



URBAN RENEWAL DISTRICT AGENCY BOARD

July 14, 2026

Council Chambers • 411 SW 9th Street

BOARD MEMBERS

Ed Fitch
Chair

Shannon Wedding
Board President

Clifford Evelyn
Member

John Nielsen
Member

Kathryn Osborne
Member

Jay Patrick
Member

Cat Zwicker
Member

JULY 14, 2026

MEETING AGENDA

FOLLOWING THE P.M. COUNCIL MEETING

I. CALL TO ORDER / ESTABLISH A QUORUM

II. MINUTES

A. Minutes of May 12, 2026, Board Meeting

III. ACTION ITEMS

A. Term Sheet Guidelines for Grant Award to Natural Grocers not to exceed \$500,000 for Redevelopment of 732 SW 6th Street

IV. ADJOURN

Regular Council meetings are broadcast live on COTV11 – BendBroadband Channel 11 beginning at 6:00 p.m. on the 2nd and 4th Tuesdays of each month. Rebroadcasts are scheduled for the non-meeting Tuesdays at 6:00 p.m.

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**Redmond Urban Renewal District Agency Board
Regular Meeting Minutes**

May 12, 2026

Council Chambers & Remote Video Conferencing

<https://www.redmondoregon.gov/government/city-council>

Present: Clifford Evelyn, Ed Fitch, John Nielsen, Kathryn Osborne, Jay Patrick, Cat Zwicker

Excused: Shannon Wedding

Staff Present: City Manager Keith Witcosky; Deputy City Manager Steve Ashworth; Deputy City Recorder Kayla Duddy; Airport Director Zachary Bass; City Attorney Keith Leitz; Deputy City Manager/Chief Financial Officer Jason Neff; Public Works Director/City Engineer Jessica MacClanahan; Communications Director Heather Cassaro; Economic Development/ Urban Renewal Program Manager Chuck Arnold; Urban Renewal Program Analyst Meghan Gassner; Finance Director James Wood; Client Systems Administrator Tyler Roppe; Police Chief Devin Lewis; Planning Director Kyle Roberts; Budget Analyst Herlinda Corn; Engineering Technician Veronica Reinertson -

CALL TO ORDER/ESTABLISH A QUORUM

Mayor Fitch called the meeting to order at 6:06 p.m.

MINUTES

A. Minutes of January 27, 2026, Board Meeting

Board Member Nielsen moved, seconded by Board Member Zwicker, to approve the minutes of the January 27, 2026, meeting, the motion passed. (Evelyn-yes, Fitch-yes, Nielsen-yes, Osborne-yes, Patrick-yes, Wedding-absent, Zwicker-yes)

BID AWARDS / BID REJECTIONS

A. Contract Award for Design-Build Services for the Downtown Ice Rink Project to Kirby Nagelhout Construction Company

Urban Renewal Program Analyst Meghan Gassner requested approval of a Design-Build Services contract with Kirby Nagelhout Construction Company (KNCC) for the Downtown Ice Rink Project. Six proposals were received, three firms were interviewed, and KNCC was recommended by both staff and the scoring committee based on their experience, creativity, and familiarity with public recreation projects in Redmond.

Downtown Urban Renewal Advisory Committee (DURAC) Chair Brandon Cook-Bostick reported that DURAC recommended approval, citing KNCC's strong relevant experience, project approach, and consistent high scores across the evaluation criteria.

Cumming Management Group Director Wayne Powderly noted that a kickoff meeting with KNCC and its design team, Blaze Control Architects, is scheduled for May 13, 2026, with a target delivery of the ice rink before Thanksgiving 2027.

Board Member Osborne moved, seconded by Board Member Nielsen, to award the contract for design and construction of the Downtown Ice Rink Project to Kirby Nagelhout Construction Company and authorize the City Manager to sign the contract, the motion passed. (Evelyn-yes, Fitch-yes, Nielsen-yes, Osborne-yes, Patrick-yes, Wedding-absent, Zwicker-yes)

Mayor Fitch called for public comments.

Redmond resident Trevor Johnson commented on a possible downtown parking garage with mixed-use, multi-zone development.

DRAFT

ADJOURN

The meeting adjourned at 6:16 p.m.

Prepared by ABC Transcription Services, Inc.
Reviewed by Kayla Duddy, Deputy City Recorder

APPROVED by the Board and SIGNED by the Chair this 14th day of July 2026.

Ed Fitch, Chair

ATTEST:

Kayla Duddy, Deputy City Recorder



CITY OF REDMOND

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STAFF REPORT

DATE: July 14, 2026
TO: Urban Renewal Agency Board
THROUGH: Keith Witcosky, City Manager
Steve Ashworth, Deputy City Manager
FROM: Chuck Arnold, Economic Development/Urban Renewal Program Manager
SUBJECT: Term Sheet Guidelines for Grant Award to Natural Grocers not to exceed \$500,000 for Redevelopment of 732 SW 6th Street

Report in Brief:

This item requests the Redmond Urban Renewal Agency (RURA) Board approve a Term Sheet for a grant award to Natural Grocers not to exceed \$500,000 in support of the redevelopment of 732 SW 6th Street (Property) and authorize the City Manager to execute the final grant agreement.

Background:

The Property consists of 1.20 acres, a 15,000-square-foot commercial building, and approximately 50 parking stalls. The building was previously occupied by JoAnn Fabrics for approximately eight years. However, the parcel has remained vacant since that company's corporate bankruptcy in 2025.

The proposed partnership is unique for RURA. Urban Renewal incentive agreements are typically guaranteed by a lien on the improved property. In this proposal, Natural Grocers will provide a corporate guarantee to back compliance with the performance metrics required by the grant agreement.

The partners and their roles in this Project are as follows:

Current Owner: Steve Wernke (Sisters, Oregon)
Developer: Mark McPherson, President, Equity Ventures, Inc. (Topeka, Kansas)

New Owner: Joint venture between Current Owner and Developer
Tenant/Borrower: Natural Grocers, Inc. (Lakewood, Colorado)

The Current Owner will partner with the Developer to form a joint venture (New Owner) that will hold title to the Property. The Developer has completed more than 60 Natural Grocers projects nationwide and will complete the redevelopment. The Tenant/Borrower is Natural Grocers, a publicly-traded (NYSE: NGVC), family-led national grocer with 168 stores in 21 states.

The Project proposes transforming the long-vacant building into a full-service boutique natural foods grocery store, generating new tax increment, foot traffic, and activation along the Highway 126/6th Street corridor.

Discussion:

The redevelopment includes building, site, and interior tenant improvements, as well as modernization of building systems to meet Natural Grocers' national standards. The New Owner will incur approximately \$860,000 in soft costs (developer fees, design, permitting, financing) and will provide a \$500,000 tenant improvement allowance to the Tenant/Borrower.

Preliminary construction estimates range from \$2.4 million to \$2.7 million, financed by the Tenant/Borrower using a \$70 million credit line with Chase Bank. The Tenant will pay all building expenses, including taxes, utilities, insurance, and maintenance. The lease consists of a 15-year initial term, with two 5-year extension options (total possible term: 25 years).

Property Valuation Impacts

- Purchased by Current Owner in 2022 for \$3,900,000
- Current Real Market Value (RMV): \$3,600,000
- Proposed sale to New Owner: \$4,800,000 (reflecting lease-secured value)
- Projected future RMV following improvements and stabilized retail use: \$8,000,000

RURA Proposed Terms:

- The Tenant/Borrower is requesting up to \$500,000 in RURA incentive funding, structured as follows:
- Reimbursement-based grant not to exceed \$500,000 or 20% of eligible construction costs
- Forgivable over a 10-year term as performance metrics are met
- Performance metrics to include:
 - Continuous operation as a boutique natural foods grocery store
 - Store design, furnishings, and offerings consistent with Natural Grocers' national standards
 - Additional conditions as defined in the final RURA agreement
- Tenant/Borrower will provide a Corporate Guaranty
- Estimated incremental tax revenue: +\$30,000 per year
- Estimated ROI (TIF only): ~17 years (comparable to similar RURA project investments)

This model aligns with past RURA practice which utilized forgivable or mixed loan/grant structures to incentivize redevelopment of underutilized properties, such as:

- 470 NW Fir, nine-unit apartment building construction, project cost: \$2.6M, RURA incentive: \$455K or 18% of the project
- Central Oregon Medical Specialists, medical building expansion, project cost: \$6.2M, RURA incentive: \$600K or about 10% of the project
- SCP Hotel, hotel renovation, project cost: \$11.8M, RURA incentive: \$3.5M or about 30% of the project

Fiscal Impact:

The grant funding supports reinvestment in a long-vacant commercial building, stimulates taxable value growth, and promotes corridor revitalization. At full build-out and occupancy, the Project is expected to generate approximately \$30,000 in annual tax increment.

Based on the investment level and projected increment, the RURA contribution results in an approximate 17-year ROI (on tax valuation alone)—comparable to other RURA incentive projects such as the Central Oregon Medical Specialists Building and 470 NW Fir Apartments.

Funding is available for this project through the Urban Renewal Redevelopment Opportunity Fund and is included in the FY 2026/27 Budget. If funded, there are no anticipated short-term (1 to 5 years) impacts to other planned Urban Renewal projects.

Alternative Courses of Action:

1. Approve the term sheet and RURA incentive grant of up to \$500,000
2. Request more information.
3. Do not recommend the approval of the term sheet and RURA incentive

Recommendation / Suggested Motion:

"I move to approve the Term Sheet for the Natural Grocers Redevelopment Project at 732 SW 6th Street, including a Redmond Urban Renewal Agency incentive of up to \$500,000, and authorize the City Manager to negotiate, finalize, and execute the final grant agreement consistent with the approved Term Sheet."



RURA GRANT AWARD CONSIDERATION - NATURAL GROCERS

REDMOND URBAN RENEWAL AGENCY — JULY 14, 2026



BUILDING LOCATION

SLIDE / 2

- FORMER JOANN
FABRIC BLDG
- 15,000 SQ FT BLDG
- 1.20 ACRES
- 50 PARKING
SPACES



NATURAL GROCERS

THE PROJECT

- **\$2.4m to \$2.7m project investment**
- **\$30K estimate annual tax growth**
- **17-year Tax valuation ROI**
- **\$8m estimated valuation at term completion**





**RURA GRANT
FUNDING**

**20% OF
CONSTRUCTION COSTS
- NOT TO EXCEED
\$500,000**

**PERFORMANCE
METRICS**

PROPOSED RURA INCENTIVES

SLIDE / 4

Would qualify for proportional annual forgiveness over a 10-year term as project performance metrics are met.

TENANT/ BORROWER provides a Corporate Guaranty to back RURA incentive if performance metrics are NOT met.

- Continuous, regular operation as a boutique natural foods grocery store
- Offerings, furnishings, and store design consistent with other Natural Grocer stores
- Additional conditions as defined in final agreement



QUESTIONS?