

CITY OF ALBANY  
CITY COUNCIL WORK SESSION  
Municipal Court Room  
Monday, February 10, 2014  
5:00 p.m.

**MINUTES**

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 5:05 p.m.

ROLL CALL

Councilors present: Councilors Bill Coburn, Floyd Collins, Bessie Johnson, Rich Kellum, Ray Kopczynski, and Dick Olsen

Councilors absent: None

BUSINESS FROM THE PUBLIC

Tom Cordier, 3340 Park Terrace NW, said he attended the January 29, 2014, Budget Committee meeting and brought up information about the budget process and the difference between budget and actual numbers. At that meeting, he also shared information from Linn County about their cost per payroll check. The City Manager disputed that information in his regular column, "WeShare", and County officials later confirmed that the information they provided excluded some departments and that they don't know their exact cost per payroll check. He reviewed information he received from the City of Albany which showed their cost per payroll check is \$35.00, and he distributed a memo from the City of Corvallis which showed their cost per payroll check is \$14 (see agenda file). He said he felt the implications made by Hare in his column were an abuse of power and he asked Hare to have the courtesy to contact him in the future if there are questions about things he brings to the Council.

Councilor Floyd Collins said the issue of budget vs. actuals was addressed by the Budget Committee and staff shortly after Cordier left the meeting; that information is on the record. He asked that the request for courtesy be reciprocated, and brief discussion followed. Konopa noted that public comments should be directed to the Council and not to staff. Hare said that the incorrect information was presented in a public forum and he felt that it needed a public response. He said staff would be happy to meet with Cordier and go over the City's payroll costs.

OPTIONS FOR 401 MAIN STREET SE

Assistant Public Works Director/Operations Manager Chris Bailey said staff has been working to identify options for the property at 401 Main Street SE. The City purchased the property in 2000, partially to acquire property that they thought would be needed for street improvements; but it is now apparent that the property will not be significantly impacted by those improvements. There does not appear to be a City use for the property. Staff has discussed options for using the historic structure on the property in a way that would benefit the community. To date, staff has received three proposals for restoring and using the property. Because of the nature of the building and its location, the Council may want to consider more than simply the highest offer. Economic Development Director Kate Porsche added that there is a strong likelihood of Central Albany Revitalization Agency (CARA) involvement in the development proposals. The question is how staff can best align the proposals for the Council to evaluate and decide the best fit for the community.

Councilor Ray Kopczynski asked for an estimate of what it would cost to bring the building to Code. Bailey estimated that it would likely cost over \$100,000.

Collins asked if the structural engineer looked to see if the building could be moved. Bailey said no, he looked at the building's condition as it sits and found that additional support is needed in the basement. Porsche said that the architect CARA has on retainer also looked at the building. There is real interest in keeping and restoring the building but the use will drive the costs.

City Attorney Jim Delapoer said the law does not require the property to be sold at auction to the highest bidder; it simply requires the City to hold a public hearing on the proposed terms of sale.

Collins suggested that staff be directed to use a Request for Proposals (RFP) process, with proposals to be evaluated by the City Council. Following additional discussion, it was agreed that staff will bring a draft RFP back to the Council for further consideration.

ALBANY HELPING HANDS LOANS STATUS

Konopa drew attention to the staff memo regarding the two Albany Helping Hands loans. The loans were taken out in 2007 and 2008. They were structured with 0% interest for one year. In the event of default, the loans would accrue interest at 9% until paid. The organization has been unable to pay down the principal. She understands they have a pledge that may allow them to pay down the loans. There has been discussion about reducing the interest rate to make it comparable to what the City charges for CARA and other loans. This is the Council's decision.

Randy Glaser, Treasurer, Albany Helping Hands, said the loans were invaluable in helping the organization establish a location and become financially stable. The organization has been successful in helping the City's homeless population and that would not have been possible without this special financing from the City. They have managed to pay off their other debt and the next priorities are the second mortgage and the City loans. A donation has been pledged and would be used for these debts.

Kopczynski noted the last payment was made on April 9, 2013. Glaser said that was a lump sum paid to the City from a previous pledge. Kopczynski noted that the organization acquired additional loans and paid those off in advance of the City's loans. Glaser said the other loans were based on personal guarantees and had to be paid down with the first pledge.

Councilor Rich Kellum said it bothers him that money was repaid to others in advance of City's loans that were in default. He would like any reduction in interest rate to require repayment by a certain date.

Delapoer reviewed the current terms of the loans. Hare said the purpose of the fairly high interest rate after the first year was to encourage repayment. When the economy tanked the organization didn't have the ability to pay, and the City has been patient with the belief that the money would come back as things improve. He noted that these funds can only be used for very specific purposes. His recommendation is to reduce the interest; the repayment of the original principal would be an advantage to the City and to the Albany Helping Hands program.

Brief discussion followed regarding potential restructuring of the loans. Collins asked about the possibility of restructuring the loans using the 10-year Treasury plus 1.25%, or about 4% annual interest. Glaser said his first choice would be that the organization be required to pay \$150,000 by April 15 of this year. His second choice would be to pay the principal plus the rate of return the City would have received on the money if it had not been loaned.

Delapoer said that allowing the loans to stay in default for an extended time is risky. He encouraged the Council to come to some accommodation or direct staff to foreclose. Hare said the City would probably have earned between 1% and 2% annually on these funds if they had not been loaned. He said there is value to having this settled and he encouraged the Council to consider a significant reduction in interest costs.

Councilor Bessie Johnson said this organization is an asset to the community and it would be in their best interest and the City's to adjust the loan in some way so that it can be paid off in April. Discussion followed regarding potential restructuring scenarios.

MOTION: Collins moved that Council agree in principal to recalculate the amount due on the two outstanding loans, using 0% interest the first year and 2.5% interest each year thereafter, if the loans are paid by the last business day in April 2014, and direct staff to work with Helping Hands on this agreement and report back to Council. Kellum seconded the motion and it passed 6-0.

#### LINN COUNTY EXPO COMMITTEE

Konopa drew attention to the staff memo. She has asked that staff prepare a presentation regarding programs that are funded with the City's Transient Lodging Tax (TLT) program for the Council work session on February 25. Staff has asked for direction on what additional information the Council would like to see in the presentation.

Kopczynski said he doesn't know that the City Council needs a presentation on how the money is currently being used. He thought the discussion was going to be about how to address some of the issues that have come up with the Linn County Commissioners.

Konopa said it would be good to receive an update, acknowledge the agencies who are working to bring tourism numbers up, and understand which programs would be compromised if the City were to help fund the Expo from these dollars. Councilor Dick Olsen agreed with Konopa.

Johnson agreed with Kopczynski. She said she would like to see a spreadsheet of the requests that have come in and how the committee has responded to those requests. Parks and Recreation Director Ed Hodney said that information will be provided.

Collins said, if the Expo is in need of continued investment in order to be sustainable, we need to know that that is. The Council would then have the choice whether to and how to participate. The TLT is just one potential funding source.

Hare said there was previous Council direction to set up a subcommittee of three Councilors to meet with the Linn County Commissioners. He asked that the Council choose the subcommittee members.

Kellum proposed that the subcommittee include himself, Collins, and Johnson.

Olsen said it is up to the Mayor to appoint committee members. Beyond that, the Council decided in late 1990s to discontinue Council subcommittees and to have Council work sessions instead. He would prefer that the discussion be between the Council and the Linn County Commissioners so that all can hear the issues and make decisions.

MOTION: Kellum moved to appoint Councilors Collins, Johnson, and Kellum to the Linn County Expo committee. Johnson seconded the motion and it passed 4-2, with Kopczynski and Olsen voting no.

#### COUNCILOR COMMENTS

Konopa said the Planning Commission recommended denial of changes to the Albany Development Code that would restrict medical marijuana dispensaries in the City. This issue is scheduled to come back to the City Council on February 26. Her feeling is that Council should not have this come to a public hearing. Under the proposed state bill, local governments will be able to make local changes, and she would like to wait and see how that evolves.

MOTION: Coburn moved to withdraw the application to amend the Albany Development Code to prohibit land use activities that violate state or federal law related to controlled substances. Kopczynski seconded the motion.

Coburn said he was in favor of having the Planning Commission consider this issue in public hearings. At this point, he is not interested in voting against the Planning Commission and pursuing this further. He noted this is a state run program and he thinks the Council should back off this action.

Johnson said she doesn't agree with the motion.

In discussion, Delapoer provided clarifying information. The state is expected to have rules in place by March. The proposed Senate Bill would allow local governments to make additional restrictions. The law may not pass in this abbreviated session.

Kellum said he attended the Planning Commission meeting and he did not think they understood the intent of Council. They did not want to stop "granny" from getting medication for glaucoma. He doesn't want to see dispensaries but having this be all or nothing is frustrating.

Kopczynski said he is not sure that Albany should to be the leader on this issue, given the potential staff time and legal expenses.

Collins said he is frustrated with inconsistencies by the state and federal government on this issue, the lack of enforcement by the federal government, the lack of appropriate oversight by the state medical community, and the consumer who is abusing the medical purpose for recreational use.

VOTE: The motion passed 4-2, with Johnson and Kellum voting no.

Collins acknowledged the around-the-clock efforts of Police, Fire, and Public Works staff in responding to the recent storm event. He commented that it would be expensive and difficult to prepare for a 100-year storm event. He feels that they should staff for the norm and contract out for the extraordinary.

Hare agreed that Public Works crews, Police, and Fire deserve thanks for a great job. He thinks a better job could be done on the administrative end. Public Works Director Mark Shepard is planning a debrief with ODOT, and Linn and Benton Counties to try to come up with better coordination and make sure that at least the main travel routes are well covered with gravel. Brief discussion followed.

#### CITY MANAGER REPORT

There was no report.

#### ADJOURNMENT

There being no other business, the meeting was adjourned at 7:07 p.m.

Respectfully submitted,

Reviewed by,

Teresa Nix  
Administrative Assistant

Wes Hare  
City Manager