

CITY OF ALBANY  
CITY COUNCIL WORK SESSION  
Municipal Court Room  
Monday, September 8, 2014  
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 Bill Coburn, Bessie Johnson, Ray Kopczynski, and Dick Olsen.

Councilors absent: Councilor Floyd Collins and Rich Kellum (both excused).

BUSINESS FROM THE PUBLIC

None.

ALBANY AIRPORT COMMISSION (AAC) LOAN CONCEPT

Assistant City Manager/Public Works and Community Development Director Mark Shepard said the City Council formed the AAC in 2010 to provide citizen input regarding the Airport. For the past four years, the AAC has been working with staff to make improvements. He said the AAC members asked staff to present a proposal to create a program in which the City would provide low-cost loans for the construction of private hangars at the Airport. Currently, the City leases Airport property to private individuals who own hangars. He said the AAC thought it might be an incentive to potential hangar builders if the City provides a financing option for them. All of the hangars at the Airport are being utilized, and the Master Plan will identify areas where additional hangars could be built. He said the question for the Council to consider is if they are interested in providing a financing alternative to potential hangar builders.

Shepard said there are questions that haven't been answered yet such as rate of return, what the potential risks are, and how the loans would be set up. He said before staff moves forward with researching this further, he wanted to see if Council wants to proceed. A key question to consider is if the City wants to take on the risk of becoming a bank for construction loans. He said the advantages of this program could mean additional lease payments to the City, additional taxes going into the General Fund, and increased interest accrual. Shepard said the AAC members can share their perspective regarding the program.

Albany Airport Commissioner Chuck Kratch said he doesn't own an airplane, isn't going to build a hangar, but does see a lot of progress at the Airport. He said a lot of work has been done by the Council, staff, and AAC to make the Airport self-sustaining. He is concerned about how to continue sustaining the Airport and believes that a hangar construction loan program could help. He said the AAC received a request from an individual in Northern California who wanted to build a hangar, but it is difficult to get a loan for building on leased property. He said the loans would be paid back with significant interest. He commended Shepard and his staff for the work that they've done. He thinks this loan program is in the best interest of the citizens of Albany.

Albany Airport Commissioner John Harshberger said this program is another way to think about the overall picture of developing industry. It may be an incentive for businesses to locate in Albany.

Albany Airport Commissioner John Pascone said he considers the Airport to be an aspect of economic development. One way to expand the Airport is to have more hangars and aircraft and to sell more fuel. He said he doesn't see a downside to this program.

Albany Airport Commissioner Jay Sluiter said the Airport could benefit from increased revenue. He said Albany has an excellent facility and one of the nicest runways in Oregon, but the airport is being underutilized. He said there won't be growth at the airport with the current economic conditions without some type of moderate investment. He thinks growth at the airport would be beneficial to the citizens.

Councilor Ray Kopczynski asked if PepsiCo settlement proceeds, Central Albany Revitalization Area funds (CARA), and Transient Lodging Tax (TLT) funds were identified by staff as funding options for this program. Shepard said those were suggested by the AAC. He said the option staff brought forward was using the TLT funds that the Airport currently receives (approximately \$68,000 per year). He said a portion of these funds could be set aside for a loan program. Kopczynski asked if that would reduce the amount of Federal Aviation Administration (FAA) funding received. Shepard said that it would reduce the amount of money available for a match for an airport project. Kopczynski asked if the hangars would be built by the City. Shepard said the City wouldn't build them; a private owner would handle the project with a contractor. Kopczynski asked how the City is indemnified if something happens to the hangar. Shepard believes each individual hangar is insured by the owner.

City Manager Wes Hare clarified that the City hasn't subsidized the Airport with General Fund dollars for at least ten years.

Kopczynski asked what amount of PepsiCo settlement funds is being proposed by the AAC to be used for this program. Kratch said he didn't determine a particular amount. Konopa asked how much it costs to build a hangar. Sluiter said it is approximately \$100,000 to build.

Councilor Bessie Johnson asked how many hangars can be built at the Airport. Sluiter said it would depend on who is building it and for what purpose. Johnson said Albany is growing and we need to do something more with the airport. She said it is a good idea to bring in more planes, but she is unsure where the money would come from.

Hare said funds are contributed to the Capital Improvement Program, and one option is to add a lending program to it with the idea that it would compete against other projects. He said the demand for hangars is unknown at this point, but having a program would give Council a sense of what that demand is.

Councilor Bill Coburn asked how hangars have been built and financed in the past. Kratch said in the past, private parties borrowed money, leased land from the City, and then built the structure. He said the Council has reduced the rent for the first few years as an incentive to build. Coburn asked when the last new hangar was built. Sluiter said the last one was built ten years ago. He said the price of fuel has gone up substantially. Another issue is that pilots are aging, and few new pilots are getting started. He said it costs \$8,000 just to learn to fly an airplane. In the last 25 years, we've lost 50 percent of pilots and there is less demand to own an airplane. He said there has been a big push at the Federal level to reduce some of the restrictions, which could increase the number of pilots.

Konopa said we don't know what the future holds for the demand and we could continue to see a decrease. Sluiter agreed that there are many unknowns. Coburn said, in his opinion, recreational flying is a luxury hobby that only a small percentage of the population can enjoy. He said he isn't convinced that this type of program is what the government should be involved in. He wondered about the option of the City building hangars, but he doesn't think that will pencil out. Sluiter said all of the hangars are full at this point.

Konopa said the Council can come up with the financing tool, but it is important to identify that there is a demand for this program. She said we need to see what is on the ten-year horizon. Sluiter said the AAC could research that and will provide an estimate. Konopa suggested that staff look at the existing funds in the TLT account to see if a portion of that can be used as a way to bridge the gap on a bank loan.

Shepard said there are a lot of questions to answer and a lot of work to do to figure out the options, costs, and risks that will be involved with the program. He said staff can work with the AAC to get as much information as possible. Konopa asked Council if they want staff to explore more options for this type of a program.

Kopczynski said he's not convinced about the efficacy of this program, but he would like a little more information at this point.

Councilor Dick Olsen said Albany's in a position to become a place where tourists want to go. He said people can get here by train, air, or car. He said the Airport could help make Albany more tourist-friendly. He said there are people in Albany who fly airplanes as a hobby and he thinks this would be a good thing to do. He would like to hear more about a potential program.

Coburn said Kopczynski brings up a good point, and he would also like more information before making a decision. He would like to see a comparison between loaning money to a private party to build a hangar versus the City building hangars and leasing them. He would like to know which option would pencil out better and which would work best for pilots.

Johnson asked if there are ever instances when corporate jets come in and rent a hangar for a couple of weeks. Sluiter said hangar spacing would be the responsibility of a Fixed Base Operator, but the Airport doesn't have one nor a facility that would be conducive for parking corporate aircraft.

Hare said he would be happy to volunteer some staff time to look at and answer some of the questions that have been raised. He said a good question is what the City's role should be in this. He said there has always been a delicate balance between revenue and expenses, and it would be good to consider if this program could be a way to generate some income.

Sluiter thanked Shepard and his staff for his help with this and listening to the AAC.

#### CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (CPTED)

Police Chief Mario Lattanzio said last December, he sent Community Education Specialist Sandy Roberts to CPTED training. He said staff is thinking about future ordinance changes that could be implemented based on CPTED. Roberts said she has been in law enforcement for 15 years. She said CPTED was just a concept six years ago. She said the training she received has given her a greater understanding about how we can affect crime in the design of the City. CPTED focuses on closing the gap for committing a crime. Roberts gave a PowerPoint presentation about CPTED.

Kopczynski asked about the people who are staying on the river off of the Dave Clark Path. He wondered where they are going when they are told to move on. Roberts said most of them are finding another spot in the area or they move out of

the City. She said she gives a brochure listing all of the available resources to every individual she makes contact with. Konopa said there are many agencies for those people to work with and get help.

Konopa said this is a great program and allows the City to be proactive. Konopa said, in a way, Albany has been doing some of this through the Great Neighborhoods Program. She said the first step was to require new housing developments to have setback sidewalks and front doors facing the street. She said the goal was to have neighborhoods be welcoming. She said commercial zones weren't a focus and this is a great program to see what can be done to be more proactive. She said we can look at the Development Code to make sure all new development follows these guidelines. Konopa likes seeing this type of program in our community. She said it builds a great community. She thanked Roberts for being proactive with this issue.

Roberts said Parks Maintenance staff have worked hard to help with this program and she appreciates all that they have done.

#### COUNCILOR COMMENTS

Johnson asked about the status of the Brandis property. Hare said staff is in discussions with a potential buyer for at least a portion of the property.

Olsen asked about the status of finding a new grocer for the Ray's Market location. Hare said he hasn't heard about any potential grocers wanting to locate a store there, but staff is continuing to pursue the possibility. Olsen said several constituents have mentioned to him that it would be nice to have a grocer back in that location.

Hare discussed the possibility of removing the podium in the Council Chambers. He said that it may be replaced with a wooden table in order to allow for more room when people are addressing the Council. Johnson likes the podium and wondered if a side table could be added instead. Konopa suggested attaching two flip-out tables to the podium. Hare said the wooden table would match the dais. Council said the City Manager could proceed with the table.

Hare said he will be attending the annual International City/County Management Association conference. He is leaving Friday, September 12, 2014, and will be gone next week.

#### CITY MANAGER REPORT

None.

#### ADJOURNMENT

There being no other business, the meeting was adjourned at 6:00 p.m.

Respectfully submitted,

Reviewed by,

Diana Eilers  
Administrative Assistant I

Stewart Taylor  
Finance Director