

History of DDA Board Decisions Related to Architecture & Engineering Fees (\$25,000)

1000 Delta Ave | Patrick Johnson

[Excerpt from Minutes] November 7, 2016

Pat Johnson is looking for funds for engineering costs (Engineer proposal packet reviewed) for renovations of the Rialto Center. He is proposing adding 3-4 new apartments upstairs and doing general remodeling of the commercial space as well as re purposing two of the commercial spaces on the ground floor. The engineering costs are a necessary part of the project for him to complete the project correctly as well as for any application to the state for grant assistance. If the city is successful in securing a rental rehab grant for this building it will open the doors for other buildings in the city for rental rehab in the downtown area.

Motion by Mark Roxbury; seconded by Derby Chase to approve up to \$25,000 for engineering costs for the Rialto Center to Pat Johnson. If the rehabilitation project does not take place 100% of the DDA funds shall be paid back to the DDA. MOTION CARRIED

[Excerpt from Minutes] September 17, 2019

This item was placed on the Agenda for Board discussion and resolution on the motion made by the DDA Board at the November 7, 2016 Board Meeting. Ron read the motion, which was:

Motion by Mark Roxbury; seconded by Derby Chase to approve up to \$25,000 for engineering costs for the Rialto Center to Pat Johnson. If the rehabilitation project does not take place 100% of the DDA funds shall be paid back to the DDA. MOTION CARRIED

Both Renée and Ron explained that this motion is still pending and that staff need direction to finalize the action. Handling of such motions are critical for maintaining equal treatment. Additional engineering requests are being received and more will come. Staff needs direction on how to best handle this motion and set precedence for future requests.

Motion by Jay Bostwick; seconded by Derby Chase to table the agenda item until the next DDA Board Meeting and to invite Patrick Johnson to the meeting to present the case for uses of the engineering expenditures.

*****MOTION CARRIED UNANIMOUSLY*****

[Excerpt from Minutes] October 15, 2019

Patrick Johnson presented the status on his building. \$25,000 was granted towards the engineering study that needed to be completed on this building in order for Johnson to apply for MEDC grants. Johnson explained that he has completed the roof work, a mural façade, repurposed some of the commercial space and is working to move his existing business into the building. 3 apartments currently exist upstairs with the potential for 3 additional units. The engineering funds were granted 3 years ago with no caveat of an expiration or timeline.

Motion by Derby Chase; seconded by Jay Bostwick to review this project again in one year (October 2020). MOTION CARRIED

[Excerpt from Minutes] October 20, 2020

Patrick Johnson reported that the Rialto Center retail space was now within one spot of being totally full and there are several options being investigated to fill that spot. He said that when the original \$25,000 Engineering Study was funded, the Rialto was anticipating an MEDC 75 percent funding and the remaining 25 percent by the Rialto's owners. Things

Date: February 12, 2024

changed at MEDC and Patrick reported that they were not able to come up with the cash needed to continue. Ron reported at over \$18,000 of the Engineering Study money was expended. Patrick Johnson committed to continue working to fill the building and improve cash flow and agreed to be responsible for the full Engineering monies if not brought to a conclusion.

City Manager Buckman said that a directory of business sign would be a good way to attract traffic. Patrick said that Delta Business Solutions next door had complete a tree trimming project that made the Rialto signage much more visible.

Motion by Derby Chase; seconded by Jay Bostwick to review this project again in one year (October 2021).

*****MOTION CARRIED UNANIMOUSLY*****

[Excerpt from Minutes] October 21, 2021

Patrick Johnson reviewed the status of the project. He discussed the original \$25,000 Engineering funds and Renée Barron confirmed that \$18,028 has been spent to date. Patrick said that the Rialto businesses are nearly full and that he is still looking to add another 3 apartments on the second floor. He said \$100,000 of personal funding is needed and reported that the sale of his former Chiropractic Office on Delta Avenue had added funding which will be used for this purpose.

Motion by Jay Bostwick; seconded by Erica Quinn to review this project again in one year (October 2022) *MOTION CARRIED UNANIMOUSLY*****

[Excerpt from Minutes] August 15, 2023

Motion made by Closs, seconded by Neumeier to revisit this issue during the January 2024 meeting, requiring Patrick Johnson provide a structured timeline for the project to document that the project is being prioritized and suitable progress is being made. Voting Yea: Becker, Bostwick, Lippens, Closs, Skwor, Neumeier, LeDuc MOTION CARRIED.

[Excerpt from Minutes] September 19, 2023

Patrick Johnson was present at the meeting and provided some history on his project and gave some updates of where he is headed. Johnson outlined that the engineering costs that have been spent to date have supported the existing/new businesses that are there. He also asked what the DDA is looking for as far as the “structured timeline” requested for the January DDA meeting. The DDA members provided him with some ideas of what they are looking for and staff explained the difficulties with the open-ended deadlines on this project. Bostwick directed Barron to have an outline of the engineering costs that have been paid out and the blueprints from the engineer for the January meeting. Johnson reported that he will be seeking façade funding from the DDA when the work for the apartments is conducted and that he would provide details requested at the January meeting.

[Excerpt from Minutes] January 16, 2024 (Unofficial – Not yet approved)

The DDA Coordinator, Patricia West, began the discussion by giving a summary overview of the \$25,000 funding granted to Patrick Johnson in November of 2016. This overview referenced prior discussions documented in minutes as outlined on page 9 of the DDA Agenda packet. Following the summary, a staff recommendation was made to stop the payment of all outstanding funding commitments (\$6971.78) effective 01/16/2023 and require the previously paid out amount of \$18,028.22 be repaid in whole to the Gladstone Downtown Development Authority over the course of 24 months, with the first installment of \$9014.11 due January 31, 2025, and the second installment of \$9014.11 due January 31, 2026.

The discussion was then turned over to Patrick Johnson and Suani Nieto. They provided a thorough history of funding commitments and funding avenues pursued for the project to date.

Board members discussed the options below, but no formal motion was made:

- Stopping the payment of any outstanding funding to be owed and forgive the \$18,028.22 previously paid out in engineering fees.

Date: February 12, 2024

- Stopping the payment of any outstanding funding to be owed and placing a lien on the property, which would be removed when the project comes to a completion, with yet to be identified parameters put in place.

Motion made by LeDuc, seconded by Becker to table the discussion until the February meeting in the interested of time. Voting Yea: Becker, Bostwick, Lippens, Closs, Skwor, Silta, Neumeier, LeDuc - *MOTION CARRIED.*

As of 02/12/2024, \$18,028.22 of the committed \$25,000 DDA funds have been paid towards the project.