



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 18-298

Version: 1

Date: 6/25/2018

Item #: 4.3c.

TO: Urban Renewal Agency Board
THROUGH: Steve Powers, Executive Director
FROM: Kristin Rutherford, Director Urban Development Dept.

SUBJECT:

Lease of real property located at 2640 Portland Road NE.

Ward(s): 5

Board Member(s): Ausec

Neighborhood(s): Northgate

ISSUE:

Shall the Agency authorize the Executive Director to execute the attached lease for real property located at 2640 Portland Road NE?

RECOMMENDATION:

Authorize the Executive Director to execute the attached lease for real property located at 2640 Portland Road NE.

SUMMARY AND BACKGROUND:

On February 12, 2018, the Urban Renewal Agency Board authorized the Executive Director to execute a Purchase and Sale Agreement (Attachment 1) with Richard and Gayle Withnell (Seller) for property located at 2640 Portland Road NE (Property). The Property contains 1.7 acres and is improved with a 4,843 square foot building which was most recently used for automobile sales and lies within the North Gateway Urban Renewal Area.

Due to environmental concerns, staff recommends completion of a Prospective Purchaser Agreement (PPA) with the State of Oregon Department of Environmental Quality to limit the Agency's liability related to existing environmental conditions. The PPA process can take up to one year to complete, but the Agency's outside environmental counsel believes a PPA for this site can be completed in 6-8 months given all the known environmental data.

Due to the extended time frame to complete the PPA, it is necessary for the Agency to secure the

site through a lease. Entering into the lease at this time will allow the Agency to notify Marion County that the property is in public control and use prior to the July 1, 2018 deadline to obtain a property tax exemption.

FACTS AND FINDINGS:

Staff and Seller have reached a tentative agreement on a lease for the Property (Lease) (Attachment 2). The acquisition will be completed with funds from the North Gateway Urban Renewal Area. Key terms of the Agreement are listed below.

Monthly Rent: Initial Term - \$6,500
Extension Term - \$6,695

Term: One Year

Extension Option: One 1-year term

Lease Commencement: August 1, 2018

Expenses: **Paid by Lessee**

The Lease and PPA are necessary acquisition costs and will be funded through the budget allocated for the Property purchase. Sufficient budget authority exists within the FY 2018-19 adopted budget for the North Gateway Urban Renewal Area to fund the Lease and the PPA. The funds would come from \$8,044,250 currently allocated for future, unspecified projects within the North Gateway Urban Renewal Area Plan. The purchase is consistent with Section 601.C.1.s of the Plan.

Clint Dameron
Real Property Services Manager

Attachments:

1. Purchase and Sale Agreement
2. Proposed Lease