

**RESOLUTION NO. 2021-58**

**RESOLUTION DESIGNATING STAFF TO NEGOTIATE A DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) WITH WELSHCORP, D.B.A. FRESHFOODS AND MFF PROPERTIES, LLC, (DEVELOPER), FOR THE DEVELOPMENT OF A GROCERY STORE ON URBAN RENEWAL AGENCY PROPERTY**

**WHEREAS**, the URA Board of Directors gave consensus on October 11, 2021, that a grocery store without housing would be an acceptable development project on the Forest Grove Urban Renewal Agency (URA) property known as Site B; and

**WHEREAS**, the proposed sale of the URA property may involve some assistance of the City which would need to be included in the DDA; and

**WHEREAS**, a DDA between the Developer, the URA, and the City will need to be negotiated in order for the URA to sell the property to the developer; and

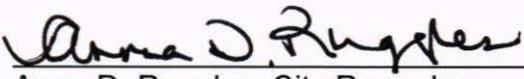
**WHEREAS**, the City needs to designate staff to negotiate the DDA subject to final City Council approval.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:**

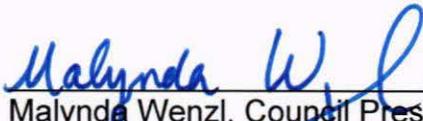
**Section 1.** The City Council authorizes Jesse VanderZanden, City Manager, and Paul Downey, Assistant City Manager/Finance Director, to authorize the DDA on behalf of the City of Forest Grove.

**Section 2.** This resolution is effective immediately upon its enactment by the City Council.

**PRESENTED AND PASSED** this 25<sup>th</sup> day of October, 2021.

  
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Anna D. Ruggles, City Recorder

**APPROVED** by the Mayor this 25<sup>th</sup> day of October, 2021.

  
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Malynda Wenzl, Council President



*A place where families and businesses thrive.*

CITY RECORDER USE ONLY:

AGENDA ITEM #:	<u>7.</u>
MEETING DATE:	<u>10/25/2021</u>
FINAL ACTION:	<u>RESO 2021-58</u>

**CITY COUNCIL STAFF REPORT**

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**TO:** *City Council*

**FROM:** *Jesse VanderZanden, City Manager/Executive Director of URA*

**MEETING DATE:** *October 25, 2021*

**PROJECT TEAM:** *Paul Downey, Assistant City Manager/Finance Director*

**SUBJECT TITLE:** *Site B Status and City/URA Resolutions*

**ACTION REQUESTED:**

<input type="checkbox"/>	Ordinance	<input type="checkbox"/>	Order	<input checked="" type="checkbox"/>	X	<input type="checkbox"/>	Resolution	<input type="checkbox"/>	<input type="checkbox"/>	Motion	<input type="checkbox"/>	<input type="checkbox"/>	Informational
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*X all that apply*

**ISSUE STATEMENT:**

This staff report is for the City resolution and the Urban Renewal Agency (URA) resolution. On October 11, 2021, the URA Board gave consensus direction that Site B could be developed as an approximate 20,000 square-foot fresh foods grocery store. The developer is working on finalizing the grocery store design and is hoping to start construction in Spring, 2022.

Staff is asking the URA Board to formalize the consensus from the October 11, 2021, work session, extend the Exclusive Negotiating Agreement (ENA) with the URA to give staff and the developer time to finalize the terms of the project, and to authorize certain staff to negotiate the Disposition and Development Agreement (DDA) on behalf of the URA and the City. A URA resolution and a City resolution have been prepared to do the above items.

**BACKGROUND:**

The Forest Grove URA signed an ENA and Amendment No. 1 to the ENA, which expires on October 31, 2021, with WelshCORP LLC (Developer) to give the Developer time to explore developing a project for the URA-owned Site B on the corner of “B” Street and Pacific Avenue which is the vacant property next to the Jesse Quinn Apartments. The original proposed project was an approximate 20,000 square-foot grocery store with up to 20 affordable-housing apartments above the grocery store. After 15 months of due diligence, the developer requested the URA to approve developing a grocery store on Site B with no housing. The URA Board gave consensus direction to approve the revised concept. The URA resolution formalizes that consensus.

Now that the project concept has been decided, staff and the developer need to negotiate a DDA for the development of the property. The DDA describes the specifics of the project, the terms by which the property will be sold to the developer, and the obligations of the developer, the City, and the URA for the project. Even though the property is owned by the URA, the City needs to be

included in the DDA as the City may need to approve certain aspects of the project as part of the process. The City resolution and the URA resolution designate the staff authorized to negotiate the ENA on both entities' behalf.

As mentioned above, Amendment No. 1 to the ENA expires on October 31, 2021. In order to negotiate the DDA, staff is requesting a final extension of the ENA to February 28, 2022, to give staff and the developer sufficient time to finalize the DDA for City Council and URA Board approval. Staff will conduct an Executive Session with the Board and Council when initial financial terms are presented. The URA resolution approves Amendment No. 2 to the ENA.

**FISCAL IMPACT:**

The fiscal impact to the URA and the City is not yet fully known and will be negotiated in the DDA. The developer may be requesting some URA and/or City assistance to develop the project. Any request for assistance is expected within the next few weeks and will be discussed with the Board and Council. Upon completion, the project will go on the tax rolls for the URA for and the City.

**STAFF RECOMMENDATION:**

Staff recommends the City Council approve the attached City resolution. At the URA meeting, staff recommends that the URA Board approve the attached URA resolution.

**ATTACHMENT(s):**

1. City: Resolution Designating Staff to Negotiate a Disposition and Development Agreement (DDA) With Welshcorp, D.B.A. Freshfoods and MFF Properties, LLC, (Developer), for the Development of a Grocery Store on Urban Renewal Agency Property.
2. URA: Resolution Authorizing Approval of Amendment No. 2 to the Exclusive Negotiating Agreement (ENA) with Welshcorp, D.B.A. Freshfoods and MFF Properties, LLC, (Developer), for the Property Known as Site B and Authorizing the Executive Director to Execute the ENA on Behalf of the Urban Renewal Agency; and, to authorize the Developer to develop a Grocery Store on Site B; and, to Designate Staff to Negotiate a Disposition and Development Agreement with the Developer.