



APPROVED: February 20, 2008

CITY OF ALBANY
Central Albany Revitalization Area
Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, January 16, 2008

MINUTES

Advisory Board Members present: Chris Norman, Dan Bedore, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Dick Olsen, Ralph Reid, Jr., Kim Sass

Advisory Board Members absent: Jeff Christman and Cordell Post

Staff present: City Manager Wes Hare, City Attorney Jim Delapoer, Urban Renewal Coordinator Kate Porsche, Administrative Assistant Teresa Nix

Others present: Approximately 10 others in the audience

CALL TO ORDER

Chair Chris Norman called the meeting to order at 5:15 p.m. He spoke briefly of the late Mayor Doug Killin and said his presence, wisdom, and insight will certainly be missed.

APPROVAL OF MINUTES

December 19, 2007

MOTION: Dan Bedore moved to approve the December 19 minutes as presented. Dick Olsen seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

None.

Budget and Cash-Flow Update

Urban Renewal Coordinator Kate Porsche distributed and briefly reviewed *January 16, 2008, CARA Funds and CARA Projects by Status - 01/16/2008*. She said she will further discuss *CARA Projects by Status* later in the meeting.

Lepman/Willamette Seed Building

Chair Norman drew attention to the staff report and information from the applicant distributed in the packets. Porsche offered to answer any questions. She noted that the City Attorney is also present and available to answer questions.

Ray Kopczynski asked if there is any precedent for having unspent funds return to CARA. Porsche said the previous owner of the First Round Tavern was allocated funds for an awning. The awning was never purchased; and, following several attempts at communication, the owner was advised that the funds were no longer available.

Kopczynski asked if a precedent would be set if the developer were allowed to use funds for expenses other than those specified upon allocation. City Attorney Jim Delapoer said it would be important for CARA to be clear about what circumstances led to that action to avoid setting a precedent. He said the more important question is what CARA feels to be the most appropriate use of its funds. He said it is important to clearly define the details of an offer within a contract. He suggested that CARA allow staff and the applicant to work on the details of the contract within a given time frame. If the resulting offer is not accepted by the applicant, he suggested that it be withdrawn and that the applicant be allowed to make a new request.

Ed Schultz, 130 First Avenue West, addressed the Board as attorney for Scott Lepman. He said it is his client's point of view that an agreement was reached in 2003. He cited a portion of the minutes of the July 7, 2003, CARA Agency meeting in which a motion was passed that the developer would not be required to pay for the System Development Charges (SDCs) for up to 45 residential units, the off-site infrastructure including any Local Improvement District (LID) created before July 1, 2018, for street improvements, and any rail crossing improvements. He expressed concern that, by defining the allocation amounts in individual buckets, there is less flexibility to address each individual component. He said the applicant is not asking for a change in the total allocation but would like flexibility to use the funds as needed for public improvements. He referred to recent discussions about potential Water Street improvements, which may be significantly more expensive than previously thought, and said a critical part of the 2003 motion is that Lepman not be responsible for LID for street improvements. He advised that he has a draft development agreement between three parties: an LLC for the Lepman property, an LLC for the property owned by David Johnson, and Mr. John Bock, Jr. He hopes to have the agreement finalized within the next week.

In response to inquiries from the Board, Porsche reviewed the contract with David Johnson, owner of the former Buzz Saw site. She said the draft Lepman contract includes \$120,000 for Water Avenue improvements. Public Works has indicated that the portion of Water Avenue improvements for the Lepman property would be \$250,000 but that would include work to the intersection and rail crossing. The funding mechanism for these improvements has yet to be decided.

City Manager Wes Hare said that the whole notion of Water Avenue improvements grew out of discussions with property owners who did not want to invest in improvements if the street was to remain blighted. He said the City is not committed to any single alternative and the issue of when or whether the City would proceed with improvements to Water Avenue is undecided. There is no decision on what funding mechanism would be used or whether a LID would be formed.

Schultz suggested that CARA not make a decision tonight but allow him to bring forward a development contract proposal which addresses who will be responsible for the uncertainty of these significant public improvements.

Porsche said it is her understanding that the 2003 commitment was taken off the table last January due to some specific date contingencies and significant project changes brought forward by Lepman. She said the current contract language matches the request made by Lepman in January. She added that CARA was very specific in its direction that staff write the contract so that if the rail crossing was not necessary those funds would come back to CARA. Brief discussion followed.

Scott Lepman, 100 Ferry Street SW, introduced his children, Jeremy and Erica, who distributed a cost sheet for Jefferson Lofts and a list of development issues. He stated that he does not believe there was a time limit on the original agreement, that he did not have legal counsel when the original agreement was prepared, and that he was trying to address problems associated with developing properties on the north side of Water Avenue. He reviewed the development issues as outlined in his handout. He said he has met with David Johnson, who has agreed to pay his share of water and sewer service, as well as a share of the cost of rail

crossing improvements which are unknown at this time. He said he is only requesting permission to reallocate funds for public improvements, and is not asking for funds for any improvements to his property. He asked who will pay for improvements to Water Avenue. He said the estimated cost for street improvements is now \$250,000 for each side of each block, and he does not feel that most property owners can afford that expense. Schultz drew attention to the Jefferson Lofts spreadsheet and reviewed the costs and equity before and after street improvements.

Delapoe clarified that LIDs are customarily assessed when the City makes a public improvement that has a unique special benefit. That is a City Council decision based on an analysis of how much of an improvement benefits local properties and how much is a general City benefit. The City Council will determine how the street will be built and how costs will be assessed. That is not a CARA decision, and CARA cannot exempt someone from a LID.

Sharon Konopa said that it is not her understanding that the 2003 offer was necessarily taken off the table with the 2007 presentation. She said she would like additional information regarding the commitments made in 2003.

Olsen said he recalls that the Water Avenue improvements have been presented as conceptual. He questioned whether such a fancy street is needed and said he would like to see street improvements that fit in with the rest of downtown Albany. He recalled discussions in the 1970s when it was thought that property owners would be assessed the cost of a typical street and that the City would bear the additional cost if it wanted to do something special.

Delapoe suggested that CARA direct staff to determine the current legal standing of its previous commitments and then meet with Lepman and his representative to determine if he wants to proceed with the contract or propose an amendment for consideration by the Board. Hare added that it appears that the City and the developer both want to reach an agreement where the project can go forward, and he is confident that such an agreement can be reached. Schultz agreed with this concept.

The Board agreed to direct staff to research the legal status of the current agreement, to make an attempt to work out details with the applicant, and to come back with a status report in February.

Project Review

Porsche drew attention to *CARA Projects by Status 01/16/2008* previously distributed. She reviewed pending contracts, active projects, loan payments pending, and closed and withdrawn projects as detailed on the spreadsheet.

Staff Updates and Issues

Porsche responded to a previous inquiry about the duration of the urban renewal district. She advised that, per urban renewal law, the district will expire when it has borrowed and paid back \$56 million, which is estimated to be in 2026-27.

BUSINESS FROM THE BOARD

Kopczynski referred to a previous comment from the Chair about the Board's tendency to approve most of the requests brought forward. He stated that he feels the Board does its job by directing staff to work with applicants until the submitted plans meet the established criteria.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, February 20, 2008, at 5:15 p.m. in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Norman adjourned the meeting at 6:55 p.m.

Submitted by,

Reviewed by,

Signature on file

Signature on file

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Coordinator