

## **MINUTES OF THE PROCEEDINGS OF THE URBAN RENEWAL AGENCY**

**March 16, 2006**

The minutes of the proceedings of a work session of the City of Coos Bay Urban Renewal Agency, held 5:30 p.m. in the Manager's Conference Room, 500 Central Avenue, Coos Bay, County, Oregon.

### **Those Attending**

Those present were Chair Kevin Stufflebean and Board Members Joe Benetti, Jon Eck, Jeff McKeown, Cindi Miller, and John Muenchrath. Board Member Roger Gould was absent. Staff present were City Manager Scott McClure, City Attorney Nate McClintock, Deputy Recorder Joyce Jansen, Community Services Director Jim Hossley, Finance Director Janell Howard, and Fire Chief Stan Gibson.

### **Discussion of Operation and Maintenance Issues of the Egyptian Theater**

City Manager Scott McClure briefly reviewed the repair of items on the theater and commented the security system is not necessary at this time. He reported Reese Electric is looking at the electrical system, there are tripping hazards in the back stage area, the back drops need to be assessed, and the cable inspected. Mr. McClure commented the safety issues are being addressed and the main concern is the electrical. Mr. Benetti suggested installing a fire monitoring system in the building. Fire Chief Gibson will check on the system and reported the emergency lighting exit signs have been installed. Mr. McClure commented on the importance of the facility being safe before the theater group takes over operation of the building. Chief Gibson commented the report from Reese is expected within the next five to seven days. Mr. Benetti commented the main cost is the replacement of the electrical panels. Mr. McKeown asked if the report from Reese would include the cost to bring the electrical to standard and Mr. McClure responded yes.

Mr. McClure reported use of the building can be grandfathered in current use; however, the use of the stage could trip some other needs and may require further upgrades. Mr. Hardman explained substantial is 40%, flood plain rule is 50%. There was further discussion regarding value of the building of \$900,000; and substantial alterations of \$400,000. Mr. Hardman explained for ADA compliance, if permits for improvements valued at \$10,000 are taken out, an additional 25% is required to bring up to ADA standards. The more spent on repairs, will bring closer to needed ADA restrooms. Chair Stufflebean asked when the 40% comes into play; is it a one time cost. Mr. Hardman commented there is no cut and dried answer in the code and its up to the city to decide. Mr. Muenchrath commented ADA applies all along; but when does the 40% come into play. Mr. Hardman stated the city makes the determination. Mr. McClintock suggested the city be consistent, whether it's the citizen's or the city's improvements. Mr. Benetti commented once ADA compliance is met, you're done. Mr. McKeown stated the first thing to do is make the building safe. The city won't be spending \$400,000 on renovations, and the other decision is whether the city is going to keep the building. Mr. McClure commented the theater group needs to know the parameters for repairs. Mr. Benetti reported they will be showing films for the first year and not doing live theater. Ms. Miller commented if Teen Idol rents the facility, they would be using the stage. Mr. Benetti commented safety issues for live theater is due to ropes and backdrops. Mr. McClure reported the sound system is controlled by the

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projectors. Chair Stufflebean commented the electrical is being addressed and should be OK to bring in a separate sound system. Ms. Miller reported Mr. Gould asked her to report he believes the city should move quickly to get the theater into the hands of a non-profit group, and the agreement should include a provision for an annual review.

Mr. McClure stated once the cost is established, he will bring the report back to the agency for budget consideration. Mr. Eck asked if plumbing and electrical apply for ADA requirements. Mr. Hardman stated everything you take out a permit for applies to ADA. Mr. Benetti asked if improvement costs can accumulate over a year or two, and then do the ADA restrooms. Mr. Hardman reported the section in the code allows accumulation if there is a master plan for doing improvements to be done in phases. At the end of the plan, the building is complete and meets all ADA requirements. Chair Stufflebean suggested looking at the master plan and ownership together.

Mr. McKeown commented when the decision was made to buy the theater, it was made under the assumption that the agency would pass ownership to another group as soon as possible. The city should get the building up to safe standards and pass it off to the right group. The city shouldn't be in a position of owning the building. Chair Stufflebean suggested certain items in the theater, such as the organ, should be kept with the facility. Mr. McKeown commented keeping the building would be a drain on staffing impacts; already a lot of staff time has been used for the theater. Mr. McClure commented if the city owns the building, we are responsible for maintenance and repairs. Mr. Benetti commented turning over is good, but not practical immediately. The city needs to help and make sure the right group receives the building. Mr. McKeown commented the city shouldn't gift the theater to the wrong group or if the group is not ready; but the city shouldn't be a long-term landlord as they are with the art museum.

Mr. Muenchrath commented as the owner the city has liability; however, there may not be a need to pass it off. Mr. Benetti commented the first year could be a trial period. Mr. McKeown commented a lot of staff time is used on property owned by the Urban Renewal Agency and he asked if there is a way to use agency funds for staff. Mr. McClintock reported some agency funds are transferred to salaries. Chair Stufflebean recommended funding allotments be made during the budget process. Mr. McKeown inquired about funds to pay utilities and Mr. McClure commented the funds would come from either hotel/motel or the general fund. Chair Stufflebean inquired if urban renewal interest could be used for the utilities. Ms. Howard reported the interest stays with the fund. Mr. McClure reported utilities are expected to cost \$20,000 to \$30,000 annually. Mr. Eck expressed concern if the theater agreement is fashioned after the art museum agreement because the city then pays all maintenance and insurance, and that is totally unacceptable given the city's financial condition. Mr. Benetti commented the agreement could have the group bear all the costs.

Mr. McKeown asked about agency members sitting on the theater board. Chair Stufflebean recommended the city have a position on the board. Mr. Muenchrath commented if the city owns the building, then prevailing wage kicks in. Chair Stufflebean commented the pool was done by a non-profit and the pool building was done by the city and had prevailing wage. Mr. Benetti commented staff can get bids on repairs and the city can pay with urban renewal funds. He suggested talking with the theater group for a reasonable time for them to take on the utilities. Chair Stufflebean suggested beginning with a one year agreement. Mr. McKeown commented Mr. Muenchrath, Ms. Miller and Mr. Gould could meet with the group about when they want to assume full responsibility for management of the facility.

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The Agency can meet again in a month for a progress report. Mr. Muenchrath commented a time table cannot be established until the costs of the repairs are known. Chair Stufflebean recommended meeting again April 4<sup>th</sup>. Mr. McClure asked how to handle requests for using the theater. Mr. Benetti suggested directing those requests to the non-profit group. Once the safety list is done, they will be ready to operate the theater. Mr. McKeown stated the community should see this as a positive thing.

David Engholm commented the group would like to put things in the building now. Chair Stufflebean stated only after the repairs have been completed and the building is safe. Mr. Engholm expressed concern about repairs needed for the organ. Mr. Tribble stated the group's intention is to take over costs of operations within six months. They are also working on developing a five-year plan to restore the theater. Sylvia Smith commented their priority is to get the theater open for business and get the restoration group together. Patrick Stack reported they are finishing the bylaws and will have a provision for an Urban Renewal Agency member on the board.

**Discussion of South Town Property Development**

Chair Stufflebean commented the Agency was considering funding for a project manager for the South Town property. Staff checked with bond counsel and the Agency can contract out marketing. Chair Stufflebean reported Ron Opitz is already doing marketing and with an agreement for services, he can take this project on. Part of the reason Home Depot failed was because there was not commitment from the property owners, and there has been some serious interest in the property. Mr. Benetti commented staff cannot take on marketing. Mr. Muenchrath asked why the city should enter into the agreement instead of the landowners. Mr. McKeown commented the role of the Urban Renewal Agency is to develop property and enhance property within the district. South Town has a huge potential and the city has an opportunity to make it happen.

Chair Stufflebean reported the Agency has talked about hiring a project manager which is a common practice of urban renewal agencies. Mr. Muenchrath commented marketing is the purpose of SCDC. Mr. Benetti explained SCDC is to bring business to the area, but not to market specific property. Mr. McKeown commented SCDC is an economic development engine for Coos County and is a cooperative effort of public/private partnerships. We lost the Home Depot deal because we were too slow. SCDC can get the package ready to go and we won't miss another opportunity. Mr. McKeown reported the Airport District is also hiring SCDC to market airport development. Mr. Benetti commented the more development within the city, the better, and the more tax dollars will come in to help the city pay for services and staff.

Ms. Miller inquired if marketing isn't already part of SCDC's work. Mr. McKeown commented it would put more money into SCDC to help fund economic development. Mr. Benetti reported Mr. Optiz has done a lot of work to bring business to the area. Mr. McKeown commented a lot of SCDC's work cannot be public at the beginning of the negotiations. There isn't money in the general fund to increase funding to SCDC and urban renewal funds are a legitimate way to fund economic development. Mr. McKeown reported Mr. Optiz will come back with a specific proposal. Mr. McClintock commented the urban renewal plan will need to be amended. Mr. Benetti encouraged agency members to stop and talk to Mr. Optiz and learn what is going on.

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Mr. McClure on the scope of duties, reporting back to the agency, and decision making parameters of the agreement. He also noted staff shouldn't be kept in the dark on projects as there are zoning and transportation issues to be considered. A proposal will be brought back to the Agency for approval.

**Adjourn**

There being no further business to come before the Agency, Chair Stufflebean adjourned the meeting.

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Kevin Stufflebean, Chair

Attest:

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John Muenchrath, Secretary