

CITY OF ALBANY
CITY COUNCIL (WORK SESSION)
Municipal Court Room
Monday, October 10, 2011
4:00 p.m.

MINUTES

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 4:00 p.m.

ROLL CALL

Councilors present: Councilors Dick Olsen, Jeff Christman, Bill Coburn, Floyd Collins, Bessie Johnson, and Ray Kopczynski.

Councilors absent: None.

BUSINESS FROM PUBLIC

Bill Sheretz, 794 Montair Drive NE, passed out a letter addressed to Central Albany Revitalization Agency (CARA) Advisory Board (see agenda file). Konopa said the next CARA Board meeting is October 19, 2011. She will make sure the Board gets copies of the letter.

BOYS & GIRLS CLUB REQUEST REQUEST FOR LICENSE TO OCCUPY PUBLIC PROPERTY

Parks & Recreation Director Ed Hodney passed out a copy of Chapter 14.04 of the Albany Municipal Code (AMC), Encroachments; a draft of a license to occupy public property; and a map (see agenda file). Hodney explained that the Albany Boys & Girls Club (Club) wants to put in a gravel lot to the north of their building. The City owns a 60 foot wide strip between the Club and the parking lot as a result of the Periwinkle Path project. The Club would like to move forward with construction and if they are approved, they will need to cross City property with sidewalk and underground utilities.

Hodney said the Club's project would pave the two driveways. Staff felt this was a good solution if the project moves forward and would like the Council's approval by motion, prior to the Planning Commission's public hearing in November. This action would not restrict the City's use of the Periwinkle Path.

Councilor Ray Kopczynski asked, does this set a precedent going forward? Have we done it before? Assistant Public Works Director/City Engineer Jeff Blaine said, the City has done this before. This may be the first time we have done it on private property, but they have done several others over the years.

Councilor Floyd Collins declared a conflict of interest, stating that he is a Board member of the Club.

Councilor Jeff Christman declared a conflict of interest, stating that his daughter works at the Club, although she is not employed by the Club.

Councilor Dick Olsen asked, are we preempting the Planning Commission by doing this? Or are we holding up progress if we don't act on this today? Community Development Director Greg Byrne said that it is important for the Council to act on this issue because it will impact the layout of the utilities. If the Club had to bear the expense it wouldn't change the Planning Commission's basic approval or not, but it would impact the cost the Club would pay for design work.

MOTION: Kopczynski moved to authorize a license to occupy public property to the Boys & Girls Club. Olsen seconded it and the motion passed 6-0.

POLICE AND FIRE FUNDING STRATEGIES

City Manager Wes Hare said the *Albany Democrat-Herald* reported that the City has \$10 million left of the PepsiCo Settlement funds. Hare said the article is misleading because it does not explain that some of the money that has been allocated already, such as to economic development, will be paid back. The \$10 million is not all that is left of the resource. Also, the Council has allocated funding and in some cases it has not been spent yet, such as allocations to the Risk Management fund and to the Water and Sewer funds for line extensions. The notion that the money has already been used is misleading.

Hare said if the Council wants to use settlement resources on police and fire instead of the other allocations, they can do that. There would not be enough for both facilities, but there are other ways to get them both built.

Finance Director Stewart Taylor reiterated that there is \$10 million in cash available in addition to the Local Improvement District (LID) loans, which are installment payments that will be paid back for TimberRidge North and South projects. Taylor anticipates \$466,000 each year in payments and interest. The security for the installment payments is the property itself. If they become delinquent, there was a recent ordinance passed, based on state statute,

that describes a process for delinquent payments. This financing approach will generate interest earnings over \$1 million. The property owners have the option of prepaying.

Councilor Bessie Johnson is concerned about pursuing legal action on delinquent payments.

Olsen asked, who is the debtor? Taylor said it is the Brandis Family Trust, but the property is the security. Taylor said City Attorney Jim Delapoer has been discussing alternative payment arrangements with them. Discussion followed about the status of development on the property based on the economy, and the future value of the property.

Delapoer pointed out that when the LIDs were put in place, the real estate market was at its high and no one had anticipated the crash.

Taylor reviewed his document in the agenda packet. He noted that a portion of the money allocated to economic development could be used towards building a Police Station; then the economic development funds would be replenished by the LID cash flow. There is some question as to the timeliness of payments and the interest received, but at this point he anticipates \$466,000 each year. That leaves little cash for the Fire Station; so the Fire Station construction would be based on the maturity of the existing General Obligation (GO) bond which expires in June 2015. Taylor said the City could approach voters at that time for a GO bond for the Fire Station.

Taylor said the Police and Fire levy timeframe is in place for the May 2012 election; then in May 2013 they could go out for a GO bond for Fire. In the meantime they could explore a number of options for the Fire Station such as renovate the current site, smaller sites, complimentary sites, etc. The GO bond for Fire could be structured with deferred interest in year one and two, and deferred payments until after the June 2015 GO bond maturity date so that property taxes would stay level, or perhaps drop. The current GO bond rate is \$.4333/1,000.

Taylor said there is \$9 million cash available now (which has not been allocated) plus \$1 million anticipated with the sale of the current Police Station. That leaves a gap of \$3.8 million. The reduction in taxes would be .3314 for \$3.8 million, or a \$49 drop on a \$150,000 house and a \$66 drop on \$200,000 house.

Hare said that Taylor's plan builds both stations with a slight reduction in taxes. The "cost" of the plan is that we would no longer have cash for economic development purposes and would instead be relying on the LID payments to replenish that fund. Those LID funds are guaranteed, but timing of when they get paid may be an issue.

Konopa asked, if we build a Police Station now and ask voters in 2015 for \$6 million for a Fire Station, would there be enough of the GO bond to pay for it? Hare said in that case there would be a slight increase to property taxes. Konopa pointed out that if we used \$9 million now there would still be \$1 million left (for economic development).

Hare pointed out that the GO bonds would overlap from 2012 to 2015, but the bond could be structured so that payments are deferred during those three years.

Olsen said that Gary Davenport called him. Olsen said Davenport owns Richards Cleaners, Hasty Freeze, and the nearby shed. He said the two discussed Hasty Freeze and the polluted ground. Davenport told Olsen that he has insurance that would cover the ground if it was contaminated. Olsen wants staff to add bays to the buildings and to contact Davenport to see what he is thinking. Maybe Station 11 could be less expensive if it were done in phases. Olsen thinks they need to address the seismic problem at the Station 11 sooner than later.

Collins asked, how are we approaching municipal finance? The City has CARA funding mechanisms for the downtown area, a Fire and Police levy, and a need for public safety facilities. Collins thinks the most important is the levy. He said, if we have to, we can skimp on facilities but he does not think we can skimp on people. Collins thinks the Council makes decisions in isolation of each issue instead of looking at the whole. He would hate to build the facilities yet lose the levy. He is concerned because he feels that the Council is not talking about an integrated financing package to meet their several needs.

Johnson pointed out that Police Chief Boyd wants to build the Police Station so that it could be expanded on later. It is not just a 20-year station.

Olsen thinks the Council should delay other decisions until they see if the Police and Fire levy passes.

Hare agrees with Collins that the levy is the highest priority. He said, we do however have a unique opportunity to build facilities because of the PepsiCo money and it can be used to buy down the future cost of governance. He said, we are in a building climate right now where we can get a better deal on construction. As to Collin's question about timing, that is based on his judgment for this community. Hare said that when he was hired as City Manager, he was told by the Council about the need for new Fire and Police facilities. This is not a new idea. At that time Hare advised that it was not a good time to build facilities, and suggested they wait five years. He said, now the City has the money to do it. The need for the facilities is not going away.

Konopa said that no matter what, they will question if the timing is right. She described the questions surrounding the other levies that were presented to the voters. She said, we have always known we would need a Police Station, but made the Police and Fire levy a priority with the intent to deal with the Police Station later; and now, here we are.

Konopa said, if we continue to delay, when will we build it? Also if we wait until 2013 to go to the voters, there could be another taxing agency that the City is competing with. Konopa said she likes Taylor's financing plan; it builds the Police Station now and it would cost voters very little in 2013 for a Fire Station.

Johnson said that Fire Station 11 has property to the east. It was suggested to her by someone that the City could leave the station where it is and build new on that property. They could sign a joint parking agreement with Edward Jones and take the trucks out of the Fire Station. She thinks they should keep the integrity of Station 11 intact.

Konopa said that no matter what they choose, to either build the facility now or not spend the PepsiCo money, someone will be angry.

Collins thinks the Council can present a financial plan when they present the levy to the public. They can put it all up front and show the public that they have a plan and it is good for the community.

Christman said that the problem is that they need to pick a priority because that will change the financial plan. He thinks that by increasing the Police and Fire levy to \$1.15/1,000, they may be killing the levy. The voters will say no to any kind of new taxes.

Olsen agrees with Christman that renewing the levy at a higher rate is dangerous.

Coburn thinks it may be difficult to educate the public on some of these complex issues. He said, we were elected to make these decisions; it is good to get feedback but at the end of the day, this is our job. He said, we can second guess ourselves all day long and someone will always be displeased. He thinks they need to move forward with a decision now.

Kopczynski said that they are comparing apples to oranges when they compare facilities versus staff. They may be able to pay for the facilities with the PepsiCo money but that doesn't negate the need for the Police and Fire levy. Coburn agreed and recalled that the Council had already agreed months ago that the PepsiCo money would not be used for salaries since it was not a sustainable resource.

Konopa said she knows that by increasing the levy they may lose some votes but she thinks that the margin would be high enough to absorb them and it would still pass. They will have to do a lot of educating of the public. They can explain the plan and that the facilities would have very little net-cost to voters.

Hare said they could try to get community input and put on a civic engagement project through education, but staff is limited in what they can do. He said, consider that out of 50,000 people in Albany, how many would really get involved? Would it be the same people that always attend meetings or would we be able to draw new opinions?

Christman agrees with Kopczynski that it may be "apples and oranges" but it is all in the "same basket" (financial plan). They can educate the public about the facilities at the same time they educate them about the levy. But until they get an answer from the public about the Police and Fire levy, they may want to take a different approach on how to finance the facilities.

Coburn said, but there is value in spending this money now. It would be very difficult to summarize the hours and hours of meetings the Council has already spent in discussions into something educational for the voters.

Discussion followed about the current Police and Fire levy and the idea behind the increase to cover what was lost to compression.

Konopa will work with staff to come up with a couple of financing statements.

Collins suggested that the Council make a statement that includes:

- the Council's support of the Police and Fire levy; and
- that the Chiefs have presented and consultants have confirmed the need for facilities; and
- that they have existing cash and financing mechanisms necessary to develop a plan to build facilities in 4-5 years.

Konopa suggested it could be done in a resolution format.

Coburn agrees with Collins but thinks that it would be a mistake to have the money in the bank for facilities when the Police and Fire levy is voted on. Collins thinks they can easily include in the statement that they don't intend for the PepsiCo money to be used for operations.

Hare reminded the Council that they will need to put together the statement for the levy instead of staff helping to put it together. The City does not want to be accused of using City resources to advocate for the levy. The Council can advocate, lobby, and participate fully in the electoral process. Using City employees and City resources is a potential conflict, and some jurisdictions have been fined.

COUNCILOR COMMENTS

Johnson passed out a copy of an article titled “Marijuana processing business planned for Albany” from the *Democrat-Herald* (see agenda file). She said she talked to District Attorney Jason Carlile about it and asked Boyd what can be done.

Boyd said he just talked to Carlile about a dispensary, and then learned of this new business. Boyd explained the definition of “delivery” and discussion followed.

Coburn asked staff for an update on the overcharged sewer bills for RV Parks. Staff is working with the City Attorney and will provide an update at a Work Session very soon.

Collins noted that there was not an Airport send-off in memory of the late Councilor Ralph Reid, Jr. It was snowing on the property so the airplane flight will be deferred to the spring.

Konopa reported that the fund raising auction for the East Thornton Lake Natural Area project was fantastic. Parks & Recreation staff did a great job organizing the event; it was very classy and there was a great turnout. Parks & Recreation Director Ed Hodney reported that they raised almost \$18,000.

CITY MANAGER REPORT

There was no report.

ADJOURNMENT

There being no further business, the Work Session adjourned at 5:52 p.m.

Respectfully submitted,

Reviewed by,

Mary A. Dibble, MMC
Deputy City Clerk

Stewart Taylor
Finance Director