



APPROVED: June 19, 2013

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Tuesday, May 7, 2013

MINUTES

Advisory Board Members present: Rich Catlin, Floyd Collins, Loyd Henion, Bessie Johnson, Rich Kellum, Sharon Konopa, Ray Kopczynski, Dick Olsen, and Maura Wilson

Advisory Board Members absent: Russ Allen, Bill Coburn, Danon Kroessin, Gordon Kirbey, and Mark Spence (all excused)

CALL TO ORDER

Chair Rich Catlin called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

April 17, 2013

Bessie Johnson asked that the minutes be revised to show her as excused.

MOTION: Ray Kopczynski moved to approve the April 17 minutes with the above revision. Johnson seconded the motion, and it passed 9-0.

SCHEDULED BUSINESS

Business from the Public

There was no business from the public.

Discussion of Under-levying and Other 2013-2014 ARA Budget Issues

Urban Renewal Manager Kate Porsche said that she has received questions about the issue of under-levying since the last meeting. She will provide an update so everyone has the same information. The question of whether to under-levy this year needs to be answered by June 30.

Porsche noted that at the last meeting, the Board received an overview of the proposed 2013-14 budget and discussed options for \$1.25 million in uncommitted reserves. Potential uses of those funds include setting aside a portion for smaller private/public partnerships, creating a reserve for larger private/public partnerships, paying off the higher interest 2007 Series B loan, and the potential to under-levy. She showed a breakout of CARA revenue by taxing district and specific levies. CARA is one of about 20 urban renewal districts in the state that are required to affect local option levies. There is a House Bill in the works that would change that so CARA would not affect any new or renewed local levies going forward. Any amount that is under-levied would be returned proportionately to the taxing districts. The amount for the school district would go back to the state to be distributed to all districts in the state.

Porsche drew attention to written input received from Russ Allen and Jeff Christman, both in support of under-levying, and from Marc Manley and Oscar Hult, both opposed to the idea of under-levying (see agenda file).

In response to an inquiry from the Chair, Porsche said that the ARA Budget Committee meets next Tuesday, May 14, 2013, and it would be beneficial to know how this group feels about under-levying prior to that time. A decision on the other options for the uncommitted reserves is not needed at this time.

Catlin asked that each Board member state how they feel about the issue of under-levying.

Floyd Collins asked how much interest would be saved by paying off the 2007 Series B loan and whether doing so would free up some of the required reserves. Porsche said that paying off the loan early would result in about \$25,000 in interest savings. The \$464,000 being held in reserves is related to the Series A loan and would not be freed up as a result of paying off the higher interest Series B loan.

Rich Kellum said he is concerned about perception. He has heard from people in his ward who felt that CARA was out of control and throwing money away. He doesn't see any projects waiting for funding. He thinks we should use the uncommitted funds in three ways – pay off the Series B loan, under-levy in the amount of about \$400,000, and keep the remainder in reserve for projects that might come along.

Lloyd Henion said that urbanites in Albany, Lebanon, and Sweet Home pay for county roads and public safety. He doesn't think that the residents of Albany owe the County and it might actually go the other way. He agrees with testimony submitted by Manley and Hult. CARA has been out of business for a year because the City Council directed a timeout to review policies and framework. Whether doing so was a good idea or not, he doesn't know, but he has his doubts. He said that if we let public perception get in the way of finishing the mission, we are not doing our jobs. The reason we don't have projects now is because CARA has essentially been out of business. He is downtown everyday and he hears people saying they are waiting for CARA to get back to business and he thinks we owe them that. He is strongly opposed to the idea of under-levying.

Sharon Konopa said that the City of Albany is in better financial shape than many cities in the state and she thinks that is because of our policies. She doesn't feel that we should have to change our policies to support other taxing districts that are in budget constraints. Over the last couple of years, the City has helped the school district with support for gymnasium and park space. Most who feel the City is frivolously spending money will always feel that way. If we under-levy, the average citizen will probably not even know about it. We need to think about where we would get the better bang for our buck. Rather than under-levy by \$500,000 and perhaps fund three jobs for one year, we could use that amount to leverage \$5 million or \$6 million in private investment that would provide many jobs. Since CARA has been out of business this year, there has been little investment in the district. She asked whether under-levying would be fair to those who have invested with the belief that CARA would be there to protect their investment. She wants to send the message that CARA is open for business and encourage people to bring on those projects. She has heard comments that under-levying would send a political message. The City needs to make decisions and policy for the betterment of the community and not just to please a few people.

Dick Olsen said that we have a plan and we borrowed money to do projects on that plan. He is not in favor of paying off the loan unless we are planning to borrow again at a lower interest rate to do the projects in the plan. Porsche clarified that the proposed budget gives CARA the budget authority to borrow \$3 million for public projects in addition to the \$1.25 million in uncommitted reserves. The question is what the Board wants to do with that latter amount. She acknowledged that a typical urban renewal approach might be to put the money on the ground and get it working for you. Olsen said that approach makes sense to him.

Olsen said that he thinks this is the wrong time to under-levy. We are in the middle of the urban renewal plan and are beginning to receive good income to do projects that the district was set up to do. Regarding Lebanon's decision to under-levy, he understands that was one of three urban renewal districts in that city and that the district was at the tail end of its existence; he would guess they have a lot of tax increment coming in and could afford to under-levy. That is not a good comparison to our plan. He is opposed to under-levying.

Maura Wilson said she is opposed to the idea of under-levying. She and her husband moved to the area five years ago from Florida. They looked at over 30 houses in Corvallis, Philomath, and Albany before buying a historic home in downtown Albany. The first couple of years, they didn't know what CARA was but they could see that there was a real energy of growth and change taking place and they loved it. Her perception is that for the last couple of years, the Board has been handcuffed by a small but vocal group of people who don't support CARA and managed to get things to come to halt. She thinks that this is a mistake and that it sends a negative message to the community. To under-levy would imply that CARA has not been effective and she doesn't think that is a good message. She is in favor of seeing the energy get going again and getting back to the work CARA was created to do.

Johnson said that she is not in favor of under-levying for reasons that others have put very well. There is a purpose and a reason that CARA was created. If people would look at pictures of the downtown prior to CARA and now, there is such a change that would not have come about without CARA. Private enterprise needs that validation that other businesses will come and that is where CARA has helped. If we under-levy for a year and jurisdictions use that money to hire someone, the money won't be there to continue the job next year. The money wouldn't go to area schools; it would go to the state for redistribution. If something is working and we can see progress, we need to continue on. She thinks we need to continue with what the Council decided was best for the City.

Kopczynski said that we are not going to be able to please everybody. He likes the idea of paying down the debt, but he also likes Olsen's comments about using that money to get projects going. He thinks that having a reserve fund for potential large projects is a very good idea. He referred to Kellum's comment that there are no projects waiting; he could make the argument that is because private investment is waiting on us. He does think it was a good idea to take a break and tighten up some of the processes. That the other taxing districts are having trouble with their budgets tells him that they have not been as professionally managed as Albany. He is not in favor of under-levying at this point. He would like to see our review process finalized and then start getting projects going. He wants to do the right thing for the entire community, not just a handful of folks.

Catlin said he appreciates the thoughtful comments. This is not a simple issue to address and it is complicated by the fact that the funds could be spent in multiple ways. Regarding the issue of under-levying, he said that the real estate market is recovering, taxes will follow, and in a year or two districts will start to become whole again. He hasn't heard any requests from the taxing districts specifically to under-levy; there are no representatives here and he has seen no correspondence to that effect. He asked if he is hearing consensus that the body does not recommend under-levying.

Collins said that he does not support under-levying based on the reasons raised during discussion. He does think it makes sense to pay off the higher interest loan. That would leave \$750,000 in uncommitted reserves for use if someone brings forward a great project and would free up the following year's revenue in the event that we do move to borrow the \$3 million.

MOTION: Collins moved to levy the full amount and to use a portion of the uncommitted reserves (about \$485,000) to prepay next year's debt service on the Series B loan. Kopczynski seconded the motion.

Olsen asked if paying off the debt early would allow the Board to borrow it back at a lower interest rate if needed for a project. Porsche said that she believes that paying off the loan would create additional borrowing capacity. Olsen said he is in favor of the motion.

Catlin asked about the scenario where we take that money and put it into a project that begins to accrue value for the community. Porsche said that she could give more thoughtful information about that scenario at the next meeting. Generally speaking, \$485,000 at a 1 to 7 ratio would equate to a \$3.4 million project. Collins said that only works if we have a willing partner; otherwise, we are just paying more interest.

Catlin said that it is only necessary to make a decision about the under-levying at this time; a decision to prepay the loan could be made at a later time. Collins said he thinks it is important for the Budget Committee and the community to see that the Advisory Board recognizes the opportunity to pay off a high interest loan.

Konopa asked if the motion might be amended so the recommendation is to levy the full amount and explore the option of prepaying the debt. Collins said the intent of his motion is to levy the full amount and take part of the uncommitted revenues to pay off the high interest debt.

City Manager Wes Hare said that CARA would not lose anything by paying off the debt. The recommendation would grant budgetary authority to prepay the loan. It would not give up borrowing capacity and if a big project comes in the door, CARA would probably be in a better position by paying off this high interest debt.

In response to an inquiry from Johnson, Porsche said that if the motion is passed, staff would come back to the Budget Committee with options and what it would look like if the loan was paid off in the FY 12-13 budget vs. the FY 13-14 budget.

Catlin said that he will vote against the motion. He would prefer that the money remain in reserves so it is available if a good project comes along.

Kellum said he will vote against the motion. He thinks it is a gigantic mistake not to pay attention to under-levying. The ballot measures passed by a big margin in Ward III and it is not lost on him that the residents are unhappy because they see millions being spent downtown and they perceive that they are not getting the benefit of that spending. Konopa said that the City has put a lot of investment into Ward III including funds from a previous urban renewal district; she will provide him with that information.

Wilson said that she will support the motion. She thinks it sends a positive message that we are fiscally good stewards of the money.

The motion passed 7-2, with Catlin and Kellum voting no.

Discussion of Specific Policy Items

Porsche distributed and reviewed *CARA Urban Renewal Plan Report Table 2, Project Activities and Costs*, a table from the original urban renewal plan that she has updated to show the amounts spent thus far for each activity. She suggested that Board members review the information for further discussion at the next meeting.

Staff Updates and Issues

Porsche said that the ARA Budget Committee meeting will be held on Tuesday, May 14, 6:30 p.m. CARA Advisory Board members are welcome to attend.

Porsche reported that two ICMA International Fellows from New Zealand were in Albany for two weeks, and it was an amazing experience. The two were tasked with working on civic engagement as it relates to urban renewal. She will be summarizing their report for the Board. Seeing how enthusiastic they were about the work being done in Albany invigorated her enthusiasm for her job and the work of the CARA Advisory Board.

BUSINESS FROM THE BOARD

Johnson advised that she will not be able to attend the June 19 meeting.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, June 19, 2013, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 6:43 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Manager