

Agenda
Veneta Urban Renewal Agency
Monday, April 12, 2010 - immediately following the City Council meeting
Veneta Administrative Center - 88184 Eighth Street - Veneta, OR

1. **CALL TO ORDER**
2. **PUBLIC COMMENT**
3. **CONSENT AGENDA**
 - a. Minutes for March 22, 2010 (A)
4. **COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) - SERVICE CENTER**
 1. Fern Ridge Service Center – CDBG Application Review (A)
5. **OTHER**
6. **ADJOURN**

MEMORANDUM

TO: Veneta City Council

FROM: Zac Moody, Associate Planner

DATE: April 8, 2010

RE: Fern Ridge Service Center – CDBG Application Review

In the past few months, City staff has been working with the Fern Ridge Service Center partners and the City's grant writer to submit grants for the construction of the Service Center. On March 30, 2010 the City submitted a Community Development Block Grant application to the Oregon Business Infrastructure Finance Authority (OBIFA) in the amount of \$800,000.

On April 6, 2010, the City received an initial response back from the OBIFA on the grant request requesting additional information. A review checklist (see attached) of items from the Regional Coordinator which she felt needed further clarification was included in the response. A large portion of the items on the checklist have already been addressed or are currently being worked on by the City's grant writer.

Staff needs to have further discussions in regards to the matching funds and operating agreement requirements outlined in the CDBG Handbook in order to complete the necessary sections within the application.

The CDBG program requires that all matching funds must be secured and available to pay project expenses within four months following the date of grant contract execution. The 2010 Method of Distribution (MOD) for CDBG states that the expected date of grant awards from other sources is not considered committed because there is no guarantee that a project will be funded by an entity. All CDBG applications are rated and ranked at different levels based on the information provided and must directly address each requirement in the 2010 MOD. The matching funds portion of this application can receive maximum points if funds needed to complete the project are available and committed and that the project will commence within four months from grant contract execution. An application where funds are not committed, but a back-up financing plan is in place could qualify for a mid-level score, while projects that do not have any commitments or a back-up financing plan will receive no points.

CDBG also requires that an applicant submit an executed operating agreement for the new facility. A draft agreement was sent to OBIFA as part of the CDBG application and had to be revised to reflect the use restrictions when a project is funded with CDBG funds. The operation agreement attached to this memo was initially reviewed and signed by Mid-Lane Community Partnerships and has been through Legal Counsel for the City.

Recommended Action

Approve the lease agreement between the City of Veneta and Mid-Lane Community Partnerships. Additionally, provide policy direction on how the Council wishes to address the matching funds issue.



April 6, 2010

Ric Ingham, City Administrator
City of Veneta
P.O. Box 458
Veneta, OR 97487

RE: Community Development Block Grant Project Concept #033003922, (\$800,000), City of Veneta
Fern Ridge Service Center

Dear Mr. Ingham:

We have received and reviewed your application for the above referenced project. Enclosed is a checklist indicating information that must be submitted before your application can be considered complete. We are unable to continue the review of your application until the remaining items have been submitted. The City has 15 days, from the date of this letter to submit the required documentation. All items must be submitted to the IFA no later than April 21, 2010, which is 15 days from the date of this letter.

If I can be of assistance, or if you would like to schedule a technical assistance visit, please call me at (503) 986-0130 or send me an e-mail at louise.r.birk@state.or.us.

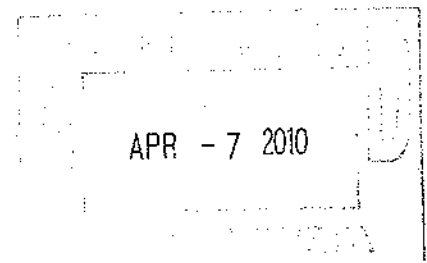
Sincerely,

A handwritten signature in cursive script that reads "Louise Birk".

Louise Birk, Regional Coordinator
Infrastructure Finance Authority

Enclosure:

c: file



Infrastructure Finance Authority
Application Review - Missing or Incomplete Information

Project Number: 033003922

Applicant: City of Veneta

Project Name: Fern Ridge Service Center (FRSC)

The following information must be submitted in order to consider the application complete:

1. **Application Signature:** The application was signed by the City Administrator rather than the highest elected official (Mayor). The first public hearing minutes of Veneta's city council did authorize the staff to move forward with the application but did not specifically delegate signature approval to the City Administrator. Either have the Mayor sign page 5 of the application form or have the city council formally delegate signature authority to the City Administrator. Refer to page 5 of the General Application.
2. **National Objective:** The city did not complete the National Objective section of the application. Complete the National Objective section of the application and submit it to the department.
3. **Matching Funds:** The CDBG program requires that all matching funds must be secured and available to pay project expenses within 4 months following the date of grant contract execution. Veneta's application indicates that 100% of the proposed matching funds is not committed at this time but "as a contingency the city has the borrowing capacity to seek financing for a small portion of the project." CDBG funding is awarded when the matching funds are in place, not the reverse. Veneta must submit a letter signed by the Mayor that it is willing to contribute or obtain financing for up to \$938,350. This will prove that if certain foundations do not award funding, the city will have all necessary matching funds in place within 4 months of contract execution. Refer to page 7-9 of the CDBG 2010 Method of Distribution (MOD).
4. **Senior Center part of the facility:** Veneta did not document in its application that the senior center portion of the facility was an eligible CDBG project activity. The city must submit information concerning the number of meals the senior center provides per week and a copy of the senior centers operating policy that indicates the center is restricted to serving the elderly population. Elderly is defined as persons 60 years of age and older. Refer to page 12-2 of the CDBG 2010 Method of Distribution.
5. **Project Budget-**The detailed project budget contains items that may not be eligible for funding under the 2010 CDBG program. The budget contains a line item Fixtures, Furniture, Equipment (FFE)-\$59,777. CDBG funds may only pay for the "Purchase and installation of equipment that is a fixed and integral structure to the building." Refer to page 12-3 of the 2010 CDBG MOD. Veneta must submit an explanation breaking out how much of the \$59,777 is for fixtures, furniture and equipment and give specifics about what types of FFE are included in the project budget. The project budget includes line items called Reimbursable Expenses and Special Inspection. Submit an explanation describing these costs. The plans show that street improvements will be included as part of this project. Matching funds must pay for the street improvements because off site infrastructure is not an eligible CDBG activity under the Public

Community Facilities category. If an amount is included in the CDBG construction line item for street improvements it must be removed and transferred to the Non-IFA Fund column. Refer to page 12-3 of the 2010 CDBG MOD. The matching funds are shown in the wrong column of the detailed project budget table, Other IFA Funds rather than Non-IFA funds.

6. Attachment A-Submit a final signed copy of the public hearing minutes.

7. Attachment D-Operating Agreement. The eligible activities that can be funded under the 2010 CDBG program are Full Service Senior Centers and Food Banks. A service center is not an eligible CDBG activity. The operating agreement must be revised to reflect that the facility being partially funded by CDBG is a combination facility consisting of a senior center and a food bank (pantry). No other activities are to be allowed in this facility. The operating agreement also states that the Lessee may make improvements to the facility without the approval of the City of Veneta. This is not acceptable. The City of Veneta must remain in control of the facility and approve any modifications to the building to ensure that the facility is only used for the purposes for which a CDBG was awarded. The City of Veneta must have control of the facility during the project period and for five years after the CDBG award is administratively closed.

8. Attachment E-Submit a larger map that shows the proposed street widths and is more easily readable.

9. Attachment G-Submitting a copy of the current architect's contract does not meet this requirement. The city must submit a timeline explaining how it will obtain the necessary matching funds, complete the environmental review, begin construction, etc. Refer to pages 7-8, 7-9 and 7-10 of the 2010 CDBG MOD.

10. Attachment L-One form submitted by the city that will be used to collect CDBG program data from clients is not correct. The Love Project form does not collect race and ethnicity data. The form must be revised to ask for a client's race and ethnicity information.

11. Attachment L-Documentation of Facility Users. The city did not complete the low and moderate income section of the form for the Senior Connections program. Complete this section and submit the application page to the department.

CITY OF VENETA/MID-LANE COMMUNITY PARTNERSHIPS.
FERN RIDGE SERVICE CENTER
LEASE AGREEMENT

This Lease Agreement is made this _____ day of _____, 2010, by and between the City of Veneta, hereinafter called the "Lessor" and the Mid-Lane Community Partnerships, hereinafter called the "Lessee."

WHEREAS, Lessor owns certain real property known as the Fern Ridge Service Center Building located on West Broadway Avenue, T36S, R6W, Section 36, Tax Lots 200 and 300, Veneta, Oregon 97478 (Property); and

WHEREAS, the parties agree to enter into this Lease Agreement to allow operation of said Property and to identify the respective responsibilities and obligations of the parties.

NOW, THEREFORE, in consideration of the terms, conditions and covenants contained herein, the parties agree as follows:

1) LEASE OF PROPERTY: Lessor hereby leases to Lessee the real property and premises identified above as "Property", exclusively for the purpose of operating service center and food pantry, in accordance with the 2010 Community Development Block Grant Method of Distribution use rules and for no other purpose. Lessee acknowledges that this Lease entitles Lessee to the exclusive use of the Service Center, as identified on Exhibit A, attached hereto and incorporated herein by this reference. Lessee also acknowledges that Lessor is leasing Property concurrently to the Fern Ridge Service Center Partners, and that use of portions of the Leased premises are subject to the applicable provisions of the Facility's Use Agreement, attached hereto as Exhibit B and incorporated herein by this reference.

2) CONSIDERATION: Lessor agrees to lease Property to Lessee in exchange for an annual rental fee of One Dollar (\$1.00) per year.

3) PERMITTED USE: Lessee shall use and operate Property exclusively for the purpose of operating the Service Center and Food Pantry, and for no other purpose without prior written consent of Lessor. Lessee shall not abandon or vacate Property for more than thirty (30) consecutive days, without the prior written approval of Lessor.

4) TERM: The twenty (20) year term of this Lease shall commence as of the date of its execution and shall automatically renew thereafter for one additional term unless terminated by either party upon sixty (60) days' written notice. Lease provisions for any extended term may be changed or modified at the time of the extension, according to mutual agreement of Lessor and Lessee. All terms of this Lease will be reviewed and re-evaluated by both parties every five (5) years.

5) HAZARDOUS SUBSTANCES: Lessee shall comply with all applicable Federal, State, County and City environmental laws and use regulations. Lessee shall

not store any toxic materials on Property. Lessee shall comply fully with all laws pertaining to the protection of human health and the environment, all laws regarding the use, generation, storage, transportation, treatment, disposal or other handling of hazardous substances. Lessee shall promptly advise Lessor in writing of any hazardous substances regulated by such laws that are used, generated, manufactured, stored, transported or otherwise handled on the Property. Lessee shall exercise extreme care in handling any hazardous substances and shall not cause or permit hazardous substances to be spilled, leaked, disposed of or otherwise released on the Property. The term "hazardous substances" is used in its very broadest sense and refers to materials which, because of their quantity, concentration, or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly handled, treated, stored, transported, disposed of or otherwise managed. The term shall include, but is not limited to, all hazardous substances, hazardous materials and hazardous wastes listed by the U.S. Environmental Protection Agency and the state in which the Property is located under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Toxic Substances Control Act (TCSA), and comparable state statutes.

6) PAYMENT OF UTILITIES: Lessee assumes responsibility for and shall pay all charges for all Property utilities, including without limitation, electricity, water, sewer, and phone service throughout the term of this Lease, and any extensions thereto.

7) REPAIRS AND IMPROVEMENTS: Lessor shall not be required to make any repairs, alterations, additions or improvements to or upon Property during the term of this Lease, except as otherwise specifically provided in this Agreement.

8) MAINTENANCE OF PROPERTY: Lessee agrees to keep and maintain Property and all improvements, alterations, additions, fixtures, and equipment, including but not limited to heating, ventilating and cooling systems, interior wiring plumbing, drain pipes to sewers and roofing and exterior surfaces, now or hereinafter placed or made thereon in a first class condition, so that the same will always be neat, clean and attractive, and in a good state of repair, damage by fire or other casualty excepted, and all at no expense to the Lessor. Lessee agrees to paint and decorate the interior and exterior of Property, and keep both in a good workmanlike and attractive condition. Lessee agrees not to commit any strip nor waste of Property, nor to permit Property to be used for any unlawful purposes or in violation of any of the laws, ordinances or regulations of the United States, the State of Oregon, the City of Veneta and Lane County.

Lessee further agrees to contribute \$6,000 annually to a building maintenance reserve fund for the provision of joint maintenance and improvements by Lessee(s). Allocations from this fund will be authorized annually by the Management Committee, including representatives from Lane Council of Governments, Mid-Lane Community Partnerships, Love Project and the City of Veneta. Allocations from this fund will provide for

additional ongoing maintenance and repair of the facility beyond Lessee's obligations above.

9) GLASS: Lessee agrees to replace all broken or damaged glass during the term of this Lease with glass of the same quality as that broken or damaged at no cost to the Lessor.

10) IMPROVEMENTS BY LESSEE: Lessee shall have the right and privilege, at Lessee's cost and expense, to make such improvements and/or alterations, including but not limited to partitions, carpentry, painting and electrical wiring and fixtures, plumbing, floor covering and related items, needed for Lessee's purposes. It is further agreed that Lessee shall not exercise the rights and privileges granted by this paragraph in such manner as to damage or affect the structure or structural qualities of the building, or which will materially alter the basic character of the building. Lessee further agrees that all improvements made upon Property shall become Lessor's real and personal property.

Prior to any construction, alteration, or changes upon the Property, Lessee shall submit to Lessor final plans and specifications and architectural rendering thereof, and shall not begin any construction until Lessee has received Lessor's written approval. Lessor shall take action concerning the plans and/or specifications submitted to it within forty-five (45) days.

11) ICE, SNOW AND DEBRIS: If Property is located at street level, then at all times, Lessee shall keep the sidewalks in front of the premises free and clear of ice, snow, rubbish, debris and obstruction; and the Lessee will not permit rubbish, debris, ice or snow to accumulate on the roof of said building so as to stop up or obstruct gutters or down spouts or cause damage to said roof and will hold harmless and protect Lessor against any injury whether to Lessor or to Lessor's property or to any other person or property caused by Lessee's failure to perform these obligations.

12) ERECTION OF SIGNS: Lessee may place suitable signs on Property for the purpose of indicating the nature of the business and activities carried on by Lessee in premises, provided, however, that such signs shall be in conformance with the laws and ordinances of the State of Oregon and the City of Veneta, and provided further that such signs will not damage Property in any manner.

13) TREE AND VEGETATION CUTTING: Lessee shall not cut any trees on Property or remove other vegetation without the prior written consent of the Lessor.

14) PRUNING AND WATERING LANDSCAPE VEGETATION: Lessee agrees to prune and water the landscape vegetation on Property as needed and to keep the property neat and clean of litter, debris and rubbish.

15) RIGHT OF ENTRY BY LESSOR: Lessee will at any and all reasonable times permit and allow the Lessor and its agents and representatives to enter and go

upon Property or any part thereof for the purpose of examining the condition of the same or for any other lawful purpose.

16) PAYMENT OF TAXES AND OTHER ASSESSMENTS: Lessee shall pay the general real estate taxes and all other taxes and assessments levied against Property; and Lessee shall pay all taxes and assessments and license fees connected with the operation of the business of Lessee during the term of this Lease.

17) ASSIGNMENT AND SUBLETTING: This Lease will not be assigned nor the Property sublet without the Lessor's prior written consent. Any such assignment or subletting shall in no way affect the personal liability of the Lessee for the complete performance and payment of all obligations due hereunder. Lessor will not unreasonably withhold consent.

18) INDEMNITY: Lessee shall indemnify, defend and hold the Lessor harmless from and against any and all claims, actions, liability, costs, expenses and damages of every kind and nature, including reasonable attorney's fees, arising from: (i) the Lessee's use and occupancy of the Property; (ii) any breach or default by the Lessee under the provisions of the Lease; or (iii) from any act, omission, or negligence on or about the Property by the Lessee, its agents, contractors, employees, licensees, customers or business invitees. In case of any action or proceeding brought against Lessor by reason of such claim, Lessee, at Lessor's option, shall defend such action or proceeding by counsel reasonably satisfactory to Lessor.

19) INSURANCE:

A. Liability Insurance. Lessee shall continuously maintain at its expense throughout the term of this Lease, and any renewal period, public liability and property damage insurance with the combined single limit of not less than one million dollars (\$1,000,000) or such higher limits as Lessor may reasonably require from time to time. Such insurance shall provide coverage for bodily injury, death or property damage in connection with Lessee use or occupancy of the property or the exercise or enjoyment of rights or privileges granted by this Lease. Such insurance shall name Lessor as an additional insured and shall contain a contractual liability endorsement referring to this Lease.

B. Fire Insurance. Upon commencement of construction, if any, and thereafter during the full term of this Lease, Lessee shall at its sole cost and expense carry and maintain in the name of Lessor, with loss payable to Lessor, all-risk insurance on any improvements for new replacement value, including but not limited to fire with extended coverage, vandalism and malicious mischief.

C. Personal Property Insurance. Lessee shall, at its expense, insure its personal property, equipment and trade fixtures located on the Property.

D. Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a Standard Fire Insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

E. Proof of Insurance. Lessee shall provide proof of insurance to Lessor in the form of certificates evidencing the required coverage and stating that Lessor will be given thirty (30) days' notice prior to any cancellation or material change of coverage. Lessor reserves the right to review the actual policy and to reasonably approve the form of coverage and the insuring companies.

20) REPAIR OF DAMAGE TO PROPERTY: If fire or other casualty causes damage to any improvements on the property, Lessor in Lessor's sole discretion shall decide whether insurance proceeds covering such property shall be used for the repair or replacement of such property. Lessor shall not have any obligation to repair or replace any such property.

21) TERMINATION. Upon termination of this Lease for any reason, Lessee shall deliver Property and any keys to Lessor and surrender the leased premises in good condition. Alterations constructed by Lessee with permission from Lessor shall not be removed or restored to the original condition, unless the terms of permission for alterations so require. All repair for which Lessee is responsible shall be completed prior to surrender of the leased premises.

22) HOLDING: In the event Lessee for any reason shall hold over after the expiration of this lease, such holding over shall not be deemed to operate as a renewal or extension of this Lease, but shall only create a tenancy at sufferance which may be terminated at will at any time by Lessor.

23) DEFAULT: Failure of either Lessor or Lessee to comply with any term or condition or fulfill any obligation of this Lease within thirty (30) days after written notice by the complaining party specifying the nature of the default with reasonable particularity, shall be deemed a default. If the default is in such a nature that it cannot be completely remedied within the thirty (30) day period, the responsible party shall be considered to be in compliance with this agreement if it begins correction of the default within the thirty (30) day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

24) REMEDIES ON DEFAULT:

A. In the event of a default, this Lease may be terminated at the option of either party by notice in writing to the other party. The notice may be given at any time after the grace period for default given under Paragraph 23, entitled "Default."

B. The foregoing remedies shall be in addition to, and shall not exclude, any other remedy available to City under applicable law.

25) NOTICES: Any notice by Lessee to Lessor or by Lessor to Lessee must be served by certified or registered mail, postage prepaid, addressed to the other at the address given below or at such other address as either may designate by written notice.

LESSEE:
Mid-Lane Community Partnerships
88184 8th Street
Veneta, OR 97487

LESSOR:
City of Veneta
P.O. Box 344
Veneta, OR 97478

Any such notice shall be deemed conclusively to have been delivered to the addressee thereof forty-eight (48) hours after the deposit thereof in said United States Certified mails.

26) FIXTURES: All partitions, plumbing, electrical wiring, additions to or improvements upon Property, whether installed by Lessor or Lessee, shall be a part of the building as soon as installed and the property of the Lessor unless otherwise herein provided.

27) LIENS: Lessee will not permit a lien or encumbrance of any kind, type or description to be placed or imposed Property, or any part thereof.

28) RIGHTS OF SUCCESSORS AND ASSIGNS: This Lease shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto.

29) ARBITRATION: All claims, counter-claims, disputes or other matters, including the interpretation, enforcement, rescission or reformation of this Lease shall be subject to binding arbitration in conformance with ORS Chapter 36, at the request of either party. If the parties cannot agree upon selection of an arbitrator within ten (10) days of receipt of notice from the other party that a claim or dispute cannot be resolved, and arbitration is elected, then either party may apply to the presiding judge of the Circuit Court of the County where Property is located for appointment of an arbitrator who is familiar with the types of issues under dispute. Any procedural rules that are not provided by the ORS Chapter 36 shall be as determined by mutual agreement of the parties, or by the arbitrator if the parties cannot agree.

30) PREVAILING PARTY: In any litigation or arbitration between the parties arising from or in any way pertaining to the interpretation or enforcement of this Lease,

including any action for rescission of this Lease, the prevailing party shall be entitled to recover, as a part of any arbitration award or judgment, that party's costs and reasonable attorney's fees incurred in connection with such proceeding, at hearing or trial and on appeal.

31) NON-WAIVER: Failure by Lessor at any time to require performance of any of the provisions hereof shall in no way affect Lessor's rights hereunder to enforce the same, nor shall any waiver by Lessor of any breach hereof be held to be a waiver of any succeeding breach or a waiver of this non-waiver clause.

32) TIME: Time is of the essence of this Lease and every term, covenant and condition therein contained.

33) LANGUAGE: The language in all parts of this Lease shall be in all cases construed simply according to its fair meaning and not strictly for or against Lessor or Lessee.

34) GRAMMATICAL LANGUAGE: In construing this Lease, it is understood and agreed that the Lessor or the Lessee may be more than one person, that if the context so requires, the singular pronoun shall be taken to mean and include the plural, the plural the singular, and both the masculine, the feminine and the neuter, and that generally all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

35) AMENDMENTS: Either party may request an amendment to this Agreement at any time. Any requested change will be negotiated and acted upon within 90 days from the date the amendment was requested.

LESSEE

LESSOR

Board President

City of Veneta Mayor

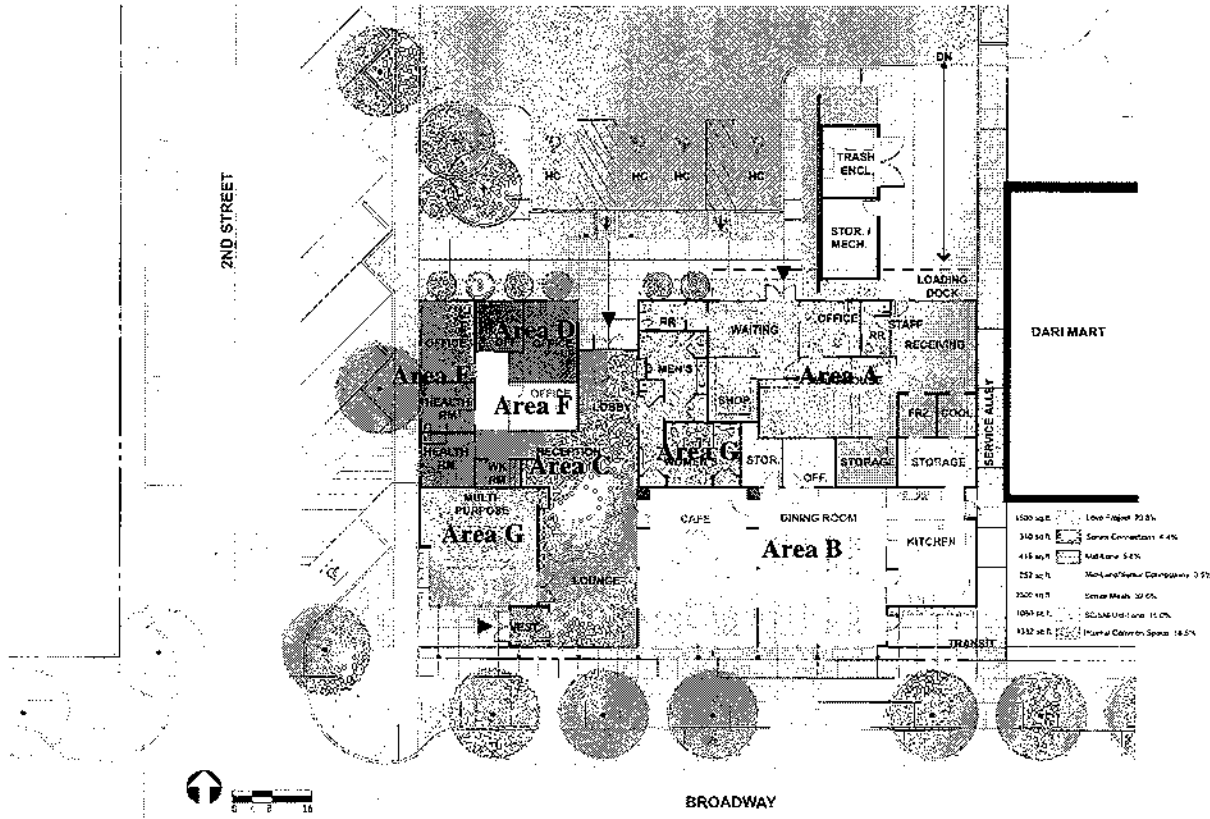
DATE

DATE

Approved as to form

City Attorney

Exhibit A



FLOOR PLAN

CITY OF VENETA: FERN RIDGE SERVICE CENTER | 03/2020

Identified Partners in Shared Area

Area	Partner	Partner	Partner
A	Love Project		
B	Senior Meals		
C	All		
D	Senior Connections		
E	Mid-Lane		
F	Mid-Lane	Senior Connections	
G	Senior Meals	Senior Connections	Mid-Lane

Fern Ridge Service Center Lease Agreement

Common Space (Scheduled by Fern Ridge Service Center Partners)

Partner	Square Foot Estimate	Percentage of Building	Estimated Yearly Cost (Year 1)	Estimated Yearly Cost (Year 2)	Estimated Yearly Cost (Year 3)	Estimated Yearly Cost (Year 4)	Estimated Yearly Cost (Year 5)
Area A	1500	20.8%	\$2,191.67	\$2,301.25	\$2,416.25	\$2,537.08	\$2,684.79
Area B	2300	32.0%	\$3,360.56	\$3,528.58	\$3,704.92	\$3,890.19	\$4,116.68
Area C	1332	18.5%	\$1,946.20	\$2,043.51	\$2,145.63	\$2,252.93	\$2,384.10
Area D	310	4.4%	\$452.94	\$475.59	\$499.36	\$524.33	\$554.86
Area E	416	5.8%	\$607.82	\$638.21	\$670.11	\$703.62	\$744.58
Area F	252	3.5%	\$368.20	\$386.61	\$405.93	\$426.23	\$451.05
Area G	1090	15.0%	\$1,578.00	\$1,656.90	\$1,739.70	\$1,826.70	\$1,933.05
Total	7200	100%	\$10,511.39	\$11,030.65	\$11,581.90	\$12,161.08	12,869.11