

MINUTES OF THE MEETING OF THE
SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
HELD MONDAY, JULY 14, 2008

The Springfield Economic Development Agency met in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon on Monday, July 14 2008 at 7:45 p.m., with Board Chair John Woodrow presiding.

ATTENDANCE

Present were Board Chair John Woodrow and Board Members Anne Ballew, Sid Leiken, Christine Lundberg, Faye Stewart, Dave Ralston, and Hillary Wylie. Also present were Assistant City Manager Jeff Towery, Attorney Bill Van Vactor, Community Development Manager John Tamulonis and City Recorder Amy Sowa.

Board Members Bill Dwyer and Joe Pishioneri were absent (excused).

APPROVAL OF MINUTES

- a. Minutes of June 23, 2008.

IT WAS MOVED BY BOARD MEMBER LEIKEN WITH A SECOND BY BOARD MEMBER RALSTON TO APPROVE THE JUNE 23, 2008 MINUTES. THE MOTION PASSED WITH A VOTE OF 7 FOR AND 0 AGAINST (2 ABSENT – Dwyer and Pishioneri).

COMMUNICATIONS

- a. Business from the Audience

None.

- b. Correspondence

None.

- c. Business from the Staff.

Community Development Manager John Tamulonis noted that in the approved minutes, staff had indicated they would bring back detailed information regarding the budget. He said staff would email that information to the Board members in the next day or two.

Mr. Tamulonis said the Board had approved additional OPEN banners for downtown. Management Analyst Courtney Griesel had five inquiries since that time. They could get to the 20 that were approved quite easily.

Board Chair Woodrow said the banners were shown on a recent television clip of downtown and they looked very nice.

REPORT OF CHAIR

None.

REPORT OF COMMITTEES

PUBLIC HEARINGS

None.

Mr. Tamulonis said during the Downtown Advisory Committee meeting on Wednesday, July 16, he would be talking about the Request for Proposals (RFP) for a downtown consultant that Planning Supervisor Linda Pauly presented to the City Council earlier this evening.

NEW BUSINESS

- a. Springfield Academy of Arts and Academics (A3) Request for Urban Renewal Funds.

Community Development Manager and SEDA staff liaison John Tamulonis presented the staff report on this item. A3 requests \$20,000 in Downtown Urban Renewal funds for the addition of art display windows and awnings at the existing A3 facility.

The new A3 building has been designed to complement other new buildings downtown, playing a vital role in Springfield's long-term downtown urban renewal and revitalization plans. The addition of art display windows will allow A3 students to showcase their art for the Community to see and will integrate the existing facility with the new addition expected to be complete March 2009.

This is a project that the Room Tax Advisory Committee thought would be an excellent addition Downtown because of its timing and links to other art venues. Though the project was ineligible for Room Tax Funds, the Committee suggested it would be a useful initial investment for Downtown Urban Renewal, especially by incorporating it in the A3 construction plans early.

The requested \$20,000 of urban renewal funds for facility façade improvements represents less than 1% of the total A3 expansion project costs. The current expansion project, expected completion Spring 2009, will include a new structure with brick façade, metal awnings, window art display boxes, a student mural, and additional performance and staff space. The requested \$20,000 for window display boxes on the current building will create homogeneity between the existing and new facility and will improve the overall pedestrian environment by increasing the number of windows and visual interest points. With a projected enrollment for fall 2008 of 155 students, the window displays could benefit many young art students and complement other improvements in the Downtown area.

Mr. Tamulonis referred to the brochure included in the SEDA packet. He noted that Jeff DeFranco from the Springfield School district was present.

Board Member Ballew said SEDA would be getting more and more requests for urban renewal funds. Some policies were needed for the Board to determine what they wanted to do

so funds weren't all expended on mini-projects, leaving no funds for bigger projects. She said the school had a tax base and she was not sure why they needed the additional funds.

Mr. DeFranco said there were two elements of the project. The School Board had allocated funds from their capital improvement funds for the expansion construction. When they presented the design to the community, city staff and downtown business owners, they were asked to tie the addition in with the existing building and as part of the downtown revitalization. One of the things mentioned was to have displays for the students' work that would fit in with the Arts Center and the theater. The current bid came in over budget and the district was required to do some value engineering to get the project within budget. The district had to balance the educational core of the facility with the façade improvements. The requested funding would allow those window displays to be built. If the funds were not awarded, the district would go back and value engineer \$20,000 out of the project.

Board Member Ballew asked when it was appropriate to loan funds and when it was appropriate to give funds.

Mr. Tamulonis said there had been instances of zero interest loans that could either be forgiven or called when the property was sold. This could be an appropriate time to loan.

Board Member Lundberg said this was \$50,000 worth of requests for the two projects. She felt this was putting the cart before the horse. The downtown committee was just starting to determine design standards. The process for room tax funds worked well and a lot of projects had come forward with that process. She wanted to use the funds for large projects that could be impactful, such as in areas with high crime downtown. She would like to first go through the process. She didn't want to delegate funds until a plan was in place.

Board Member Leiken said he was very supportive of the two requests. SEDA and the City were in the process of putting together a strategic plan, but these two were in before downtown urban renewal and took a risk in building downtown. Because they were willing to come first and bring people downtown in a positive manner, he felt the amount they were requesting was fairly small. These two were unique because of that, but he agreed it was important to get a policy or process in place for future requests.

Board Member Wylie said staff had brought forward the SEDA budget. She suggested allocating a certain amount within that budget for small requests and a certain amount for larger requests. She agreed criteria needed to be in place to evaluate requests.

Mr. Tamulonis said to fund either one, SEDA would need to pass the two agreements and borrow money from the City through the loan agreement and adjust the downtown urban renewal budget. Interest would need to be paid on the two requests. The financing must be kept separate between the two urban renewal areas.

Board Member Ballew said she would prefer to wait to fund these two requests. Of the two, she could understand loaning funds to the St. Vincent De Paul project because it included a commercial business.

Board Chair asked if the businesses in the Royal Building paid taxes to the City. Yes, staff responded.

Board Member Ralston said the Urban Renewal District was ultimately put into place to increase the tax base by increasing the value of property and bringing in more money to the City. They needed to encourage redevelopment downtown. With limited resources, he felt that giving the money to St. Vincent De Paul for retail property would bring in more tax money. The school district property would not bring in any taxes. He understood the Mayor's point, but also agreed with Board Member Ballew that they had their own tax base.

Board Chair Woodrow said the school district did give up an increase in their tax base for the Urban Renewal District. He said he heard from Board members that they wanted staff to bring back a policy for their consideration to address future requests. He agreed that the school and St. Vincent De Paul had built nice buildings in downtown and he didn't have a problem supporting their requests. He agreed they should not hear any new requests without a policy, but he was in favor of supporting these two requests at this time.

Board Member Wylie asked if this was the best source of funds. She asked what the criteria would be that would differentiate where the requested funds should come from.

Mr. Tamulonis said the Room Tax Advisory Committee didn't feel these two facilities would bring in visitors, but in fact people were coming from all over to look at the A3 School because it was so unique. Urban renewal funds seemed more appropriate for these requests than Community Development Block Grant (CDBG) funds, especially because of the timing for the two projects. The City Council could determine to spend room tax funds on these two projects.

Board Member Lundberg said we were spending all of SEDA's money right up front. The downtown urban renewal group wanted to be involved, so the Board should let them know and let them help pick projects. She said it was not out of the realm for CDBG funding. They were all worthy projects, but the downtown Urban Renewal District was in its infancy. She didn't want to overlook this new committee. She asked if they could wait. She noted the amount that was provided to St. Vincent De Paul over the years for the building through CDBG funds.

Terry McDonald, Executive Director for St. Vincent De Paul said they had received about \$700,000 in a combination of funds. He said they had not anticipated coming back for funding. They learned that there was resistance to investing private money in downtown. If they didn't subsidize the buildout of the building to lower the risk, they couldn't get it occupied. St. Vincent DePaul wanted to take on that funding for the buildout, but didn't anticipate the substantial increase in costs. He hoped to get that anchor in place and to get it leased out as quickly as possible.

Board Chair Woodrow said the downtown advisory committee could review these, but it wouldn't change the plans already in process. St. Vincent De Paul and the School District had gone a long way in shaping the standard for design in downtown. Helping them get finished would be essential.

Board Member Wylie agreed with Board Member Lundberg, but knew non-profits didn't have a lot of funds. She wanted to see those commercial spaces filled.

Board Member Leiken said these two projects could be good marketing for the downtown urban renewal district. It could help to move things forward.

Board Member Stewart said both projects deserved funding. Because he had missed a couple of meetings, he didn't know SEDA had money to give out, and that was a concern.

Mr. Tamulonis reminded the Board that as an urban renewal agency, they needed to be in debt.

Board Member Stewart said both projects would help move downtown forward. He would like to have a process for future requests.

IT WAS MOVED BY BOARD MEMBER LEIKEN WITH A SECOND BY BOARD MEMBER WYLIE TO APPROVE FUNDING FOR THE ADDITION OF ART DISPLAY WINDOWS AND AWNINGS AT THE CURRENT A3 FACILITY. THE MOTION PASSED WITH A VOTE OF 5 FOR AND 2 AGAINST (Ballew and Lundberg) (2 Absent – Dwyer and Pishioneri).

b. St. Vincent De Paul Request for Urban Renewal Funding.

Community Development Manager and SEDA staff liaison John Tamulonis presented the staff report on this item. St Vincent de Paul requests \$30,000 in Downtown Urban Renewal funds for the completion of first floor commercial space in the Royal Building.

The requested funding would assist in the completion of improvements to the Royal Building's ground floor commercial space. These improvements would consist of "plain vanilla" basics to electrical, plumbing, interior walls and floors, restrooms, and heating systems.

This project was recommended for consideration for Urban Renewal funding by the Room Tax Advisory Committee because of the need to help overcome some of the locational costs Downtown. Though the project was ineligible for Room Tax, the Committee suggested that the improvements would help initiate additional private, tax paying investments bringing patrons to the Downtown area.

The residential apartment units at the Royal Building have had a positive effect on the level of activity in the Downtown area during the day and evening. Completing the commercial spaces on the first floor could help to create a more marketable downtown area for new commercial tenants while increasing the amount of foot traffic also impacting surrounding businesses.

The requested \$30,000 of urban renewal funds for ground floor commercial improvements represents approximately 30% of the total Royal Building commercial space improvement costs. St Vincent De Paul will fund the remaining construction costs, minimum \$70,000. With funding from the Springfield Economic Development Agency, St Vincent De Paul estimates that all ground floor commercial space would be available for lease and move-in ready by January 2009. Without urban renewal funding, the completion timeline is uncertain.

At this time, St. Vincent De Paul has signed a lease with one tenant for the 960 sq ft space and is in lease negotiation with a second for the 1400 sq ft space.

IT WAS MOVED BY BOARD MEMBER LEIKEN WITH A SECOND BY BOARD MEMBER STEWART TO APPROVE FUNDING FOR THE COMPLETION OF FIRST FLOOR COMMERCIAL SPACE IN THE ROYAL BUILDING.

Board Member Ballew asked if it was possible to make this a loan for five to ten years.

Mr. McDonald said St. Vincent De Paul had to borrow or get funds from other agencies. Having a loan was not desirable, but could be possible.

BOARD MEMBER BALLEW MOVED AND BOARD MEMBER LUNDBERG SECONDED TO MODIFY THE MOTION TO MAKE IT A LOAN TO ST. VINCENT DE PAUL THAT WAS ACCEPTABLE TO SEDA AND ST. VINCENT DE PAUL. THE MOTION FOR THE AMENDMENT FAILED BY A VOTE OF 2 FOR AND 5 AGAINST AND DID NOT CARRY.

THE ORIGINAL MOTION PASSED WITH A VOTE OF 5 FOR AND 2 AGAINST (Ballew and Lundberg) (2 Absent – Dwyer and Pishioneri).

OLD BUSINESS

- a. Proposed Updates to Intergovernmental Agreement (IGA) and the Funding Agreement between SEDA and the City.

Community Development Manager and SEDA staff liaison John Tamulonis and City Attorney Bill Van Vactor presented the staff report on this item. Based on the SEDA Board's direction and suggested changes to streamline and update the IGA for operations and funding documents between the City and SEDA, the June 23, 2008 drafts have been modified and are ready for Board consideration for approval. These agreements, in particular, include both the Glenwood and Downtown Urban Renewal Plans. If adopted the documents would then be forwarded to the City Council for consideration of adoption on July 21, 2008.

With the formation of the Downtown Urban Renewal District and passage of time since initial execution of the documents, two documents have been combined (Service and Financing Commitments Agreement and Cooperation Agreement). The third agreement stands alone (Advance of up to \$1.25 million).

Both Proposed adjustments (semi-legislative and clean formats) in Attachments 1 and 2 extend the time of the existing agreements and incorporate the Downtown Urban Renewal District. Each maintains the current operational status quo. The amendments and time extension are consistent with the Urban Renewal Plans for both Urban Renewal Districts.

Mr. Tamulonis referred to the agreements included in the agenda packet. He explained the amendments to the agreements.

Board Member Ballew asked what SEDA's annual operating costs were for Downtown.

Mr. Tamulonis said the operating costs were \$50,000.

IT WAS MOVED BY BOARD MEMBER BALLEW WITH A SECOND BY BOARD MEMBER STEWART TO APPROVE THE AMENDED INTERGOVERNMENTAL AGREEMENT AND THE FUNDING AGREEMENT WITH THE CITY OF SPRINGFIELD AND FORWARD THE APPROVED DOCUMENTS TO THE SPRINGFIELD CITY COUNCIL REQUESTING THEIR APPROVAL OF THE AGREEMENTS. THE MOTION WAS PASSED WITH A VOTE OF 7 FOR AND 0 AGAINST (2 Absent – Dwyer and Pishioneri).

ADJOURNMENT

The meeting was adjourned at 8:23 p.m.

Minutes Recorder – Amy Sowa

Christine Lundberg
Secretary