

**Report on issues discussed at the weekly
Management Update meeting on March 17, 2014**

Commissioners present: Commissioners Sam Brentano and Janet Carlson.

Others present: Jeff White, Caron Galvin-Price, Don Russo, Gloria Roy, Laurie Steele, and Kim Hulett as recorder.

INFORMATIONAL

Tax Foreclosed Real Property

Caron Galvin-Price reviewed the November 19, 2013, tax foreclosed properties list (Attachment A) and described five properties requiring procedural direction from the board. She explained that an abandoned gas station located on tax foreclosed property ID #R34556 had received a temporary closure from the Oregon Department of Environmental Equality (DEQ) and that the prior owner had completed DEQ's site assessment. She said the site assessment report indicates that any contamination that was there had dissipated and that no further action is required. Ms. Galvin-Price recommended that Marion County follow DEQ's request to put the property in the county's name and request an extension of the temporary closure. Chief Financial Officer Jeff White said he discussed the risk issue with Assistant Legal Counsel Scott Norris and Business Services Director Mina Hanssen and both advised that the county should comply with DEQ's request. Commissioner Carlson asked what happens after the county complies with DEQ's requirements. Ms. Galvin-Price said the property is located at an intersection and once Public Works decides what portion of the property it needs, a deed would be completed to retain that portion and the remainder would be sold. Ms. Roy noted that the county now tries to acquire property by easement. Ms. Galvin-Price agreed and said it would be an easement for right-of-way purposes.

Jeff White said staff is working to resolve an issue involving property ID #R68023 where one of two lots a residence is situated on was foreclosed on by a bank. He said the other lot was foreclosed on by the county for nonpayment of taxes. Mr. White said that the owner has involved legal services and has been advised that there is potential legal action against the builder and title company. He added that he believes the owner will look to the county for some kind of relief if the issue does not get resolved. County Legal Gloria Roy said that Assistant Legal Counsel Scott Norris has discussed with the owners' attorney both the encroachment easement and how the process would work if the property had to go to auction and the attorney seemed favorable to the encroachment easement concept. Mr. White said the owner will ultimately have to pay the county something for that property, however the owners believe they should not.

Ms. Galvin-Price said staff is working to resolve an issue with property ID #R87526 and explained that the bank had originally foreclosed on two lots, but only deeded one lot to the owner of the multifamily residence. She said the other property is currently being used as a parking area and yard for that multifamily residence. She said the county cannot sell the property to the owners of the multifamily residence because they were not the previous owner, but the owners are working with the county and an attorney to get ownership of the property. Mr. White said the owners sent the county a copy of the legal demand letter their attorney sent the title company. Gloria Roy said both property ID #R87526 and ID #R68023 have been actively used and the county should get a lease/rental or use agreement with the owners until the issues are resolved. Mr. White said he would follow up with Assistant Legal Counsel Scott Norris and added that Loss Control Manager Gary Hales is making inquiries about a supplemental insurance policy for the properties.

Ms. Galvin-Price discussed a gas station that sits on two properties in Mt. Angel (ID #R10194/ID #R10196). Commissioner Brentano asked if the cardlock is still in operation. Ms. Galvin-Price said no and explained that Commercial Pride was using the station until they received a temporary closure from DEQ. She added that no site assessment has been conducted. Ms. Galvin-Price recommended that the county do a site assessment and extend the temporary closure while the county tries to sell the property. She added that a site assessment could cost \$20,000. Commissioner Brentano confirmed that both gas stations on November's foreclosure list were owned by Robert Rash. Ms. Roy said that it would be good to have a site assessment performed to know what condition the property was in when the county took it over. Commissioner Carlson asked about the funding for the site assessment. Mr. White said it would be a Tax Title Fund expenditure. Commissioner Carlson requested the fund balance. Mr. White said that Finance keeps a balance that is equal to approximately one year's operating cost or \$80,000 in the Tax Title Fund and that it is maintained year to year for things such as this assessment. He said if the county had no auction sales the county would still be able to handle the operating costs. Commissioner Carlson asked if the \$20,000 would be a burden. Mr. White said it would not, but added that there may need to be a supplemental action to move money out of contingency. Commissioner Carlson noted the difficulty of trying to sell the property without a site assessment and said it makes sense to have the site assessment. Mr. White agreed.

Ms. Galvin-Price explained that the residence on property ID #R108488 is occupied and that she will have to go through Legal to get a writ of assistance to take possession. Commissioner Carlson asked how the current list of foreclosures compares with past lists. Ms. Galvin-Price said that this list is longer and more complicated than usual. Ms. Galvin-Price said she would proceed with the gas station properties and writ of assistance property as discussed. The board agreed.

Potential Sale of Two Tax Foreclosed Properties

Caron Galvin-Price clarified that there are three tax foreclosed properties where previous owners are requesting they be allowed to purchase their properties back from the county. She said the first property is located on Riverdale South and that she needs the board's approval to go forward with the sale and paperwork. Mr. White added that the former owner would like to pay full price.

Ms. Galvin-Price said the second property is located on Young Street in Woodburn and the former owners would like to do a contract with the county because they only have enough cash for a down payment. Commissioner Carlson requested the balance owed. Ms. Galvin-Price said the amount owed is \$12,326. The previous owners would put 25 percent down.

Ms. Galvin-Price said the third property is located on Manning Road in Woodburn and has a current balance owing of \$18,534, but that additional interest would be added if it is not paid by a certain date. She said the former owners are trying to pay off the entire amount, but if they are unable to pay that entire amount they would put 25 percent down. Ms. Galvin-Price said if the board is agreeable she will do the paperwork to sell these properties back to the prior owners. Commissioner Brentano said he is agreeable and asked what recourse the county has if it does not work out. Ms. Galvin-Price explained that there is a breach paragraph in the county's land sale contract that allows the county to expedite the eviction or foreclosure process. Commissioner Carlson confirmed that staff explains the contract to the owners before signing. Ms. Gavin-Price said she would move forward with the sales.

Economic Development Grants

Economic Development Manager Don Russo explained that he worked with Contracts Compliance Analyst Camber Schlag and Assistant Legal Counsel Bruce Armstrong to improve the Economic Development Advisory Board's (EDAB) grant process. He presented additional budget information for the grant proposals submitted to EDAB by Fiber-Fab, LLC and Gilgamesh Brewing, LLC (Attachment B) and said the budget he received from Gilgamesh Brewing, LLC did not add up correctly so he is providing a corrected version. Commissioner Carlson requested specifics on the correction. Mr. Russo said that under project revenues, Gilgamesh Brewing, LLC had rounded off numbers so he matched the lower boxes to the top boxes. He said Gilgamesh Brewing, LLC has requested \$50,000 from Marion County to expand production and the sale of their product. The match would be Gilgamesh Brewing, LLC's \$4.4 to the county's \$1. Commissioner Carlson thanked Mr. Russo for following up with the applicants' budget information, but expressed concern that Gilgamesh Brewing, LLC did not originally turn in a budget. She said that in the future, applicants should submit a standard budget showing their other sources of funding as well as exactly where the county's money is going to be spent. She said that from the budgets

presented she cannot tell how \$50,000 would make a difference compared to \$35,000 and that she does not see any reason for the board to up the amount to \$50,000. Commissioner Brentano asked if EDAB is still requesting \$50,000 for each of the applicants. Mr. Russo said he is not advocating for the full \$50,000 and noted that Gilgamesh Brewing, LLC modified their budget form from their original request. Commissioner Carlson said the modification is a problem. She said she had spoken with Ms. Schlag about working with Legal and Mr. Russo on the application instructions so that they have more "teeth" to them and requested that Mr. Armstrong and Ms. Schlag be present when the revised instructions and budget form are presented to the board for review. She added that after reviewing Gilgamesh Brewing LLC's budget, the company could probably do the project without EDAB's grant. Commissioner Brentano said that the goal of the EDAB grant is to retain and create jobs and that he has not been able to tie in how the county accomplishes that. He agreed to the \$35,000 amount. Commissioner Carlson asked that Mr. Russo request Gilgamesh Brewing, LLC and Fiber-Fab, LLC revise their budget forms to show in separate columns exactly where the county's \$35,000 is going to be spent. Mr. Russo agreed and asked if the board would like the EDAB grants presented at a board session. Commissioner Carlson agreed, but with the revised budgets. There was discussion on the approval process and the board determined that the grants would be presented at a board session with the new budgets and if approved, they would go through the contract process. There was discussion about Travel Salem, SEDCOR, and GROW North Santiam no longer being eligible to apply for EDAB funds.

Commissioners' Update

Commissioner Carlson said the board received a letter from Spokane County Board Chair Al French about Marion County Operations and Emergency Manager Don Newell's outstanding service while he performed an assessment for Spokane County's road department.

Commissioner Brentano said he would be attending an Oregon and California Counties (O&C) meeting this morning and would report back. He also noted the passing of lobbyist Dave Barrows.

Commissioner Brentano said there were four items discussed at the Bureau of Land Management Outreach for Western Oregon meeting, but none of them had to do with sustained yield and revenue generation listed under the Oregon and California Act. He explained that a few years ago the Bureau of Land Management (BLM) released the Western Oregon Plan Revision (WORP) which was never approved and that the BLM now has a new resource management plan. The plans for outreach activities were recreation, species protection, repair and protection, and preservation. He said he told the meeting organizer that none of this information was what he expected to see and that the BLM has completely subverted where it goes.

He said the fact that the BLM has completely written counties out of the plan may be part of the meeting.

Commissioner Brentano said that the Council of Forest Trust Land Counties Executive Director Gil Riddell called for a meeting on April 4, 2014, to discuss an idea to pool counties harvest revenues and split them by percentage. He said he would forward a letter from Clatsop County who, as one of the big harvest counties, is not really interested because it would mean less revenue for them. He said if this plan evolves, the route may be to literally preserve some areas and only cut in the second growth and in that case some counties, like Marion, could be preservation with no revenue.

Commissioner Carlson provided an update on the OSU Extension Service District. She said that City of Salem Mayor Anna Peterson, Salem City Manager Linda Norris, Salem Council Chair Brad Nanke, and Salem Council Members Chuck Bennett, Sheryl Thomas and Dan Clem have all been supportive and that she will meet with Councilor Diana Dickey tomorrow.

Commissioner Carlson said that there was a Mid-Valley Behavioral Care Network Executive Committee meeting on Wednesday and that the committee assigned the health department directors the task of figuring out a methodology for splitting reserves. She said the directors were told that it needed to be a methodology that they can defend and justify and she is hopeful it will be a consensus agreement.

Commissioner Carlson said that Linn County had stated that they are leaving the Mid-Valley Behavioral Care Network (MVBCN) and explained that Linn County has chosen to receive their reserves in cash rather than credit towards future services. If Yamhill County decides to leave MVBCN at the end of the year they may want some services in the future, but they would not be using the services at the same level as Marion and Polk Counties. She said it would be good to identify a methodology so that MVBCN does not have to go through this again when Yamhill leaves. She added that the committee has asked that Marion and Polk Counties meet with the Coordinated Care Organization (Willamette Valley Community Health) to start going through issues that need to be negotiated. This is so the committee knows what direction Marion County is heading before weighing in on some of the issues. She noted that there is a MVBCN meeting tomorrow.

Commissioner Carlson said she has been appointed to the Oregon State Fair Council and explained that through Senate Bill 7, the Oregon State Fair is becoming a quasi-public/private organization. She also explained that one of the issues she has with Senate Bill 7 is that the state fair stay in Salem at its present location. She said she spoke with Oregon Parks and Recreation Director Lisa Van Laanen about Marion County's experience with the current location and that the location is not suitable due to its residential setting (noise, traffic, lack of exposure) and explained that this may be an opportunity for the state and county to find an alternate location. Commissioner Carlson said that former Oregon Senate President Gene

Derfler was appointed council chair and former Chemeketa Community College Vice President and Chief Financial Officer Craig Smith was appointed vice chair of the council and has been working on the lease agreement and the terms of termination. She will be discussing the issue at Thursday's meeting. Commissioner Brentano said that some counties have fairgrounds and that a rotating state fair could be a possibility. Commissioner Carlson said that the legislative delegation for Marion County were adamant that it stay in Marion County because there is an economic boom that comes with the fair.

Don Russo said that the Marion County Council of Economic Advisors met on Friday and the number they ended up with was 2.7 percent. He said they are very guarded about the future. Commission Carlson explained that the Marion County Council of Economic Advisors was created to improve the budget estimate process. Mr. Russo commended Rich Minaker for setting the tone at the meeting.

ATTACHMENTS: (A) November 19, 2013 list of tax foreclosed properties.
(B) Gilgamesh Brewing, LLC and Fiber-Fab, LLC budget proposals.

Status of 2013 Foreclosed Real Properties

Prop. ID #	Map Tax Lot #	Mkt Value	Description	AC	Comments
R13330	051W17BC10400	\$ 114,900	House located at 1305 George St, Woodburn, OR	0.22	House has fire damage and is believed to be vacant. Staff will be making arrangements to take possession and sell at auction.
R13549	051W18AD05600	\$ 90,190	House located at 758 Young St, Woodburn, OR	0.14	Prior owner is requesting to purchase house back from the county.
R31512	083W06DB02600	\$ 30,180	Parcel of AR land off Viewcrest Rd S, salem OR	0.39	PW has requested to retain for future right-of-way alignment.
R31664 M124930	083W07B 2000	\$ 80,860	Manufactured home on SA zoned land located at 4230 Riverdale Rd S, Salem	0.4	Prior owner is requesting to purchase house back from the county.
R34556	091W10DB01700	\$ 512,890	Abandoned gas station with mini-mart located at 820 N 1st Ave, Stayton	0.33	PW wants to retain portion for RW. Temporary closure of tanks by DEQ due to non-compliance. Site assessment was conducted (by prior owner) & can be used by county to request extension of closure.
R43638	042W25DD00100	\$ 17,040	Parcel of EFU land located adjacent to 18611 Westwood LN NE, Aurora	0.25	Parcel of land with no issues identified at this time.
R49418	062W14CC00500	\$ 29,850	Parcel of EFU zoned land located adjacent to 7681 Rambler Dr NE, Salem	0.56	Parcel of land with no issues identified at this time.
R68023	073W33DC03700	\$ 55,000	Portion of residence located at 2600 Holiday/ 880 Caroline St S, Salem	0.189	House at 880 Caroline St is situated on 2 lots. Bank foreclosed on only 1 lot and sold it at auction. Other lot was foreclosed by county for nonpayment of taxes. Staff is working with resident to resolve issue.
R77937	072W18AC00600	\$ 43,090	Parcel of RA zoned land adjacent to 2950 Hollywood Dr NE, Salem	0.298	Parcel of land expect to be sold after PW determines and takes deed of portion required for additional R/W on Hollywood.
R87526	073W15DA11200	\$ 30,820	Parcel of RM land adjacent to 360 Columbia St NE, salem	0.101	Property owners of 360 Columbia believed they purchased this lot from the bank. Bank did foreclose on both lots but only deeded one to property owner. Staff is working with owner of resolve. County owned lot is used for parking of residents living at 360 Columbia (multifamily).
R101194 R101196	061W10BA08800 061W10BA08700	\$301,380 \$114,150	Commercial card lock fueling station with bulk storage and buildings located at 140 Palmer St, Mt Angel; zoned CG	Apprx 0.48	Same prior owner as Stayton gas station. Tanks had temporary closure by DEQ. No site assessments have been conducted at this site. Assessment is required to request extension of temporary closure.
R105900	082W29DB05201	\$ 7,600	Parcel of R1 zoned land adjacent to 7725 5th St, Turner	0.069	Parcel of land with no issues identified at this time.
R105926	051W18BA01400	\$ 95,260	Commercial building located at 255 W Hayes St, Woodburn	0.052	Building is believed to be vacant. Staff will be making arrangements to take possession and sell at auction.
R108488	051W07DC06400	\$ 93,090	House located at 799 N. 2nd St, Woodburn	0.158	House is believed to be occupied. Letter was sent & delivered but no response. Staff will request Writ of Assistance to take possession.
R325250 M327094	052W21B 01001	\$ 236,240	Manufactured house on EFU land at 14353 Manning Rd NE, Woodburn	4.49	Prior owner will be requesting to purchase house back from the county.
R330614 R333029	092E08 00302	\$ 41,160	Parcel of TC zoned land adjacent to 10009 Wagner Rd SE, Lyons	12.88	Parcel of land with no issues identified at this time.
R40858 R40859	092E08 00400	\$ 33,010	Parcel of TC zoned land adjacent to 10009 Wagner Rd SE, Lyons	10.33	Parcel of land with no issues identified at this time.

Marion County
Economic Development
Grant Program
Gilgamesh Brewing Project Budget
 2014

Project Revenues		Total						
Marion County EDAB grant	\$	50,000						
Bank financing	\$	170,000						
Capital reserves	\$	50,000						
Match ratio		4.4/1						
Total Revenues								
Project Expenditures		Price per Unit	# of Units	Total	Gilgamesh Funds	EDAB Grant Funds	Pioneer Trust Funds	Vendor
45 bbl Tank	\$	21,765	1	\$ 21,765	\$ 21,765			Marks Metal Works
60 bbl Tank	\$	95	1	\$ 29,260	\$ 12,260	\$ 17,000		Marks Metal Works
Bottling Line	\$	35,000	1	\$ 35,000		\$ 4,300	\$ 30,700	Maheen
Kegs	\$	105	500	\$ 52,500	\$ 23,800	\$ 28,700		Gofer Kegs
Centrifuge	\$	135,000	1	\$ 135,000			\$ 135,000	Alfa Laval
Total Expenditures				\$ 273,525	\$ 57,825	\$ 50,000	\$ 165,700	
				\$ 273,525	Total double check			

Marion County
Economic Development
Grant Program
FIBER-FAB PROJECT BUDGET
 2014

Project Revenues		Total		
Marion County EDAB grant		\$50,000		
Bank financing		\$450,000		
Capital reserves		\$50,000		
Match ratio 10:1				
Total Revenues		\$550,000		
Project Expenditures		Total	Funding Source	Vendor
Woodburn Construction Ventilation System includes 10% Overruns.		\$200,000	See Above	Woodburn Construction
Production Equipment		\$75,000	See Above	Magnum Industries
Architects and Engineers		\$15,000	See Above	RSS Architecture
3 Delivery Trucks @\$60,000 each		\$180,000	See Above	Brattian International
Other equipment (estimated) required to provide for increased unit production.		\$30,000	See Above	Various
Contingencies		\$50,000	See Above	Various
Total Expenditures		\$550,000		

