

July 7, 2014
5:30 P.M.
Newport, Oregon

The Urban Renewal Agency of the City of Newport met on the above date in the Council Chambers of the Newport City Hall. On roll call, Roumagoux, Allen, Beemer, Busby, Sawyer, Saelens, and Swanson were present.

Staff present was City Manager Nebel, City Recorder Hawker, Interim Finance Director Gazewood, Finance Director Murzynsky, and Community Development Director Tokos.

CONSENT CALENDAR

The consent calendar consisted of the following item:

A. Approval of minutes of June 16, 2014, and the special meeting and executive session of June 23, 2014.

MOTION was made by Allen, seconded by Roumagoux, to approve the consent calendar with the changes to the minutes as noted by Allen. The motion carried unanimously in a voice vote.

EXECUTIVE DIRECTOR REPORT

Authorization to Enter into a Purchase Agreement for the Acquisition of a Portion of Lot 2, Block 1, Harborton Subdivision in South Beach. Nebel reported that the Agency has considered the purchase of a 2.34 acre property that is located at the proposed intersection of SE 35th Street and US 101 in South Beach. He added that in this case, the Agency would be required to purchase right-of-way in order to accommodate 35th Street at this location. He stated that as part of discussions with the property owner, it was indicated that the owner wanted to sell the entire parcel including the former restaurant/auto dealership building, coffee kiosk, a warehouse/storage building, and a church building. He noted that the Urban Renewal Agency commissioned an appraisal of the property which indicated that the current market value of the land and buildings is \$1,525,000.

Nebel reported that the Urban Renewal Agency has indicated that it is important to conduct a public outreach process as part of the need to amend the South Beach Urban Renewal Plan for the acquisition of the property utilizing URA funds. He added that the purchase agreement, as structured, provides sufficient time to conduct an outreach effort. He stated that the sellers indicated they desire to utilize a 1031 exchange and have requested flexibility as to timing in order to adjust the closing dates so that the sale lines up with the purchase of a similar investment property. He noted that the owners have also asked that the South Beach Church be allowed to remain on the property until the street improvements have been installed. He added that the sellers are willing to refund the

\$50,000 earnest money if the public outreach process determines that it is not in the Agency's best interest to proceed with the sale.

Nebel reported that he believes that this is a good investment of Agency funds since it will provide maximum flexibility to establish various right-of-way alignments for 35th Street, and will allow the city to play a role in guiding the future development of this property. He added that when property not utilized for public purposes is sold, these funds will provide a source of revenue for other improvements within the District if the sale occurs during the life of the South Beach Urban Renewal Plan. He stated that the funding will come from the \$5.4 million bond that the Agency is planning to borrow during this fiscal year to finance various Phase 2 projects.

Allen noted that based on a Council suggestion the timeline for public outreach was extended to November 1, and may be able to be extended if a few more weeks if needed.

Beemer read a letter from Janet Webster regarding the acquisition of this property. She expressed opposition to this approach noting that it seems inappropriate for the city to purchase property when the private sector should be doing this. She further added that she cannot support this acquisition at this time when funds are already stretched.

Allen noted that it is the intent for the city to have control over the initial improvement of the property with the goal of selling the remainder back to private developers. Tokos confirmed that purchasing properties to spur economic development is well within the responsibilities of an urban renewal agency. He also confirmed that the goal is to sell the remaining property to a private developer after the infrastructure improvements are made.

Beemer reported that he was contacted by a long-time resident who recalls a gas station on this property. He suggested checking on this. He also noted that he had heard from a realtor that flood insurance may be required for the property. Nebel reported that under the purchase agreement, the city has 60 days to perform due diligence. Tokos reported that he knows of no regulatory requirement to insure for tsunamis, and that he does not believe that this property is in a flood plain.

Nebel recommended approval of the purchase and sale agreement.

MOTION was made by Allen, seconded by Roumagoux, to authorize the Executive Director to enter into a purchase and sale agreement with the owner of the subject property that substantially conforms to the draft document reviewed by the Urban Renewal Agency and that the Director is authorized to act on behalf of the Agency to implement the agreement, including initiating a public outreach process to amend the South Beach Urban Renewal Plan as it relates to this acquisition. The motion carried unanimously in a voice vote.

ADJOURNMENT

Having no further business, the meeting adjourned at 5:46 P.M.

Margaret M. Hawker, City Recorder

Richard Beemer, Chair