

**GRESHAM REDEVELOPMENT COMMISSION MEETING MINUTES
SEPTEMBER 6, 2016 SPECIAL MEETING – PAGE 1 OF 6**

A. CALL TO ORDER BY PRESIDING OFFICER

Chair Shane T. Bemis called the Gresham Redevelopment Commission (GRDC) special meeting to order at 5:30 p.m. on the 6th day of September 2016 in the Council Chambers, Public Safety & Schools Bldg., 1331 NW Eastman Parkway, Gresham, Oregon.

COMMISSION PRESENT: Commission Chair Shane T. Bemis
Commission Vice Chair Karylinn Echols
Commissioner Kirk French
Commissioner Jerry Hinton
Commissioner Mario Palmero
Commissioner David Widmark

COMMISSION ABSENT: Commissioner Lori Stegmann

STAFF PRESENT: Josh Fuhrer, GRDC Executive Director
Rachael Fuller, Assistant City Manager
Dave Ris, City Attorney
Elizabeth McCann, Senior Financial Analyst
Susan Brown, Finance and Accounting Manager
Shannon Stadey, Economic Development Services Director
Marlene Myers, Economic Development Specialist
Brian Monberg, Senior Urban Renewal Project Coordinator
Cecille Turley, Urban Renewal Program Technician
Jessica Harper, Assistant to the Mayor
Susanjoy Baskoro, City Recorder

1. INSTRUCTIONS TO CITIZENS ON SIGNING UP FOR PUBLIC TESTIMONY REGARDING AGENDA AND NON-AGENDA ITEMS

Vice Chair Karylinn Echols read the instructions.

B. CITIZEN AND COMMUNITY GROUP COMMENTS FOR AGENDA (EXCEPT PUBLIC HEARING) AND NON-AGENDA ITEMS

No one wished to address the Commission.

C. CONSENT AGENDA

Chair Bemis read the Consent Agenda.

1. NEW INDUSTRIES GRANT APPLICATION: PACWEST MACHINERY LLC

Motion was made by Commissioner Kirk French and seconded by Vice Chair Karylinn Echols **TO APPROVE CONSENT AGENDA ITEM C-1**. The motion passed as follows:

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YES: Commission Chair Shane T. Bemis
Commission Vice Chair Karylenn Echols
Commissioner Kirk French
Commissioner Jerry Hinton
Commissioner Mario Palmero
Commissioner David Widmark

NO: None

ABSENT: Commissioner Lori Stegmann

RECUSE: None

ABSTAIN: None

D. PUBLIC HEARING

None.

E. COMMISSION BUSINESS

1. APPROVAL OF PROPERTY ACQUISITIONS: 18801 E. BURNSIDE ROAD AND 18901 E. BURNSIDE ROAD

Josh Fuhrer, Gresham Redevelopment Commission Executive Director, presented the staff report. He said as he mentioned a year or so ago when we brought the GRDC a potential loan for acquisition of the Sunrise Center, he has a personal relationship with someone who had a former business relationship with one of the sellers of one of the properties. While that is not an actual conflict of interest, to avoid any doubt, he will recuse himself and turn the presentation over to his staff person Brian Monberg to present.

Brian Monberg, Senior Urban Renewal Project Coordinator, presented the report. He said the properties under consideration today are located to the northeast of the Rockwood Rising Catalyst Site, and immediately east of the Rockwood/188th MAX light rail station. There is a 7-Eleven store across the street, and the Barberry Village Apartments border both properties to the north. Due to the size of the sites and their proximity to the Catalyst Site, this proposed acquisition represents an opportunity to add a new development right in the heart of the Rockwood Town Center. The two parcels are strategically located in the Rockwood Town Center. Taken together, they constitute two acres in size, making this one of the largest available sites in the Rockwood Town Center. The properties provide an opportunity to add a significant new development adjacent to the Catalyst Site, while protecting the investments the GRDC has made from unwanted activity nearby. GRDC ownership of these sites would ensure future redevelopment is conducted in a manner consistent with the goals of the Rockwood-West Gresham Renewal Plan and the GRDC.

- **18801 E. Burnside Road:** This property is currently leased by the Asia Kitchen Chinese restaurant. The site is approximately 0.6 acres and the existing building is approximately 3,700 square feet of leasable area. It was listed for sale at \$750,000. The restaurant is planning to continue operations after acquisition. The Purchase and Sale Agreement was executed on August 1, 2016 and is included as an attachment to the staff report. The purchase price is

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\$750,000. The Asia Kitchen restaurant can continue to operate through a lease with the GRDC until future redevelopment plans are created. In the course of due diligence, staff identified no significant impediments to acquisition of this site. A Phase I Environmental Site Assessment was completed and no significant issues were identified. A Phase II investigation was deemed unnecessary. A physical inspection of the building structure, roof, foundation, building envelope, and the mechanical, electrical, plumbing, and fire suppression systems found no significant issues with the building, other than minor repairs needed in the near term for the electrical panel and recharging of the fire suppression system.

- **18901 E. Burnside Road:** This property is currently leased by the Rockwood Community Development Corporation (CDC) for use of the Sunrise Community Center. This site is approximately 1.4 acres, with an existing building containing nearly 12,000 square feet of gross leasable area. It was listed for sale at \$1,346,500. The CDC has an option to purchase the site, but they were not able to close and their purchase agreement expired on July 5, 2016. A Purchase and Sale Agreement was executed on August 2, 2016 and is included as an attachment to the staff report. The purchase price is \$1,346,500. The property includes an existing month-to-month lease agreement with the CDC. They have proposed a three-year lease of the property from the GRDC, following closing of the purchase, to continue operating the facility as the Sunrise Center. The lease will be presented to the GRDC for approval at a later time. In the course of due diligence, staff identified no significant impediments to acquisition of the site. Both a Phase I and Phase II Environmental Site Assessment were completed, summarizing the environmental records and performing the physical on-site investigation of the building and the soils, and it discovered no detectable levels of any contaminants. The Oregon Department of Environmental Quality (DEQ) issued a “no further action” letter for the site on June 6, 2016, indicating that the DEQ is satisfied that the site is clean. A physical inspection of the building structure, roof, foundation, building envelope, and the mechanical, electrical, plumbing, and fire suppression systems was completed and also found no significant issues with the building systems, other than some deferred maintenance on the roof surface and some repairs of the kitchen cooler and freezer units.

Funds are available to purchase both properties. Funds for the acquisition of the two properties would come from a redirection of a portion of the Fiscal Year 2016-17 appropriation for the Catalyst Site project. The five-year capital improvement program (CIP) shows funding for the Catalyst Site in Fiscal Year 2016-17 and Fiscal Year 2017-18 is adequate to meet all planned obligations and timelines, including these property acquisitions. In addition, staff is finalizing the sale of the Boys and Girls Club site, which will provide an additional \$650,000 that can be used for the purchase of the Asia Kitchen site. In terms of future development for the site, the GRDC can direct staff to develop a plan for redevelopment, and this plan would be developed and presented to the GRDC at a future date. The plan would include uses that would complement the Catalyst Site, and also further the goals of the Rockwood-West Gresham Renewal Plan. The plan would include potential development strategies, financing tools, and partnerships that could support a project on the site. In terms of next steps, if the GRDC chooses to acquire these properties, staff will work closely with the City Attorney’s Office and Finance and Management Services to complete the purchase of the properties. Closing will be scheduled according to the terms of each Purchase and Sale Agreement (PSA). Leases with the Asia Kitchen and the CDC as tenants in each building will be presented to the GRDC for consideration at a later date. Minor repairs would also be completed, as recommended by the building inspector, to insure functionality of the current uses on the sites. Staff recommends that the GRDC move to acquire 18801 and 18901 E. Burnside Road, according to the terms of each PSA. This concludes his presentation. He is happy to answer any questions. (PowerPoint presentation attached as Exhibit A.)

Commissioner Jerry Hinton asked for more information on the redirection of Catalyst Site funds, just for the public record since it sounds kind of nebulous.

Mr. Monberg replied that this opportunity to acquire these properties was not contemplated when the current capital improvement program (CIP) was completed and so the opportunity is really to look at the funding available, both for this year and next year. As he mentioned, there is approximately \$6.5 million available in the current CIP for the Catalyst Site. Not all of those funds will be needed for the Catalyst Site this fiscal year, so there is an opportunity to take the funds this year for that acquisition, knowing that we have additional funds set aside in Fiscal Year 2017-18 to be able to provide for the full funding required to deliver on the Catalyst Site project.

Commissioner Hinton said great, thank you. Also, to clarify, there will be the recapitalization of the Boys and Girls Club at \$650,000 to add to that, so that is good. He knows the CDC is pretty locked into that three-year lease, but what about Asia Kitchen? How locked in are they? What if they decide to not lock into a lease?

Mr. Monberg said all indications are, based on conversations to date, that the current tenant of the Asia Kitchen wants to continue operating that restaurant. If, for some reason, they decide not to continue, there has been interest from other restaurants, and he believes the intent would be to continue operating that property in the near term as a restaurant and identify a tenant to do so.

Commissioner Hinton said fantastic. Obviously, with breaking ground on the Catalyst Site across the street, there is going to be some great opportunities to make investment later down the road in the land banking we are doing right now, and he certainly supports this and thinks it will go a long way towards helping that whole area.

Commissioner Mario Palmero said this is great news. This is an area of our city that is up and coming. He is thinking about the Catalyst Site and these sites. What might be able to go on these new sites? He knows we are going to have an education piece, a farmers' market, etc. on the Catalyst Site. What do you think would fit there?

Mr. Monberg said that staff in due time will present a well-reasoned set of alternatives for the GRDC to really explore that in more detail. Given the market circumstances when that plan is presented, he does believe that, given the substantial outreach that has occurred in the Rockwood community over the last several years, there is a very strong foundation for identified needs from the community, as well as work around the market analysis, to really understand what is feasible. He does not want to go so far as to speculate what those uses could be. He thinks there is certainly demand for additional commercial retail, and some opportunities that would really serve community needs. One of the unique opportunities for this site, and the opportunity to acquire both of these sites at the same time, is that while the Sunrise Center is a fairly substantial site, the advantage of the Asia Kitchen site is that it has that corner, which is so important from a retail perspective. So, to really look at assembling both of those sites together to a full two-acre site really provides opportunities that could not be contemplated if those sites were considered for development independent of one another.

Commissioner Palmero asked how the sites are zoned currently, and if a zoning change would be needed in the future.

Mr. Monberg said the zoning could be considered as part of the plan to explore, but currently, as identified uses for commercial retail, so the restaurant sites that have been on that site historically.

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Commissioner Palmero thanked Mr. Monberg and Mr. Fuhrer, and said this is incredible. He is sure that the people in Rockwood and West-Gresham will be very happy about this so thank you so much. As Chair Bemis said, this is a game changer so we appreciate the hard work.

Commissioner David Widmark asked if the CDC would continue to manage their sub-leases, or if the GRDC would take over those leases after purchase.

Mr. Monberg explained that the intent would be for the GRDC to finalize a lease with the CDC. That would be the primary lease between the GRDC and the CDC. They are actively seeking and have tenants that would be able to fill the building, so those are a part of their sub-leasing.

Chair Bemis asked if there are currently sub-leases in the CDC's building.

Mr. Monberg said yes, and their ability to lease out the space, he believes, is near 100% occupancy.

Chair Bemis asked if we know the terms of those leases.

Mr. Monberg said he does not have that information at this time, but can provide it.

Chair Bemis said he thinks we should probably know those terms before we purchase it because we are going to inherit that lease and be responsible to the terms of that lease, the same way we were when we bought the Fred Meyer property and the sub-leases that another entity had leased out, which became a bit problematic.

Mr. Monberg said that is certainly correct. All of the CDC's discussions with their tenants are subject to their lease with the CDC, and the expectations are such, so any of the tenancy they have is subject to the GRDC's approval on the terms of the lease that will be negotiated.

Chair Bemis said to clarify, he means the current leasing because we will inherit the current lease. What is the current lease?

Mr. Monberg said the current lease is month-to-month with the CDC.

Chair Bemis asked Dave Ris, City Attorney, if that means there are no issues.

Dave Ris, City Attorney, replied yes, he believes that is true with the CDC lease on a month-to-month. Unless the CDC made some other commitment to the tenants that is not within their authority, there should be no problem.

Commissioner Kirk French said with new ownership, is there any requirement to make changes to comply with the Americans with Disabilities Act (ADA), or does that only come through construction changes?

Mr. Monberg replied that the inspection has not identified any required upgrades in terms of ADA access.

Motion was made by Commissioner Jerry Hinton and seconded by Commissioner David Widmark **TO APPROVE PURCHASE OF TWO ADJACENT PARCELS: 18801 E. BURNSIDE ROAD FOR \$750,000 AND 18901 E. BURNSIDE ROAD FOR \$1,346,500.** The motion passed as follows:

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YES: Commission Chair Shane T. Bemis
Commission Vice Chair Karylinn Echols
Commissioner Kirk French
Commissioner Jerry Hinton
Commissioner Mario Palmero
Commissioner David Widmark

NO: None

ABSENT: Commissioner Lori Stegmann

RECUSE: None

ABSTAIN: None

2. GOOD OF THE ORDER

None.

F. COMMISSION MEASURES AND PROPOSALS

None.

G. ADJOURNMENT OF MEETING

Hearing no further business, Chair Bemis adjourned the meeting at 5:48 p.m.

/s/ SHANE T. BEMIS

CHAIR

Respectfully submitted,

/s/ Cecille Turley

Recording Secretary