

**Report on issues discussed at the weekly
Management Update meeting on March 10, 2014**

Commissioners present: Commissioners Sam Brentano, Patti Milne by telephone and Janet Carlson.

Others present: John Lattimer, Janice Zyryanoff, Bruce Armstrong, Caron Calvin-Price, Don Russo, Sara McDonald, and Lynne Coburn as recorder.

Guests: Christine Diacetis, Oregon Garden Manager; Naomi Dwyer, Oregon Garden Foundation Administrative Coordinator; Terry Frohnmayer, First Commercial Real Estate Services, LLC.

Anna Peterson, City of Salem Mayor; Linda Norris, City of Salem Manager Linda Norris, Chuck Bennett, Salem Council President; and John Wales, City of Salem Urban Development Director were in attendance following the recess.

INFORMATIONAL

Dedication of the Juvenile Courtroom

Chief Administrative Officer John Lattimer said he received a letter from the presiding judge, Circuit Court Judge James Rhoades, requesting that the county name the Juvenile Courtroom after Judge Albin W. Norblad. Commissioner Carlson said that it sounds like a lovely idea. Mr. Lattimer agreed. Commissioner Brentano agreed.

Commissioner Milne joined the meeting by telephone.

ACTION

Oregon Garden Foundation Master Plan

Commissioner Brentano introduced Oregon Garden Manager Christine Diacetis and explained that the Oregon Garden bylaws require that the Board of Commissioners approve the Master Plan for the Oregon Garden. He said that he is requesting that the Board approve the Master Plan that include the Christmas Market as a project that was a very successful Oregon Foundation project and pave the way for a Discovery Pavilion project. He introduced Oregon Forest Resources Institute (OFRI) Forest Education Program Manager Julie Woodward who is coordinating the Discovery Pavilion project. Ms. Woodward said that the OFRI is a state agency created in 1991 and is dedicated to forestry education. She said that OFRI has partnered with the Oregon Garden for approximately 12 years to manage the Rediscovery Forest which is a demonstration forest for the public, K-12 groups, and family forest landowners. She said that for over ten years OFRI has brought 5,000 to 10,000 students per year on field trips to the Discovery Forest at the Oregon

Garden and that the program is that a very sustainable program. She said that OFRI has been relying on a tent as one of the shelter areas and it felt timely that OFRI look at a more permanent structure, and also bring in the wood products industry to complete OFRI's message about the importance of the forest and the wood products that Oregon ships all over the world. Ms. Woodward said that it would be a win-win situation in the sense that OFRI gets a building for its educational programs and that the Oregon Garden gains a rental space for family reunions, weddings, and other outdoor activities. She said that OFRI took the lead on fundraising for the Discovery Pavilion project in partnership with the Oregon Garden Foundation and Rich Duncan Construction has come forward as a community partner and for the last year has donated all their time and the project is now ready to break ground. She said they have also received a lot of in kind donations. Commissioner Carlson confirmed that the project is approximately \$175,000 and asked if that number is with the in kind and cash OFRI is raising for construction. Ms. Woodward said correct and said OFRI has \$136,000 in the reserve fund, \$30,000 in pledge funds, and approximately \$56,000 in kind donations. Commissioner Carlson noted that total is not \$175,000. Ms. Woodward explained that the building budget is at \$175,000 if it were constructed at full cost. She said that OFRI raised what it believed was needed in cash and is over that amount with the pledges and then the in kind OFRI also believes is over the amount needed. She said she is learning that it is better to be over then to be under. Commissioner Carlson asked about ongoing maintenance costs. Ms. Woodward said that OFRI has spoken with Moonstone Garden Management and they will be carrying the liability and maintenance of the building and funds will continue to be raised for the maintenance. She said the rentals would also help offset the cost of the maintenance. Commissioner Brentano said that the Oregon Garden Foundation needs to do more work on the Master Plan, but to move the Discovery Pavilion project along it needs to get included on the list of projects so that OFRI can move forward. He said that the Oregon Garden would be back before the board in the future with a re-vetted Master Plan. Mr. Lattimer asked if Dirk Winters, president of Moonstone Hotel Properties, is approves of the Discovery Pavilion project. Ms. Diacetic said absolutely. Commissioner Brentano said that was one of the requirements as well as the Board of Commissioners agreeing and by doing this action that is what the board says.

MOTION: Commissioner Carlson moved that the Master Plan for the Oregon Garden be approved. Seconded by Commissioner Milne; motion carried. A voice vote was unanimous.

Marion County Justice Courtroom

John Lattimer said that, included in the board's packet is the tenant improvement plan, requirements for billed out of the lease space, and a letter from Duncan Construction, Inc. He introduced Terry Frohnmayr of First Commercial Real Estate Services, Marion County Municipal Court Judge Janice Zyryanoff, and Property Specialist Caron Galvin-Price and said they have been working with Duncan Construction and the building's owner to put the tenant improvement plan together. He said that the county is still waiting to hear from Attorney Ken Sherman, the building owner's attorney, to say that the owner approves the tenant improvement plan. He noted that all other parties have agreed to the plan. Ms. Frohnmayr stepped out of the meeting to telephone Mr. Sherman. Commissioner Carlson confirmed that tenant improvement construction costs came in under the estimate. There was discussion about the item being added to the agenda on Friday, March 7, 2014. Mr. Lattimer said the other issue is getting the building permits through the county and the architect would like to submit them today. Commissioner Milne said that there has been a lack of information on this issue and that she would prefer to know all the information before taking action on it. Mr. Lattimer said the other issue is getting the building permits through the county and the architect would like to submit them today. Ms. Frohnmayr said she put in a call to Mr. Sherman's office. Mr. Lattimer said the owner is doing the tenant improvements and the work that Ms. Galvin-Price, Ms. Frohnmayr, and Mr. Facilities Analyst Dan Wilson have done working with the owner's architect and Duncan Construction has really come up with a good, suitable plan for the justice court. Judge Zyryanoff said that she is extremely happy with the plan. Commissioner Carlson asked that Mr. Lattimer review the construction requirements. Mr. Lattimer reviewed the construction requirements. Commissioner requested information about the clarification letter from Duncan Construction. Mr. Lattimer said there were several meeting between Nate Cook and Duncan Construction and the county requested a letter from Duncan Construction to clarify what was included in the price quoted. There was discussion about the short timeframe to get the tenant improvements completed and Ms. Frohnmayr said the owners are anxious to get the plan approved and will be paying for a portion of the work. Mr. Armstrong said that the lease provides that the owners pay the first \$87,330 related to the tenant improvements and the landlord and tenants have to agree to the space plan and bid and then that gets incorporated as an exhibit B to the lease agreement. Judge Zyryanoff said that one of the reasons that she is excited about this particular project and the budget is that the previous lease space the county was looking at was on or about 4,000 square feet and the county received two bids that were approximately \$280,000 and \$320,000. She said this lease space is on or about 5,800 square feet and the bid for the tenant improvements came in at \$279,000. The demolition of \$10,000 makes the total bid \$289,000. Commissioner

Carlson asked if the owner's \$87,330 comes off the total of \$289,000. Mr. Armstrong said that is correct. Commissioner Carlson said that makes the county's share closer to \$200,000. Ms. Frohnmayer explained that with the previous lease agreement that fell apart the owner was only willing to contribute \$30,000 for tenant improvements and Judge Zyryanoff explained that the architect spoke with Planning Department to address some up front issues that were resolved.

MOTION: Commissioner Carlson moved approval of the space plan and cost estimates for the Hayesville Lease Agreement that are included in the packet and total \$289,060.20 contingent upon approval of the owners as represented by their attorney. Seconded by Commissioner Brentano; motion carried. A voice vote was two for and one against (Commissioner Milne voted against).

Commissioner Milne said that she would not second the motion because she can not access any of the attachments on the 2nd Update Meeting Notice email.

At 9:32 a.m. Chief Administrative Officer John Lattimer called for a recess to allow time for City of Salem officials to arrive. The meeting was reconvened at 10:00 a.m.

Pringle Square Redevelopment

City of Salem Mayor Anna Peterson discussed the Pringle Square Master Plan and requested Marion County's support for the multi-unit tax credit the city is applying for. She noted that there would be no financial impact to the county. Salem City Council President Chuck Bennett said that the Pringle Square Redevelopment project needs to go ahead. He said the project has been on the improvement list for 10 to 15 years and the City of Salem is at the point of going ahead. He said that it is a fairly integrated piece of negotiation that city staff and Pringle Square, LLC put together. He said the project went through the council unanimously and the council is excited about the project. City of Salem Manager Linda Norris said that the property was purchased in 2007 and the city has been working on development ideas ever since then. She said the recession stopped development and the original Boise Cascade building has been sitting in a partial demolished state all this time. She said the city has seen eight to ten different development designs over this time as they tried to figure out what the market would support and Ms. Norris described a dense multi-family housing development that was proposed last year and the public's negative reaction to building housing on the park block. Also, the issue of 6F came up with the Federal Land and Water Conservation District. She said that some of that funding had been used to purchase 3.18 acres of property adjacent to Riverfront Park, but

because of what was going to happen in Riverfront Park was in such an undefined state at that time, the Oregon State Parks Department, City of Salem, or Federal Parks finished the process to determine which part of this park would be restricted because of that transfer. She said the city is still finalizing that. She said it became clear that the parking lot at the carousel was going to be restricted so then they did not have an entrance to the property. She said they were going to sit on it for awhile so she went over and asked them—we were going to stage the Minto Brown Bridge on this end of the park which would have taken it out of commission for two years at a cost of about \$700,000. She said to them if you do not have development plans for that asphalt area now would you be willing to let the city lease that from you for that period of time so we do not have to use the park, but as we negotiated that why just pay us \$400,000, why not buy the property. She said buying the property is the only option for expanding Riverfront Park so the city put together a purchase and sell agreement and they did more market research and decided that if they had the multi-unit tax incentive program that they would be able to go ahead with the housing now instead of waiting years, which is a great assistance to Salem's downtown and then the City is going to do due diligence of purchasing the park property and once that is settled then they can go ahead with the rehab center who is still interested in being on this site and now they are looking at when they can move ahead on the office building. She said the city will also do good treatment on the creek (similar to under the Commercial Street Bridge). She said it is an opportunity to have this all fall into place. Ms. Norris said that it takes two of the taxing jurisdictions, the city plus another one, to make up the 51 percent or more of the assessed valuation to agree to the incentive program. She said the City of Salem took this project to the school district a few weeks ago and the school district will make their decision on March 18, 2014. She said the school district is interested in knowing whether other large taxing jurisdictions are supportive of this project and of the Multiple Unit Housing Tax Incentive Program (MUTIP). Commissioner Carlson said that because the access piece of the previous project was such a controversial issue she wanted to confirm the access to the housing is off of Bellevue, which is what she had read, but it looks like there is also access on Front Street. Ms. Norris said that people can come in on Front Street for the rehabilitation center and be able to go out on Commercial Street. John Wells said it is a right in and right out off of Front Street. The large drawing of the project was attached to a white board for better viewing. City officials described the various access routes to the rehab center, office building, housing, and parking and the option for more commercial or office space if the rehab center does not come to fruition. Ms. Norris also explained that the parking for the carousel would be redesigned for additional parking. Ms. Norris said that pathways throughout the area will connect and a person will be able to get from six different parks to the Riverfront Park Bridge. Mr.

Wells said the City of Salem is also going to get an easement across the slough parcel so that in the future it will connect all the way to Minto Brown Park. Ms. Norris said that this project is in the south waterfront urban renewal area and the agency that will have the reduced revenue as a result of the MUTIP is only the south waterfront urban renewal area, but the benefit of having that additional housing in this project going forward, the Salem City Council voted unanimously to go ahead with the MUTIP. She said the last piece is getting the 51 percent of the assessed valuation to approve the MUTIP and then everything can go forward. She said like a lot of projects, if they cannot do the housing, then it does not work for the park or rehab center or office building. It is based on being able to do the housing first and after examining the type of units, the market, and decided with the taxing house credits they could go ahead with the housing now. Mr. Wells said that approximately 115 units would be built in the first phase in April if they get the tax credit. He said it is the urban renewal agency that is foregoing the tax revenue, but the city is required by law, to have the taxing jurisdictions approve it. Commissioner Carlson asked who processes the tax credits. Mr. Wells explained that the city has an adoptive program and it is oriented to stimulate housing in downtown areas and promote the use of public transportation, pedestrian and bike access. He said that the city has always known that the complexity of this site and cost to develop it is such that to be a combination so public and private investment in it. He said the city set up the urban renewal area to assist with it and the urban renewal area because of the Meridian and the depreciation of that has not kept the tax increment up and so the city is unable to use the URA funding for this project, however because the city has this multi-unit tax credit program it is another tool the city can apply and get to the same end, but it will be a decrease coming in to the URA rather than a loss for the taxing jurisdictions. Commissioner Carlson said she is assuming this housing is a different market than the Meridian. Mr. Well said yes, the units will be studio, one, two, and three bedroom apartments and not condominiums. There will be about 15,000 square feet of commercial retail space in the complex as well. He said that 175 units built out with walking distance of part of the downtown will be a huge benefit to the community. Ms. Norris said there is a waiting list. Mayor Peterson said it does provide for a necessary pool of housing in the downtown area. Building owners where apartments have been established have long waiting lists so the demand is there. Ms. Norris said there are currently 68 housing units in the downtown area. Mayor Peterson clarified that there will initially be 115 apartments built in the first phase and then 62 more. She said there is the immediately benefit of jobs created from the construction and then the ongoing jobs supported by the downtown residents. Ms. Norris said that a letter from the Board of Commissioners to the school board stating that the county is in support of their support of the housing tax incentive program would be very meaningful to the school

district. The board determined that a resolution in support of the development would be added to the March 15, 2014 board agenda and that a letter would be sent to the school board. Commissioner Carlson suggested that the resolution be added as an action item to this week's board agenda. Commissioner Brentano asked that city officials give a presentation. Commissioner Carlson asked that Mr. Armstrong prepare both the resolution and letter that could be signed at the meeting. The resolution would be attached to the letter. Mr. Armstrong agreed. Commissioner Carlson asked for the county's percent. Mr. Wells said that the school district and city is 6 percent. The city and the county is 49 percent. He said if the school district were to say no the city would need to get one more entity. Commissioner Brentano asked who would be the one other entity. Ms. Norris said Chemeketa Community College. Mr. Wells said that the school district board was feeling a little hesitant being the only jurisdiction and they would be very interested if the county would be interested in doing it. It was determined that the city officials would give a PowerPoint presentation at the Board of Commissioners meeting. Mr. Lattimer said that he would make sure all the documentation gets to Board Meeting Coordinator Kim Hulett. City officials thanked the commissioners and exited the meeting at 10:27 a.m.

OTHER

COMMISSIONERS' UPDATE

Commissioner Milne said that she verified to Woodburn officials that all three commissioners would be in attendance at the State of the County in Woodburn on Wednesday. Commissioner Carlson noted that the commissioners are in Mill City for the State of The County on Wednesday night.

Commissioner Brentano said he attended the Bureau of Land Management (BLM) outreach on the BLM's planning process. He said the BLM had nothing about that the Oregon and California Counties land are supposed to be for revenue generation for counties. BLM had it as recreation, river protection and two other items. He said they asked for comments and he will be commenting that the main function that the BLM is supposed to do is not even mentioned.

John Lattimer said that he will be working this week on the Courthouse Square punch list for the garage, outside of the building and roof. Commissioner Brentano asked about roof leakage. Mr. Lattimer said that it has been taken care of. Mr. Armstrong said that Structural Preservations Systems (SPS) called it a pin prick and has addressed it.

Meeting Adjourned at 10:30 a.m.