



APPROVED: July 22, 2014

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, June 18, 2014

MINUTES

Advisory Board Members present: Russ Allen, Rich Catlin, Bill Coburn, Bessie Johnson, Rich Kellum, Sharon Konopa, Ray Kopczynski, Danon Kroessin (arrived 6:27), Kevin Manske, Dick Olsen, Maura Wilson (arrived 5:50)

Advisory Board Members absent: Floyd Collins (excused), Loyd Henion (excused), Mark Spence (excused)

CALL TO ORDER

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

APPROVAL OF MINUTES

May 21, 2014

MOTION: Ray Kopczynski moved to approve the minutes. Bessie Johnson seconded the motion, and it passed 9-0.

SCHEDULED BUSINESS

Business from the Public

There was no business from the public.

Mikesell Forgivable Loan Modification Request

Economic Development & Urban Renewal Director Kate Porsche drew attention to the written staff report. She explained that Rick Mikesell, owner of the JC Penney building, had partnered with CARA in 2008 on a Developer Partnership in the amount of \$542,500 to assist with estimated project costs of \$5.4 million, as well as a forgivable loan in the amount of \$200,000. The forgivable loan was put into place to incent the building owner to fill the space with a restaurant, the thought being that a cluster of restaurants would help to bring outsiders and their money to our community. The specific terms of the contract are outlined in the written staff report.

Porsche reviewed the applicant's request for two modifications to the agreement: 1) an additional two years to try to get a restaurant into the space; and 2) forgiveness of the loan amount at the end of the additional two-year term regardless of whether or not there is a restaurant in the space. She said that staff supports approval of the two-year extension but recommends that forgiveness at the end of the two-year period be revisited only if necessary. Porsche answered clarifying questions from the Advisory Board.

Catlin asked if Mikesell had addressed all other points of the agreement. Porsche said that he had and that he has been an excellent partner.

Rich Kellum asked if CARA had fulfilled all of its obligations related to the agreement. Porsche said that she was not aware of anything that CARA should have done that it has not.

Rick Mikesell, 1450 North Albany Road NW, said that he started the project in 2008 with two partners, both of whom he lost in the first year due to concerns and uncertainty about costs. He showed photos of the building and provided information about the existing tenants. He said that he spent well over \$5.4 million on the project and accomplished much of what he set out to do with the exception of filling the restaurant space. He reviewed the work that was done in preparation for a restaurant and his efforts to find a restaurant for the space. He said that he has foregone rental income by not putting in a different use, but he still thinks that a restaurant would be viable in the space. He said that he expects to be able to get a restaurant into the space in the next two years; however, if he is unable to do so, he would request that the loan be forgiven at that time.

Kevin Manske asked what hurdles the applicant encountered in trying to get a restaurant in the space. Mikesell said there were no hurdles presented by the building itself; he may have become dejected by the economy and not done the best he could with marketing over the last couple of years.

Kopczynski suggested that consideration be given to converting the requested two-year extension to a loan at perhaps five percent annual interest. If a restaurant comes into the space within two years, the applicant would only be out the interest payments. If the applicant is unable to get a restaurant within that timeframe, the total loan amount would be due and payable. Mikesell said that he felt the Advisory Board signed up for this project with him, that he has put a lot of money into infrastructure for a restaurant, and that he expects to be able to get a restaurant in the space in the next two years.

Kellum said that the applicant received \$742,000, \$542,000 of which was already forgiven, and that he went into the agreement knowing that forgiveness of the remainder had this condition. He said that he would support an extension of time but he would not favor forgiving the loan if there is no restaurant because that wouldn't be a good deal for the people of Albany. In response to an inquiry from the Chair, Kellum clarified that if the applicant made every possible action to get a restaurant into the space, he would support looking at the request again at the end of the two-year term.

Dick Olsen asked what kind of rent would be expected from a restaurant as compared to some other use. Mikesell said that he wouldn't expect to receive more for restaurant space in this market. Olsen said that he supports the idea of another restaurant downtown and he hopes the applicant will be successful.

Bill Coburn referred to contract terms requiring the restaurant to have a seating area of 2,500 square feet. He said the niche for downtown might be a smaller, more intimate restaurant, and he asked if that condition added to the challenge. Mikesell said that he felt a larger scale restaurant is what is missing from Downtown Albany; he didn't think that the requirement needed to be changed.

Russ Allen asked how much of the building is currently vacant. Mikesell said that 65 percent of the occupiable space is leased and 35 percent is vacant, including the restaurant space.

Johnson asked if the applicant thought Downtown Albany is too saturated with restaurants. Mikesell said not at all, he just thinks that it is missing that one larger anchor restaurant.

Maura Wilson arrived at 5:50 p.m.

Sharon Konopa said that it was a huge commitment for Mikesell's company to take on this project and that there were unforeseen issues during construction which resulted in the developer's costs being higher than anticipated. The Advisory Board committed to partner to revitalize a historic structure so the citizens could see it for another 100 years. She said she supported having a restaurant be part of the conditions so that the public would have access to the building. She thinks it is worth the additional time to see if the applicant can fulfill that vision and she has no problem with revisiting the issue of forgiveness if necessary.

Catlin expressed appreciation for the partnership and the project.

Bill Ryals, 935 Jones Avenue NW, said that people should be aware that early in the process, the developer found the sidewalk in front of building was not structurally sound. After some consideration of responsibility, Mikesell fixed the sidewalk and absorbed those costs. The building cost more than was thought and only a few developers could take on a project of that size. He encouraged the Advisory Board to support Mikesell in every way possible.

MOTION: Kellum moved to extend the agreement to forgive the loan if the space is filled with a restaurant for two years and to reexamine the request at the end of the two-year period. Manske seconded the motion.

In response to an inquiry from Kopczynski, Kellum said the intent is that the applicant would still have the option to put in another use and pay back the loan.

Wilson said that she would abstain due to her late arrival.

The motion passed 8-1-1, with Kopczynski voting no and Wilson abstaining.

Coburn commented that the Advisory Board is a partner with Mikesell on this project, and he would see value in trying to assist in finding a restaurant for the space. Catlin said the Albany Downtown Association is working with its Economic Development Committee to do that type of marketing and advertising.

Presentation: Results of the OSU Study on Downtown

Porsche said that a project team of students from the Oregon State University School of Public Policy have conducted a study on Downtown Albany. She introduced Gabe Wigtil, one of the students who participated and who also helped give this presentation to the Albany Downtown Association (ADA), which officially commissioned the study. She said the work was done free of charge and that the results are very interesting.

Gabe Wigtil, 1310 Park Terrace SW, gave a presentation entitled *Historic Downtown Albany Merchant Survey, prepared for the Albany Downtown Association by OSU School of Public Policy SOC 519 Project Team*. He said that a diverse group of 16 students worked with the ADA to establish research objectives – to create a database containing detailed information about the location of currently occupied and vacant spaces in historic Downtown Albany; and to do a survey of downtown business owners and operators regarding their perceptions of downtown, difficulties they have experienced, and what they see happening going forward.

Wigtil said the first objective involved students walking the area and updating business information. They then created a survey guide and conducted interviews with 25 business owners/operators, as well as 26 web survey respondents. They also talked to four downtown landlords and two non-downtown merchants. He showed a breakdown of the types of businesses downtown, dominated by retail and commercial services.

Wigtil said that through the survey, customer traffic was the most mentioned concern and nearly half of respondents identified the lack of customers as a barrier to being located downtown. In asking the question of why there is a lack of customer traffic, the group found the following: a perception that the historic downtown is not financially thriving, lacking significant attractions, simply unknown or forgotten, or still associated with conditions that existed in the recent past. Another major theme of the survey was the built environment. People liked the unique aspects of the downtown (character, charm, atmosphere) but noted that the challenges working in the historic environment are many and perhaps different than other locations. There was some mention that revitalization efforts have favored some parts of downtown over others.

Wigtil said that parking is viewed by some to be a barrier and people mentioned that improved parking could impact their business; however, many people said there is not a parking problem in Albany. The team felt that perhaps dealing with the perception that there is a parking problem in Downtown Albany is the best way forward. Recommendations for consideration were to improve the perception of and familiarity with downtown among Albany residents; continue to improve the sense of community in Downtown Albany; continue to gather information related to customer perceptions; determine the root cause of the parking “problem” and work on cost-effective measures to address.

Catlin thanked Wigtil and asked that staff make the written report available to Board members.

Open House Results

Porsche said that an open house was held on June 4 at the Wheelhouse Event Center to get feedback on public projects. She distributed and reviewed the results of the feedback from 65 participants. The first place votes for priority projects included Downtown Streetscape (25), Water Avenue Streetscape (13), Dave Clark Path Improvements (11), and Fire/Police Station Funding (8). She reviewed some of the specific comments received. She felt the tenor of the meeting was upbeat and that getting this feedback was an important step in the process. Brief discussion followed.

Danon Kroessin arrived at 6:27 p.m.

Catlin said that the open house was a good step in the process and that he thinks it is time to start the discussion about what public projects the Advisory Board wants to fund. Porsche agreed to bring back details on the top three projects for further discussion at the next meeting.

Manske said he has heard from people that parking is an overriding concern. Porsche said that the Urban Renewal Plan includes a parking garage which would be needed if a large anchor store came in. The Planning Division did a parking study three years ago which showed that parking is somewhat constrained near the government center but that there is no real parking problem downtown. The study found that there is a perception of a parking problem which could be addressed in the short-term with better signage that directs people to available parking behind the JC Penney building and along Water Avenue. Brief discussion followed.

Staff Updates and Issues

Porsche gave an update on the discussions of the Public Safety Facilities Review Committee. The Committee heard a presentation from a well-known urban renewal attorney regarding the abilities and limitations of urban renewal funding. The Committee then came to consensus to recommend a funding package for the facilities which involves PepsiCo dollars, a general obligation bond, and some urban renewal money. The recommendation is that the Board consider initiating a minor amendment to the urban renewal plan to include police and fire stations as new projects. Staff believes that CARA could fund about \$710,000 without a substantial amendment which would require a more complex process, including a vote of the people. Staff will bring back additional information, including an opinion from the urban renewal attorney. This is a policy choice for the CARA Advisory Board and Albany Revitalization Agency. The information provided to the Public Safety Facilities Review Committee is available on the City's website. Brief discussion followed.

Porsche gave a brief update on the Innovative Housing project. Konopa said that many people are very excited about this project; the developers worked with the previous occupants to get them into better housing and some are on the wait list for the new units.

Porsche gave a brief update on the Edgewater Village project and showed building elevations of the first five houses that will be constructed.

BUSINESS FROM THE BOARD

Konopa asked if the Board would like to ask that staff bring back a recommendation regarding some minimum threshold of criteria that must be met in order for a project to be brought forward for consideration. Following brief discussion, it was agreed to make that request of staff.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, July 16, 2014, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 7:13 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant
Director

Kate Porsche
Economic Development & Urban Renewal