



APPROVED: June 18, 2008

CITY OF ALBANY  
Central Albany Revitalization Area Advisory Board  
City Hall Council Chambers, 333 Broadalbin Street SW  
Wednesday, May 21, 2008

MINUTES

Advisory Board Members present: Chris Norman, Dan Bedore, Oscar Hult, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Dick Olsen, Cordell Post (excused at 6:30 p.m.), Ralph Reid, Jr., and Kim Sass

Advisory Board Members absent: Jeff Christman, Floyd Collins, Loyd Henion

Staff present: Public Works Director Diane Taniguchi-Dennis, Finance Director Stewart Taylor, Urban Renewal Coordinator Kate Porsche, Administrative Assistant Teresa Nix

Others present: Approximately ten others in the audience

CALL TO ORDER

Chair Chris Norman called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

April 2, 2008, and April 16, 2008

**MOTION:** Ray Kopczynski moved to approve the April 2 and April 16 minutes as presented. Dan Bedore seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

None.

Cash-Flow Update

Urban Renewal Coordinator Kate Porsche distributed and briefly reviewed *May 21, 2008, CARA Funds Available*.

Lepman/Willamette Seed Funding

Porsche drew attention to the staff report, a letter from City Attorney Jim Delapoer to Scott Lepman's attorney Edward Schultz, and a draft resolution revoking grant funds previously committed to Lepman distributed in the packets. She offered to answer questions.

Bessie Johnson said that it appears that Lepman's concerns are primarily related to unknown aspects such as the railroad crossing and street improvements. She asked whether the contract timeline is also an issue.

Edward Schultz, P.O. Box 667, stated that Lepman has concerns related to the railroad crossing and street improvements and that he will not be able to meet the timeline requirements in the agreement. Lepman had originally thought that he would take the risk for improvements inside his property line and that the CARA grant would take care of development costs outside his property line. Schultz requested that CARA consider using urban renewal funds in a more traditional way in the future by funding necessary public infrastructure that will allow projects to go forward. He said that Lepman has his plans in place and is ready to move forward once issues related to the railroad crossing and street improvements are addressed.

**MOTION:** Bedore moved to recommend that the Albany Revitalization Agency (ARA) approve the resolution revoking the grant funds previously committed to Scott Lepman. Kopczynski seconded the motion, and it **passed** unanimously.

#### Swoboda/Oregon Furniture Mart Status Update

Porsche drew attention to her staff memorandum distributed in packets and to the handout from Chuck Swoboda entitled *What's New at First & Lyon* distributed this evening. She noted that, while it appears that Swoboda is making good progress, he is well past the contract deadline of January 19, 2008.

In response to inquiries from the Board, Porsche stated that the contract stipulates that the second and third floor retail and the exterior are to be completed and that the second floor apartments are to be rough finished. There is about \$20,000 left undrawn on the contract for which Swoboda has not yet submitted receipts. Norman asked what items in the CARA contract remain to be completed.

Chuck Swoboda, 104 First Avenue SE, said that uncompleted CARA contract items are primarily safety items such as railings and smoke detectors. Bedore asked why the work was not completed on time. Swoboda stated that there are financial reasons as he has attempted to budget improvements by taking money out of his business as he goes and that weather has been a factor. In addition, the brickwork on the outside was not done correctly and it took time to convince the installer to redo that work before the wood could be installed around the windows. He hopes to have the work completed by the end of September.

Kopczynski stated that, while the work is not transpiring as fast as the Board might have hoped, he is impressed with the steady effort being made while the business is being run. He is in favor of allowing an extension as long as progress is being made. Oscar Hult agreed.

Bedore stated that, if CARA grants another extension, he would like to be firm in setting and enforcing a deadline. Norman asked if Swoboda would be comfortable with committing to having the work completed by September 30, 2008. Swoboda said yes.

**MOTION:** Johnson moved to extend the Swoboda/Oregon Furniture Mart contract to September 30, 2008. Bedore seconded the motion, and it **passed** unanimously.

#### Funding of Blighted Single-Family Residential Projects Discussion

Porsche reported that said she took the Board's previous input and developed two possible programs for funding of blighted single-family residential projects as detailed in the staff memorandum.

The first proposed program would establish a CARA Residential Fund of up to \$150,000.00 per budget year that would allow for funding of up to two projects at up to \$75,000.00 each. This program would be limited to homes in the Hackleman Historic District and includes a forgivable loan schedule based on length of occupancy.

The second proposed program would establish funding of \$10,000.00 per budget year to fund Landmarks Advisory Commission (LAC) Historic Preservation Grants. This program would continue to be administered by City Planner Anne Catlin.

Norman asked about the status of the State Historic Preservation Office (SHPO) funds currently used for the LAC Grants. Hult said that Planner Catlin has indicated that SHPO funds are dwindling and that she does not anticipate that source will be available next year. Norman said that he would like confirmation regarding the status of the state funding before dedicating CARA dollars for this use. Porsche agreed to look into that and report back.

Norman suggested that the CARA Residential Fund be approved as a one-year pilot project with funding of \$75,000.00. This would allow CARA to see how many applications come in and to judge the administrative impacts prior to establishing an annual program. Sharon Konopa added that the term *blighted* should be further defined prior to a program being established.

Porsche noted that Tim Vaughan's request for the property at 532 Baker Street was the catalyst for creating a program for blighted single-family residential. She said that the Board could choose to grant that request or open up a pilot program to applications. Dick Olsen asked if there are other projects in the Hackleman District that might come forward. Porsche said that there are some properties that have been converted into apartments. She does not know of any that are specifically looking to rehabilitate back to single-family but having a program in place might encourage that action.

Kim Sass asked about the tax consequences of this program for the borrower. Porsche said she has not looked into the specifics, but she can surmise that forgiven loans would be considered income. She said the City Attorney has indicated that recipients should be advised to consult with their own attorneys on tax issues.

**MOTION:** Gordon Kirbey moved to establish a one-year pilot program for single-family residential with funding of \$75,000.00. Konopa seconded the motion.

Post asked how the program would be administered. Porsche said that she would like to administer the program using CARA's established contracts with the added step of verifying proof of occupancy on an annual basis. Post noted that the process could be simplified by eliminating the schedule and simply making the loan forgivable after five years of occupancy.

Porsche asked whether the Board wants to advertise for applications. Hult said that he thinks Vaughan should be the recipient since he came forward first and his request initiated the program. Norman stated that opening up the process for applications would provide valuable information regarding the level of interest and the validity of creating an annual program. He encouraged Vaughan to submit an application.

The motion **passed** unanimously.

#### Funding Request: Baldwin Construction, \$20,000 Matching Grant

Porsche briefly reviewed the request from Yohn Baldwin for a matching grant to assist in the costs for upgrades to his building located on Cleveland Street. Several Board members had questions about the location of the subject site. Baldwin was not present to respond.

**MOTION:** Olsen moved to delay a decision on the Baldwin request, pending receipt of additional information. Post seconded the motion, and it **passed** unanimously.

The Chair suggested that the applicant be asked to attend the next meeting. He recalled that CARA has some historical precedent in discounting labor costs associated with requests from contractors. Porsche agreed to provide that information, as well as a better graphic of the subject location.

## Funding Request: Calapooia Brewing, \$55,000 Matching Grant

Porsche reviewed the request from Calapooia Brewing for a matching grant to assist in costs for upgrades to their building and the purchase of Siletz Brewing. She recalled that CARA had previously considered helping Calapooia Brewing expand its restaurant capacity, but the building official indicated that there were constraints and requirements which made the expansion unfeasible.

Laura Bryngelson, 140 Hill Street NE, said that she and her husband purchased the business in June 2006. She showed a photo of the building at that time and a current photo of the building with new paint and trees. After taking over, the owners have worked to increase awareness about the company and about Albany. There have been articles in the *Albany Democrat-Herald* and *Corvallis Gazette-Times*, the company has become a title sponsor of Oregon Disk Golf, which brings people into town, and jobs have been increased from 0 to 17 with a total payroll of \$170,000. The company has made charitable contributions and worked to develop partnerships with other local companies. The company is a member of the Oregon Brewers Guild, which has a goal for this area to become a draw for handcrafted beer similar to what Napa Valley is for wine. The company has purchased 500-gallon tanks to reclaim and reuse water, installed low-flow toilets, planted trees, recycled soft plastics, and is participating in a federal grant to recapture steam energy which, if it goes forward, has the potential to bring a lot of exposure to Albany. She said that the grant would help the company to triple its brewing capacity and bring additional attention and jobs to Albany.

In response to inquiries from the Board, Bryngelson said Siletz Brewery is currently located in Siletz, Oregon. The grant is requested to help offset costs to purchase the business and equipment, do the necessary engineering and installation, install electrical hookups, and pour new slabs for drainage. Expansion of the restaurant is limited by code and is not part of this request. The company has secured a \$30,000.00 loan but, since the current owner will be carrying the contract, it is not possible to secure additional loans. The expansion would increase jobs by two or three immediately, and it is anticipated that payroll would double in five years or less.

Kopczynski said that he is uncomfortable approving a request for a down payment on a business. He asked if it would be possible to structure the request so that CARA is investing in physical items. Porsche agreed that the contract should be structured so that funds are used for improvements to the building or purchase of equipment. She noted that state law allows for urban renewal districts to help with the purchase of equipment that has a lifespan of more than seven years. She further noted that the equipment would be taxable and would provide tax increment.

Ralph Reid, Jr., asked about the possibility of CARA funding the entire purchase with a grant of \$30,000.00 and loan of \$115,000.00, putting CARA in the first place position. Cordell Post said that it is his opinion that being in first position on equipment is not very beneficial. He stated that a decision to approve this grant is a risk and that, if the business goes upside down, CARA would probably not get its money back.

Porsche clarified that the grant would be used to help with the purchase of equipment, names, and recipes from Siletz Brewery. She said that this is similar to previous situations where CARA approved funds to help expand businesses, such as Viper NW. Sass noted that the calculations show a return on investment, as opposed to other projects that are on the historic property tax freeze. Porsche added that the return analysis is conservative and does not take into account potential growth of the company.

Post was excused from the meeting at approximately 6:30 p.m.

Norman said that the question is whether this request meets enough of CARA's objectives that the Board feels comfortable taking a risk that may not be present with other requests.

Olsen said that the facility brings energy to the neighborhood; the expansion would help maintain and enhance the vitality of neighborhood.

Johnson said that she thinks this would be an excellent addition which may help bring more projects to the area. Since the property is not on a tax freeze, the expansion would bring in tax increment as well as provide employment. She said she would favor approving the request if the grant is for an expansion rather than for a down payment.

Hult said that the company took the initiative to improve and expand on its own before coming to CARA. The owners have shown they are in this for the long haul and are committed to the business.

**MOTION:** Kopczynski moved to approve the request, subject to the contract language not including a reference to a *down payment*. Johnson seconded the motion.

Sass asked how the owners feel about future improvements to Water Avenue. Bryngelson said that they are excited and happy about the potential improvements. She said that there will be growing pains, but the final outcome will improve the area.

Porsche clarified that it has not yet been determined what the improvements to Water Avenue will cost or how they will be paid. The City Manager has indicated that property owners are not likely bear the full burden of improvements. She expressed appreciation to Transportation Analyst Ron Irish for his recommendations to help alleviate parking challenges in the area which will be coming before the City Council.

The motion **passed** unanimously.

#### Funding Request: Ken Marshall, \$18,637 Matching Grant

Porsche stated that Ken Marshall was previously granted \$20,400.00 for work to his building at 1410 Washington SW, including landscaping, exterior painting, and electrical upgrades. He is coming back with a request for an additional \$18,637 for plumbing upgrades, removal of old steam pipes and asbestos abatement, and new bike racks.

Ken Marshall, 2335 Violet NW, thanked the Board for its previous grant. He reviewed the work done to date and advised that tenants now have safe, functioning, individually metered electrical systems. He said that he is happy with the paint job and the landscaping, even though these projects went over budget. In the course of doing the work, he said that an asbestos covered steam pipe was discovered. He needs to remove the pipe and have the soil treated and monitored by the state. Following that, he will do a systematic replacement of the old plumbing system, as detailed in the estimate from Mike's Heating and Air. He would also like to provide some nice bike racks for residents.

Johnson said that Marshall has done a marvelous job at the site and has used the previous grant money wisely. She noted that there have been several letters to the editor expressing appreciation for the work, and she thinks the bike racks are a good idea.

**MOTION:** Johnson moved to approve the grant request from Marshall for \$18,637.00. Kopczynski seconded the motion.

Norman asked why this amount was not included in the original request. Marshall said that he was not aware of problems with the old system until recently. He said that he did originally request help with plumbing in the form of a loan, but the Board did not vote on that. The current bid is less than the original bid due to work that has already been done.

Norman asked if CARA should expect additional requests on this project. Marshall responded that, if this request is granted, the project will be complete and he will not be making any additional requests.

Norman pointed out that the new work will not add value from CARA's perspective, other than the bike racks, and he is concerned that other applicants may come forward with requests to replace plumbing. He said anyone with a historic structure should be aware that these issues will come up.

Hult agreed that this work would not appear to add value to the building. He said that he would prefer that the request be in the form of a loan rather than a grant. Marshall stated that, as a real estate broker, he can state that the work will definitely add to the value of the building.

Bedore said that this is a fairly small amount of money to complete the rehabilitation of a severely blighted site which provides high-density, low-income housing where it is badly needed. He supports the request.

The motion **passed** unanimously.

#### Funding Request: Skip Throop, \$298,500 Developer Partnership

Porsche drew attention to the staff report distributed in packets. She said that she visited the site at 208/210 First Avenue West with architect Rob Dortignacq, City Planning staff, and a representative from SHPO. Mr. Throop is proposing to rehabilitate the storefront on the Mary Anna Bakery side of the building and make other repairs to the roof, windows, skylights, and brickwork. He will also be returning unused upper floor space to two residential units. An estimate and drawings from Dortignacq are included with the staff report.

Kirbey said that he will abstain from discussion and voting on this issue because he owns a business in the subject building.

George (Skip) Throop, 1142 Scenic Drive NW, responded to inquiries from the Board. He stated that Boccherini's should be able to function during the remodel and that the owner of the bakery is trying to sell his business. He feels that a bakery is needed in Downtown Albany, but he is not sure how that will work out. The sprinklers, roof, and back wall rehabilitation will be around \$100,000. Parking will be provided in back of the building. The vast majority of the project costs will be for the upper floor rehabilitation. His cash flow is dependant on being able to rent the upstairs apartments in addition to the downstairs retail space. The project would not go forward without the requested funding. He is in the process of buying the building and expects to close on June 12.

**MOTION:** Hult moved to approve the Throop developer partnership request as submitted. Konopa seconded the motion, and it **passed** 8 to 1. Reid voted no, and Kirbey abstained.

#### Staff Updates and Issues

Porsche distributed *Possible Review Criteria* which she said is intended as a starting point for discussion about a potential decision-making tool.

Norman said that he feels it is important to develop specific criteria to help the Board in its decision-making process, as well as to help staff work with applicants. He expressed appreciation for the draft and suggested that this item be at the top of next month's agenda. Konopa suggested that any funding requests be put on hold in order to devote the entire next meeting to this item.

Kirbey requested that Porsche provide information on examples of what other communities that have done in their urban renewal districts. Sass said that she would like to discuss the possibility of establishing a funding cycle with allocations considered at scheduled times rather than on a monthly basis.

Olsen said that he would like the canal be part of the discussion. Taniguchi-Dennis provided a brief update on the canal. She recalled previous discussions about developing the area around the canal so that it fits in with the reenergized downtown area. She reviewed efforts to clean up the canal and raise flows. The City has a vision and now needs to begin planning how to fund improvements. A funding request has been submitted to Congressman DeFazio's office. CARA will be included in discussions as the process moves forward.

Porsche advised that Economic Development Director Dick Ebbert passed away on May 2, 2008. She said Dick was her boss and her friend, and he is missed.

#### BUSINESS FROM THE BOARD

Johnson said that there appears to be mixed messages regarding the Water Avenue street improvements. Porsche said decisions regarding the street improvements and who will be responsible for costs will be made by the City Council. Taniguchi-Dennis said that the City Council has accepted a conceptual design and the next work item is to put a funding package together for Council's consideration in July. Porsche stated that staff made every effort to explain to Lepman that property owners are not likely to carry the full burden of street improvements. She noted that David Johnson, RCM Homes, and Calapooia Brewing are all moving forward with their development plans.

Reid expressed appreciation to Porsche for taking on the extra work necessitated by Director Ebbert's absence.

Reid said he would like CARA to begin to consider downtown parking at some point.

#### NEXT MEETING DATE

The next meeting of the CARA Advisory Board will be held on Wednesday, June 18, 2008, at 5:15 p.m. in the Council Chambers.

#### ADJOURNMENT

Hearing no further business, Chair Norman adjourned the meeting at 7:27 p.m.

Submitted by,

Reviewed by,

*Signature on File*

*Signature on File*

Teresa Nix  
Administrative Assistant

Kate Porsche  
Urban Renewal Coordinator