

**City of Madras
Madras Redevelopment Commission
Official Meeting Minutes
Special Meeting
December 3, 2009**

I. Call to Order

The Special meeting for the Madras Redevelopment Commission (MRC) was called to order by Chair Patty Woll at 2:00 p.m. on Tuesday, December 3, 2009 in the Madras City Council Chambers.

Members in Attendance:

Chair Patty Woll; Vice Chair (Mayor) Melanie Widmer; Commissioners: City Councilor Tom Brown, Carolyn Fording, Doeshia Jacobs, City Councilor Kevin O'Meara and Blanca Reynoso.

Members Absent:

Commissioner: Helmer Wallan.

There was one vacancy.

Staff Members in Attendance were:

Community Development Director Nick Snead; City Administrator Mike Morgan, Finance Director Brenda Black and Community Development Specialist Tammy McHaney.

Guests: Israel Reynoso and Dan Steelehammer.

II. Consent Agenda

- a. Adoption of Agenda
- b. Approval of Minutes from October 20, 2009
- c. Vouchers dated October 30 and November 17, 2009

THE CONSENT AGENDA WAS MOTIONED FOR APPROVAL BY COMMISSIONER-COUNCILOR O'MEARA AND SECONDED BY COMMISSIONER-COUNCILOR BROWN. THE MOTION PASSED UNANIMOUSLY.

III. Visitor Comments

There were no visitor comments.

IV. Reynoso Façade Improvement Project Contract

Commissioner Reynoso noted her conflict of interest and removed herself from the discussion/decision.

Commissioner Fording noted she had a conflict as well and removed herself from the discussion/decision.

Director Snead presented the loan agreement for the Reynoso's Façade Improvement project. He pointed out that there were some minor corrections to the document provided to the Commissioners, however the changes would not get in the way of approving the contract.

He pointed out each change and noted the first correction was on page one, paragraph seven. The amount of \$34,298 was incorrect because 50% of the total project cost was only \$28,622.50 and therefore the number should reflect 50% of the project cost.

He continued and noted in the following paragraph, a reference was made to Hennebery Eddy Architects, Inc and it should have referred to Mac Art Graphics and Design.

The next change needed was in paragraph eleven. Again, it referenced Hennebery Eddy and needed to be changed to Mac Art Graphics and Design. The document also referenced "Attachment A" and he explained that attachment was the specific document that listed the proposed improvements/construction plans. He wanted to use the word "blueprints" and their date so that it was clear what construction documents it was referencing. He asked for clarification from Director Black.

Director Black could not clarify the errors in the contract. She noted the errors had been presented to her while in the middle of a conversation and she had not had the opportunity to examine them.

Director Snead noted that with those three changes the contract was sufficient and ready for signatures if the Commission so chose.

Chair Woll asked if there was any discussion.

Commissioner-Councilor O'Meara said this topic had already been discussed too much.

A MOTION WAS MADE BY COMMISSIONER-COUNCILOR O'MEARA TO APPROVE THE CONTRACT AND SECONDED BY COMMISSIONER-MAYOR WIDMER. THE MOTION PASSED UNANIMOUSLY.

Administrator Morgan noted for the record that Commissioner Reynoso and Commissioner Fording did recuse themselves on this topic.

Commissioner-Councilor O'Meara questioned if they could have been part of the discussion.

Administrator Morgan noted in his opinion no. Discussion could have been deemed as influencing the Board's decision and the safest thing to do was to refrain.

V. Resolution No. MRC 200903

Director Snead spoke and presented a resolution for approval that would transfer funds from the "Public Facilities" line item to the "Building Improvement" line item so that the Reynoso project could be funded out of the correct line item.

He continued and noted that this Resolution would also create a line item for “Facility Maintenance”. He said this line item would be created for future maintenance invoices to pay for items similar to the gravel that was placed on the MRC’s 5th Street property.

Chair Woll questioned if the Public Works Department had completed the improvements to the lot and did anyone know the cost.

Director Black noted an invoice for the gravel had not been received, but an invoice for equipment rental had been received.

She stated that her understanding was that the regular monthly meeting would not be held and requested a discussion regarding the December vouchers.

Chair Woll asked if there was anymore discussion on the resolution.

Commissioner Jacobs questioned the difference between “public facilities” and “facility maintenance”.

Director Black explained that approximately \$4,500 would be transferred from the Capital Outlay section to a Materials and Services line item. Maintenance type invoices up to \$5,000 would be paid out of this line item to maintain MRC properties. Invoices over \$5,000 are considered Capital Assets and involves a depreciation process.

Chair Woll clarified that this was not an expense.

Chair Black replied and explained that this was not an expense, but an appropriation.

Commissioner-Councilor Brown noted this was just creating another category.

Commissioner Jacobs stated she was concerned with creating too many categories.

Chair Woll requested more discussion and then a motion.

A MOTION WAS MADE BY COMMISSIONER-COUNCILOR O’MEARA TO ACCEPT RESOLUTION NO. MRC 200903 AND SECONDED BY COMMISSIONER BROWN. THE MOTION PASSED UNANIMOUSLY.

VI. Dan Steelehammer Real Estate Contract

a. Listing Prices for the 4th and 5th Street Properties

Some history was provided to the newer Commission Members and it was noted that Dan Steelehammer had been chosen as their realtor of record approximately four years ago. He was chosen because the Commission felt there would be problems choosing someone local. So, the fact that he specialized in commercial real estate and was from Bend made the difference.

It was also noted that Mr. Steelehammer had a broad range of experience as he represented multiple public entities. It was noted that a property sale was different when a public entity was

involved. Also a conflict of interest was a big possibility with local realtors who could be on both ends of the sale.

Mr. Steelehammer had emailed a list of contacts that had been made regarding the MRC's property and a discussion took place regarding his commission. It was noted that transactions on Commercial property really take a lot of time and on the properties he had sold, he had really earned his money considering his lower rate.

(Commissioner-Councilor O'Meara left the meeting at 2:17 p.m.)

Consensus was they should renew Mr. Steelehammer's contract as long as his fee remains the same.

While waiting on Mr. Steelehammer to arrive, Administrator Morgan provided some information on Cross Keys. He reminded them that their agreement paid Cross Keys \$105,000 a year for five years and noted there was one more payment. He informed the Commission that they should recapture their full investment in approximately eight years from the date Cross Keys opened.

The hotel/motel taxes were discussed and it was noted that the City of Madras had received above average funds this year where other City's did not have an increase. (Commissioner-Councilor Tom Brown left the meeting 2:25 p.m.)

(Mr. Steelehammer entered the meeting at 2:30 p.m.)

Mr. Steelehammer approached the Commission and noted that his listing agreement on their lots would expire December 31, 2009 and reported there had been no activity in the last 110 days. He said the property was listed on the internet and out of four web sites there had been only 10 hits.

He reported that in August 2006 the real estate market slowed by about half and in December 2008 commercial real estate just stopped. Central Oregon had been terribly slow as well as across the nation.

He said that Madras had done a better job with commercial real estate than other areas in Central Oregon. Commercial loans were really hard to access unless the property was, owner occupied. He reminded them that their current price was \$15 for one site and \$20 for the other and noted that the market in general had fallen 30%. He said he would like to continue listing the property, and in order to make these attractive to buyers, one option was to look at adjusting the prices. Especially the lot on 4th Street, as that property would require a special buyer considering auto oriented uses are not allowed.

He provided some retail comparisons in Redmond and said that retail property in Madras had not fallen as bad but Industrial had. He noted November had showed an increase universally.

He noted that commercial brokers are different than residential, as commercial property requires more marketing and personal contacts. He informed the Commission that he works with three other brokers. He said there had not been a lot to report as most of his contacts wanted to wait till spring.

Chair Woll asked what price range he would suggest.

Mr. Steelehammer replied and said he would like to see the 5th Street property listed at \$12; however if they wanted to be aggressive, they could lower it to \$10, but \$12 would be competitive and negotiations could take place later.

The 4th Street property was special and realistically should be at \$15. He commented that this lot was very unique as it was adjacent to such nice property. It did have some challenges such as the amount of parking and the size of the lot, but due to its location, it should garner a higher price.

Chair Woll asked for discussion.

Commissioner-Mayor Widmer noted it made sense to lower the price considering the market.

Administrator Morgan pointed out that the Commission was unique in that they could hold property and let the market rise back up.

Commissioner Fording replied that wouldn't increase the tax base.

Administrator Morgan agreed and continued to say that vacant lots do not create jobs, nor remove blight and from his perspective, activity was worth more than waiting and speculating on the value of the property. He suggested they listen to Mr. Steelehammer on the price and stated that at anytime the Commission could drop the price below market, especially if a buyer could create a higher ratio of employees per square foot than other types of business. He said that development would be better for the community and suggested they consider this as a leveraging tool.

(Tom Brown returned to the meeting)

Chair Woll asked if it was ok to list the property at one price and then negotiate with interested buyers later.

Mr. Steelehammer replied yes and noted he could indicate to other brokers that those incentives were there for specific types of businesses.

Chair Woll asked for further discussion.

Mr. Steelehammer enquired how fast they wanted to sell the property as that would determine his suggested selling price. He reminded them to consider that if they lower the price just to sell, they could get a buyer who would hold the property till the market rises, which would not create economic development.

Administrator Morgan commented that they could always condition a sale and require the buyer to develop.

A MOTION WAS MADE BY COMMISSIONER-MAYOR WIDMER TO ADJUST THE PRICE ON THE 5TH STREET PROPERTY TO \$12 A SQUARE FOOT AND ADJUST THE 4TH STREET PROPERTY TO \$15 A SQUARE FOOT. THE MOTION WAS SECONDED BY COMMISSIONER FORDING.

Commissioner-Councilor Brown questioned the listing timeline at that price. He commented that even in a year, property may still not be moving.

Discussion took place and it was noted that the Commission could revisit their price as often as they wanted. Mr. Steelehammer offered to provide a quarterly market analysis.

Consensus was not to place a time limit on their selling price and they requested Mr. Steelehammer to provide a quarterly analysis.

THE MOTION PASSED UNANIMOUSLY.

b. Renewal of "On Call" Contract

Mr. Steelehammer noted that a quarterly report was a great idea and he would ask to be put on the agenda quarterly.

His current contract for on call services was \$100 an hour and his commission was property specific. The 5th Street property had been contracted at 4% and the 4th Street property at 5%.

Chair Woll asked Mr. Steelehammer if he was requesting any changes.

Mr. Steelehammer noted he would like to keep them at the same rates if possible.

A MOTION WAS MADE BY COMMISSIONER FORDING TO RENEW THE CONTRACT AND KEEP THE LISTING RATES THE SAME. THE MOTION WAS SECONDED BY COMMISSIONER REYNOSO AND PASSED UNANIMOUSLY.

Mr. Steelehammer noted a contract addendum was an option and questioned if they had a preference.

Chair Woll asked if an addendum was appropriate.

Mr. Steelehammer replied and said historically the City had provided the on call contract which did have an addendum. His office had provided the listing agreement.

Chair Woll asked if there was anymore discussion and questioned Mr. Steelehammer if his quarterly visits would be billed under the "on call" contract.

Mr. Steelehammer replied no.

Commissioner-Councilor Brown questioned what the on call contract amounted to above and beyond his commission.

Mr. Steelehammer noted that his on call service was billed at \$100 per hour; however, he really tried to tie everything to a sell, because tracking his time was difficult and he preferred not to work on an hourly basis.

A MOTION WAS MADE BY COMMISSIONER-MAYOR WIDMER TO RENEW MR. STEELEHAMMER'S ON CALL CONTRACT FOR \$100 AND HOUR. THE MOTION

WAS SECONDED BY COMMISSIONER-COUNCILOR BROWN AND PASSED UNANIMOUSLY.

Administrator Morgan asked if the contracts were one year renewals.

Mr. Steelehammer confirmed they were one year contracts.

Commissioner-Councilor Brown questioned if Mr. Steelehammer needed to be present to present the quarterly reports.

Mr. Steelehammer replied he could provide the report in person or he could provide that in an email. If email was ok, he would provide the report early enough so that if they wanted him to attend the meeting he would be there.

Chair Woll informed him that their regularly scheduled meeting was held on the third Tuesday of every month and requested the report be received by the previous Monday.

VII. ADDITIONAL DISCUSSION

Finance Director Black noted that it was her understanding the regularly scheduled meeting for December would not be held. She questioned how the Commission would like the vouchers to be paid. She noted the ones she knew of and mentioned \$18,500 for the Reynoso Project; the invoice for the gravel; and the invoice for equipment rental. She noted that those total approximately \$20,000.

Chair Woll noted that in the past, if bills needed to be paid, the check would be signed and then the vouchers would be formally approved at the next meeting.

Administrator Morgan requested a formal motion to authorize the Chair and the Director to pay the December bills.

A MOTION WAS MADE BY COMMISSIONER FORDING TO ALLOW CHAIR WOLL AND DIRECTOR BLACK TO HANDLE THE DECEMBER BILLS. THE MOTION WAS SECONDED BY COMMISSIONER JACOBS AND PASSED UNANIMOUSLY.

Director Snead questioned if there were any agenda items he was unaware of and asked if there was a consensus on canceling the meeting for December 16th, 2009.

There were several yeses.

VIII. ADJOURN

The meeting adjourned at 3:00 p.m.

Patty Woll, Chair



Tammy McHaney, Com Development Specialist