

RESOLUTION NO. 1104

A RESOLUTION APPROVING CITY OF WILSONVILLE, THRIFTY PAYLESS, INC. AND PAY LESS DRUG STORES NORTHWEST, INC. DEVELOPMENT AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE THE DEVELOPMENT AGREEMENT ON BEHALF OF THE CITY.

WHEREAS, the City of Wilsonville, Thrifty PayLess, Inc. and Pay Less Drug Stores Northwest, Inc. have been cooperatively participating in a multi-party task force to solve infrastructure and development issues of mutual interest to the parties; and

WHEREAS, the City of Wilsonville, Thrifty PayLess, Inc. and Pay Less Drug Stores Northwest, Inc. have reached an agreement which addresses these issues as recited in the agreement; and

WHEREAS, a copy of the agreement entitled "City of Wilsonville, Thrifty PayLess, Inc. and Pay Less Drug Stores Northwest, Inc. Development Agreement" is marked Exhibit A and by this reference is incorporated as if fully set forth herein; and

WHEREAS, the City Council of the City of Wilsonville, having fully reviewed Exhibit A and being advised in these premises,

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The "City of Wilsonville, Thrifty PayLess, Inc. and Pay Less Drug Stores Northwest, Inc. Development Agreement", Exhibit A, as recited above and incorporated herein, is approved.

2. On behalf of the City, the Mayor is authorized to execute the "City of Wilsonville, Thrifty PayLess, Inc. and Pay Less Drug Stores Northwest, Inc. Development Agreement", as recited above and incorporated herein.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 2nd day of May, 1994, and filed with the Wilsonville City Recorder this same date.


GERALD A. KRUMMEL, Mayor

ATTEST:

Vera A. Rojas
VERA A. ROJAS, CMC/A&E, City Recorder

SUMMARY of Votes:

Mayor Krummel	<u>AYE</u>
Councilor Benson	<u>AYE</u>
Councilor Hawkins	<u>AYE</u>
Councilor Lehan	<u>AYE</u>
Councilor Sempert	<u>AYE</u>

EXHIBIT A

**City of Wilsonville, Thrifty PayLess, Inc. and
Pay Less Drug Stores Northwest, Inc.
Development Agreement**

This Development Agreement is made and entered into by the City of Wilsonville, an Oregon municipal corporation, Thrifty PayLess, Inc., a California corporation, and Pay Less Drug Stores Northwest, Inc., a Maryland corporation, in consideration of the promises, terms and agreements recited and agreed to below:

RECITALS

WHEREAS, late last year (1993), TCH Corporation of Los Angeles announced the acquisition of Wilsonville based Pay Less Drug Stores Northwest, Inc. ("Pay Less") by TCH and its subsidiary, Los Angeles based Thrifty Holdings, Inc., owner of Thrifty Drug Stores and the Eugene based Bi-Mart Corporation; and

WHEREAS, the consolidation has been finalized and Thrifty PayLess, Inc., the successor to Thrifty Holdings, Inc., is the owner of Pay Less Drug Stores Northwest, Inc. and Thrifty Drug Stores; and

WHEREAS, the consolidation of the Thrifty PayLess, Inc. corporate headquarters in Wilsonville represents an opportunity to retain approximately 650 corporate employees and a projected growth of 200 to 300 employees over the next three to five years. Consolidation in Los Angeles would ultimately lay off Wilsonville employees, due to duplicate activities. Approximately 500 jobs could be lost in two years; and

WHEREAS, the Pay Less headquarters property in Wilsonville can accommodate the consolidated corporate headquarters. The jobs created will consist of several areas including, but not limited to, merchandising, managerial, real estate, accounting, human resources, construction, operations, legal and clerical personnel; and

WHEREAS, after all issues are resolved, the major obstacle to establish the consolidated corporate headquarters in Wilsonville is the lack of traffic capacity at the Wilsonville Road/Boones Ferry Road intersection and the I-5 Interchange at Wilsonville Road. The current level of service is rated "E". The City has a minimum level of service criteria "D" for approval of new projects. To accommodate this major project and others proposed for the Wilsonville area, major improvements are required in the area of Wilsonville Road and Boones Ferry Road, as well as to the capacity east of the underpass on Wilsonville Road. Several projects have been denied or delayed by the City of Wilsonville pending resolution of short term improvements for the interchange area; and

WHEREAS, Thrifty PayLess, Inc. desires to establish its new, consolidated headquarters in Wilsonville, contingent upon Wilsonville's ability to accommodate an immediate expansion of 25-30 employees and to implement the required road and freeway improvements described below to accommodate the intended future expansion of up to a possible 300 employees; and

WHEREAS, the Division of State Lands has initiated a draft plan for its 250 acre State owned track located on Wilsonville Road at the City's westerly boundary. The plan identifies seven options for the property ranging from a golf course to a public arboretum. Site development is possible in two to four years and could impact the Wilsonville Interchange; and

WHEREAS, a task force was formed with the City of Wilsonville, Oregon Economic Development Department, Region I Oregon Department of Transportation, Division of State Lands, and with cooperation from Pay Less, to identify the best short term solution which would preserve options for future freeway modification; and

WHEREAS, as a result of the efforts of the task force, a proposal is being finalized which would add an estimated 30% capacity to the intersection and interchange to serve as an immediate solution. This will allow the establishment of the intended Thrifty PayLess, Inc. headquarters to take place along with other developments in the area; and

WHEREAS, the project improvements, hereinafter referred to as the "Improvements", are described as follows:

- A. Reconstruct and widen the existing I-5 structures overcrossing Wilsonville Road to provide for the improvements of Wilsonville Road outlined in B below.
- B. Reconstruct and widen Wilsonville Road approximately between SW Town Center Loop West and SW Boones Ferry Road to provide six vehicular travel lanes, sidewalks, bikeways and street lights.
- C. Reconstruct and install vehicular and pedestrian actuated traffic control signals with interconnect system, fire pre-emption devices and street crossing illumination.
- D. Reconstruct and widen the existing turn storage lanes for traffic existing and entering on to Interstate 5.
- E. Any construction or costs related to or arising out of the above.

WHEREAS, land acquisition, design and construction for the improvement project have been estimated at a total project cost of \$7.35 million; and

WHEREAS, the Oregon Department of Economic Development initially determined eligibility of and sought approval of the consolidation of the Thrifty PayLess, Inc. headquarters in Wilsonville for economic improvement funding from the Oregon Department of

Transportation of \$1 million to apply to the Improvements, subject to Thrifty PayLess, Inc.'s establishment of its headquarters in Wilsonville and the City of Wilsonville's participation; and

WHEREAS, the Oregon Transportation Commission and the Oregon Department of Transportation has authorized the economic improvement funding of \$1 million, provided the Improvements are designed and constructed in such a manner so that the interim improvements are incorporated and consistent with a long-range improvement to avoid duplication of costs; and

WHEREAS, the Oregon Department of Transportation has identified the proposed \$7.35 million project would meet the safety concerns associated with an initially proposed \$2.8 million interim project, would meet the Transportation Commission's requirement that the Improvements be designed to be incorporated and consistent with a long-range improvement, is prepared to enter an intergovernmental cooperative agreement with the City to fund, in addition to the \$1 million economic improvement project, an additional \$3.25 million for a total of \$4.25 million, provided that the City participate in funding of \$3.1 million, which shall be credited against the aggregate cost of a long term interchange improvement, inclusive of this project, up to the City's full \$3.1 million; and

WHEREAS, the City of Wilsonville finds it is equitable, given the economic opportunity funding provided on ODOT's behalf, to credit/waive the Thrifty PayLess, Inc. road system development fees of \$1,080 per employee up to a possible 300 expansion employees for a five-year period of time, as well as its pro rata share of any system development fee assessed for the interchange Improvements as the special economic improvement funding is in excess of Thrifty PayLess, Inc.'s estimated combined charges; and

WHEREAS, the City of Wilsonville had initially proposed a \$1.5 million in match for the reconstruction of the Wilsonville Road/I-5 Interchange; however, the City of Wilsonville finds that proceeding with the proposed \$7.35 million project will not only benefit Thrifty PayLess, Inc.'s currently proposed development as well as future development, but will accommodate other development and maintain a stable economic climate for the City and the State and, therefore, merits delaying other projects so as to fund an additional \$1.6 million, for a total match of \$3.1 million.

TERMS AND AGREEMENTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties intending to be legally bound, agrees as follows:

(1) In consideration of the City of Wilsonville and the State of Oregon by and through its Department of Transportation, Highway Division, entering into a cooperative agreement to design, finance and construct the \$7.35 million Wilsonville Road and I-5 Interchange and

intersection project recited above and the project being constructed, Thrifty PayLess, Inc. agrees that the corporate headquarters of Thrifty PayLess, Inc. shall be established in Wilsonville.

(2) The City of Wilsonville agrees to enter into the aforementioned cooperative agreement with the State of Oregon and to undertake the City's share of project funding of \$3.1 million in consideration of Thrifty PayLess, Inc. establishing its corporate headquarters in Wilsonville as agreed above.

(3) That an employee transportation management plan shall be mutually developed by the parties in order to accommodate an immediate expansion of 25-30 employees at the headquarters site in Wilsonville. Additionally, it is the intent of the parties that such a transportation management plan provide a means to mitigate parking requirements to reduce vehicle miles traveled in accordance with the Oregon Transportation Rule.

(4) That economic opportunity funding and further funding by the State of Oregon is based on Thrifty PayLess, Inc. establishing its corporate headquarters in Wilsonville, which the City of Wilsonville acknowledges and, therefore, the City of Wilsonville shall extend for employment at the headquarters site for a five-year period of time from the date of execution of this agreement, a credit/waiver of street systems' development fees of \$1,080 per employee up to a maximum 300 expansion employees (\$324,000).

(5) The City of Wilsonville shall also provide to Thrifty PayLess, Inc. and Pay Less a credit/waiver for any system development fee or assessment, pro rata or otherwise, for the aforementioned recited Improvements which may otherwise be adopted or imposed. This credit/waiver for the Improvements shall survive termination.

(6) The laws of the State of Oregon shall govern this agreement.

(7) This Development Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs and administrators. It is agreed that once this Development Agreement is fully executed and delivered, that it contains the entire agreement between the parties and that in executing it, the parties do not rely on any statements, promise or representation not herein expressed, and this agreement, once executed and delivered, shall not be modified, changed or altered in any respect except in writing, executed and delivered in the same manner as required for this Development Agreement.

(8) If any provisions of this Development Agreement shall be held to be void or unenforceable by any judicial or administrative authority, or shall be unlawful or unenforceable under any applicable law, the remaining provisions shall be deemed to be severable and their enforceability shall not be affected or impaired in any way by reasons of any such law or holding. The parties agree that in the event that this Development Agreement is determined to be void or unenforceable, they will take such legally permissible actions as may be available to

adopt such agreements, ordinances, regulations or rules necessary to carry out the intent of such void or unenforceable provisions.

(9) Except as provided in paragraph 5 above, this Agreement shall terminate five years from the date of execution.

The undersigned are duly authorized to execute this Agreement on behalf of the respective parties, and enter this Agreement effective the 2nd day of May, 1994.

Thrifty PayLess, Inc.

City of Wilsonville

By _____
James W. Gaube
Sr. Vice President, Real Estate

By: Gerald A. Krummel
Gerald A. Krummel
Mayor

Pay Less Drug Stores Northwest, Inc.

Attest: Vera A. Rojas
Vera A. Rojas, CMC/AAE
City Recorder

By _____
James W. Gaube
Sr. Vice President, Real Estate