



## Staff Report

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**File #:** 18-136

**Version:** 1

**Date:** 4/9/2018

**Item #:** 4.3a.

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**TO:** Urban Renewal Agency Board  
**THROUGH:** Steve Powers, Executive Director  
**FROM:** Kristin Retherford, Urban Development Director

### **SUBJECT:**

Second amendment to the Grant Agreement between the Urban Renewal Agency of the City of Salem and Salem LTC Properties, LLC

Ward(s): Ward 1  
Board Member(s): Kaser  
Neighborhood(s): CANDO

### **ISSUE:**

Shall the Agency Board authorize the Executive Director to execute the attached Second Amendment to the Development Agreement between the Urban Renewal Agency of the City of Salem and Salem LTC Properties, LLC?

### **RECOMMENDATION:**

Authorize the Executive Director to execute the attached Second Amendment to the Development Agreement between the Urban Renewal Agency of the City of Salem and Salem LTC Properties, LLC.

### **SUMMARY AND BACKGROUND:**

Salem LTC Properties, LLC, (Developer) has requested the Development Agreement (Agreement) be amended to extend the construction commencement and completion dates for a post-acute rehabilitation center (Project) at the corner of Front St SE and Commercial St. SE. The recommended amendment will move the Project commencement date and completion date by one year (March 1, 2019, and March 30, 2020, respectively) to allow the Project sufficient time to be completed.

On March 9, 2015, the Agency Board authorized the Executive Director to execute a Development Agreement (Agreement) with the Developer, principals L. Charles Bloom, Kathleen Le Vee, and Silver Gardens Real Estate, LLC (Steve Fogg, Manager), for development of the Project. The site is at the north block of the former Boise Cascade site and within the South Waterfront Urban Renewal Area.

## **FACTS AND FINDINGS:**

The Agreement was amended on February 27, 2017, (Attachment 1) to modify the start date for the Project to March 1, 2018, and the completion date for the Project to March 31, 2019. Due to ongoing site condition issues from an existing retaining wall, project construction has been delayed and will not be complete by the contractual deadlines.

The south property boundary adjacent to the retaining wall and the creek parcel presents a challenging construction environment that requires collaboration between the City and the Developer on construction methods and phasing. There are multiple interrelated and phased projects in this vicinity, including City projects that consist of removing the concrete cap spanning the creek, creek bank restoration and stability improvements, and the future construction of a trail along the improved bank. Some of the City's work also requires regulatory review and permitting to work in the creek during the in-water work period. There are also Developer improvements to be constructed in the same general vicinity, including site work, excavation, and construction of their post-acute rehab facility. The Developer's project has been delayed, in part, by internal business factors as well as their redesign efforts to address complicated site conditions and develop less costly solutions.

It benefits the City to extend the Agreement in that removing of the concrete structure over the creek, which can occur from the right-of-way if needed, will be a simpler and less costly process if construction access can occur across the Developer's site prior to construction of Developer's Project. Extending this agreement will allow ongoing collaboration on project phasing and construction methods for these various projects.

The amendment (Attachment 2) provides additional time for the Project to be completed. The scheduled commencement and completion dates in the original Agreement are targets identified by the Agency and the Developer. The Agreement expressly states that a failure to meet either date by the Developer is not a default nor grounds to terminate the Agreement.

Clint Dameron  
Real Property Services Manager

### **Attachments:**

1. Proposed Second Amendment
2. Amended Agreement
3. Site Map

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