

CITY OF ALBANY
CITY COUNCIL
Council Chambers
Wednesday, November 10, 2010
7:15 p.m.

MINUTES

CALL TO ORDER

Mayor Konopa called the meeting to order at 7:15 p.m.

PLEDGE OF ALLEGIANCE TO THE FLAG

Mayor Konopa led the pledge of allegiance to the flag.

ROLL CALL

Councilors present: Jeff Christman, Ralph Reid, Jr., Floyd Collins, Dick Olsen, Bill Coburn, and Bessie Johnson

SCHEDULED BUSINESS

Business from the Public

Suresh Prakash, 251 Airport Road SE, Manager of the Albany LaQuinta Inn, was requesting a waiver of the delinquent fees and fines that have accrued against his transient room tax account with the City. He provided a written letter (in agenda file). The economy has hit his business hard and he was not able to pay the tax by the due dates, so was charged a penalty. To date, he has paid all transient tax collected at his business.

Finance Director Stewart Taylor referred to his memo regarding the Albany LaQuinta Inn delinquency. The accumulated penalties of \$3,325.05 are still outstanding. He said that he explained to Mr. Prakash that according to the Albany Municipal Code staff cannot waive the penalties but the Council can, if a good and sufficient reason is shown. Prakash chose to ask the Council for a waiver. He agreed to make monthly payments of \$500 toward the penalty for whatever amount the Council did not waive. He also agreed to pursue segregating his room tax deposits both with Bank of America and his CPA firm, Koontz and Perdue, and to be both timely and current on future payments.

Councilor Christman asked, of the \$3,325 how much is penalties? Taylor said the entire amount is for penalties. Prakash's transient lodging tax payments are current.

Councilor Collins asked if there were other accounts that have incurred penalties. Taylor said yes, and they have paid. Collins asked, once the City accrues the 6% penalty that amount is not accrued again? Taylor said that is correct, it is not cumulative.

Councilor Reid asked if the 6% is calculated on one year or 30 days. Taylor said it is a full 6% of the late payment; a one-time charge.

Deputy City Attorney Andy Noonan said the ordinance says it is one half of one percent per month. It doesn't accrue interest on interest.

Although City Manager Wes Hare recommended the Council consider a waiver or reduction of the fees, he believes there needs to be a clear message that there are penalties for not paying and suggested leaving some in place.

Noonan added that the way the ordinance is written, the waiver is a political decision.

Councilor Johnson was confused about the charges. She asked is it a 6% flat fee or is it half of 1% per month? There followed discussion regarding interest and how it is calculated.

Taylor said that with the description of the penalty percent that the Deputy City Attorney has given, it would seem that the charges presented are too high.

DIRECTION: The Council asked staff to rework the penalties amount and check Audit Committee minutes regarding transient room tax, since that Committee had lengthy discussions regarding the subject.

Johnson mentioned that she is not in favor of decreasing their penalties. She would be in favor of a payment plan.

Adoption of Consent Calendar

- 1) Approval of Minutes
 - a) August 25, 2010, City Council Regular Session

b) October 13, 2010, City Council Regular Session

MOTION: Collins moved to adopt the Consent Calendar as presented. Reid seconded the motion and it passed 6-0.

Reports

Water and sewer revenue, fixed versus consumption charge comparison.

Senior Accountant Jeff Babbitt said the Council requested information on the percentage of revenue the City receives from water and sewer service fixed (meter) charges versus consumption charges. He said that staff reviewed the revenue received for the last fiscal year from July 1, 2009, to June 30, 2010, to provide the statistics in the agenda. Babbitt reviewed the Water and Sewer Fund including a table in the agenda memo showing the total revenue received and where it was distributed within the funds for Fiscal Year 2010.

Christman said, in both (water and sewer) funds, the fixed charges are not covering the fixed expenses.

Public Works Director Diane Taniguchi-Dennis said they are tracking that as a financial indicator.

Collins said it meets the objective of the Water Task Force.

Councilor Olsen said he has noticed brown lawns this summer and thinks it is because residents can't afford the water bill. He asked, is it possible to drop the rate after a homeowner reaches a certain level of use? Is the City having any problems with producing water?

Taniguchi-Dennis said the City does have a "reverted block rate" in place for water. In answer to the second question, the City has plenty of water capacity.

Reid commented that the water revolving funds used for the facilities require that the City have a water conservation plan in place.

Financing plan for litigation settlement proceeds.

Taylor explained that per Council direction, staff has produced a financing plan for uses of the PepsiCo litigation settlement proceeds that would include public safety facilities and economic development. The proposed plan in the agenda includes the additional projects along with the projects previously approved by the Council. All of the projects and funding in the plan would be completed over ten years.

Christman said he wanted to clarify his position because he was the one that asked for the information. He was surprised that it took the form of a proposal because that was not his intent. But, it is what he asked for.

Collins asked, regarding the potential \$4,100,000 internal loan for the Local Improvement Districts (LID), what's the timing of the need for that funding? Taylor said several months ago the Council established the assessments for the Timber Ridge North LID project with a resolution. The school district actually provided the funds for the construction of the LID North project. The school district was then reimbursed for the costs above their assessment. The funds used to reimburse the school district were provided through an internal loan from the Water and Sewer capital Project funds. When the Council adopted that internal loan it had language in the resolution that the loan would be paid back during the current fiscal year, which will end June 30, 2011. The construction phase for the South LID, which is largely completed at this point, was also included in the resolution. If the Council chose not to fund the loan with Pepsi proceeds, then the City would seek private financing.

Collins asked, if the Council chose to allocate \$4,100,000 for the internal loans, could the City process that within the next month or two, reimburse the loans that are outstanding to the existing short-term financing funds, and this fund would start to accrue interest? Taylor said yes, and added that staff anticipates the final balance for the Timber Ridge South project will come to the Council in January.

Collins said the Council received staff reports a couple of weeks ago relative to the need for both a Fire and a Police facility. He sees the need for both facilities and the Council should revisit that in the future. In addition the letter the Council received from Linn County has taken two options off of the table; the possibility of the County buying the current Police facility and the possibility of a joint facility any time soon. He is in favor of the \$4.1 million for the internal loans for the LIDs, and believes the settlement money was based on economic development, and there is still a need for future public safety facilities. Collins said he is prepared to allocate the settlement money to categories previously identified by Christman, with some consideration for future information to be brought back to the Council on specifics. He provided his distribution by categories:

\$4,100,000 for internal loans.

\$5,000,000 for economic development.

Balance of money, including interest to date, to a building reserve for public safety facilities.

Collins' plan would also ask the City Manager to proceed to the next level of detailed analysis to evaluate the alternatives for Police and the Fire stations relative to sizing, location, finalizing cost estimates and the internal priorities of those facilities, in addition to taking a look at additional funding sources that may be necessary to get to a capital budget.

Konopa mentioned, regarding the Commissioners letter, that they haven't been part of the settlement discussions. It is up to this Council as to how the money is spent. PepsiCo never said a word about economic development.

Johnson feels they should go ahead with the Police and Fire stations. If it is postponed to the future, it will be more expensive. One of the concerns is the location of the Fire Department and that will take time to work out. But, she believes they should go forward with the Police Station.

Olsen said that while he was campaigning he heard that people wanted the PepsiCo settlement to be used for job creation. He handed out his campaign flyer (in agenda file).

Christman thinks that everyone on the Council believes there is a need for the Police and Fire facilities. The two thoughts are to build it now or build it later. He thinks the City should loan the money to itself, stretch it over a 10-year period, and it would produce enough money for both facilities and some for economic development. That plan will allow the City not to take on more debt.

Konopa spoke to the needs at the police facility right now. With overcrowding, there is around \$3-4 million of renovations needed. Immediate needs will cost around \$500,000.

Councilor Coburn was concerned that the taxpayers will say no regarding any financing for a Police or Fire station down the road, recalling that the City had funds available with the PepsiCo proceeds to build the facilities.

There followed discussion regarding the timeline needed for Police and Fire facilities.

Collins said when the Council refines the process the costs will become more specific. If nobody comes to town within the next three years, the Council can reallocate the \$5,000,000 for Economic Development. He said he wanted to address long term needs rather than designating an amount.

Konopa felt that staff would be unable to move forward in any way without some money allocated to cover expenses.

Collins doesn't agree. He believes that staff needs to give more specifics before being allocated any funding for Police and Fire facilities. He wants them to define the needs of sizing and location that would give the Council cost estimates.

Chief Ed Boyd mentioned that the needs and specifics were done eight years ago and a facility for 30,000 square feet could have been built then for \$5.5 million. Eight years later it is going to be around \$7.5-8.5 million for the same facility. If the City waits another five to eight years that same 30,000 square foot building is going to be around \$10-11 million.

Taylor clarified the proposed staff plan regarding there being enough money for Police and Fire facilities. In 2014 there would be enough and with an internal loan to be paid back within 10 years, the money would be there.

Coburn said construction costs are low right now; that is an advantage. Construction jobs are an economic boost to the community.

There followed a discussion regarding economic development.

Konopa mentioned that the Council of Governments (COG) has recently finalized and adopted the regional economic development plan. There are a lot of tools available in the plan. Konopa said she would get copies for the Council. She mentioned that the Council does have \$500,000 in the water fund for economic development and Central Albany Revitalization Agency dollars are available for economic development in the downtown area. Also, if the Council is considering forming an Urban Renewal District where the former Pepsi plant was going to go in, that would be an economic development incentive. There are a lot of tools that are already out there.

Collins gave his own experience in another city with economic development saying that he had met with international companies considering coming to the community. Whenever a major or middle sized business is considering coming to a community there is always obstacles. If staff or members of the Council are there to provide solutions and alternatives for removing a barrier, it sends a message that the community is open for business. Major companies did locate in that city because the city would step to the plate and deal with permit fees, SDCs, infrastructure extension, or other things we didn't know about like dealing with the state and assisting with getting something through the state. The comments they received were that the

companies would rather deal with them because of what they were willing to bring to the table. What is that in an economic development definition? He would be inclined to believe it would be a company that could provide jobs of a certain size and capital structures that would add to the tax rolls. The Council would have the opportunity to develop those criteria. He believes his suggestion gives the Council a reserve account to provide the flexibility needed to break down the barriers in bringing new jobs to the community.

Hare said the attractiveness of Collins plan is that the City would be earning money rather than paying money.

MOTION: Collins moved to designate, out of the remaining balance of the PepsiCo settlement, \$4,100,000 for Timber Ridge North and Timber Ridge South LID loans, \$5,000,000 for Economic Development, and the balance of \$5,100,000 to Building Reserves for public safety facilities. Olsen seconded the motion.

Johnson was concerned about having to spend over \$500,000 to make the current Police facilities up to par.

VOTE: A vote was taken on the motion and it passed 4-2, with Johnson and Coburn voting no.

MOTION: Collins moved to have the City Manager provide an analysis of long range facilities for potential Police and Fire Stations including: sizing, location, cost estimates, and additional funding options. Reid seconded the motion.

Hare asked for clarification as to what the Council would want to come back; would it be a Request for Proposal or a Request for Quotes (RFQ) with some outside expertise and assistance?

Coburn thinks it is premature to do this. The previous vote just put it off for four years. Until the Council is ready to spend the money on something, he doesn't think they should spend money on consultants.

Hare clarified that staff would return to the Council with a RFQ from a firm that does facility siting needs for Police and Fire departments.

Boyd commented that they do have a report that was done eight years and he has been quoted a cost of around \$80,000 for a new detailed study.

VOTE: A vote was taken on the motion and it passed 4-2, with Johnson and Coburn voting no.

Collins would like to see information on the COG tools and other economic funding efforts that the Mayor was describing.

BUSINESS FROM THE COUNCIL

Johnson reviewed the most current Linn County tax statistics with the Council (in agenda file).

Olsen provided an article, "Economic Gardening, Is It Right for Your Community" (in agenda file) from the October 2010 *Public Management* magazine. It encourages opportunities for local businesses.

Hare said the Executive staff has worked on the *Strategic Plan*. It will be brought to a January Council session for the Council to review. He also mentioned that the Albany Public Works Department has received the American Public Works Association award for accreditation.

Taylor mentioned that, regarding the Parkash conversation, the amount of interest owed in the staff memo is correct. Interest that Noonan sited was additional interest on any penalties. He will bring back a complete report to the November 17, 2010, meeting.

NEXT MEETING DATE

The next scheduled meeting of the Council is a Work Session, on Monday, November 15, 2010, at 4:00 p.m., in the Municipal Court Room of City Hall. The next Regular Session is scheduled for Wednesday, November 17, 2010, at 7:15 p.m., in the City Council Chambers of City Hall.

ADJOURNMENT

There being no other business, the meeting was adjourned at 9:25 p.m.

Respectfully submitted by,

Reviewed by,

Betty Langwell, MMC
City Clerk

Stewart Taylor
Finance Director