



AGENDA

ASTORIA DEVELOPMENT COMMISSION

September 21, 2015
Immediately Follows City Council Meeting
2nd Floor Council Chambers
1095 Duane Street · Astoria OR 97103

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. REPORTS OF COMMISSIONERS**
- 4. CHANGES TO AGENDA**
- 5. CONSENT CALENDAR**

The items on the Consent Calendar are considered routine and will be adopted by one motion unless a member of the Astoria Development Commission requests to have any item considered separately. Members of the Community may have an item removed if they contact the City Manager by 5:00 p.m. the day of the meeting.

 - (a) ADC Minutes of 8/3/15
 - (b) ADC Minutes of Special Meeting 8/14/15
 - (c) ADC Minutes of 8/17/15
 - (d) Authorize Contract for Heritage Square (Community Development)
- 6. REGULAR AGENDA ITEMS**
 - (a) Lease of City Property for Chowder Boat (Community Development)

THIS MEETING IS ACCESSIBLE TO THE DISABLED. AN INTERPRETER FOR THE HEARING IMPAIRED MAY BE REQUESTED UNDER THE TERMS OF ORS 192.630 BY CONTACTING JULIE YUILL, CITY MANAGER'S OFFICE, 503-325-5824.



September 17, 2015

MEMORANDUM

TO: ASTORIA DEVELOPMENT COMMISSION (ADC)

FROM:  BRETT ESTES, CITY MANAGER

SUBJECT: ADC MEETING OF SEPTEMBER 21, 2015

CONSENT ITEMS

Item 5(a): ADC Minutes

The minutes of the ADC meeting of August 3, 2015 are enclosed for your review. Unless there are any corrections, it is recommended that the ADC approve these minutes.

Item 5(b): ADC Special Meeting Minutes

The minutes of the ADC special meeting of August 14, 2015 are enclosed for your review. Unless there are any corrections, it is recommended that the ADC approve these minutes.

Item 5(c): ADC Minutes

The minutes of the ADC meeting of August 17, 2015 are enclosed for your review. Unless there are any corrections, it is recommended that the ADC approve these minutes.

Item 5(d): Authorize Contract for Heritage Square (Community Development)

The contract for Heritage Square is continuing to be negotiated. A draft contract and scope will be forwarded to the Commission by separate cover.

REGULAR AGENDA ITEMS

Item 6(a): Lease of City Property for Chowder Boat (Community Development)

In February 2015 Teresa Estrada applied to the City of Astoria for a lease on City owned property located at the US Coast Guard parking lot adjacent to the Bowpicker food cart. For various reasons described in a City Council staff report dated April 30, 2015, the City declined the request on May 4, 2015. The ADC

owns other property in Astoria including 250 21st Street located adjacent to the Riverwalk, Barbey Maritime Center, and City Lumber Company. The site was a former freight warehouse (Darigold Building) which the ADC demolished in 2011. Ms. Estrada submitted another lease request on July 1, 2015 for this property.

This request is located in the Astor East Urban Renewal District which is under the jurisdiction of the Astoria Development Commission. After receiving the request, staff from Engineering and Community Development worked with Ms. Estrada to understand the nature of the request and its implications for the property and neighborhood. Based on this information, and subsequent analysis completed by staff, there are a number of issues to consider before entering negotiations for a lease let alone a land use application which would immediately follow an executed lease.

It is recommended that the Astoria Development Commission decline the lease request, direct staff to consider an asset management policy that formalizes lease criteria to evaluate future requests and determine procedural steps needed to initiate a letter of intent for prospective tenants, and develop a disposition/investment strategy for the property consistent with ADC policy.

A regular meeting of the Astoria Development Commission was held at the above place at the hour of 8:35 pm.

Commissioners Present: Price, Herzig, Warr, Nemlowill, Mayor LaMear

Commissioners Excused: None

Staff Present: City Manager Estes, Assistant City Manager/Police Chief Johnston, Community Development Director Cronin, Parks and Recreation Director Cosby, Finance Director Brooks, Fire Chief Ames, Library Director Tucker, Public Works Director Cook, and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REPORTS OF COMMISSIONERS: No reports.

CHANGES TO AGENDA: No changes.

CONSENT CALENDAR:

The following items were presented on the Consent Calendar.

5(a) ADC Minutes of 6/15/15

Commission Action: Motion by Commissioner Warr, seconded by Commissioner Price, that the Astoria Development Commission approve the Consent Calendar. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

REGULAR AGENDA ITEMS:

Item 6(a): Astor West Urban Renewal District – Loan Extension for the Red Building (Community Development)

In 2004, Union Fish Properties, LLC ("Union Fish") purchased the Union Fisherman's Packing Company building located west of the Maritime Memorial. The new owners set out to redevelop and restore the property (now know as the Red Building) into a mixed use building with retail and restaurant uses on the first floor and meeting space on the second. The partners associated with Union Fish felt that the historic building was an integral part of the City's fishing and canning heritage and felt it should be preserved, but with new uses.

After completion of the restoration in 2007, a restaurant, retail shop and coffee shop opened on the first floor of the building and the meeting facility (referred to as the "Loft") opened for business. The coffee shop and retail shop subsequently closed. Union Fish incurred construction cost overages, which jeopardized the future of the building. Owners of the property, Mark Cary and Sean Helligso approached the Astoria Development Commission (ADC) to determine if there was any interest in the Astor-West District participating financially in the facility.

Representatives from Craft3 assisted in developing a finance plan, which was ultimately approved by the Commission. In order to structure this financing plan, Union Fish's lender, Bank of the Pacific, was engaged as a partner in the plan. There were both grant and loan components to the ADC approval.

A grant in the amount of up to \$325,000 was approved to write down the applicable rate of project financing from their loan with Bank of the Pacific as follows:

- To 0% for one year
- To 1% for one additional year
- To 2% for three years

The grant component is now complete as the assistance ended in July 2015.

ADC also loaned \$350,000 to Union Fish to reimburse construction expenses, which had been incurred, as well as for construction expenses for a remodel of the western ground floor of the building. A total of \$190,000 was loaned for the already incurred expenses. The remaining \$160,000 was loaned for first floor improvements to create viable tenancies.

As collateral for the loan, ADC was placed in third position on the Red Building. The loan had an initial interest rate of 0% for the first full year and then 1% for the remaining four years. No monthly payments were required for the first year with repayment in full required on the fifth anniversary of the promissory note. The term of the loan ended in July 2015, therefore the balance of the loan, in the amount of approximately \$308,016, has come due.

In July 2015, the owners of Union Fish, LLC approached ADC staff and requested an extension to the loan. Union Fish stated that they wished to have some additional time to repay the loan as they had the building on the market. ADC staff once again coordinated with Craft3 staff on this request. Craft3 suggested that if the Commission were to approve an extension, an appropriate date would be February 12, 2016 as that is when Bank of the Pacific loans would also come due. Staff worked with Urban Renewal Attorney Jeanette Launer to create a loan extension document for the Commission's consideration. A Change in Terms Agreement is attached. Other than the change in maturity date, all other terms of the loan would remain unchanged.

It is recommended that the Astoria Development Commission approve the loan extension and authorize the Chair to sign the Change in Terms Agreement.

Mark Cary, 35771 Miller Heights, Astoria, said since he began speaking with Staff about extending the loan, he has secured a potential buyer who he believed would be a great fit for the community and a great building owner. He asked that the Urban Renewal District change a portion of the loan to a grant in order to make the deal work. The building will be sold for a loss and he wanted feedback from the Commission about an appropriate grant amount.

City Manager Estes explained the finance package included a grant up to \$325,000 and about \$20,000 was never granted out. The loan was for \$350,000 with no interest for the first year and one percent interest for the remaining four years of the loan. He confirmed the current balance of the loan was \$308,000 and the Applicant would like a portion of this balance to be granted.

Commissioner Herzig believed this request was being made late, since the payment was due in July. He supported the loan extension, but not an unspecified grant amount.

Commissioner Nemlowill supported Craft3's recommendation to extend the loan.

Mayor LaMear agreed with Commissioner Herzig. She believed the Commission could do nothing more than grant the loan extension.

Mr. Cary confirmed for Commissioner Price that he did not need an answer at this meeting. However, the bank would like a decision.

Commissioner Price noted this building is extraordinarily important to the waterfront and to Astoria. This loan was not discussed during the most recent budget hearings and she wanted more information from Staff about how this would affect Urban Renewal funds. She asked Mr. Cary what would happen if the grant request were denied.

Mr. Cary replied worst-case scenario, the building could be foreclosed on if a sale did not go through.

Mayor LaMear confirmed the Astoria West Urban Renewal District has already granted \$325,000 and then loaned \$350,000. She was not in favor of the request.

Mr. Cary explained that some of the funds supported the restaurant in the building by reducing their rent payment to help the entire building make it through.

Commissioner Warr confirmed he was on City Council when this agreement was made. He recalled that about \$150,000 was put into construction assistance for pilings or a walkway. City Manager Estes confirmed this

money, which was also Urban Renewal funds, was used to purchase public right-of-way to build the deck on the north side of the building. Commissioner Warr understood this was a painful situation for the Applicant; however, he did not want to set a precedent. As a business owner, he did not believe the City would rescue him in times of trouble. The City has already rescued Mr. Cary once. Therefore, he could not support the request for an additional grant, but he would support the extension.

Commission Action: Motion by Commissioner Herzig, seconded by Commissioner Nemlowill, that the Astoria Development Commission approve the Astor West Urban Renewal District loan extension and authorize the Chair to sign the Change in Terms Agreement, which will extend the loan payment date to February 12, 2016. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 8:50 pm.

ATTEST:

Secretary

APPROVED:

City Manager

DRAFT

A special meeting of the Astoria Development Commission was held at the above place at the hour of 1:25 pm.

Commissioners Present: Price, Herzig, Warr, Nemlowill (via telephone), and Mayor LaMear

Commissioners Excused: None

Staff Present: City Manager Estes, Community Development Director Cronin, Public Works Director Cook, and City Support Engineer Cindy Moore. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

The Development Commission recessed into Executive Session at 1:26pm.

EXECUTIVE SESSION

Item 3(a): ORS192.660(2)(e) – Real Property Transactions

The Development Commission meeting reconvened at 2:00 pm.

REGULAR AGENDA ITEMS:

Item 4(a): Consideration of a Loan Amendment for the Red Building (City Manager)

City Manager Estes explained that Union Fish Properties, LLC ("Union Fish"), owned by Mark Cary and Sean Helligso, has a loan with the Astoria Development Commission (ADC). The amount of the loan is approximately \$308,000. At the last ADC meeting on August 3, 2015, the ADC approved a loan extension until February 2016, but denied the request to convert a portion of the loan amount to a grant. Since that meeting, Union Fish has asked Staff if the loan could be transferred to the individual owners. This would facilitate a sales transaction. Staff worked with Craft3 to develop loan transfer term sheets for each owner. The term sheets had been provided to the ADC for review. Staff recommended the Development Commission approve the loan terms contained in the individual term sheets for Mr. Cary and Mr. Helligso, authorize Staff to prepare loan documents, and authorize the Chair to sign the loan documents once they are complete.

Commission Action: Motion by Commissioner Herzig, seconded by Commissioner Warr, that the Astoria Development Commission approve the loan terms included in the individual term sheets for Mark Cary and Sean Helligso, authorize Staff to prepare loan documents, and authorize the Chair to sign the loan documents once they are complete. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 2:06 pm.

ATTEST:

APPROVED:

Secretary

City Manager

A regular meeting of the Astoria Development Commission was held at the above place at the hour of 9:14 pm.

Commissioners Present: Price, Herzig, Warr, Nemlowill, Mayor LaMear

Commissioners Excused: None

Staff Present: City Manager Estes, Assistant, City Manager/Police Chief Johnston, Community Development Director Cronin, Parks and Recreation Director Cosby, Finance Director Brooks, Fire Chief Ames, Library Director Tucker, and Public Works Director Cook. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

REPORTS OF COMMISSIONERS: No reports.

CHANGES TO AGENDA: No changes.

CONSENT CALENDAR:

The following items were presented on the Consent Calendar.

5(a) ADC Minutes of 7/20/15

Commission Action: Motion by Commissioner Warr, seconded by Commissioner Nemlowill, that the Astoria Development Commission approve the Consent Calendar. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

REGULAR AGENDA ITEMS:

Item 6(a): Heritage Square – Request for Qualifications (Community Development)

The City Council adopted a Fiscal Year 2015-2016 goal to investigate locating the Astoria Public Library as part of a mixed-use project within Heritage Square. On July 20, 2015, the City Council was briefed on the Heritage Square environmental remediation phase and the timeline for cleanup activities. As the cleanup phase continues, the City Council has expressed an interest in moving the project forward and to continue a conversation with the community about what will be built on the site and how to finance the development. To achieve this objective, City staff has begun a parallel process to initiate a Request for Qualifications (RFQ) to hire a consultant team that will assist the City's efforts in answering three key questions. These questions include: 1) What will be built on Heritage Square? 2) What will happen to the existing library site? and 3) How do you finance the development program as part of a public private partnership?

In preparation for the RFQ, staff has engaged various stakeholders in the Heritage Square Redevelopment including: ADHDA Executive Director and Board President, Astoria Sunday Market, and American Legion Clatsop Post No 12. Feedback from these stakeholder interviews informed the current draft of the RFQ. The RFQ is a solicitation for architectural design and redevelopment strategy services that will focus on Heritage Square and the existing library site. If Council authorizes moving forward, City staff will advertise in the *Daily Astorian* and the *Daily Journal of Commerce* (Portland). Proposals will be due on August 31 with a review panel of city staff and stakeholders conducting evaluations the same week. The professional services contract for this work will be brought to the Development Commission for consideration. As this project will include areas outside of the Astor East Urban Renewal District, City of Astoria funds will need to be contributed to the project. The breakdown will be specified at the time the contract is considered. The projected cost estimate for these services is between \$10,000 - \$15,000. A "Notice to Proceed" for the selected consultant team is expected to be issued in mid-September with work commencing from September to November. It is recommended that the Development Commission authorize City staff to issue a RFQ for architectural and redevelopment strategy services.

City Manager Estes noted a typographic error in the last paragraph of Page 1 of the memorandum, which should read, "The existing library was built in 1968 and does *not* meet current community needs."

Commissioner Nemlowill said Staff was directed to investigate building a new library at Heritage Square with elements discussed in a work session including costs, timelines, parking, the American Legion, options for reuse of the current library building, a public private partnership, and housing for Astorians. She asked if Staff believed the scope of work for this RFQ included all of those elements. Director Cronin explained that an RFQ is different from a Request for Proposal (RFP). The RFP would cover all of the elements listed by Commissioner Nemlowill. However, an RFQ includes an overview of the project. Once a specific contract has been negotiated by Staff, it will be presented to the Commission for approval.

Commissioner Nemlowill agreed that the two items in the RFQ were broad. However, she wanted to state that specific ideas had been discussed. Director Cronin said this project deals with two sites, the existing library site and Heritage Square. The specifics on how those sites are investigated would be included in the contract. He anticipated that Council would be able to review the contract by September 21st. City Manager Estes added that the RFQ would implement the City Council goal. The specific details that address the goal would be included in the contract that would be presented to the Commission once it has been negotiated.

Commissioner Herzig said the City commissioned a feasibility report on building a library at Heritage Square, but the report was never received. He assumed it would be included in this phase of the project. He did not want the City to lose focus on a mixed-use library with workforce housing.

Mayor LaMear said the due date of August 31st seemed like a short submission period. Director Cronin agreed the timeline was tight and Staff might need to amend the timeline in order to get the RFQ advertised.

The Commission asked why applications could not be submitted electronically, which included faxing. Staff explained that many of the organizations prefer to use a particular formatting for their presentations. If the City's software does not match up with theirs, the presentation may not look as professional when printed. The City wants the organizations to package their product in a way they feel conveys their message about their ability to handle a project. After a presentation is submitted, Staff can always request an electronic copy like a printable document file (PDF) if they need one to share with a review panel or it becomes part of the public record.

Commissioner Price was glad the RFQ was broad. Because she is not an urban planner, she does not know if Council's ideas were good and this will indicate how feasible their ideas were.

Commissioner Herzig was concerned because the Astoria Senior Center was not included as a stakeholder. The Senior Center's federal grant revolves around social services to seniors, most of whom will be traveling on foot. The new library will be right in front of Peace Lutheran Church. He believed the Senior Center and Peace Lutheran Church should be included as stakeholders. In the past, citizen input has not been included this early in this kind of project. Citizens should be included in stakeholder meetings as well. This is very important because moving forward without citizen input at this stage means later on, citizens will fight the City because the City did not ask the public about what was planned. Director Cronin said he had already met with Cindy Mudge of the Sunday Market, and Alana Garner and Dulcye Taylor of the Astoria Downtown Historic District Association (ADHDA). Once Staff has the correct contact information, the American Legion would be contacted. He spoke with Larry Miller of the Senior Center about the Heritage Square project on the day of the Roll and Stroll and Mr. Miller would like to be involved. He thanked Commissioner Herzig for suggesting Peace Lutheran Church and said he would look into adding them as a stakeholder.

Commissioner Herzig believed the Senior Center deserved an opportunity to give input because their services and the meal program would result in a lot of interaction with Heritage Square.

Commissioner Nemlowill was pleased that Staff had presented an RFQ so soon. It seemed as if the City had been working on a solution to this problem for a very long time and she was glad Staff was moving forward with the project.

Commissioner Herzig said the City did a rush job with the screening for the Regatta. Council was expecting to review samples of the plastic screening and choose from four colors. He asked if that project had been put on hold, noting that the entire structure had not yet been covered. The existing material is see-through. City

Manager Estes explained that the existing black material was the material discussed at the City Council meeting. Staff is still working on some additional ideas for screening and signage. The screening is not opaque because the material must allow wind to flow through it.

Commissioner Nemlowill asked for an update on the soil removal timeline. City Manager Estes said the lab is currently testing the materials and Staff hopes to have the results after Labor Day. Staff has been working with the Department of Environmental Quality (DEQ) to get preliminary test results so they can begin planning the removal while the final report is being completed.

Commission Action: Motion by Commissioner Herzig, seconded by Commissioner Nemlowill, that the Astoria Development Commission authorize City staff to issue a RFQ for architectural and redevelopment strategy services. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

ADJOURNMENT:

There being no further business, the meeting was adjourned at 9:28 pm.

ATTEST:

Secretary

APPROVED:

City Manager


DRAFT



CITY OF ASTORIA
Founded 1811 • Incorporated 1856

COMMUNITY DEVELOPMENT

MEMORANDUM

DATE: September 14, 2015
TO: ASTORIA DEVELOPMENT COMMISSION
FROM:  BRETT ESTES, CITY MANAGER
SUBJECT: ESTRADA LEASE REQUEST – 250 21st Street

BACKGROUND

In February 2015 Teresa Estrada applied to the City of Astoria for a lease on City owned property located at the US Coast Guard parking lot adjacent to the Bowpicker food cart. For various reasons described in a City Council staff report dated April 30, 2015, the City declined the request on May 4, 2015.

The ADC owns other property in Astoria including 250 21st Street located adjacent to the Riverwalk, Barbey Maritime Center, and City Lumber Company. ADC acquired the property in the 1990s as part of a larger purchase of the railroad property for the Riverwalk. The site was a former freight warehouse (Darigold Building) which the ADC demolished in 2011. Ms. Estrada submitted another lease request on July 1, 2015 for this property.

DISCUSSION/ANALYSIS

This request is located in the Astor East Urban Renewal District which is under the jurisdiction of the Astoria Development Commission. After receiving the request, staff from Engineering and Community Development worked with Ms. Estrada to understand the nature of the request and its implications for the property and neighborhood. Based on this information, and subsequent analysis completed by staff, there are a number of issues to consider before entering negotiations for a lease let alone a land use application which would immediately follow an executed lease.

Staff suggests the ADC consider the following criteria when deliberating a decision:

1. What is the cost – benefit analysis in terms of improvements needed and the expected lease payments that would offset the cost of needed improvements?
2. What is the existing policy that governs the property?
3. What are the other users on the property?
4. What is the economic development potential of the property and how does the proposal align with its highest and best use?

The intended use is for a single food cart. However, from a business model perspective, the ADC would need to invest in infrastructure for a full food pod in order to make this business and the property to succeed. Although a lease rate has not been discussed for the subject property, and is premature to set one, it is unrealistic to expect more than fair market value. For example, most food pods in Portland charge between \$500-\$1,000 per space per month plus utilities with higher rates being charged for high traffic locations in select neighborhoods with annual revenue of \$6,000-\$12,000 per space. For comparison, the City lease rate for the Bowpicker is \$500. With annual gross revenue of \$6,000, this would be less than the cost to upgrade the site to accommodate multiple food carts assuming that the economies of scale would be needed to realize a projected return on investment. Site construction costs for a full food pod including utilities, parking, restrooms, and common areas would easily exceed \$75,000. Although commercial rents in Astoria are strong, it is nowhere near the rate needed to support the higher end. From a business case perspective, the intended use does not pencil for the ADC given the front end costs.


The Riverfront Vision Plan (2009) identified this area as the “Civic Greenway.” The subject property was specifically singled out as a potential open space (Riverfront Park Concept Map, p. 65) that would complement the Riverwalk, help maintain view corridors, and provide passive recreation opportunities for employees of local businesses, Mill Pond neighbors, and visitors. In addition, the Parks Advisory Board recently advised the Parks Director that no commercial uses be allowed to operate in city parks. The proposed use is not consistent with the concept plan or supported by the Parks Board.

Finally, to city staff’s knowledge, there are no other existing users or proposals before the ADC for the subject property. However, the economic development potential - as a permanent redevelopment with an owner occupied user or multiple tenants allowed by right in the Development Code - is much greater than a food pod based on assessed value, property taxes and fees, and appreciated value to the adjacent properties. Future

proposals for the property would be complicated by having an existing tenant even if the lease was on a month to month arrangement.

RECOMMENDATION

It is recommended that the Astoria Development Commission decline the lease request, direct staff to consider an asset management policy that formalizes lease criteria to evaluate future requests and determine procedural steps needed to initiate a letter of intent for prospective tenants, and develop a disposition/investment strategy for the property consistent with ADC policy.

By:  _____
Kevin A Cronin, AICP, CD Director



ASTOR EAST URBAN RENEWAL DIST.

CHOWDER
BOAT
LOCATION

ASTOR EAST URBAN RENEWAL DIST.

MARINE DR.

21ST ST.

22ND ST.

COMMERCIAL ST.



PROPERTY USE/ACQUISITION FORM

Name: TERESA ESTRADA

Mailing Address: 147 WASHINGTON STREET ASTORIA, OR 97103

Telephone: Business 503.298.3618 Home 503.468.0307

Location of applicant's property (if applicable):

Address: N/A

Map Number/Tax Lot: N/A

Lot, Block, Subdivision: N/A

Location of City property:

Address: 250 21ST STREET NE ASTORIA, OR 97103

Map Number/Tax Lot: 80908 DA00203

Lot, Block, Subdivision: _____

Reason for request:

LEASE OF 12' x 33' AREA (396 SQ. FT.) FOR PLACEMENT OF 28' GILLNET BOAT (TRAIERED) CONVERTED TO A MOBILE FOOD UNIT FOR THE RETAIL SALE OF CLAM CHOWDER.

*Describe Improvement (Include dimensions and materials to be used):

N/A

***Include sketch of area showing property lines and intended use.**

7.1.15
DATE

Teresa Estrada
SIGNATURE OF APPLICANT / OWNER



PROPERTY USE/ACQUISITION FORM

Name: TERESA ESTRADA

Mailing Address: 147 WASHINGTON STREET ASTORIA, OR 97103



