

CITY OF ALBANY  
CITY COUNCIL WORK SESSION  
Municipal Court Room  
Monday, December 15, 2014  
5:00 p.m.

**MINUTES**

CALL TO ORDER

Mayor Sharon Konopa called the meeting to order at 5:00 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, 2240 Park Terrace NW, spoke about a documented process that is used to better understand operating costs. He said the process helps staff understand all of the tasks that need to be done within the City and how long it takes to do each task. He said from this process comes the true costs of operations. He suggested that this process should be used, but he was told that it has already been done. He said that is not true and the process hasn't been done by the City. He said another way to characterize the process is zero-based budgeting.

SNOTEMP ECONOMIC DEVELOPMENT PROJECT

Economic Development & Urban Renewal Director Kate Porsche introduced SnoTemp Vice President Jason Lafferty. Porsche said she, along with City Manager Wes Hare, Assistant City Manager/Public Works Director & Community Development Director Mark Shepard and staff, Albany-Millersburg Economic Development Corporation President John Pascone, and State of Oregon Business Development Officer Sean Stevens have been assisting with SnoTemp's possible expansion and identifying potential barriers. She said food processing is identified as a key cluster industry in Albany and for Business Oregon. She said staff is seeking specific direction and feedback from Council related to System Development Charges (SDCs) questions and a funding gap.

Lafferty said SnoTemp Cold Storage has been in Albany since 1974 with the Albany facility being the flagship. He said the company stores fruits and vegetables for National Frozen Foods, Oregon Freeze Dry, and a variety of other food processors in the area. He said in 2010, the company expanded to add an additional 140,000 square foot freezer. Lafferty introduced Architect Bill Langley and Project Manager Chris Langley of Fisher and Sons. He said they both helped with the 2010 expansion and will be helping with this one as well. SnoTemp is looking to add another processor which would eventually bring on more than 50 additional full-time and 80 seasonal employees. He said it would also bring approximately \$1 million dollars in property taxes annually. He said the biggest issue is rebuilding Lochner Road. He said he is looking for ways to fill the funding gap.

Councilor Bessie Johnson asked what the reason is for the expansion. Lafferty said existing businesses are looking to process more food. He said SnoTemp has had to turn away business for the last couple of years. In order to support the other businesses growth, SnoTemp needs to expand.

Councilor Ray Kopczynski said it sounds like this project will be done in stages. Lafferty said that is correct. Kopczynski asked where the new traffic will come from. Lafferty said it will be split between the two SnoTemp locations – Marion Street and Lochner Road.

Councilor Bill Coburn asked if the railroad is utilized by SnoTemp. Lafferty said yes.

Konopa said she has lived in this area of town for many years and believes this is a good use of the property. She said it supports the food processing industry in the Mid-Valley. She agreed that Lochner Road will need to be improved. Coburn asked if Lochner Road is a city road. Konopa said it is.

Councilor Floyd Collins said this is a project that provides jobs for Albany, meets the needs of supporting existing industry, and meets the needs of supporting the agricultural community.

Porsche said the funding gap is shown on page 3 of Lafferty's report in the agenda packet. She said the estimated project cost to construct Lochner Road is \$2.6 million dollars. She said there is up to \$1 million dollars of Oregon Department of Transportation Immediate Opportunity Funds (IOF) available. She said this is a great opportunity and fit for those funds; however, those funds have to be the last money in. She said there is a policy question related to SDCs and how to handle the remaining \$1.2 million dollars. She said there is an option to access a possible loan or grant (the grant can be up to \$280,000) through Oregon's Special Public Works Fund (SPWF). If the City chooses to access funds from the SPWF, the City would be the borrower. The City can have a side agreement with SnoTemp to repay the loan.

Councilor Rich Kellum asked, what the interest rate is for the SPWF? Porsche said it is currently 3.6% amortized over 25 years. Kellum asked, what fruits does SnoTemp freeze? Lafferty said blueberries.

Johnson asked if the state funds are guaranteed. Porsche said no. She said if the Council is interested in staff pursuing the SPWF, staff will work on that component first. Once that is complete, then staff will move forward with the request for IOF funding since that has to be the last piece in.

Coburn asked if the \$2.6 million dollars is just to improve Lochner Road. Porsche said yes. Shepard said this project is currently funded at 25% with SDC funds. He said if the Council wants to use the SDC funds, that equates to \$620,000. He said there are other projects that the Council has shown interest in spending money on including Crocker Lane, the Albany-Corvallis Path, and the signals at 34<sup>th</sup> Avenue/Marion Street/Hill Street. He said the total SDC balance is \$2.1 million dollars, but a lot of that money has been spoken for. Staff proposed a \$400,000 SDC contribution based on the outstanding projects and anticipated income in the SDC program.

Transportation Systems Analyst Ron Irish said for projects in the Transportation System Program (TSP) there is a funded amount (25%), there is the eligible amount (44%), and there is the total amount of money in the SDC fund. He said staff thought that the SDC fund could contribute \$400,000 to the project. SnoTemp staff will eventually come in for building permits for the new buildings and when that happens, they will owe an SDC fee. He said the maximum amount of SDC money that the City can use for Lochner Road is the cash that is put in initially plus whatever credits that may be given to SnoTemp when they pull the building permits. He said one decision for Council might be how much SDC funds to put into the project. Another decision will be if Council wants to increase the eligibility amount from 25% to a higher level.

Kopczynski asked if SnoTemp is amenable to having a portion of this as a loan that will have to be paid back later. Lafferty said yes.

Collins said when SnoTemp comes in to pay for the building permits, it will replenish the SDC fund. He said it may mean other projects may need to be delayed a while, but with the income from the SDCs, it helps replenish the fund. Collins asked Irish if he has calculated the SDCs for building permits for SnoTemp. Irish estimated the SDC fees to be around \$600,000-\$800,000. Collins said he thinks the position of the Council should be that we support the creation of jobs and SnoTemp, the industry, the agricultural community, and the State.

Councilor Dick Olsen said he thinks this project is great. He asked about the average pay rate of the added jobs. Lafferty said year-round jobs will be approximately 125-140% of the average county wages. He said it is approximately \$40,000 per year.

Kopczynski asked about the timeframe for the application process. Stevens said once ODOT receives the application, they have 45 days to approve it. Porsche said the OSPWF takes just a couple of weeks. Kopczynski asked, is this business in the enterprise zone? Pascone said it is and they will be eligible for at least three years.

Kellum asked if both sides of the road will be improved. Shepard said yes. Kellum said one side is the railroad and the other is school district property. He asked if it is equitable that neither of those will be paying a portion. Shepard said staff could come up with a Capital Recovery Agreement to collect connection charges. He said generally, if the City is the developer we keep the funds; if someone else is the developer there is an agreement that they get the funds if they are paid within ten years.

Kopczynski asked if the road could only be improved for the particular area. Shepard said the Council could choose not to do the sidewalk on the north and east side, but it will eventually need to be built. He said it would be least expensive to build it now and it's a small component of the project. Coburn said having a sidewalk on the railroad side doesn't make sense. Shepard said the issue is not knowing how the property on the east is going to develop in the future. Konopa said there is quite a bit of activity on that road and it will increase with more development.

Lafferty said changing the SDC funding eligibility from 25% to 44% seems like the portion the Council has the most control over. He said there are several requirements for the money from the State such as the number of jobs that SnoTemp will be required to add. He said paying SDCs twice is painful from his perspective.

Pascone said this project has been worked on for the past eight months and wouldn't be feasible without Lochner Road. He said he would like to see this project go forward because it is a benefit to Albany.

Collins said there is the potential that other projects may need to be delayed, but he is okay with having that discussion because this project will add immediate jobs. He thinks the Council is okay saying we really like this project and we want to make sure it moves forward. He said the State needs to know that the City supports the project.

Porsche said before going forward with the request for \$1 million dollars from the IOF, the City's numbers have to be concrete. Collins said we have a concrete number of \$400,000. He said if the State says that is not enough, then Council can have a discussion to consider increasing that amount. Konopa said that amount may not be enough and could be a deal breaker for this project. Stevens said the IOF is for up to \$1 million dollars and requires a 50% match. He said he thinks it is okay to move forward with what is proposed. Porsche said there is still the question between the difference of 25% and 44% as it will affect SnoTemp's bottom line going forward because it will change how much credit they get back when they pay for SDCs on future buildings.

Shepard said if the project moves forward, there will be a land use process which will outline what the required improvements are on Lochner Road. He said the SDCs can sit for now; and if they become an issue, staff can bring that portion back for discussion. He said it's important that Council understands what the impact could potentially be if the SDCs are depleted.

MOTION: Collins made a motion to support the SnoTemp expansion project and to have staff work with the State in order to maximize the State's participation with the project. Kellum seconded the motion.

City Attorney Jim Delapoer said the original debt limitation measure would have precluded the City's ability to apply to the State for the loan because it would have required a vote of the people. He said after revising the measure, there was a specific exception included called State Override. He said this exception states that the City Council may borrow money without approval of the City's electors if an Oregon Statute authorizing the borrowing provides that the authority is not limited by other laws such as local charter limitations.

VOTE: The motion passed 6-0.

#### COUNCILOR COMMENTS

Johnson wished everyone a Merry Christmas and Happy Holidays.

Kopczynski said he was at the walk through at the Carnegie Library this past weekend which was part of the Downtown Parlor Tour. Konopa said there were many people who came through Olsen's house. She said it is a great event for folks to see historic homes.

Collins said an e-mail message was sent to the Council about stores closing in the Albany area. He said the Council and staff don't have a role in stores closing.

Konopa said there will be a decision made in regards to the Union Pacific railroad. Olsen said he took a train last year, and the station parking lot was full. Collins said it might be good to consider purchasing a lot near the train station so more parking space could be added.

#### CITY MANAGER REPORT

Shepard said the North Albany floodplain study is back on track. He said staff anticipates getting FEMA's final proposal at the end of this month. Staff anticipates bringing this item forward for discussion in January 2015.

Kellum asked if there is a timeframe for an answer on the crosswalks by Grand Prairie Park. Irish said the crosswalks at Grand Prairie Park would rank highly if compared to other existing pedestrian crossing in town. He said the problem is that there is no funding for the project. Collins asked about the costs. Irish said it would be between \$30,000-40,000 for the project.

#### ADJOURNMENT

There being no other business, the meeting was adjourned at 6:10 p.m.

Respectfully submitted,

Diana Eilers  
Administrative Assistant I

Reviewed by,

Wes Hare  
City Manager