

November 17, 2014
6:29 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, Allen, Beemer, Swanson, Roumagoux, Saelens, and Busby were present. Sawyer was excused.

Staff present was City Manager Nebel, City Recorder Hawker, Community Development Director Tokos, Public Works Director Gross, Library Director Smith, Parks and Recreation Director Protiva, and Police Chief Miranda.

MOTION was made by Allen, seconded by Busby, to excuse Sawyer from tonight's meetings as he is still out of state. The motion carried unanimously in a voice vote.

CONSENT CALENDAR

The consent calendar consisted of the following item:

- A. Approval of minutes from the joint City Council and Urban Renewal Agency meeting of September 2, 2014.

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

EXECUTIVE DIRECTOR REPORT

Approval of Minor Amendment Eleven to the South Beach Urban Renewal Plan and Report. Hawker introduced the agenda item. Nebel reported that the Urban Renewal Agency is scheduled to consider a minor amendment to the South Beach Urban Renewal Plan to allow for the acquisition of a 2.33 acre parcel at the NE corner of Highway 101 and 35th Street. He stated that this opportunity came along after initial discussions with the property owner about acquiring land for a right-of-way for the new 35th Street intersection that is going to be constructed at Highway 101. He noted that at the time of discussion, the property owner indicated that they might be interested in selling the entire parcel to the city instead of carving out a public roadway from this parcel. He noted that in reviewing this matter, there were several advantages to this option including affording the city the opportunity to locate the new 35th Street right-of-way at the best location to facilitate traffic flow through this area. He added that acquisition of this property will allow the Agency to position the balance of the property for resale to a private developer once the infrastructure work is completed. He noted that the Agency would then be in a position to guide the type of development that would be appropriate for this property.

Nebel reported that an outreach meeting was held on October 27, 2014, at which the Agency invited the public to provide feedback on this plan amendment. He stated that 464 notices were sent to property owners and interested parties to attend the meeting,

and that 12 individuals attended the meeting including four individuals representing the property owners. He added that the notices also included notice of tonight's meeting so that interested parties could participate in this meeting as well.

Nebel reported that at the outreach meeting, there was much discussion on the channelization of the 32nd Street and Highway 101 intersection. He stated that this issue does not affect the minor plan amendment being considered by the Agency since the channelization issue is not addressed here. He noted that other issues relating to the decision to amend the plan included the potential impact on future projects within the district, particularly the property located at the 40th Street and Highway 101 intersection, and concerns as to whether the Agency or city should be in the land speculation business. He added that a list of comments from that meeting is included in Tokos' report in the packet. He noted that he has had a number of conversations with individuals (some of whom participated in the October 27 meeting) whose comments he has included as an attachment to his report in the packet. He stated that there were concerns expressed about the property appraisal, and he has also included those concerns, along with the response from the property appraiser, in the packet.

Nebel reported that in reviewing this opportunity, the Agency has two primary choices. He stated that in order to proceed with the acquisition of the entire parcel, the Agency would need to approve this minor amendment. He noted that in the alternative, if the Agency chooses not to approve the minor amendment, the Agency would need to notify the property owner that it is not interested in going forward with the purchase before November 30 to allow for recovery of the \$50,000 deposit which was part of the purchase agreement for the property.

Nebel reported that as with many of these types of decisions, there are valid arguments and concerns on all sides of this issue. He noted that if the Agency chose not to buy the entire parcel, the Agency could begin negotiations for acquiring only the right-of-way necessary for 35th Street. He added that if the seller is supportive of considering carving off a portion of their property for this purpose, this process could happen fairly quickly. He stated that if, on the other hand, the property owner is concerned about reducing the overall footprint of the property and/or the Agency cannot come to agreement on the right-of-way values, then this could extend the process of acquiring the right-of-way access from this property.

Nebel reported that while the Agency is typically not a land developer, he stated that he does see some benefit in having the Agency market the portions of the property that are not used for the right-of-way. He noted that this is an opportunity to redevelop an area that has some degree of blight within the community and would keep a larger parcel intact to accommodate a potentially larger service and/or retail use for the South Beach area. He noted that while there is a countering argument that the market forces should determine how this property develops in the future, the city and agency will not have control over that development which could include parceling out the larger parcel of property and allowing the individual structures to remain in place, or could result in a future use that does not meet the long-term development needs of South Beach. He stated that this is truly a unique opportunity in this area.

Nebel reported that another valid observation is that the Agency does not have a clear vision as to the preferred type of development that would occur on this property. He added that there is not a specific type of service or use identified at this time, and that

ultimately, the South Beach community would have to be engaged regarding uses that would complement the South Beach community.

Nebel reported that the other valid concern is that these funds will delay development of the Phase 3 projects, so that they may not be accomplished before the expiration of the district. He added that depending on what happens with other development in the district and particularly with the property in question, this could result in less funds being available to accomplish tasks in the last phase of the project. He stated that if development is done right, it could accelerate the development of South Beach and the building of captured tax base to fund the remaining projects that are outlined in Phase 3. He noted that the Phase 2 projects close out on December 31, 2016, and the Phase 3 projects then are eligible for consideration beginning in 2017. He added that the packet contains a detailed report from Tokos with various documents that will help review the issues that need to be considered by the Agency regarding this particular decision. He stated that there is an amendment indicating what projects in Phase 2 would be affected by this action.

Nebel reported that after reviewing various issues, he recommends that the Agency approve the minor plan amendment and pursue the purchase of the property located on the NE corner of the proposed 35th Street/Highway 101 intersection. He added that while there are risks, it is his opinion that there are more benefits for the city owning this entire property; carving out what is needed for public purposes; and marketing the remaining property for a use to meet the service needs of South Beach.

Beemer called for public comment.

Patricia Patrick-Joling, Dolphin Real Estate, LLC., asked what happens to the other projects that were in line before this, and whether anyone has consulted a real estate broker to provide input or feedback on the transaction.

Jeff Bertuleit showed two photographic slides of the urban renewal area. He stated that he is concerned about spending 37% of the Phase 2 budget on one location, and the potential loss of flexibility that might occur with larger parcels that could allow for 20 - 30 acres to be developed. He added that tying up 1.5 million dollars does not allow that flexibility. He submitted a petition containing the signatures of owners of property shown in the photographs, who do not support this minor amendment.

Janet Berg, property owner, reported that the property has only been on the market for approximately a year, and that it was never listed for sale for \$800,000. She added that her parents purchased the property approximately 17 years ago thinking that it would be a good part of what would happen in South Beach in the future.

Allen asked Berg whether the preliminary discussion regarding the property was related only to the purchase of the right-of-way. Berg noted that the preliminary discussion was focused on the purchase of the right-of-way only, but that selling the property as a whole is much more straightforward.

Janet Webster referred to Substantial Amendment No. Five. She noted that the city had made three points regarding why it should purchase more than simply the right-of-way. She added that these points include the ability to influence the use of the area; flexibility in the design of the intersection; and a strong return on investment. She noted that the city can influence the use through zoning and planning; that adequate right-of-way could be purchased; and that the sale of the remaining property would compete with other similar properties. She added that the southern property is a bad location for a convenience store/gas station, and added that the major problem with the city purchasing

the property is that there is no vision. She stated that the amendment refers to the urban renewal plan as an implementation vehicle for the South Beach neighborhood. She added that the city has not done a good job of defining the neighborhood and has dealt with it in a piecemeal and reactive manner. She stated that the Urban Renewal Agency could be a leader in the development of the South Beach neighborhood.

Allen noted that Bertuleit was appearing as a property owner; Patrick-Joling was appearing as a realtor; and asked why Webster was appearing. Webster noted that she was appearing because the purchase of this property is not a wise use of those resources.

Tokos reviewed what the projects that would be impacted by this purchase. He reported that the minor amendment consolidates Phase 2 funding for strategic site acquisition for reuse; site preparation for reuse; and acquisition for economic development, community facilities, and affordable housing under the heading of "strategic site acquisition for reuse" and increases the budget from \$500,000 to \$1,540,000. He stated that to offset the increase, \$100,000 in funding for a wetland mitigation bank and \$150,000 earmarked as match for street paving LIDs in the Coho/Brant neighborhood have been eliminated. He noted that these projects will not be undertaken during Phase 2, and that there is funding earmarked for both projects in Phase 3 should the projects become viable at that time. He added that funding for the construction of a SW 26th Street lift station is being eliminated because it is unlikely to be needed in Phase 2, and if it is needed, it could be funded by a private developer. He stated that funding for right-of-way acquisition is reduced to \$265,000, and added that this is reasonable given that acquisition of the parcel negates the Agency's need to purchase right-of-way at the same location. He reported that funds for park, open space, and trail acquisition have been reduced to \$50,000, and that the only project of this nature planned for Phase 2 is the construction of a trail from SE Chestnut Street to the Oregon Coast Community College. He noted that the trail alignment is only partially within the Urban Renewal District, and that \$50,000 represents the Agency's proportional contribution. He added that these reductions, in conjunction with \$420,000 in unexpended funds from Phase 1, offset the increase in funding for site acquisition to that the total amount of the planned borrow for Phase 2 construction funds is unchanged at just under \$5,400,000.

Tokos reported that a real estate broker was not engaged, but that the appraiser, Jeffrey Marineau, is a licensed commercial appraiser who used comparables in Newport and other coastal communities.

Allen asked that the issues related to lack of a vision and moving forward with the project be addressed. Tokos reported that there had been a fair amount of stakeholder involvement in developing the three phases. He added that the Agency is working in a finite window, and the ability to influence development effectively closes in 2020. He noted that the Agency and staff will have the capacity to engage people on how the property should be positioned for future use.

Roumagoux asked why some of the money could not be saved for frontage improvements along the east and west sides of Highway 101 to 40th Street and beyond. Tokos noted that any new infrastructure projects will likely occur in Phase 3. He added that funding is programmed into Phase 3 for work on 40th Street, and that there had been a fair amount of infrastructure work in Phase 2.

Tokos noted that the property will be attractive for commercial development, but that the Agency will make the decision on how to resell the property.

Swanson asked about the SW 26th Street lift station. Gross reported that the lift station is not needed as there are no capacity or condition issues.

Allen asked whether there would still be sufficient money for borrowing for Phase 3 projects if the Agency buys the property. Tokos noted that the resale of the property is not needed to finance the Phase 3 borrow.

Allen asked Tokos whether the initial conversations with the property owners focused only on right-of-way acquisition. Tokos reported that the right-of-way purchase was his initial intent.

Nebel noted that there have been a lot of points on both sides of this issue, but that it is his recommendation to go forward with purchase.

Allen referenced Nebel's report contained in the packet. He noted that it states that "If the property seller is supportive of considering carving off a portion of their property for this purpose, this process could happen fairly quickly. If on the other hand, the property owner is concerned about reducing the overall footprint of the property and/or we cannot come to agreement on the right-of-way values, then this could extend the process in acquiring the right-of-way access from this property." Allen asked Nebel to elaborate on this matter. Nebel noted that if the city was unable to negotiate terms to purchase the right-of-way and had to rely on condemnation, the process would be more involved, and there could be significant expense to the city.

Beemer asked how much right-of-way the city would need on the east and west sides of the property. Gross reported that this property has frontage on three roads that the city would be constructing at the same time. He added that this acquisition would present a unique opportunity to develop and control access onto the property to improve circulation at the intersection. He stated that being in complete control of the property is the ideal situation.

Saelens stated that this is a situation where good points are being made on both sides. He noted that he is relying on experiences of watching opportunities go by the wayside and ultimately regretting that decision. He noted that he is leaning toward acquisition of the property with the expectation that the city will involve the community in deciding what the property will ultimately be used for.

Swanson stated that she agrees with Saelens, and is aware of the engineering opportunities presented by acquisition of this property.

Allen stated that there are good points on both sides, but that it is his preference that the Urban Renewal Agency take more measured steps; to move slowly; and stick with the initial objective of negotiating the 35th Street right-of-way purchase.

Busby asked what percentage of the property would be used if two right-of-ways were purchased.

Roumagoux asked whether there would still be a lake in the middle of the property if the city acquires the right-of-way. Gross noted that the ditch that runs along the north side of the property is not a part of this property. He added that there is still work to be done with adjoining properties to make the infrastructure work well.

Beemer reported that he had read the list of 28 concerns from South Beach informational, but what swayed his decision was Gross' discussion regarding the various requirements for property and the width of 35th Street. He added that the other issue is that when you take a piece of property from the south, west, and east sides of the property, it devalues what is left.

MOTION was made by Swanson, seconded by Saelens, that the Urban Renewal Agency adopt Resolution No. 3695, a resolution adopting Minor Amendment Eleven to the South Beach Urban Renewal Plan. The motion carried in a voice vote with Allen voting no. Allen noted that his reason for opposition to the motion was the previous statements that he had made.

ADJOURNMENT

Having no further business, the meeting adjourned at 6:55 P.M.

Margaret M. Hawker, City Recorder

Richard Beemer, Chair

