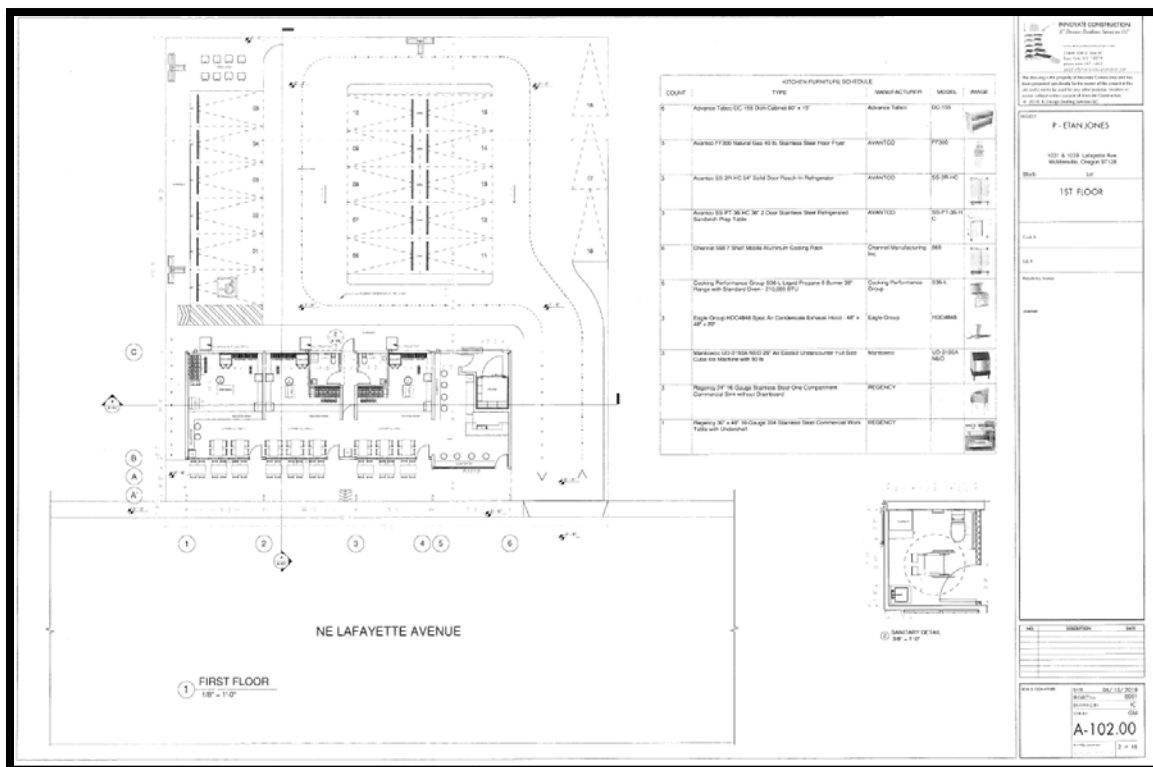
Discussion:

Granary Row LLC has proposed building a 2478 sf commercial space on two existing lots at 1031/1039 NE Lafayette Avenue. One of the lots is the property where a single family residence burned in recent years

Granary Row LLC would like to tenant the space with four micro-restaurants and a parking lot that will also be able to serve as event space. The total project budget is \$565,000 with estimated hard construction costs of approximately \$355,000.



Map locating the project.



Site Plan

Per the process outlined in Resolution No. 2017-03, the McMinnville Urban Renewal Advisory Committee (MURAC) reviewed the Granary Row LLC request at their meeting on July 11, 2018. At the meeting they discussed the benefits of the project – new construction on two blighted properties on NE Lafayette Avenue in a proximity to the proposed MAC Mkt and the Grain Station; new business vitality in the district; job creation; increased tax base and an economic generator for the district. MURAC members concluded that the scale of the project and the projected benefits of the project for the McMinnville Urban Renewal Area and the community at-large, as well as the achievement of the goals outlined in the McMinnville Urban Renewal Plan, warranted a significant partnership from the McMinnville Urban Renewal Agency. After discussion, MURAC members voted to recommend to the McMinnville Urban Renewal Board to fund a \$71,000 loan to the project. The terms of the loan to be a ten year payback period and a 20% reduction on the remainder of the loan at payoff if paid off within five years.

This is a new construction project that will be financed by the developer so the Agency's loan will be collateralized in a secure position on the property.

Other contingency measures that are recommended by MURAC are that the entire loan and interest be repaid to the McMinnville Urban Renewal Agency if the building sells within the ten years of the Development Agreement, and that one of the members of the Granary Row LLC needs to provide a personal guarantee for the loan principal and interest if the Agency is not in a secured first position on the property.

Summary of recommendation and terms is outlined below:

Recommended Terms:

- **Loan** – Ten Year Loan for \$71,000 to the MAC MKT LLC for new construction of the Granary Row project at 1031/1039 NE Lafayette Avenue. Interest to be 1.45%. Payments made semi-annually.
- **Early Loan Payback** – If Granary Row LLC pays off the loan within five years of the disbursement, 20% of the remaining loan at payoff will be forgiven.
- **Recording** - Loan will be recorded on the deed of the property.
- **Personal Guarantee** – One of the members of the LLC will provide a personal guarantee for \$71,000 for the life of the loan if the Agency's loan is not secured in a first position on the property.
- **Payback Provision** - Pay in full if the building is sold within the loan period.

The Development Agreement will consist of an Agreement describing terms of the loan, as well as a Trust Deed and Promissory Note. The Agency already has templates for these documents that have been reviewed by legal counsel.

Fiscal Impact:

Total fiscal impact is \$71,000.

The Urban Renewal Fund for FY 18/19 budgeted \$120,000 for the Property Assistance Program. In addition \$90,662.55 from the previous year's budget rolled over with approximately \$30,700 obligated to current façade improvement projects.

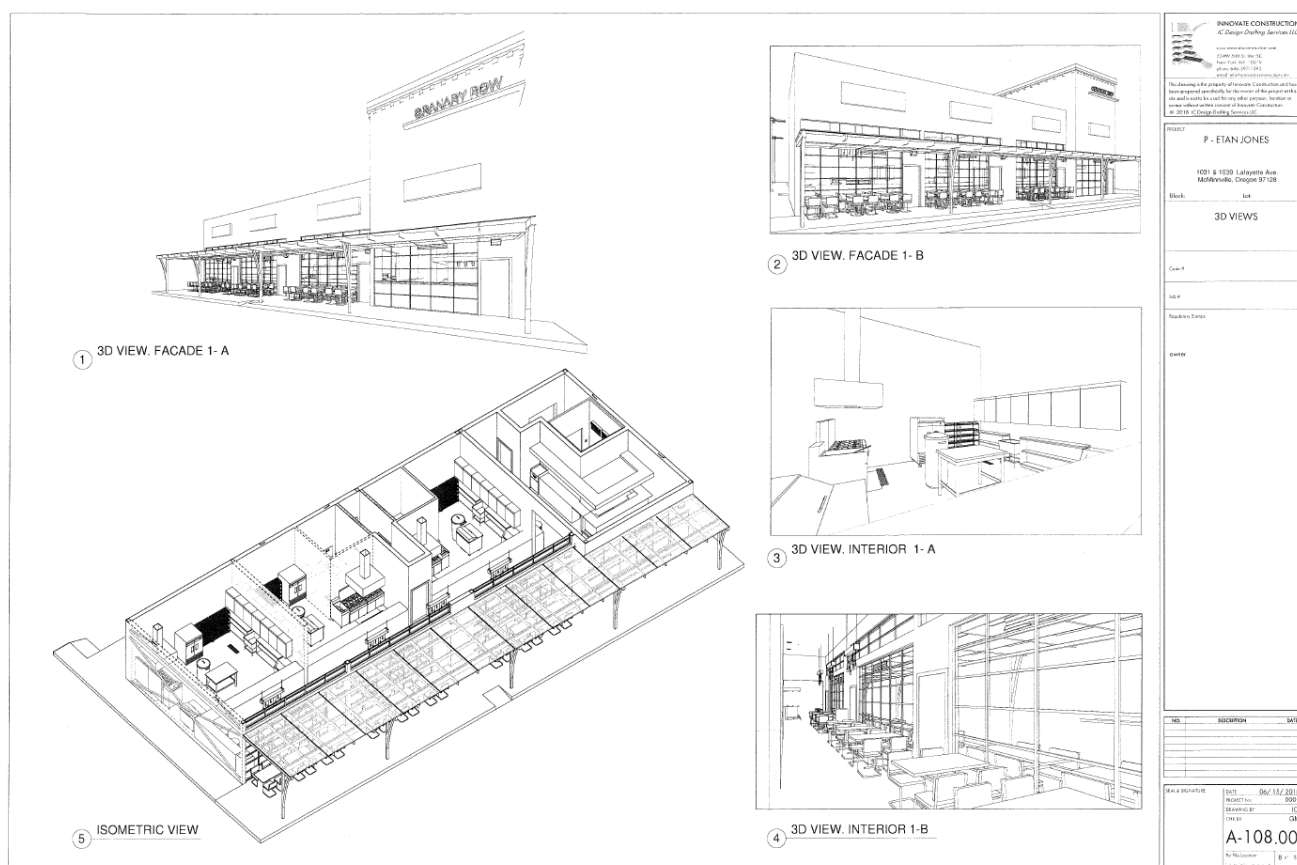
Additionally, the fund has \$238,320 in contingency funds available for emerging projects.

Urban Renewal Board Options:

1. Approve the Resolution.
2. Modify the terms and approve the Resolution as modified.
3. Request more information.
4. Deny the recommendation of the McMinnville Urban Renewal Advisory Committee

Action / Recommended Motion:

"I move to approve Resolution No. 2018 – 05, authorizing the McMinnville City Manager to enter into a Development Agreement with Granary Row LLC for the Granary Row Project per the terms and structure outlined in this staff report."



RESOLUTION NO. 2018 - 05

A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Granary Row LLC for the new construction of a commercial building at 1039 NE Lafayette Avenue..

RECITALS:

Some of the McMinnville Urban Renewal Agency's (Agency) goals are to encourage the economic growth of the McMinnville Urban Renewal Area (Area) as the commercial, cultural, civic and craft industry center for McMinnville; to encourage a unique district identify both in the downtown commercial core and the Northeast Gateway area; and pursue development and redevelopment opportunities that will add economic, civic, craft industry and cultural opportunities for the citizens of McMinnville, economically strengthen the Area and attract visitors to the Area.

In order to achieve these goals, the Agency developed a Property Assistance Program to encourage new construction and significant redevelopment projects in the Area per Resolution No. 2017-03.

As part of the Property Assistance Program, the McMinnville Urban Renewal Board authorized the development of a Development Loan and Grant program that achieves per Resolution No. 2017.03.

Granary Row LLC applied for \$71,000 from this Development Loan and Grant program to help build a new 2478 sf commercial space on two lots at 1039 NE Lafayette Avenue and 1031 NE Lafayette Avenue in the NE Gateway District, with total project costs of approximately \$565,000. The request for \$71,000 is approximately 20% of the total hard construction costs of the project, which amounts to \$355,000.

The McMinnville Urban Renewal Advisory Committee reviewed the request at their meeting on Wednesday, July 11, 2018, and voted unanimously to recommend that the McMinnville Urban Renewal Agency fund the project with a \$71,000 loan.

The McMinnville Urban Renewal Board feels that this project achieves the overall goals and objectives of both the McMinnville Comprehensive Plan and the McMinnville Urban Renewal Plan.

And the McMinnville Urban Renewal Agency feels that an investment of \$71,000 in this project is a valuable investment for the Agency and the community of McMinnville helping to leverage urban renewal funds for new construction in the NE Gateway District, revitalizing a blighted area, creating jobs, tax base for public services and an economic generator for other businesses in the area.

The McMinnville Urban Renewal Agency has budgeted for this effort as part of the "Planning and Development Assistance Program" identified in the McMinnville Urban Renewal Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MCMINNVILLE URBAN RENEWAL AGENCY as follows:

1. That a loan of \$71,000 with a payback period of ten years and an interest rate of 1.45% is approved for the Granary Row project. Funds should only be used for approved capital costs. If the loan is paid in its entirety within five years, 20% of the remaining portion of the loan at the time of payoff will be forgiven. Payments will be made semi-annually on December 31 and June 30 of each year.
2. That the Agency will secure a personal guarantee from one of the members of the Granary Row LLC to pay back the loan if the LLC becomes non-performing.
3. That the loan will be recorded on the deed of the property.
4. That the loan plus interest will be paid back to the Agency in full if the building is sold within five years of the disbursement of the loan.
5. That the loan is dependent upon successful underwriting review per the program's criteria.
6. The McMinnville City Manager or designee is authorized to execute a Development Agreement and such other documents as are necessary to carry out this decision.
7. This Resolution will take effect immediately upon passage.

Adopted by the Board of the McMinnville Urban Renewal Agency at a regular meeting held the 14th day of August, 2018 by the following votes:

Ayes: _____

Nays: _____

Approved this 14th day of August, 2018.

CHAIR OF THE URBAN RENEWAL BOARD

Approved as to form:

CITY ATTORNEY



STAFF REPORT

DATE: August 14, 2018
TO: McMinnville Urban Renewal Board Members
FROM: Heather Richards, Planning Director
SUBJECT: Resolution No. 2018-06 – “Targeted Property Improvement Grant Program in the NE Gateway District”

Report in Brief:

This is an action to consider Resolution No. 2018-06, a resolution that authorizes the McMinnville Urban Renewal Advisory Committee to administer a targeted property improvement grant program in the NE Gateway District for a limited duration of time from September 1, 2018 to October 1, 2019 to build on the public investment of the Alpine Avenue street improvement project, generate momentum and provide a catalyst for private investment.

Background:

The McMinnville City Council and McMinnville Urban Renewal Agency (Agency) adopted the McMinnville Urban Renewal Plan (Plan) on July 23, 2013. The Plan identifies 13 projects to finance with tax increment funds collected in the identified district. One of these projects is entitled, “Planning and Development Assistance Programs”.

This project will establish and manage a package of low interest loan and/or small grant programs for business and residents to improve their property's appearance and condition, consistent with the goals and objectives of this plan (e.g. storefront and tenant improvement programs, signage, historic preservation, seismic upgrades, and financial and technical assistance). (McMinnville Urban Renewal Plan, page 13).

Currently the Agency offers several different loans and grants under this project objective as outlined below. These recommendations were approved by the Urban Renewal Board at their January 24, 2017 meeting per Resolution 2017-03. (Please see attached Resolution).

- Free Design Assistance: Up to 10 hours or \$1000 of Free Design Assistance from a pre-qualified list of vendors to help with development and redevelopment projects. Require an application fee that can be applied to the match requirement for a grant or loan to ensure that the applicant is serious about their project. Free Design Assistance applications can be administratively approved.
- Development Loan/Grant Program: Up to 20% of the overall project costs and not to exceed \$100,000, that can be independently negotiated with each project and is discretionary relative to whether or not it is a loan or grant depending upon the amount of value that the project brings

to the district, both in terms of taxable improvement and jobs, as well as community value. (See Loan/Grant Application). All development loans and grants over \$5000 must be approved by the Agency after review and recommendation by the McMinnville Urban Renewal Advisory Committee. All development loans and grants must be accompanied by a development agreement.

- **Clawback Provision:** All Agency grants will have a clawback provision in case the property is sold within five years so that the property owner does not benefit from the equity of the Agency investment.

Discussion:

At their meeting on August 1, 2018, the McMinnville Urban Renewal Advisory Committee voted to recommend to the McMinnville Urban Renewal Board the consideration of a temporary, targeted project improvement program to stimulate private investment and property improvements in the NE Gateway District in the next year after the successful completion of the Alpine Avenue street improvement project.

This program is recommended to have two different grants: a small project grant and a large project grant as outlined below. The two different grants will be available only to properties in the NE Gateway District. The current Façade Improvement Program grant will increase from a \$2500 maximum grant to a \$5,000 maximum grant for the whole urban renewal district. This Façade Improvement grant cannot be used in conjunction with the targeted property improvement grant program.

Targeted Area Special Incentive Grant – NE Gateway District:

- ❖ **Small Project Grant:** Up to \$5,000 grant with a 10% match requirement. Limited Duration of September 1, 2018 to October 1, 2019. Project must forward design intent of the district.
- ❖ **Large Project Grant:** Up to \$20,000 grant with a 200% match requirement, (ie \$2 match for every \$1 of grant) in the NE Gateway District. Limited Duration of September 1, 2018 to October 1, 2019. Project must forward design intent of the district.



RESOLUTION NO. 2018 - 06

A Resolution of the McMinnville Urban Renewal Board approving a targeted property improvement grant program for the NE Gateway District area of the McMinnville Urban Renewal District.

RECITALS:

The City of McMinnville created an Urban Renewal Area in its downtown core and NE Gateway Area in 2013; and

The Purpose of this plan was to assist in implementing the goals of the McMinnville Comprehensive Plan, the NE Gateway District Plan, the Downtown Plan and other planning documents, to help stimulate the economy, create a unique identity and sense of place, and to support investment, business vitality and job creation in the downtown and the NE Gateway area; and

One of the projects outlined in this plan is a "Planning and Development Assistance Program" that establishes and manages a package of low interest loans and/or small grants for businesses and residents to improve their property's appearance and condition, consistent with the goals and objectives of this plan (e.g. storefront and tenant improvement programs, signage, historic preservation, seismic upgrades, and financial and technical assistance); and

In 2017, the McMinnville Urban Renewal Board adopted Resolution No. 2017-03, creating a Property Assistance Program consisting of loan and grant programs; and

In 2018, the McMinnville Urban Renewal Agency successfully partnered with the City of McMinnville on an approximately \$4,000,000 Alpine Avenue street improvement project in the NE Gateway District; and

At their meeting on August 1, 2018, the McMinnville Urban Renewal Advisory Committee voted to recommend that the McMinnville Urban Renewal Board consider adopting two temporary project grants (one small and one large) to stimulate investment and improvements in the NE Gateway District on the heels of the implementation of the Alpine Avenue public improvement project to build on the public investment, generate momentum and provide a catalyst for private investment.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MCMINNVILLE URBAN RENEWAL AGENCY as follows:

1. That the McMinnville Urban Renewal Advisory Committee shall move forward with administering a targeted property improvement grant program for the NE Gateway District that stimulates private investment and building improvements in the NE Gateway District;; and
2. That this targeted property improvement grant program consists of two programs, a small project grant and a large project grant that are available for a limited duration from September 1, 2018 to October 1, 2019 for qualifying projects in the NE Gateway District; and

3. That the McMinnville Urban Renewal Advisory Committee can make decisions to approve grants up to \$5,000 with a 10% private match requirement as a small project grant, and grants up to \$20,000 with a 200% match requirement (ie \$2 private match for every \$1 of grant funds) as a large project grant that meet the program's criteria; and
4. That all grant recipients will have a contract with the McMinnville Urban Renewal Agency that the City Manager is authorized to sign upon the recommendations of the McMinnville Urban Renewal Agency describing the terms of the grant, including a provision for repayment of the grant to the McMinnville Urban Renewal Agency if the property sells within a five year period from the disbursement of the grant.

Adopted by the Board of the McMinnville Urban Renewal Agency at a regular meeting held the 14th day of August, 2018 by the following votes:

Ayes: _____

Nays: _____

Approved this 14th day of August, 2018.

CHAIR OF THE URBAN RENEWAL BOARD

Approved as to form:

CITY ATTORNEY