



NOTICE OF PUBLIC MEETING

CITY OF ALBANY
CITY COUNCIL WORK SESSION
Council Chambers
Wednesday, July 7, 2010
7:15 p.m.

AGENDA

- 7:15 p.m. **CALL TO ORDER**
- 7:15 p.m. **ROLL CALL**
- 7:15 p.m. **BUSINESS FROM THE PUBLIC**
- 7:20 p.m. **PEPSICO SETTLEMENT ALLOCATION** – Wes Hare, Stewart Taylor
Action Requested: Information; discussion; direction.
- 8:50 p.m. **COUNCILOR COMMENTS**
- 8:55 p.m. **CITY MANAGER REPORT**
- 9:00 p.m. **ADJOURNMENT**

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advance notice is requested by notifying the Human Resources Director at 917-7500.



TO: Albany City Council
FROM: Wes Hare, City Manager *WHA*
DATE: July 1, 2010, for July 7, 2010, City Council Work Session
SUBJECT: Settlement Allocation

The Council will meet Wednesday, July 7, in a special work session to consider possible uses of \$18.5 million received as a settlement from Pepsico for their failure to honor a contractual obligation to build a manufacturing facility in Albany. The Council has received a number of letters and countless suggestions over the past three months for how this resource should be used. I know the Council's guiding principle will be how to allocate the money to do the most good for the citizens of Albany. The principle is simple, but the task of achieving it is not. Should the Council, for example, place greater emphasis on immediate benefit or focus more on the long-term? Generally, greater risk when making an investment increases the opportunity for greater reward. How much risk is appropriate in this situation? Should the goal be to provide limited financial relief to current residents or invest in future job creation? I do not have answers to most of the difficult questions; however, I would like to provide some thoughts about different approaches.

The Taylor Plan

Stewart has proposed a plan for Council consideration that would allow for completion of some high priority projects while also earning a good return on investment for the future. The essence of the plan is to allocate some portion of the settlement money to projects, another portion to debt repayment, and an additional amount to loans for CARA and two Local Improvement Districts. The attraction of this plan, in my opinion, is that it offers some visible and immediate progress toward long-standing goals while preserving resources for future needs. Stewart's plan accompanies this memo; so I will not go into greater detail and let you judge for yourself whether it meets your goals.

The Delapoer Plan

Jim sent a memo to the Council about a month ago suggesting that you consider using the bulk of the settlement money to front the costs of the railroad overpass on 53rd Avenue and concurrently form an urban renewal district to repay the City as the Oak Creek area develops. The immediate benefit of the project would be to open the City's largest industrial zoned parcels to development opportunities that do not currently exist. I met yesterday with some developers who have an interest in creating an industrial park on the Pepsico property, and we have had inquiries from a company about possible use of the site for a distribution center that would employ over 100 people. We are unlikely to find many companies willing to locate on the site until the overpass is built. Jim's plan also allows for the money to be reused as it is repaid by the district.

Jobs

The Chamber, AMEDC, and others have pointed out that the settlement was made possible by an effort to create family-wage jobs and should be used to further that goal. Suggestions have been made to set up a fund that could be used to build infrastructure or perhaps provide other forms of assistance to business expansions or relocations. Jim's plan addresses this goal; but regardless of what the Council chooses to do in this area, there is substantial risk that there will be no immediate return on the investment. If you build it, they may not come. There is also a large risk in giving money to businesses that may not be able to guarantee long-term job creation. The Council just approved a resolution releasing a local employer from job creation obligations

associated with Enterprise Zone benefits and will consider another at your next meeting. Pepsico's track record in Albany and Pryor, Oklahoma, also illustrates this point. Our partners in the New Energy Cities Program have proposed using some of the settlement money to help fund energy projects in the city that could help create jobs and promote energy savings. I am attaching a copy of their proposal to this memo.

Facilities

Soon after my arrival in Albany five years ago, I learned about three high priority facility needs that had no identified funding sources associated with them. I proposed that the City set up a facilities reserve fund to accumulate resources to apply toward a new library, police station, and fire station. We were able to put in about \$2.5 million during the time that revenues were increasing from new development within the city. Some of that money was used to complete the library and about \$800,000 was spent on the purchase of land for the police station. We used an additional \$300,000 this year to cover a budget hole in the Police and Fire Departments. Using settlement money to complete the police and fire stations would eliminate the need for a future bond issue and provide some immediate stimulus to the local economy.

Debt Reduction

We learned from our bond counsel that early payment of some City debt would result in a high savings rate. The early payment of \$790,000 on a bond issued in 2002 to finance a PERS obligation would result in a 38 percent savings for the City. We have water bonds that could result in savings of about 5 to 14 percent. Early payment of the debt issued to finance City Hall and the Swanson Pool would provide no real savings but would free up money from the hard-hit Parks Fund and General Fund that could be used to pay for operating expenses. I believe there is also widespread public support for reducing government debt at a time when the federal debt is unimaginably high. There have been a number of suggestions from community members that reducing water and sewer utility debt should be the City's highest priority as a way to control rates. Diane reports that even if the City used all of the settlement money to pay off part of the state loan for the wastewater plant, the effect on rates is likely to be relatively small.

Other Projects and Ideas

The East Thornton Lake Project was explained to the Council in some detail at your last work session. I continue to believe that this is a great example of a grassroots' effort to find a positive resolution to a very divisive controversy. A number of volunteers have given many hours of service to create a unique natural resource at Thornton Lake, but it will be difficult to find funding for this project given the deadline on the availability of the land.

Herb Hoffer in Environmental Services has suggested a relatively small project that he believes would be of value to helping the City manage its storm water quality. I have attached Herb's memo for your consideration.

We have also heard suggestions ranging from buying a golf course to putting the money in a rainy day fund. I would be wary of investing in a golf course at the moment and would suggest that a large rainy day fund is hard to justify when the City is already laying off employees and cutting expenses.

Final Thoughts

I would recommend that the Council give staff direction on Wednesday to provide some analysis on those ideas that seem to have the greatest Council support. We should be able to do that relatively quickly, and the Council would then be in a position to make a decision within the next month or so. The great challenge will be to make allocation decisions that are not only objectively good for the community, but are also perceived to be objectively good by most of the people who live here.

RWH:ldh

Attachments 9

U:\Administrative Services\City Manager's Office\Pepsico Settlement Monies-mwh.doc

Proposed Financial Plan



Settlement Proceeds

1

The purpose of this proposed financial plan is to illustrate various strategies the City Council could consider for the settlement proceeds. The projects suggested in the plan are representative of many options the Council may consider.

Goals

1) Avoid on-going costs

- Not sustainable
- No long-term benefits

2) Target tangible assets

- Police Station
- Fire Station

3) Maximize financial opportunity

- Loan agreements
- Debt defeasance



2

The proposed financial plan is based upon three goals. The first is that the settlement proceeds are not be used for on-going operations. On-going costs could not be sustained and would have limited long term benefits.

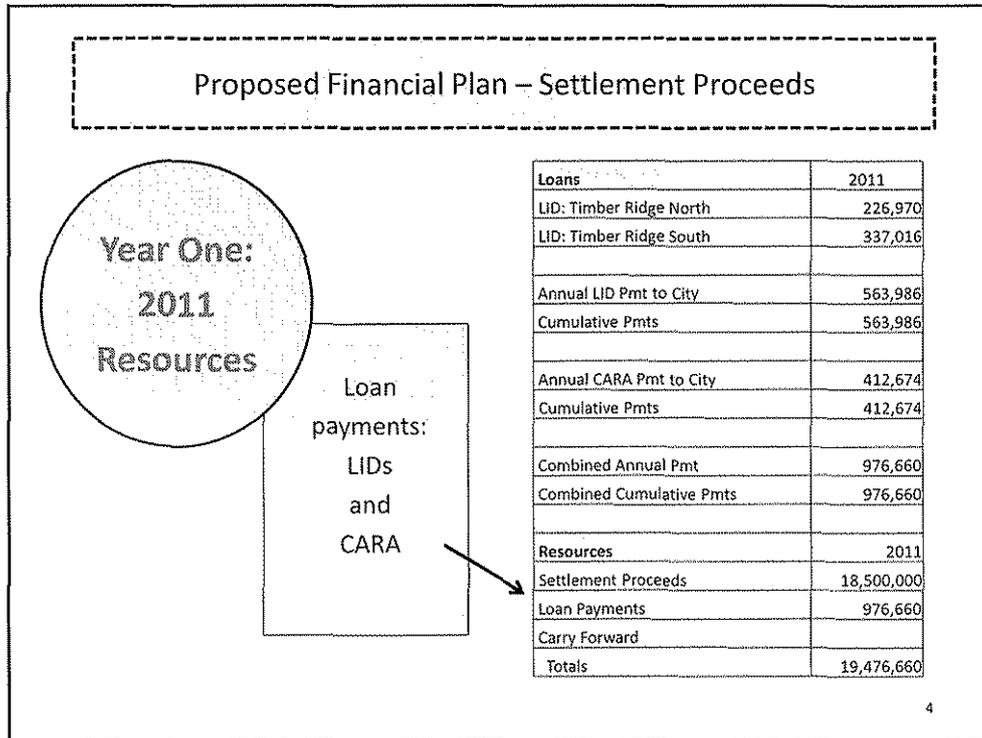
Goals two and three list examples of projects that could be considered to meet the related goal. Public facilities are long term tangible assets. Loan agreements would enable the City to earn lender interest rates and defeasing callable bonds would return a high value for the dollars invested.

Timeline

Loans	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
LID: Timber Ridge North	226,970	226,970	226,970	226,970	226,970	226,970	226,970	226,970	226,970	226,970
LID: Timber Ridge South	337,016	337,016	337,016	337,016	337,016	337,016	337,016	337,016	337,016	337,016
Annual LID Pmt to City	563,986	563,986	563,986	563,986	563,986	563,986	563,986	563,986	563,986	563,986
Cumulative Pmts	563,986	1,127,972	1,691,958	2,255,944	2,819,930	3,383,916	3,947,902	4,511,888	5,075,874	5,639,860
Annual CARA Pmt to City	412,674	412,674	412,674	412,674	412,674	412,674	412,674	412,674	412,674	412,674
Cumulative Pmts	412,674	825,348	1,238,022	1,650,696	2,063,370	2,476,044	2,888,718	3,301,392	3,714,066	4,126,740
Combined Annual Pmt	976,660	976,660	976,660	976,660	976,660	976,660	976,660	976,660	976,660	976,660
Combined Cumulative Pmts	976,660	1,953,320	2,929,980	3,906,640	4,883,300	5,859,960	6,836,620	7,813,280	8,789,940	9,766,600
Resources	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Settlement Proceeds	18,500,000									
Loan Payments	976,660	976,660	976,660	976,660	976,660	976,660	976,660	976,660	976,660	976,660
Carry Forward		436,660	994,320	1,547,680	2,107,040	2,904,200	(2,298,740)	(1,504,480)	(707,420)	90,840
Totals	19,476,660	1,413,320	1,970,980	2,524,340	3,083,700	3,880,860	(1,322,080)	(527,820)	269,240	1,067,500
Requirements	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Reimbursement	640,000									
Sewer Reimbursement	510,000									
Risk Mgt Reimbursement										1,000,000
Police Station	9,000,000									
LID Loan	4,100,000									
CARA Loan	3,000,000									
Limited Tax Pension Debt	790,000									
Gen Rev Obligation - P&R		179,000	180,100	179,200	179,500	179,600	182,400	179,600	178,400	182,000
Gen Rev Obligation - GF		240,000	243,200	238,100						
Fire Property	1,000,000									
Fire Station						6,000,000				
Totals	19,040,000	419,000	423,300	417,300	179,500	6,179,600	182,400	179,600	178,400	1,182,000
Carry Forward	436,660	994,320	1,547,680	2,107,040	2,904,200	(2,298,740)	(1,504,480)	(707,420)	90,840	(114,500)

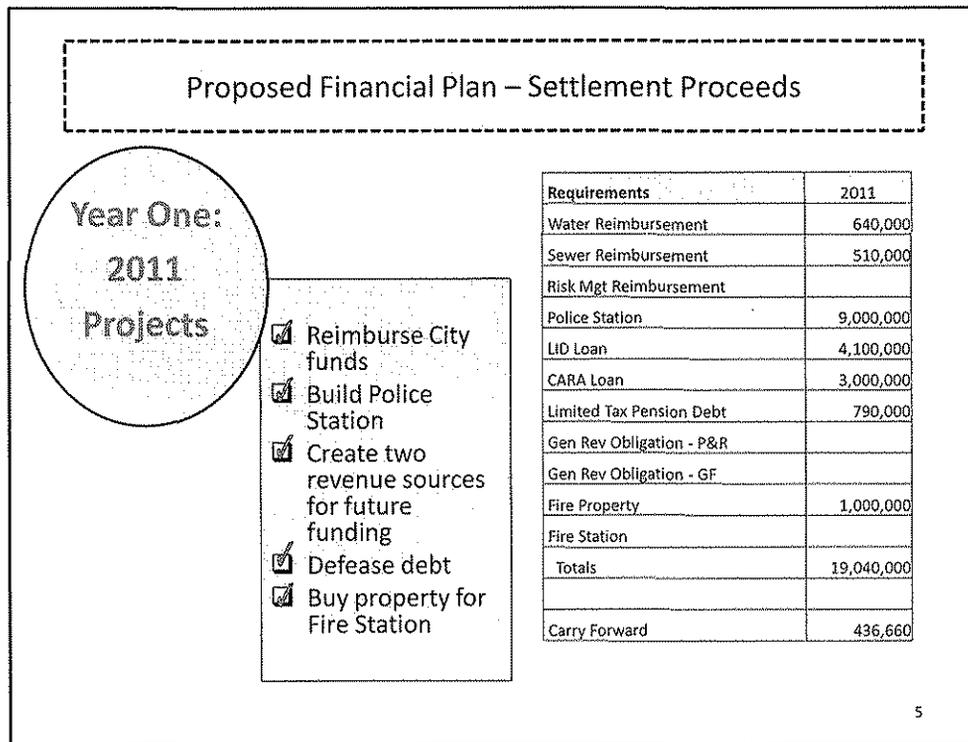
WARNING: THAT'S A LOT OF NUMBERS!

The following slides break down this spreadsheet into bite-sized pieces.



The proposed plan includes loans to the two Timber Ridge Local Improvement Districts (LIDs) and the Central Albany Revitalization Agency (CARA) existing line of credit. The City becomes the bank and the loan payments become resources for projects.

The potential interest earnings on the loans total over \$2,000,000 and are included in the spreadsheet as a resource for funding projects.



Projects funded in the first year include building the police station and purchasing property for replacing Fire Station 11 which is not seismically sound.

The first year would also include funding the water and sewer projects that were constructed to support the Pepsi project. Those projects were anticipated to be funded from the state SRF loan. If settlement proceeds are not used to fund the projects, they will be funded from Water and Sewer Capital Funds.

Defeasance of the callable bonds associated with the Limited Tax Pension Debt has a net present value savings of over \$1,000,000. That's a 38% return on the dollars invested.

The total requirements in the first year exceed the total settlement amount because of resources available from the LID and CARA loan payments. A balance would be carried forward for funding projects in future years.

Proposed Financial Plan – Settlement Proceeds

Years
2, 3, 4, 5:
2012-2015
Bond Pmts

Build savings
and provide
on-going funding
for general
revenue bond
payments.

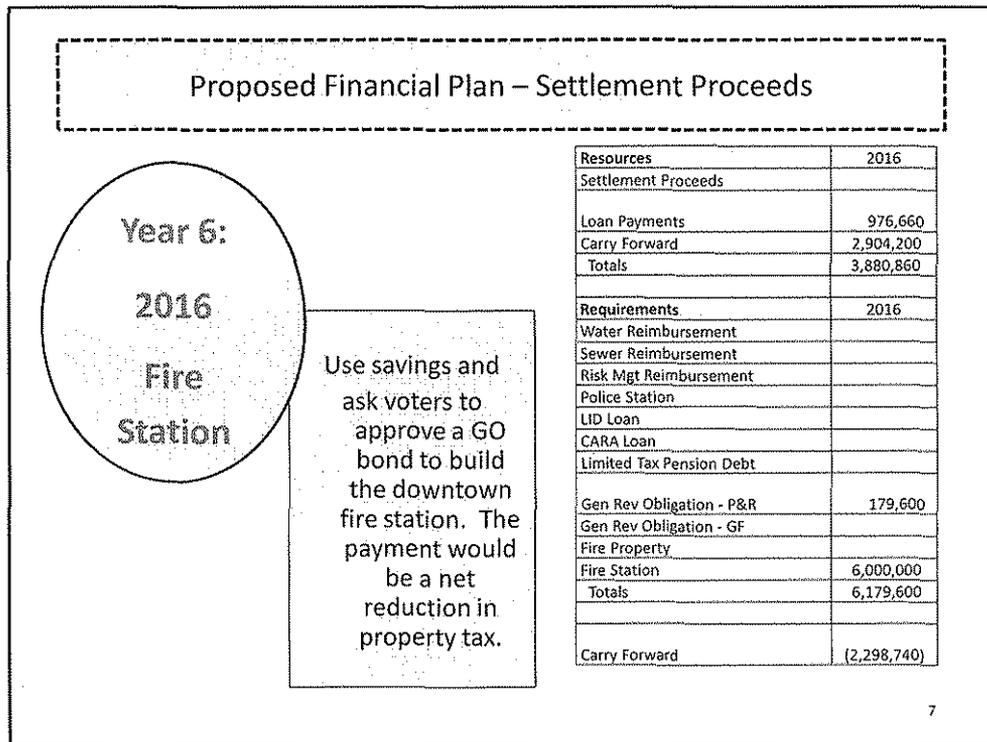
Requirements	2012	2013	2014	2015
Water Reimbursement				
Sewer Reimbursement				
Risk Mgt Reimbursement				
Police Station				
LID Loan				
CARA Loan				
Limited Tax Pension				
Debt				
Gen Rev Obligation - P&R	179,000	180,100	179,200	179,500
Gen Rev Obligation - GF	240,000	243,200	238,100	
Fire Property				
Fire Station				
Totals	419,000	423,300	417,300	179,500
Carry Forward	994,320	1,547,680	2,107,040	2,904,200

6

Years two, three, four and five would build savings for future projects and would provide funding for the general revenue bond payments. The bond payments are currently funded through the Parks and Recreation Fund and the General Fund.

Funding the Parks and Recreation payment through this plan would allow Parks and Recreation to redirect its bond payment dollars to other operating needs.

The General Fund bond payments are currently funded through rental charges to the departments in City Hall. In the proposed plan, the rental charges would be redirected to the City Facilities Replacement Fund for future facility needs.



In year six, the plan estimates savings of over \$3,000,000 that would be available for building the downtown fire station. Since the savings would not be enough to fund the entire project, voters would be asked to approve a general obligation bond to make up the difference.

The final payment on the City's current general obligation bond will be made on June 1, 2015. The payment on a new bond would be less than the payment on the old bond and would result in a overall reduction in property tax assessments.

Proposed Financial Plan – Settlement Proceeds

Years
7, 8, 9, 10
2017-2020
Bonds/RM

Provide
funding for
general
revenue
bond pmts
and Risk
Mgt
reimburse-
ment.

Resources	2017	2018	2019	2020
Settlement Proceeds				
Loan Payments	976,660	976,660	976,660	976,660
Carry Forward	(2,298,740)	(1,504,480)	(707,420)	90,840
Totals	(1,322,080)	(527,820)	269,240	1,067,500
Requirements	2017	2018	2019	2020
Water Reimbursement				
Sewer Reimbursement				
Risk Mgt Reimbursement				1,000,000
Police Station				
LID Loan				
CARA Loan				
Limited Tax Pension Debt				
Gen Rev Obligation - P&R	182,400	179,600	178,400	182,000
Gen Rev Obligation - GF				
Fire Property				
Fire Station				
Totals	182,400	179,600	178,400	1,182,000
Carry Forward	(1,504,480)	(707,420)	90,840	(114,500)

If the bond described in year six does not pass, the fall-back plan would be to fund the fire station entirely from savings in year ten. If the bond passes, the additional savings could be applied to another project.

The Risk Management Fund reimbursement for Pepsi related costs is deferred until year ten because the savings in the prior years could be available for a major community emergency.

Flexibility in the Plan

Bundled Options:

LID loan	4,100,000
CARA loan	3,000,000
Future General Rev Obligation payments	2,341,100
Future Risk Management reimbursement	1,000,000
Future Fire station	6,000,000

A la carte Options:

Water Capital reimbursement	640,000
Sewer Capital reimbursement	510,000
Limited Tax Pension Debt	790,000
Police station	9,000,000
Fire property	1,000,000
Total	<u>11,940,000</u>

The bundled projects, as presented in this plan, are tied to loan payments. If the loans are not made, the projects in the bundled options should be given consideration on the a la carte menu.

All of the projects listed can be substituted with other projects.

Other Projects

East Thornton Lake property purchase	1,000,000
Economic Development Fund	??
Equipment replacement	750,000
Oak Creek URA	
• 53rd Avenue overpass	10,600,000
• Wetland mitigation	2,500,000
Oak Street improvements	
• Transportation SDC	3,517,000
• Parks SDC	312,000
• Other project costs	279,000
Other reimbursements	
• 53rd Avenue	854,301
• CS/PW Admin	??
Sewer rate offset	
• Residential rate credit	500,000
• Pay-down debt	10,500,000
Talking Gardens property purchase payments	2,000,000

10

This list does not include the projects presented in the proposed financial plan. Rather, it is a partial list of the alternative projects the Council may wish to consider.



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: James V.B. Delapoer, City Attorney
DATE: July 1, 2010, for the [Date], City Council [Meeting or Work Session]
SUBJECT: Suggestion for Use of Pepsi Settlement Proceeds

I offer the following action steps to utilize the Pepsi settlement proceeds for its original purpose of economic development and job creation in a way that will ultimately return those proceeds, with interest, to the City. I propose the following:

Actions:

1. Form the urban renewal district.

The plan prepared by Jeff Tashman can be resurrected and updated at a substantially reduced cost from the creation of the original plan. The boundaries could remain the same and much of the plan analysis and text be reused.

2. The Urban Renewal District borrows a sum of money from the City estimated to be the amount necessary, with other grant funds, to construct the 53rd Avenue improvements.

We should again try to get the ODOT grant money back on the table along with the grant promised by UPRR in return for closing the at grade rail crossing. We could then scale back the overpass design as necessary to fit within the funds available. This may require loaning most of our \$18 million settlement net proceeds to the renewal area. As a part of this plan, we would not repay the sewer and water funds for their expenditures to date.

The City's loan to the renewal area which funded the infrastructure will be repaid, with interest, solely out of tax increment.

3. Build the overpass and road extension.
4. Since the Urban Renewal District is being created when property values are depressed, it should be in a position to capture all of the increment generated by subsequent development within the area. If the Pepsi site is served by a new roadway, that site should be much more valuable and much more saleable.

It is presently Staff's belief that the only infrastructure obstacle to development of the Pepsi site is the absence of the 53rd Avenue roadway extension. We have already extended sewer and water to the site. With the elimination of the atgrade rail crossing, and the sites many other desirable characteristics, it should be immensely more saleable. When that property sells the City gains \$5 million out of the proceeds of the sale. When that property develops, the City will begin seeing the generation of tax increment to repay the City's infrastructure loan, with interest.

The "Piano" property is similarly limited by constraints on ingress and egress to the site along Highway 99. ODOT has made it clear to staff that construction of the 53rd Avenue intersection/overpass will be necessary to mitigate traffic burdens. Because of the benefit that the Epping property (Piano property and other property in the area) will receive, I anticipate that the property owner would likely dedicate the land needed for the roadway so long as they were certain that they would not be faced with Local Improvement District assessments for its construction.

Benefits:

The City's agreement with SVC was always intended to provide family wage manufacturing jobs for the community. A secondary benefit was the intended increase in the tax base which would follow when the Urban Renewal District obligations were satisfied. In the original SVC proposal, the City not only lost the benefit of normal increases in property tax base (the increment) but we were also forced to agree to a 15 year tax freeze during which the Pepsi site would not pay any property taxes to the City and other taxing districts.

If the construction of the 53rd Avenue overpass hastens the development of the Pepsi site and the Epping site, the City has substantial assurance that manufacturing and retail jobs will be created. The Pepsi site is zoned for industrial uses and only industrial uses can take place on the property. Industrial uses typically provide higher wage jobs. The Piano property is zoned for a regional commercial user and, upon development, can be expected to generate commercial jobs. The adjoining undeveloped lands which are zoned for residential use can be expected to be more readily available for development when market conditions warrant if the infrastructure burdens which currently plague the area are resolved. As a consequence, constructing the infrastructure is the most the City can do to encourage the job growth which was the intended outcome of the SVC agreement originally.

In addition to the hoped for job growth when the area develops, construction of the 53rd Avenue road/overpass will immediately generate a substantial number of family wage construction jobs for the community. In addition, if that improvement can be constructed in the near term, the engineering that has already been done for the overpass will continue to have substantial value.

While it is impossible to know how long it will take for the area to develop, we can reasonably assume that construction of the necessary infrastructure will hasten development. Even if development is slower than expected, there can be little doubt that eventually, through the passage of time alone, the area will develop and will therefore generate a tax increment sufficient to repay the City's loan plus interest.

At the figurative "end of the day" the City will gain the following:

- a. Return of its loan;
- b. Interest on the loan;
- c. Earlier payment of the \$5 million remaining settlement component;
- d. Increased tax base;

- e. Family wage construction jobs;
- f. Manufacturing and commercial jobs;
- g. Land available for new home construction when demographic and market conditions warrant; and
- h. Improved relationships with the City's state and local development partners. The State would be bound to applaud our use of the Pepsi settlement proceeds in a way that encourages the economic development which we all originally sought. These efforts will also be a good way to keep faith with our partners (Linn County and the taxing districts) who worked with us so tirelessly to make the originally SVC contract possible. It will also help to repair any lingering resentment on the part of Albany's business community that the Pepsi litigation may have chilled the business climate here in Albany. What better demonstration of our support business growth then to use the Pepsi settlement proceeds to facilitate economic development? And, as a bonus, that development will ultimately repay the City's loan with interest and hasten our collection of the remaining \$5 million in settlement proceeds.



April 7, 2010

Mayor Sharon Konopa
Albany City Council
PO Box 490
Albany OR 97321

Dear Mayor Konopa and City Councilors,

On behalf of the Albany Area Chamber Board of Directors I would like to thank you and the City staff for the great resolution to the PepsiCo dilemma. We know there were countless hours of negotiations and discussions and we appreciate all you did to insure a successful settlement for Albany citizens.

Of course, with the successful settlement there comes the challenge of deciding how those dollars will be used. There will be plenty of ways and "opportunities" for those funds to be spent and we encourage you to go slow with these decisions, perhaps extending the original 90 hold to at least 180 days.

The Chamber encourages you to make the majority of these funds tied to economic development and used to bring back traded sector/manufacturing jobs to Albany. Some ideas are: Creating a micro-loan pool and economic development fund that would help eliminate financial barriers and assist businesses to bring back family wage jobs. Avoiding future increases in water/wastewater fees to help citizens and businesses with the high costs of these two necessities. Assisting with infrastructure improvements to make the PepsiCo property shovel ready or other infrastructure needs in the community that will help bring private sector jobs to Albany.

As always, thank you for all you do on behalf of Albany.

Sincerely,

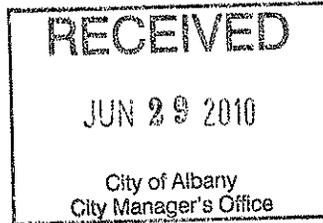
A handwritten signature in cursive script that reads "Janet Steele".

Janet Steele
President

c. Wes Hare, City Manager
Mike Martin, Board Chair



435 1st Ave W PO Box 548 Albany, OR 97321 (541) 926-1517 Fax: (541) 926-7064
www.albanychamber.com "Your Business & Community Advocate" info@albanychamber.com



Willamette Valley's Business Hub: Where Land, Labor, and Livability Abound

Date: June 29, 2010

To: City of Albany

Re: PepsiCo/SVC Settlement

Dear Mayor Konopa and City Councilors,

The Executive Committees of both Board of Directors of the Albany-Millersburg Economic Development Corp. and the Albany Area Chamber of Commerce would like to jointly make the following comments and recommendations for the use of the settlement funds.

First, remind you that the funds received are a direct result of economic development efforts to create jobs for the community and that after expenses, a majority of the funds should be set aside to help traded sector/manufacturing job creating efforts.

Second, offer some options for economic development opportunities. Create an Economic Development Endowment/Project Fund large enough to earn about \$100,000 per year. The principal and earnings which are set aside would be used to fund or support gaps or overcome barriers for job creating projects. Other opportunities would be to assist with infrastructure improvements to make the PepsiCo property shovel ready, create a revolving microloan fund for small businesses, helping offset increases in water/wastewater fees that could financially make a project prohibitive, and help pay for high Permit/SDC charges which sometimes threaten a project.

Sincerely,


John Pascone
President
AMEDC


Janet Steele
President
Albany Area Chamber



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www.albanychamber.com "Your Business & Community Advocate" info@albanychamber.com



New Energy Cities

June 28, 2010

To: Wes Hare, City Manager, City of Albany
 From: Climate Solutions New Energy Cities Team
 RE: Albany New Energy Solutions Project

In advance of the July 7, 2010 Albany City Council meeting, Climate Solutions has produced this memo outlining the parameters for a Phase One Albany New Energy Project. Due to the unique circumstances facing the City, we have included a draft proposal for you to consider using a small percentage of the \$18 Million of one-time funds available to the City. The memo is divided as follows:

1. Goals of Albany New Energy Solutions Program
2. First Catalytic Projects
 - a. Albany Community Solar Project
 - b. 34th Avenue Industrial Area Energy Project
 - i. Outline of 34th Avenue Industrial District Early Project Development
 - ii. Cost Estimate for 34th Avenue Industrial District Project
3. Economic Development Investment
 - a. Capacity Investment for Energy Leadership and Innovation
 - i. Full-time project coordinator
 - ii. Climate Solutions support
 - iii. Implementation partners
 - b. Catalytic projects
 - c. Revolving Loan Fund
4. Next Steps

GOALS

The goals of the Albany New Energy Solutions Program include the following:

- Deliver comprehensive energy solutions to local businesses to ensure their ongoing viability and competitiveness, addressing advanced energy efficiency, updated infrastructure, and clean, reliable energy technologies.

Olympia: 219 Legion Way SW, Suite 201 • Olympia, WA 98501 • 360-352-1763 • fax: 360-943-4977
Seattle: 1402 Third Ave, Suite 1305 • Seattle, WA 98101 • 206-443-9570 • fax: 206-624-2022
Portland: 721 NW Ninth Ave, Suite 236 • Portland, OR 97209 • 503.227.8928
 Contact@newenergycities.org • www.newenergycities.org

- Maximize the local economic impact of energy spending, and create opportunities for new investments in Albany to upgrade buildings and infrastructure.
- Extend the existing capacity of energy resources through the development of local energy generation projects, as appropriate.
- Create new business opportunities and local jobs in a growing new energy economy.
- Enable citizens to invest voluntarily in community renewable energy projects with a modest return on investment.
- Enable residents to cost-effectively upgrade the energy efficiency of their homes.

FIRST CATALYTIC PROJECTS

In November 2009, Climate Solutions presented its New Energy Solutions Workshop to Albany community stakeholders, which resulted in a Roadmap and an Action Plan that embraces various economic development strategies focused on energy efficiency and alternative energy.

The City of Albany has chosen to look at potential Community Solar Energy Project with Target as well as possible pilot projects in the 34th Avenue industrial area, as follows:

The Albany-Target Community Solar Project

The Target Distribution Center has approximately 1.5 million square feet of rooftop potentially available for a solar photovoltaic installation. Due to the unique scope and scale of this project, our approach to this project would explore the opportunities to incorporate additional buildings into a community-based solar installation that would encompass multiple buildings. This project would be developed to reflect the shared objectives and values of both the Albany community and Target.

We are in the process of developing a few alternative business models, and will provide a review of these options for a decision that best aligns with the community's and Target's objectives. As these options emerge, and we are able to discuss them with key stakeholders and partners, we will provide a more detailed scope of work and estimated budget for this activity.

34th Avenue Industrial District – Collaborative Energy Solutions

Conversations to date with Oregon Freeze Dry, ATI Primary Metals, and National Frozen Foods indicate the potential for an interesting new energy project. The next stage is for the Climate Solutions team to perform the preliminary data analysis required that would in turn, if promising, lead to a feasibility study.

We have identified the tasks and scope of work for early project development of the 34th Avenue Industrial District as follows:

Outline of 34th Avenue Industrial Development Energy Project

I. Data collection & Analysis

- a. Assess current energy system
 - i. Energy usage by facility
 1. Load profile – peak and annual
 2. Data availability
 - ii. Energy supply
 1. Utility supply profile
 2. Utility service assessment
- b. Municipal infrastructure
 - i. Existing use of rights-of-way
 - ii. Coordination of infrastructure for area

II. Project scoping

- a. Identify and characterize efficiency potential
 - i. Building and facility improvements
 - ii. Infrastructure improvements
 - iii. Load diversification and balancing
- b. Assess potential for local energy plant
 - i. High-level business case
 - ii. Technology screen
 - iii. Consideration of business model

III. Project funding

- a. Identify potential sources for project development
 - i. Feasibility studies and technical analyses
 - ii. Capital finance

IV. Project management and facilitation

- a. Project calls
- b. Project action item summaries
- c. Onsite meetings
- d. Research
- e. Memo writing

Cost Estimate for 34th Avenue Industrial Area Project Development

We have estimated the cost for the early project development of the 34th Avenue Industrial District as follows:

New Energy Cities 34th Avenue Industrial Area Energy Project		Total Labor	Labor Cost
Task 4	Data Collection and Analysis		
Subtask 4.1	Assess current energy system		
Subtask 4.1.1	Energy use by facility	30	2,375
4.1.1.1	Load profile - peak and annual	18	1,425
4.1.1.2	Data Availability	13	1,050
Subtask 4.1.2	Energy supply	0	
4.1.2.1	Utility supply profile	6	475
4.1.2.2	Utility service assessment	13	1,050
Subtask 4.2	Municipal infrastructure	0	
Subtask 4.2.1	Existing use of rights-of-way	5	400
Subtask 4.2.2	Coordination of infrastructure for area	12	1,000
	Total Task 4	97	7,775
Task 5	Project Assessment		
Subtask 5.1	Identify and characterize efficiency potential		
Subtask 5.1.1	Building and facility improvements	50	4,000
Subtask 5.1.2	Infrastructure improvements	23	\$1,925
Subtask 5.1.3	Load diversification and balancing	30	\$2,375
Subtask 5.2	Assess potential for local energy plant	0	
Subtask 5.2.1	High-level business case	55	\$4,500
Subtask 5.2.2	Technology screen	25	\$2,000
Subtask 5.2.3	Consideration of business model	16	\$1,400
	Total Task 5	199	\$16,200
Task 6	Project Funding		
Subtask 6.1	Identify potential sources for project development		
Subtask 6.1.1	Feasibility studies and technical analyses	11	\$975
Subtask 6.1.2	Capital finance	10	\$900
	Total Task 6	21	\$1,875
Task 7	Project Management and Facilitation		
Subtask 7.1	Project calls	60	\$5,500
Subtask 7.2	Project summaries	10	\$1,000
Subtask 7.3	Onsite meeting	30	\$2,750
Subtask 7.4	Research	10	\$750
Subtask 7.5	Memo writing	15	\$1,375
	Total Task 7	125	\$11,375
TOTAL HOURS & COST		442	\$37,225

Olympia: 219 Legion Way SW, Suite 201 • Olympia, WA 98501 • 360-352-1763 • fax: 360-943-4977

Seattle: 1402 Third Ave, Suite 1305 • Seattle, WA 98101 • 206-443-9570 • fax: 206-624-2022

Portland: 721 NW Ninth Ave, Suite 236 • Portland, OR 97209 • 503.227.8928

Contact@newenergycities.org • www.newenergycities.org

ECONOMIC DEVELOPMENT INVESTMENT

A strong, sustained energy program offers a pathway for tangible local economic benefits. We believe that the City of Albany should consider creating an economic development investment of at least \$2 million in energy improvements, three-quarters of which would be for a loan fund that will be repaid directly to the city over time and potentially reinvested.

A significant city investment will leverage favorable state and federal policies, and enhance the City's attractiveness for grant funding, as well as private investment opportunities in clean energy. The proposed \$2 million budget could be allocated in the following manner.

Capacity Investment for Innovation and Program Development: \$400,000 for two years

In order for the City of Albany to take full advantage of the economic development opportunities that these and other energy projects offer and pursue a comprehensive approach for local energy efficiency and energy production, it would be wise to invest in the capacity to oversee and drive a new energy solutions program.

Full-Time Project Manager: We recommend that the City fund and hire a full-time New Energy City program manager for two years who must meet explicit economic development targets. We estimate that the fully-loaded cost for this person would be in the range of \$100,000 a year (including all benefits), which would mean \$200,000 for the two years, although we would obviously want to confer with you about salary ranges in the Albany area for the required skillset. It may be possible to recover a portion of this expense through strategic partnerships with Albany businesses and other funding options.

Climate Solutions Support: The City of Albany could consider partnering with Climate Solutions' New Energy Cities team for expertise and best-practice sharing. The goal would be to guide and build on the catalytic projects undertaken this year to leverage a more comprehensive, integrated New Energy Cities program for Albany, as described in the Albany Action Plan that the Workshop participant and the City created with the Climate Solutions team.

The list of implementation services that Climate Solutions provides is appended to the end of this memo. Implementation plans for our other cities are running approximately \$50,000 a year, so budgeting \$100,000 for two years would likely cover our services.

Implementation Partners: In addition, the City should reserve \$100,000 for firm(s) to design program delivery and implement finance structures, train contractors, provide quality control, and deliver audits.

Catalytic Projects

Our approach to project development is to work in phases, in order to ensure that projects are promising before committing substantial resources to detailed technical and financial analyses. This approach emphasizes careful early scoping of projects, along with building shared objectives among the relevant partners for each project.

We have identified the initial phase of work for the 34th Avenue industrial area, with an eye toward determining the potential for a project based on available data and a high-level economic analysis. If that work indicates a positive result, we will be much better prepared to work with the relevant business stakeholders, the City, and other key partners to establish a subsequent phase of analytical work to further the project. We will take the same approach with the solar photovoltaic project, as it moves forward.

Revolving Loan Fund

With the remaining funds, the City of Albany could capitalize an energy retrofit-economic development revolving loan fund of approximately \$1.5 million and provide low-interest finance for energy improvements that would be repaid to city over 10-20 years through savings on energy bills. This opportunity has been identified as part of the New Energy Solutions Action Plan for Albany, and would represent a way to further engage the community about the benefits of innovative programs for energy efficiency and clean energy.

NEXT STEPS

If this general outline makes sense and you are interested in bringing this option to the Council, we can work with you to flesh this proposal out over the next month. We look forward to conferring with you on Tuesday morning about the details in this memo, as well as the options for a solar project with Target to ensure that you have all that you need in advance of the City Council meeting on July 7, 2010.

Please do not hesitate to contact us with any questions you might have. Thank you very much for the opportunity to work with you on Albany's New Energy Solutions Project.

Climate Solutions New Energy Cities Implementation Services

Overall Project Management

- ▣ Work plan development
- ▣ Ongoing project planning and updating of work plan, as well as integration of all facets (communications, finance, project, legal) into a single work plan

Project Design and Development

- ▣ Development of strategies for successful catalytic project(s)
- ▣ Mapping of district plans and energy systems
- ▣ Data gathering and assessment of various energy efficiency measures based on energy audits performed
- ▣ Research of applicable distributed renewal strategies

Financial Analysis and Modeling

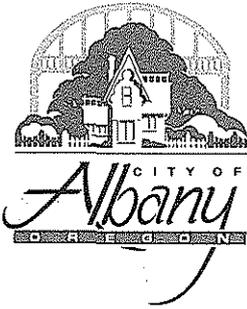
- ▣ Determination of ROI and payback on clean energy investments
- ▣ Financial analysis of clean energy measures
- ▣ Structure of financial models
- ▣ Consultation with financiers and banks

Communications Planning

- ▣ Development of a communications and public engagement strategy
- ▣ Online communication and website consultation
- ▣ Presentation, agenda-development, and meeting materials

Strategic Consulting

- ▣ Introduction to Climate Solutions' wide network of experts and vendors to link the appropriate expert/vendor to the project need
- ▣ Political advice and assistance with governance
- ▣ Convening capability
- ▣ Recommendations for staffing and capacity development



June 29, 2010

CITY HALL

333 Broadalbin SW
P.O. Box 490
Albany, OR 97321-0144
www.cityofalbany.net

(541) 917-7500

ADMINISTRATIVE SERVICES

City Manager's Office

(541) 917-7500
FAX (541) 917-7511

Finance/Recorder

(541) 917-7500
FAX (541) 917-7511

Municipal Court

(541) 917-7740
FAX (541) 917-7748

COMMUNITY DEVELOPMENT

Planning

(541) 917-7550
FAX (541) 917-7598

Building Division

(541) 917-7553
FAX (541) 917-7598

ECONOMIC DEVELOPMENT

(541) 917-7500
FAX (541) 917-7511

Call-A-Ride

(541) 917-7770
FAX (541) 917-7573
TDD (541) 917-7762

Transit

(541) 917-7667
FAX (541) 917-7573
TDD (541) 917-7678

FIRE ADMINISTRATION

(541) 917-7700
FAX (541) 917-7716

HUMAN RESOURCES

(541) 917-7500
FAX (541) 704-2324

INFORMATION TECHNOLOGY

221 Third Avenue SW
(541) 917-7500
FAX (541) 917-7511

PARKS & RECREATION ADMINISTRATION

(541) 917-7777
FAX (541) 917-7776

**Urban Forestry/
Building Maintenance**

(541) 917-7679
FAX (541) 917-7776

PUBLIC WORKS

Engineering

(541) 917-7676
FAX (541) 917-7573

Water/Sewer Billing

(541) 917-7547
FAX (541) 917-7511

Mayor Sharon Konopa
City Hall
333 Broadalbin Street SW
Albany, OR 97321

Dear Mayor Konopa:

On behalf of the Public Safety Commission, I request City Council consideration regarding the allocation of PepsiCo settlement funds for public safety buildings.

Over the last several years, the Public Safety Commission has been monitoring the activities of the Police and Fire Departments to replace the Police Headquarters Building and Fire Station 11. As each of you know, both buildings no longer serve the needs of the two departments.

Part of the mission for both the Police and Fire Departments is to respond to large-scale, community-wide disasters. In fact, this purpose is especially critical because any such disaster is likely to involve surrounding communities, and any outside help would likely be days away. In the event of such a disaster, both the Police Headquarters and Fire Station 11 would be central to an effective response effort. There is deep concern that Fire Station 11 could be significantly damaged during an earthquake; thereby injuring personnel, damaging equipment, and losing the use of a critical facility. In addition, while the existing Police Headquarters would not likely sustain significant damage during an earthquake, its inadequate size and aging condition could cause significant issues with responding to and managing any disaster.

Because of the critical need to replace these buildings, the Public Safety Commission urges the City Council to strongly and thoroughly consider our request to utilize funds from the PepsiCo settlement to replace both public safety buildings. Thank you for your efforts and consideration.

Respectfully,

Larry Nelson, Chair
Public Safety Commission

LN:msr
c: Public Safety Commission
Fire Chief John Bradner
Police Chief Ed Boyd

Dibble, Mary

From: Smith, Marilyn
Sent: Thursday, May 20, 2010 7:27 AM
To: Dibble, Mary
Cc: Hodney, Ed
Subject: FW: for the Budget Committee

Please copy and distribute for tonight's meeting. Thanks.

-----Original Message-----

From: rallenor@comcast.net [mailto:rallenor@comcast.net]
Sent: Wednesday, May 19, 2010 10:44 PM
To: Webmaster
Subject: Council Comments

Name: Russell Allen

Message: Dear Council:

My name is Russ Allen and I am a member of the Parks and Rec Commission. Regrettably I was unable to attend the Budget Committee meeting tonight when the Parks and Rec budget was discussed. Naturally I am concerned about the reductions envisioned in the proposed budget and the impact they will on our community.

I was surprised to find out that there are Parks and Rec operating dollars being used to pay off debt related to the construction of the Cool Pool. I believed that the pool was paid for up front, primarily through donations.

I FULLY support the Finance Director's suggestion that Pepsi money be used to pay off this debt to free up operating dollars to pay for operating expenses and blunt the reductions otherwise required.

Respectfully,

Russ Allen

E-mail Address: rallenor@comcast.net

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Hare, Wes

From: Hare, Wes
Sent: Tuesday, May 25, 2010 3:57 PM
To: Hoffer, Herb
Subject: RE: Suggestion for the SVC settlement funds

Thanks, Herb. I will make sure the suggestion gets to the Council. I know they are interested in capital projects, but I'm uncertain about priorities at this point.

From: Hoffer, Herb
Sent: Tuesday, May 25, 2010 3:55 PM
To: Hare, Wes
Subject: Suggestion for the SVC settlement funds

Hello Wes,

At one of the budget information meetings you responded to a question and indicated that staff could provide suggestions for use of the Pepsi settlement funds. So, I would like to suggest a capital expenditure that would help several City departments, as well as benefit water quality in Albany's streams and the Willamette River. Part of the City's tasks under our TMDL Implementation Plan involves inspection and assessment of City facilities for discharges to the stormwater system. We call it the good housekeeping inspections and we are basically mandated by DEQ to clean up our own act. We have found that we are not in compliance with steps under the TMDL, as well as not in accord with our own Albany Municipal Code Title 12 stormwater regulations due to vehicle and equipment washing to the stormwater system. We will face more stringent regulations in the next two years as Albany will be required to apply for a DEQ Phase II stormwater permit. Vehicle and/or equipment washing draining or piped to the storm system was found in Parks, Fire, and Transit Department practices. Staff in these departments have been excellent to work with and very receptive to the requirements. Work has been performed to improve practices, and some discharges are now being eliminated.

Curtailling some of the washing to the storm drains will be very difficult and will involve inconveniences for staff. We have received input and strongly believe that a wider solution to vehicle washing problems lies in funding and construction of a versatile wash rack facility that could be used by several departments. The wash rack could be designed to accommodate various vehicle sizes running from sedans to trucks, buses, and fire trucks. We are aware of designs involving reuse of wash water to save water and energy, and wastewater would need to be routed through an oil separator to the sanitary sewer system. A roof would be needed to prevent rainwater inflow to the sanitary sewer. The wash facility could be sited on existing City property, possibly at Public Works Operations. Alternative locations could be considered based on availability and proximity to City departments that need the facility for washing.

A rough cost estimate for this type of facility would be in the range of \$75 – 150,000 if constructed on City property, and this would include construction as well as equipment. The expenditure would greatly assist in meeting regulatory requirements as well as offer much-needed protection of water quality in the receiving streams of Albany and benefit the Willamette River. I appreciate your/City Council's consideration of this suggestion and I would be happy to get more information and answer any questions.

Herb

Herb Hoffer
Environmental Services Manager
City of Albany Public Works
1122 Jackson St SE
Albany, OR 97322
541-917-7631
herb.hoffer@cityofalbany.net

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June 14, 2010

RECEIVED

JUN 14 2010

City of Albany
City Manager's Office

Dear Albany City Council & City Manager,

A suggestion for possible use of the
Repsico settlement fund:

Explore the purchase of the 18-hole
Golf Club of Oregon in North Albany. The
location is a natural fit for the city's parks
and recreation program.

The long-time owner is far past normal
retirement age and may be willing to sell.

Hopefully,

Albany's Avid Golfers