

Minutes
Public Safety Facilities Review Committee
Tuesday, June 10, 2014
7:00 p.m.
Council Chambers, Albany City Hall

Call to order

Morse called the meeting to order at 7:02 p.m.

He noted that the agenda packet was 348 pages.

Comments from the public

Morse said Jay Burcham had requested to address the committee. Arasmith said Burcham had called earlier and had chosen instead to have dinner with his parents. No others asked to speak.

Morse asked members, if it looks like they can wrap up this phase of work at this meeting, would they be willing to work longer tonight or stop at 9 p.m. and come back for another meeting. Lattanzio said he had copies of the revised programming document for Police; Morse asked him to pass them out.

Morse asked if the committee would limit tonight's meeting to 10 p.m. Cordier said they should be prepared for either course. All agreed.

Approval of minutes

- May 7, 2014: Cordier moved to accept as written; Berg seconded. Minutes approved unanimously.
- May 15, 2014: Steele made one change – the draft minutes showed her present at the meeting but she was absent. Cordier moved to accept as corrected; Edwards seconded. Minutes approved unanimously as corrected.
- May 20, 2014: Reece moved to accept as written; Cordier seconded. Minutes were approved unanimously.

Final Police Department Facility Recommendation

Morse said the recommendation before the Committee reflected work done at the prior meeting.

Consensus findings:

Wyatt said an item listed under April 22 (last bullet on p. 45 of the packet), "reconvene committee in fall to review Fire Department RFP." He said it wasn't clear to him which RFP that referenced because the RFP for the first phase is already underway. Smith said that was the original RFP and committee work has moved on since then. The item is historic. Wyatt said that item no longer applies. Morse said it would be correct to say that the Committee will reconvene to review Fire and Police. Wyatt said the committee was talking about Fire at the time; since then, they have

reviewed the RFP for Phase 1. Burrignt said the Committee has progressed beyond it; it's old news.

Cordier said he had questions about the Police recommendation (pp 41-43). Page 42, first paragraph: "In order to take these changes into account, the Committee recommends that the City hire a qualified design firm to work with Police staff to reevaluate programming needs and bring a new programming and needs assessment document to the Committee." The Committee just got that tonight.

Continuing: "When the new programming and needs assessment document has been reviewed, the design firm should be asked to provide conceptual drawings and cost estimates..."

Cordier said, when the Committee voted two weeks earlier on the Ryals proposal, they talked about having three firms do that work. Morse asked if it would help to amend that sentence to say "a" instead of "the." Cordier said one of the issues is the recommendation document is an attachment to the Police RFP. He said he didn't want the message to be confused by somebody who is going to get the RFP. Discussion followed. Cordier said the Committee voted previously to get drawings from more than one firm; he recommended changing the language to "design firms." Consensus was to amend the recommendation as suggested.

Co-chairs proposal for revised Request for Qualifications/Request for Proposal process

Morse referenced the recommendation he and Burrignt have made to revise the RFQ/RFP process.

Cordier said the committee is being asked to reconsider a motion that carried 10 to 1 at the last meeting; he said he thinks the protocol is to call for a motion to reconsider the prior motion. Morse said that would be appropriate.

Wyatt asked Belcastro if the revision matched what the Committee talked about. She said she thinks it will get the same result. She said it is worth trying to get what the City is after at a no-cost option; enough time is available.

Delapoer offered to explain how the change occurred. When Ryals made his suggestion at the last meeting, everyone thought it was a new way of thinking and a way of getting around the constraints that the law puts on local governments to make a selection based only on qualifications – no one was comfortable with that. He noted that Wheeler had pointed out discomfort that a lot of people had about spending a lot of money, two-thirds of which would go to people who didn't submit the qualifying design. The City Manager also had heartburn about that and directed staff to look further. Delapoer said Mark Shepard deserves credit for going through administrative rules very carefully and finding specific authority to allow design competition in this context, without compensation. The process evolved to allow requests for qualifications to narrow it down to three. He said people in the business would understand that a proposer who is one of 20 in competition might decide not to do a lot of work in hope of getting the contract. On the other hand, if the proposer is one of three who are qualified, the proposer has a 30% chance and it might be a shot worth taking. The group of three would give the City enough designs, better models to present to the public and a higher level of confidence that the City will like the product in the end. He said he and Belcastro have decided to punch up the RFPs more fully to require drawings and weight the drawings more heavily. It should yield the kind of design drawings the Committee would like to have, the same elements of competition that Ryals suggested, but keep costs in line.

Steele said she doesn't know what the qualifications would be and she believed that the Ryals plan would allow smaller firms to be involved. She asked how the playing field can be kept level for all

sizes of firms. Delapoer said staff hopes that this is a big enough project that small firms would also be induced if they already had a one-in-three chance of winning the total job. Steele said her question is about qualifications.

Belcastro said consultants are going to be better equipped to put together qualification statements without too much effort; most have something on the shelf that they can hand off to clients. The response to the proposal will cost more money.

Arasmith said he understood that, initially, Hare indicated the original process, not the Ryals proposal, might cost about \$120,000 or so for a firm to come up with conceptual drawings and that was a number that Hare pulled out of the air. Hare said members of the Committee came up with that number, not he. Arasmith said when he watched the Council presentation, he thought that was a number that Hare had thrown out. Hare said the number he used was generated by committee discussion. Morse said the number arose from Ryals' proposal and committee discussion afterward. Arasmith said that was not the sequence he remembered.

Arasmith said he does understand that Hare and others had some concern about the proposal. This committee made a recommendation and that's all they can do; they have no authority for anything other than recommendations. He said if the Council and staff are not comfortable with the recommendation, they need to do whatever it is they do rather than bring it back to the Committee to re-hash the whole issue and come up with another recommendation. He said the Committee made its recommendation after a great deal of input and a considerable amount of time; if it doesn't fly for political reasons or because it conflicts with ORS, that's up to the Council and staff to solve.

Burright said both co-chairs had some heartburn, leaving the last meeting, thinking about Wheeler's comments and prior experience with the community. He said very few of the people in the community will have the benefit of the Committee's discussion; he was concerned that all they would see was the Committee was proposing to spend close to a quarter of a million dollars on the two projects. He said the Council has been great, they have tried to stay out of committee business; though they could have stepped in and offered their opinions, they have not done that. Regarding the Ryals proposal, Burright said, the Council was intrigued by the concept, but he sensed some unease among some of them as well. A few days later, he and Morse heard from Hare and Delapoer, and it seemed reasonable for the co-chairs to meet with them and staff. The meeting resulted in a spirited discussion, and the co-chairs finally agreed to bring it back to the Committee with the idea to give it a try, with no compensation, and save the taxpayers some money. If it doesn't work, they will back up and go with what the Committee proposed the first time, or, if the Committee doesn't like the concept now, they should say so and move on to the next agenda item.

Wyatt asked if this approach would include cost estimates. Belcastro said yes. Wyatt said his concern is that some valid cost estimates are needed to put the whole thing together and figure out how to fund it. The timing gets a little squirrely without that. He asked if he is hearing that, for free, the City is going to get drawings and cost estimates that will be used in a campaign to get this approved. Several members said yes.

Norman said it appears that the only risk to doing this is the City may not get the same applicants willing to do it for free as might participate if they were being paid for it.

Delapoer said the City may not get the same level of detail at the start of Phase 1 as they will get at the end of Phase 1. At the start of Phase 1, the City will have selected a drawing it likes best and a concept and will hire that person to do the Phase 1 work. At the end of the Phase 1 work, that firm will have provided what was planned for and the City will have paid for it. In the preliminary

competition to get the Phase 1 work, the firm will have to show their cards in advance so the City can be comfortable that they have hired a team whose idea it likes. If the firm is hired on qualifications only, the City will have to hope the firm can come up with an image they like; at the end of the process, when the money has been spent, the design is presented and the City doesn't have a lot of choice. The idea is to get more information before spending the money and the City will have more detail at the end of the Phase 1 work.

Wyatt said the cost won't be known at that point. Delapoer said the cost of the architect's work would not be known then. If it costs too much, and the City goes to the next architect, it has the advantage of saying it likes the work done by the first firm and telling the second firm to adapt its work to incorporate the concepts from the first that it likes.

Steele said her understanding from the last meeting was, if the City did this, it would be potentially saving the taxpayers money, possibly a million dollars. In part, that is why she thought it was a great idea, spending \$240,000 to save \$1 million. She said the Committee also discussed ending up with three drawings and being able to identify which elements in each that they like, then settling on one firm to move to the next phase. She asked how the decision is made to choose that one.

Belcastro said a selection committee will have scoring criteria for evaluating the three consultants and their proposals and oral presentations. Steele said the Committee had talked about involving the public, such as a public open house. Belcastro agreed. Steele said all those steps are still relevant and included in the process – the only difference is the City will get it for nothing, and it may eliminate some smaller firms from participating. Delapoer said that might happen, if there are firms that wouldn't bid because they have to do the work for free.

Cordier said apparently the Committee is going to reconsider, whether they make a motion or not, and he thinks that's unfortunate. Morse asked if Cordier wanted to make a motion. Cordier said he wants to know if, in the future, it will be a common practice for some discussions outside of the Committee to direct the City staff to make some proposals, then bring them back to the table, which are contrary to votes that the Committee has already taken. He wanted to know if the co-chairs are going to continue that kind of process. He said he would advocate that when the co-chairs had heartburn, the City staff had heartburn, that they include the Committee in the heartburn. Morse and Burright said that was happening at this meeting. Cordier said the script has already been written. Morse disagreed. Cordier said he appreciates all the words that people have given but he won't retain that process flow; when he tried to go through the RFQ to get a sense of what the deliverables are, then Phase 1 of the new RFP, which are the exact same words from the original RFP document; every bullet is the same. He said he doesn't know what the process is. His concern is that when the Committee developed its recommendation, he expected to see that come back to this meeting. It was loosely formed after the last meeting and they had some tenets about it. All the Committee has is a verbal understanding of what agreement was; they don't have documents to compare the two types of proposals.

Cordier said he would like to use the flip chart to put down the process, with staff's help, for how the RFQ dovetails into the RFP and where the City gets the three proposals with drawings. He said he spent time reading the RFP and RFQ and he can't find differences; the process is not clear to him. It started out as a four-step process, went to a three-step process, the RFP got started, the Committee made a recommendation that is now off the table, and they are now going to a new set of recommendations. He said he appreciates all the wordsmithing that was done but it is not clear that the City will get what the Committee said it wanted.

Ryals said Delapoer and staff are right. Essentially, it is the exact same process that the Committee recommended and he thinks it will work. He said the City won't get the depth of proposals or the

surety of the final price, but they will get three very nice proposals that will have dollars attached to them. The City should be able to do the shopping it wants and be able to compare one to the other with some degree of certainty. The process may lose some people and encourage others. It may skew it a little bit toward the bigger firms, but they're getting busy; there's no reason why smaller firms might not jump in, too, as long as it is clear that the City is not asking too much of them. The advantage Ryals sees to the staff plan is that the buzz is out about the payments and if it takes that off the table, it's worth it.

Arasmith asked when the Committee will get price information. Belcastro said that is listed as a requirement – each firm must provide conceptual drawings and estimated construction costs. She recommended a change in weight for qualifying criteria to make oral presentations and deliverables 50% to let proposers know the selection will be based heavily on the quality of the drawings, the team they present, and their oral presentation. Cordier asked if that was for choosing one of the three; Belcastro said yes.

Ryals suggested an open house as part of the selection process to allow the public to give opinions and weight that at 10%. He said he is trying to figure out a way to get the public involved and excited. People are paying for this; they should have something to say about it.

Arasmith said he was confused again: the City will pick three but will it get prices from three or one? Delapoer and Belcastro said prices would come from all three.

Cordier asked for the deliverables from the RFQ. Delapoer said everyone who sees the RFQ understands that, if they apply, they are signing on for a process. The field will be winnowed down to three and the top three will be asked to respond to the RFP. Belcastro said the deliverables for the RFQ are that proposers will submit packets of information about their qualifications, past project history, and the team that will work on the design; that will be reviewed and the top three will be selected.

Cordier asked for deliverables in Phase 1 of the RFP. Belcastro said there would be a proposal that expands on their qualifications and project team, an oral presentation with additional detail and the teams that would be involved with the design, architectural renderings and other models that can be presented to the public and staff, and cost estimates. Delapoer said by weighing that deliverable at 50%, the team that will win is the one that does a good job of presenting a relatively complete design and cost estimates that the City has confidence in.

Pointing to his outline on a flip chart, Cordier asked at which point the three would be chosen. Delapoer and Belcastro answered. Cordier summarized: three people would do proposals, oral presentations, give costs, models, configurations. Delapoer said staff doesn't know exactly what the proposers will give, but they'll be told that 50% of their score will be based on the quality of those deliverables. They have to figure out among themselves how to impress the community with the product.

Ryals said there needs to be a time gap after they turn in their proposals, maybe two weeks, for the community to absorb it and respond. Then, they would come and do their presentation; he suggested inviting the community to see those; they won't be the ones making the decision but they can meet the proposers face to face and hear their presentations. Morse said the process includes a public phase.

Cordier asked if the proposals/presentations would be owned by the City. Delapoer said yes; Ryals is going to get staff some language on that; they aren't going to agree that the City can just copy

the pieces it likes and assign it to a different architect, but would be able to incorporate particular features that staff likes.

Cordier said the City would be sharing the concept designs. Delapoer said yes, as the committee deems necessary. Cordier asked if that was all of Phase 1. Delapoer said that is Phase 1A: the firm has been selected based not just on qualifications but also on their idea. Cordier said all three are going to do this. Delapoer said from that, the committee will pick an idea and a team that they like the best. Cordier asked if that was Phase 1B. Delapoer said sure. The one of three that is selected goes on to complete the Phase 1 work.

Cordier asked at what point the costs of the building would be included. Delapoer said Phase 1A.

Morse referred the Committee back to page 69 of the Fire RFP, "Request for Proposal, Architectural Services for Project No. ____, Fire Station 11." Cordier said those words are exactly what was in original proposal. Belcastro said, based on conversation tonight, she would label that Phase 1B so it is clear to separate that scope of work from Phase 1A where they would do their proposal and oral presentation, and add language to make it clear that they would be refining the design that they present to the selection committee and to the public.

Wyatt said the Committee is talking about exactly what it talked about two weeks ago, but this is for free. They get slimmed-down drawings and cost estimates, pick the one of the three that they like and they proceed through detailed drawings and detailed cost estimates; that's the same deliverable. If the City had paid them, they would have had three complete sets at the end. This way gives three slimmed-down sets to pick from to get one complete set at the end.

Ryals said the City will still have to negotiate with the selected firm, but the advantage is having two others ready to go. It is easier to negotiate with three vs. one.

Delapoer apologized for not suggesting this at the last meeting; he said he didn't know about it. To Cordier, he said it is not an effort by staff to undermine any decision the Committee makes. He said there was nothing to alert him before the last meeting that Ryals would come up with this idea. He thought it was terribly original. He said staff spends hours grinding through details before coming to public meetings, usually. This time, that was done backwards; they ground through the details after the meeting and saw that, with this tweak, the City could embrace the same creativity of the idea and get the competition and still comply with the law by asking people to do it for free. He said he didn't know before that that could be done.

Morse asked to come back to the issue Cordier raised about the role that he and Burright play in the Committee. Ryals had presented a new idea and it transpired quickly. He asked the Committee what they would have decided at the last meeting if they had been presented a no-cost option v. \$240,000. He said they could call it the prerogative of the chairs to re-evaluate and bring something back for the Committee's consideration; he thinks that is their responsibility. He said Wheeler was forthright in his comments and, like Burright, the more Morse thought about it, if it can be accomplished at no cost with the same competitive advantages, he and Burright think the committee should entertain that; if they choose to stay with the original proposal, that's the function of the Committee. It's a large sum of money when combined for both the Fire Station and the Police Department.

With respect to future issues, Morse said, it is not the chairs' intent to undermine the decision of the Committee but to strengthen it. The soak time was not very long at the last meeting and Delapoer didn't have the advantage of legal review. He said the Committee will have to indulge

the chairs: if they feel something else needs to be considered, they would have the right to bring it back to the Committee to do so.

Reece said the Committee had started its process feeling that the public didn't have enough information. The Committee recommended getting concept drawings so they would have something visual and to price to see if it would fit on the selected sites. He said they morphed that and a number came out for what such a process should be expected to cost. He and Ryals have been uncomfortable with the number. A number for full-blown schematic design with ready-to-roll construction documents could be that high. If they wanted to do test where to be for a bond, the number should be pulled back. He liked Ryals' idea because he felt it would pull that back. He empathized with Wheeler's concern about public scrutiny of how the money is spent. He said they need to keep in mind that they are looking for a concept. He said there's no reason to go to Phase 1B until they have a bond; that gets into design development. Going through the RFQ process, the design firms know they are selected as one of the top three, they will be obligated to provide something tangible to look at. As professionals, they have to offer an opinion of probable cost that has to fall within a limit. He said he is very comfortable with where the Committee is, to the extent of going through the RFQ, getting three designs and costs. In his opinion, that's where it ends. He agrees with others that the public should be involved and the three concepts should be vetted to the public before making the final selection.

Wyatt said he wanted to call for a survey but is concerned about the new approach as it affects the cost estimate. When going for a bond, the whole funding package should be based on a fair amount of confidence in cost estimates. Reece said that means taking the next step and spending the dollars to get there. Wyatt said his understanding is the City goes through the free part, gets a cost estimate, goes for the bond, then does Phase 1B. Reece said he agrees, only if the City is confident in the numbers. If the City goes to the next step, it will engage one of the three firms and ask them to dial it up a little more.

Wyatt said he would like a 1B cost estimate based on the design that gets picked, and he would like to know what the structural engineer thinks about it and some more detail. The City will ask the public to approve a funding package and a bond will be part of it. They don't want to miss the mark.

Reece said another aspect is that to get the additional detail yields a design that can go on a shelf and be reviewed and used later; it's not a throw-away. He said he agrees with going the next step to get the refinement and create confidence for the bond, knowing that's the design that will be implemented whether next year or four years from now. Wyatt said, four years from now, the cost estimate will change.

Morse asked if there anything in this document that would preclude taking that next step. Belcastro said the process is set up to segue into 1B which would be to refine the selected design and do the surveying and additional engineering. Delapoe asked if the City could also preserve an option in the RFP to give the selected firm a limited scope of work, possibly with some money, to firm up the cost further if the Committee or Council chooses.

Wyatt said no; if the City goes through 1B, the product is not lost. To wait four years, the cost estimates would have to be updated, but the City would know what those are based on. Part of this is to get to an end result and product that everyone has confidence in. Phase 1B estimates are real.

Wyatt asked for a survey approving the proposal as written with 1A for three for free, and 1B that the City pays for after selecting one. All members except Arasmith said yes.

Ryals said the proposal gets the project to where it needs to go. The idea is to make proposers think about price and design around price.

Morse acknowledged that the group did not have consensus. Wyatt moved to vote on the question. Belcastro asked for clarification. She said she was going to change how the qualification criteria are weighted, putting more weight to oral presentations and deliverables. Wyatt said he thinks staff knows where the Committee is coming from; that's what the survey was to cover. He withdrew the motion in order to hear Arasmith's objection.

Arasmith said he thinks the committee is trying to deal with an administrative issue: they made a recommendation, it went to the City, if they need or want to change it, he doesn't object to that. Also, he said, he is not convinced that the City will save money. When it all gets done, the cost to whoever does 1A or 1B, the City will spend about that amount of money. Martin said the perception of the community is that the City is throwing money away. Arasmith said he understands that. It's a political issue, he appreciates that, and there is an administrative issue; let the staff and the Council deal with those. He said he is sticking with the Committee's recommendation.

Burright said he appreciates Arasmith's comments. Burright's sense is that the Council appreciates the Committee doing this work and they don't want to go against the Committee's recommendation and they want to bend over backward to follow everything the Committee has done. If they want to still pay, they can do that. They can go up; it's hard for them to go down. Arasmith said he thinks they're asking the Committee to pull them out of the political fire. Burright agreed. Arasmith said, they're elected to office; let them make the hard decisions.

Wyatt moved to approve the RFQ/RFP with the modifications Belcastro outlined, to change the weighting, to make sure that whoever looks at it will know that's going to be a major portion of how the decision to select is made. Martin seconded.

Morse summarized the motion: approve the format, and within that format is flexibility to tune the product to make it better.

Ryals said his only concern is to make sure the timing is such that the public has a chance to make a meaningful contribution. Burright noted nods of agreement.

Cordier said he is visual. He asked Belcastro to put together a flow chart that takes most of the words out of the RFQ/RFP and puts bullets of what happens in each phase. He believes that the people who apply would appreciate a simple diagram like that: when it is free, when the City will pay, when do they get various deliverables, including costs. Belcastro said that is a great suggestion. Morse said it is more than this committee but for the public to understand where this is going. That is critical.

Reece said it is important to make sure this does not preclude smaller firms. He thinks there will be those firms that see this as an opportunity and will go after it passionately.

Vote: 11-1, Arasmith voting no.

Morse said Police have a programming update. Copies were distributed to members (see agenda file.)

Lattanzio said the Police Department hired hsr, the firm that did the first programming document, and asked them to adjust it for current conditions, then look out 20 and 50 years. A quick summary

is on the second page. They were given the flow chart for 1.4% growth rate. The overall square footage for 20 years went down from 50,808 to 41,363. The current need didn't change much but quite a bit was cut out: the ORPAT room and fitness room were eliminated and office sizes reduced. Page 4 lists breakdown of what was done in each of the areas. Lattanzio explained the changes. He said he expects there would be more savings when it comes to final design, such as some circulation duplication. The holding area has been reconfigured to provide temporary holding; no overnight stays. He said the configuration of the space and the final design will also be determined by the site.

Wheeler asked who all was involved in the review. Lattanzio said it included himself, Capt. Hinrichs, Capt. Carter, and two architects from hsr. When they were here the first time, they interviewed everybody in the department but that wasn't possible this time because of the short timeline. Wheeler asked why the square footage had decreased. Lattanzio said they are using a slower growth rate, and had eliminated several rooms. Wheeler asked if other police buildings include exercise rooms. Lattanzio said some do, some don't. The Albany police contract includes partial payment of fitness center fees. The contract would need to be amended if the new facility had an exercise room. Lattanzio said the original hsr study was done in 2011.

Hare pointed out the amount of space recommended for current need is essentially the same amount that came out of the 2011 study. That's what the City anticipated to build with the bond – 35,000 square feet. Staff had also proposed to build a third floor that was unfinished, adding 10,000-15,000 square feet. These are not dramatic changes on what was originally scoped out. The study was done in 2010 and presented to the City Council in January 2011.

Wheeler asked if a second and third story can be built at the current site. Lattanzio said the goal originally was to do two floors completely with a third-floor shell; the department would grow into that over the next 20 years. Some of the areas have to be intact, such as bathrooms. Some work spaces would move to the third floor as needed. Wheeler asked if the current building would allow a second story to be added on. Lattanzio said no, they would have to build adjacent to it. They could continue to use the current building; that proposal is one idea to help hold costs down.

Ryals said you can see by walking through the current building what happens if they don't expand.

Martin said the new programming document sounds a little like what Police are doing now. He said he is a little worried that they will start out doing some of the same things that are happening now, cramping people down.

Lattanzio said they will have enough space; as they add people, at some point they will have to look at expanding to a third floor. If they have enough money to finish all three floors, he would like to do that. Morse reminded the Committee of the size of the current building – 10,500 SF plus 1,076 in the modular unit. With a new building or an addition, that would jump to 33,220 SF. That is a major increase in space and an improvement in functions. Martin said he isn't saying it will look like the old station but reading through the document, he sees cut here, cut there.

Ryals said Police plan to grow into the new space; it will be kind of empty at the start but over the next 20 years, they will grow into it.

Reece said, to address Martin's concern, the selected team can be coached to take in some future expansions; the exercise room, for example, could come back into play at 20 years. The YMCA has four x'd out areas for future expansion.

Cordier said the Fire Station recommendation included a range for needed square footage. He proposed to put a range in the Police recommendation, to satisfy Martin's and Reece's issues, in language like that used for Fire.

Members thanked Police staff their work on the programming document. Burrigh said some things in the 2011 document had jumped out at him, and he thinks they have done a great job; he appreciates the effort that went into it. He said he had noticed that dispatch had been cut down and that area is hard to expand. He suggested they might want to reconsider that when they get the actual design.

Morse asked if Police had an update on the Jackson Street property. Lattanzio said they are still working on it.

Cordier asked what the Committee is going to do with the programming update. Morse said they would receive it. Cordier said they had an updated document from Fire from which they developed a proposal, and he thinks they would want to do the same thing for Police. He asked Belcastro where the square footage target language is found in the RFQ. Belcastro said it would be in the advertisement; it is just an approximate square footage to give proposers an idea of the size of building.

Burrigh read from the Fire Station recommendation, dated April 29, 2014. Morse noted that the recommendation lists specific square footage, not a range. Since that recommendation was made, additional movement has occurred, Morse said, and he is not sure that anything would be gained by backing up and revising the recommendation.

Cordier said he doesn't believe anything is moving. The City Council agreed to use money from a certain account to fund whatever the Committee is going to do. What went to Council was in writing but the verbal proposal was something totally different which is now reflected in here. The original ZCS report is in the RFQ; Morse said that was a placeholder. Wyatt said the new report will replace it in the package that goes out. Cordier said that's perfect. Burrigh read from the Police recommendation, which references using the new programming document.

Wyatt asked for the minutes to show that the Committee has accepted the updated programming document.

Funding options

Morse directed members to pp. 277-279 in the agenda packet. He suggested beginning discussion with what CARA can do and cannot do.

Delapoer noted that a memo from Kate Porsche was in the agenda packet, and said he would provide an executive summary: the Committee can recommend to City Council that they utilize the maximum amount of urban renewal money that would not require a substantial plan amendment. He said that would be approximately \$710,000; he suggested they frame that to say "maximum amount" rather than \$710,000 because staff could suggest to the Council that there are some elements of construction that would be eligible: put the road frontage improvements into CARA, or the design will include some rooms that could serve as community meeting rooms and could be authorized under the CARA plan. Staff might find creative ways to get the amount above \$710,000 without a substantial plan amendment. He said it is staff's opinion that you can get the amount that was authorized for public facilities in the plan committed to this project; they believe that is \$710,000 plus some extras, maybe as high as \$780,000, without a substantial plan

amendment. That could draw fire or a challenge, but at that amount, staff doesn't think it will and they think the City could win the challenge.

If the Committee wants to spend more than that, the likelihood of challenge and losing the challenge is higher. Challenges will come from other taxing districts that could see it as the City of Albany building essential city infrastructure with money that is partially funded by the taxing districts and will not generate corresponding tax increment financing. Staff believes that, if they don't do a substantial amendment, they will be able to spend the smaller amount of money and not draw fire. If they spend more than that, they think there's a chance it will draw fire and it will be difficult to defend. Delapoer said he will recommend to the City Council that, if the Committee does what staff believes constitutes a substantial amendment, it goes to the voters. He noted that Cordier had created the law that requires that vote and the City will keep faith with what it understands the law to mean.

If a substantial amendment goes to the voters, Delapoer said, it could have a minimum timeline of an additional six months. A substantial plan amendment is a land-use decision, which requires land-use hearings, and land-use decisions can be appealed to LUBA. In preparing the Pepsi urban renewal district, the City was tied up at LUBA for months due to appeals from the construction unions. With a substantial amendment, the time could go to an unpredictable level.

Morse asked for clarification on the role of the other taxing districts. If the Committee goes for a substantial amendment, and voters approve it, the other taxing districts may not approve it. He asked if statute requires three-quarters of the taxing districts to agree. Porsche said yes, if it is greater than 20% of the original maximum indebtedness of the plan. The Legislature changed the law in 2009; in Albany's case, the change would have to be greater than \$11 million. The substantial change also triggers a revenue sharing requirement in future years as well.

Wheeler asked if \$780,000 was for both buildings. Delapoer said yes, and that number is not arbitrary. The CARA plan has a total maximum indebtedness. The maximum indebtedness is spelled out on a spreadsheet listing all the projects. One of the items on the spreadsheet is "public facilities." That line item was \$550,000, and has been adjusted for inflation up to \$710,000-\$780,000. Add all the items on the far right side of the spreadsheet and that equals total maximum indebtedness. Delapoer said it seems inescapable that the line item for "public facilities" is supposed to be that amount. He said if nobody ever challenges you, you can do anything you want. When he gives advice to the City Council, he said, he asks, if challenged, would the action likely prevail. In this case, if this was properly challenged, it would be hard to justify saying that each public facility could be that \$550,000 number because it throws calculation off.

Cordier said, to be clear, other taxing districts did not approve nor were they required to be asked to approve CARA when it started. In fact, he said, Linn County said they would prefer Albany not do it. If there is a major amendment, he said he believes Albany has to ask the taxing districts' opinion, but they don't approve or disapprove the amount unless it is more than 20% of the \$56 million. Delapoer said staff agrees.

Cordier said he thinks the cumulative debt amount so far is about \$15 million, so there is \$40 million in the plan without any amendment to the maximum indebtedness. Morse said Carol Samuels with Piper Jaffrey had a different number. Porsche said, in any urban renewal plan, the maximum indebtedness number is the covenant that the municipality or county is making with the affected taxing districts to say this is the amount of their money the urban renewal district will use to implement the plan. CARA's number is \$56 million. To Cordier, she said \$14 million has been spent. The remaining dollar amount is not necessarily funds that CARA has available right now. Porsche asked Samuels to analyze CARA's borrowing capacity; the information is in the agenda

packet. It ranges from \$7-\$11 million just using tax increment dollars. If City went out for a general obligation-backed urban renewal bond, which also requires a public vote, the number goes up to \$11-\$15 million. Porsche reiterated that the maximum indebtedness number is not necessarily the money CARA currently has available to put into projects.

Norman asked why the City would use urban renewal for buildings that don't generate any tax increment returning to it. He said he had missed the meeting on urban renewal and apologized for asking the question if the discussion has already happened. Morse said it had not. Norman said it seems like the cart is before the horse; yes, this is a source of funding but he doesn't know if it is the right source. Whether it's GO bonds or CARA or something else, it is still money the City is borrowing. It seems like the Committee is having a conversation like they've made the decision to use CARA money, and he doesn't know that they have decided that. Morse said they had not.

Arasmith said when he looks at this as a person who has to pay taxes in October, he gets a little nervous about anything that he helped do to increase that. He thought about what else was coming; he is on a fixed income. He said the City is looking at a 50-56% increase in sewer rates over the next five years; he said he doesn't know what is planned for water. He said the Clean Water Act is in the City's face but it is ignoring it; there will be a huge cost there and he doesn't know what the City's plans are. He said he had asked the Fire Chief how far behind he is with equipment replacement: at the time, it was about \$1.5 million. A lot of Albany streets need considerable work; he doesn't know what that number is or what the plans are to fix them. Linn-Benton Community College has a bond issue coming; he wonders about GAPS and Linn County and what else is coming. As taxpayers, he said, maybe the Committee should be asking what funds are available to pay for what is needed. He said it is always easy to say let's go get some more money from folks, but maybe the Committee should look at what is already available.

Arasmith recalled the presentation by Jeannette Launer. He said CARA money has a lot of emotion and political angst to it. Some people say to pay for the whole thing with CARA money, others say don't spend any of it, that's not the purpose of CARA. Then there's the \$710,000; he said Launer's interpretation was two pots of \$710,000. He said the Committee asked Launer if it is legal to use TIF to pay for public facilities. She said absolutely, it's done all the time. It has been abused, but some still use it that way and it's not illegal. Does the CARA plan allow for that? "Public facilities" is in there. Arasmith said Launer said to add a new project to the plan probably would require an amendment. He said she also told the Committee something that he thought was really important: whatever you do has to "serve or benefit" the urban renewal district. He said one of the primary functions of Station 11 is to provide service for the downtown area, which is in the CARA district. Without it there is no quick response to this area. In the earthquake that might take down Station 11, the personnel assigned there are responsible for helping other people get out of other old buildings downtown that will probably fall down at the same time. He said, in terms of benefit or serve, he could justify 100% of the Fire station being paid for out of CARA funds. Regarding the police station, Wyatt has told the Committee that 8.4% of Albany is in CARA district. In terms of serve or benefit, he said, 8.4% of the cost of the police station could possibly be paid from CARA.

He asked the advantage of using CARA funds. It doesn't increase the tax burden in terms of the tax rate. If it adds to the total indebtedness, it increases the amount of time it will take to pay it all off, but it doesn't change his tax rate. He said he knows it has a negative impact on what CARA has available to it in any given year, but what's the best use of the taxpayers' money; it's not somebody else's money. As for the disadvantage, Arasmith said, if the debt load is increased, his grandkids have to pay it. He said he doesn't have a problem with doing an amendment and putting it to a vote. He helped make that possible and it was a good news/bad news thing. He said he had told Cordier that they had stepped on their own foot, but that's OK. If the City had gone out for a

vote to begin with, the whole issue would have been a moot point because the people would have spoken and said they were in favor of doing this.

He said he would propose to the Council and CARA that they put the issue on the ballot in November: whether the people of Albany want to fund all or some part of these projects from CARA. He would leave the amount up to the Council because it's a tough political question. Another thing that could be done is to consider a straw poll in utility bills. He said it would have to be after the Committee has some cost figures but the poll would ask how people feel about paying for some part of this out of CARA and if some, how much. Get the public's involvement. He doesn't think it would fly to pay for whole thing from CARA; it will require some bond amount, but the smaller that is, the higher the probability that it would go through.

He thinks a number of other pieces could be paid for with CARA funds; the training tower should be stuck out at 34th Avenue, and move the bus barn. He said he would love to see a police and fire museum somewhere in town, such as in the old Dodge building.

Wheeler asked Arasmith for the amount that he wants CARA to pay for. Arasmith said he doesn't have one; it's a political decision and he would leave it up to the Council. Wheeler said staff just said it's \$780,000; he asked Arasmith and Cordier for their numbers. Arasmith said he would like to pay for entire fire station from CARA.

Delapoer said some of Arasmith's analysis does not comply with the law. He said he didn't want to get involved in committee debate but if he remains silent, everything they've said at the meeting is unquestioned. He said to suppose there's a piece of bare ground on First Avenue and it can't be developed because it doesn't have a waterline in front of it. The City through CARA says the property is blighted because it doesn't have the necessary infrastructure, so CARA funds that waterline. Now a building can be built there and, as a result, taxes for entire area go up. That's the "benefit." Then, there's a police station in Albany where there wasn't a police station. He asked if there is a parcel in Albany that is currently undeveloped because the community does not have the new police station. Would all property in Albany benefit from having a fire station that won't collapse in a Cascadia earthquake? Absolutely, but is there any property in Albany that is not being developed because that fire station has not yet been built?

The premise behind tax increment financing and urban renewal is that improvements are made that will raise the value of the property. The bargain that the City makes with the taxing districts is that the City asks the districts to allow the City to take all of the increase in value that they would ordinarily get because the City is doing something that will increase the tax base for everyone. Huge funding from CARA does not take money from taxpayers but takes it instead from the other taxing districts and drives a stake in the heart of urban renewal statewide. Opponents of urban renewal statewide will point to Albany and say this is an example where general-fund kind of benefit to the whole community got paid for by taxing districts other than the City of Albany.

Wyatt said the Committee is talking about funding but at this point, they really don't know what it's going to cost. They don't know the total cost because they are talking about property that they don't know that they can buy. He said if he was to recommend something about funding to the City Council right now, he would said they should fund from a bond and Pepsi dollars; specific amounts he doesn't know yet. That's a decision for the Council. He said he would tell the Council that they ought to use CARA money because part of what they want to do is sell this package to the voters and he thinks the voters expect some CARA dollars to go into it and that would help sell the projects along with a bond and Pepsi money. His recommendation would be for the Council to do the maximum that they think, politically, is appropriate.

Wyatt said he disagrees with Delapoer: having a fire station that won't collapse and having the knowledge that medical rescue can get to buildings that will collapse in the urban renewal area is a direct benefit to the urban renewal area and will increase occupancy and the value of those properties. He recommends using at least three sources of revenue, the maximum they think is appropriate from CARA; it's their decision and everyone will know better when they know what these things are going to cost, whether it will be less than the last bond measure or more. That's why the Committee is getting three proposals on each project; he thinks it's a little early.

Morse said there is no expectation that the Committee will come to specific funding recommendations before it recesses for the summer. Wyatt said he thinks they can make that three-part recommendation. Morse said that is general rather than specific. The PepsiCo money is a contentious issue. He said this is opening it up to see if there is a framework. He senses that some on the committee will say no to CARA and he knows there this not consensus on the amount of PepsiCo money.

Wyatt said, from what they learned earlier, it would be appropriate to do a minor change to the plan, it needs to have serve-or-benefit language in it, and there's a boundary change where police property is because part of it is on the district and part is not. He thinks having those projects specifically in the plan would be helpful.

Cordier said he listened to Delapoer's impassioned plea about lots being undeveloped; he said maybe Delapoer had or had not read Launer's testimony. He said she said exactly what Arasmith said tonight: lots of people are doing what even the nutcases in this group would advocate, to pay for it all with CARA. He said he is not one of those guys, but Launer said it's OK to do that. The lawmakers have decided it is up to the local community to make that decision. Delapoer said he doesn't know that that's what Launer said. Cordier said it is; he has a copy of the minutes.

Cordier said the argument that it's public so you don't get your money back – his opinion is that that was wiped right off the table as an excuse not to do it by Launer. He said it's a political decision; you can do whatever you want. He suggested thinking about what the Council could do before it gets hard number estimates. He said he doesn't look at making a significant change in the plan as a terribly high cliff to jump. It will take some work but he believes that it is doable. If the Council would make a judgment about putting something in front of the voters now so that the plan could be modified over time and be in alignment in bringing the total cost to the voters, he said, the police and fire bond does not have to be approved before asking the question about amending the plan. Morse said the Committee needs clarification on some timeline issues.

Norman asked Wyatt about his suggestion for moving boundaries and asking for more than \$710,000. Wyatt said that is the Council's decision. He said, at a minimum, some CARA money ought to be in the package, because based on current law, that's legal and he doesn't think it would draw an objection. He questioned the amount that could be used; the Committee heard \$733,000 times two, then \$710,000-\$780,000 times one. He is hearing that CARA money can be used on these projects; how much is a decision for the Council. At minimum, he recommends using three sources of money: part of the Pepsi money they have already allotted.

Norman said his point is that there is risk in using CARA funds in different ways. Wyatt said part of the purchased site for the Police station is outside the CARA boundary. Norman said that creates a risk for expanding the boundary, a risk of going past \$700,000 – his concern is that, if CARA funds are used and it is contingent on some of the things that require voter approval, as they wrap up their work and that one piece doesn't work out, where does that leave the project? He sees that as a significant risk as they pursue the various options.

Wyatt said the general feeling he got from the urban renewal presentation was minor boundary changes can be made, a certain amount of money can be spent, serve-or-benefit language can be added and those are changes to the urban renewal district. Going past a certain dollar level or making major changes triggers other things. Some language changes will have to be made to use CARA money, and he believes it would be cleaner if every square foot of the property was inside the district.

Delapoer said he had suggested recommending to the Council to use the maximum amount of CARA money that they can without having to do a substantial amendment. One of the problems in having lawyers giving a little seminar and responding to questions, they're not giving you a legal opinion on specific facts. A lot of what Launer said, at least as reported in the press, was that if you can make certain findings and establish, then you can do certain things. He said that is kind of code for saying if you can make findings and make them stick when they are challenged, then you can do it. He said he doesn't think the Committee has to agree on a dollar amount but if they can agree on a concept--recommending the maximum amount that can be done without a substantial amendment--then staff can refine it. One of staff's resources is Jeannette Launer.

Wyatt said the minimum that CARA ought to contribute is the maximum amount without a substantial change; potentially, it could go beyond that if the Council wants to do it. Delapoer said that's what he was suggesting the Committee recommend.

Martin read from the May 20 minutes, when Wyatt said the police station was one project and the fire station is one project and asked if, together, they could get \$1.5 million in urban renewal funds and Launer said yes. Delapoer said he thinks she is mistaken; if he is wrong and the Committee's direction was to do the maximum possible, that would fix his error.

Steele said she appreciated Wyatt's comments and agrees wholeheartedly that the City should use the maximum allowed by CARA and if there's a minor amendment, go further. Having an office in downtown Albany, she said, she appreciates fire personnel being available. She said her office will be crushed by the Masonic Lodge in an earthquake and she wants firefighters there to dig her out. Serve-or-benefit certainly is there for all of Albany but definitely the downtown. Regarding the Pepsi money, she believes the Council has already outlined \$4 million for these projects and she doesn't have a problem with that. Another \$5 million of Pepsi money is in an economic development fund and the Chamber has been a staunch supporter that it be used for economic development. Behind the scenes, there are projects that will benefit from that Pepsi money, that are going to bring additional jobs to the area, things that are not ready for public knowledge yet. The City should not use, for the police and fire buildings, the economic development fund that is set aside to build the economy back up and bring jobs. She said she speaks strongly for both the Chamber and for the Albany-Millersburg Economic Development Corporation.

Reece said when Launer spoke, she talked about the \$500,000, how it escalated to \$733,000, and there are identified projects, one of which was "public facilities" and that was the \$500,000; he said he thinks that is what Delapoer is focused on. He said he understood that if priorities or projects are reorganized, the \$500,000 (in year 2000 dollars) might be available for each of two projects. He said there is also a 1% change in boundary without a major amendment; he did calculations and two tax lots look like they are outside the boundary but would fall under a minor amendment.

Ryals said he understands Delapoer's concern that if it is pushed too far, it could be challenged. The alternative is to ask the public to vote. He suggested another option: the Committee said they think the amount is two times the \$733,000, CARA votes on it, the City Council approves it – if someone is going to appeal it to LUBA, they have a very short time to do so. The City would

know fairly quickly: if time runs out and it's not challenged, it's a done deal. Delapoer said it's 21 days from the land-use portion of the decision, but to amend the plan requires a lot of steps – notice requirements to all the taxing districts, revisions to the plan, economic analysis. It is not a quick step to do that but he said Ryals is correct in that there is a limited window for legal challenge to the land-use portion of the decision.

Ryals asked if it a minor amendment and it's not challenged, does that not make it a minor amendment. Porsche said each urban renewal plan outlines what is and is not a substantial amendment. Albany's urban renewal plan says something is a substantial amendment (see agenda page 281) "by the addition of improvements of activities which represent a substantial change in the purposes and objectives of this Plan and which cost more than \$500,000 (adjusted to \$709,839.31 using the ENR index).."

Porsche said she really went through the plan and police and fire stations are not in it. "Public facilities" is listed and the plan gives examples. The urban renewal plan has to be tied to the City's Comprehensive Plan and others. There is no nexus between Goal 11 (police and fire) and the urban renewal plan. The list of public facilities includes museums, parks, etc., all things or areas that bring people in and generate economic benefit. Canby's police station was in their urban renewal plan. She said she wanted the Committee to understand that when they go past the \$710-\$780,000, depending upon how the money will be spent, it will require a substantial amendment, which means a vote of the people. She said she knows the Committee is grappling with how many things people are voting on and when. This is staff's interpretation of the plan.

Martin said this information had reminded him that he thinks it would be great to move the Fire museum to the Dodge building using CARA funds. Porsche said, when this first came up, she spoke to Chief Bradner about a possible CARA partnership – bring the Fire museum downtown and incorporate it into the new development or use the historic building and make it a draw. She said that does meet the public-facilities line item. She said they also talked about community rooms at either facility; things that are in the spirit of that line item would work. She said she would be happy to look for more ways to partner.

Cordier read a sentence from page 10 of the CARA plan, "Community Facilities." He said these are items that should be funded: "activities to serve the needs of the area population" not "such as" but "including, but not limited to parks, libraries, museums, performance and art centers." He said, sure, there is no word like "fire station" or "police station," but "including but not limited to" was put in there intentionally to allow some flex. He said it is beyond him why the original plan, the Central Albany Land Use and Transportation Study (CALUTS) didn't include the fire hall. He said even back then, everybody knew the building was going to fall down and was out of date. "Including but not limited to" gives a lot of freedom.

Ryals said everything on the Community Facilities list is a public gathering place. All those things fall into a general category; he could add the carousel to that or a theater for the performing arts. Arasmith suggested a community room; Ryals mentioned a museum. He said what Cordier is asking is a bit of a stretch.

Delapoer asked if this is really the body to debate the law on urban renewal, himself included. Several members responded no. Delapoer said, if the Committee wants urban renewal money in the mix, ask the Council to do that, and if their direction is to put the most in that they think they can without a substantial amendment or if they want to tell the Council to do a substantial amendment, then the Council can decide what legal experts they want to bring in to give them direction.

Ryals asked, if the Council does that, would the Committee know in a certain period of time if it will pass muster. Delapoer said no, it would be a lengthy process and would be one of the components in the mix that voters would have to approve. Ryals asked someone could appeal a Council decision to approve an amendment that stays within the \$733,000. Delapoer said the Council could make that decision and it would be very unlikely to be appealed.

Delapoer said it is clear that the Council very much wants to take the Committee's recommendation, but if the Committee gives them a recommendation they can't swallow, the Committee's work will be for naught. The opponents of providing funding for these facilities will say the Council convened this committee of solons, then didn't do what they said. He advised the Committee not to saddle the Council with something they can't chew or they will not have been any help to them.

Wyatt asked that the Committee recommend to the Council that they include CARA funding as part of the package at the maximum amount they feel comfortable with. Whether it's substantial or minor, he said he doesn't feel comfortable telling them one way or another; he thinks it is their decision.

Wheeler said he doesn't think anybody argues with that. He thinks it will end up with a low number and that's fine but the Committee needs to figure out what the rest has to be also.

Morse asked, would the Committee recommend using CARA funding, and would the Committee recommend that the Council pursue a substantial amendment? Wyatt said he wouldn't use the words "minor" or "substantial"; that is the Council's choice. Arasmith agreed. Wyatt said the Council will get expert advice on what those choices really mean. He said he feels comfortable saying CARA ought to be in the package because he believes it will help sell the projects. The Council has to approve the bond amount, too, and they need to decide if they want to include Pepsi.

Morse said the Committee's jurisdiction ends with the recommendation. The Council's begins with the recommendation, then formal adoption of something. He said he envisioned the Committee refining a funding proposal that would include three parts. Considering the political side of the equation, \$750,000 is not substantial from the voters' perspective. It becomes a balancing issue, a political issue: does the Committee want to tackle that or draw it to a close and end its work with what has been done and throw it back to Council.

Cordier asked if it was appropriate to do a survey. Morse proposed a survey of where the Committee should go from here.

Ryals said he agrees with Wyatt: the Committee should kick it up to the Council, they're the elected officials. He thinks the Committee should look at Pepsi funds, CARA funds, and a bond initiative.

Arasmith agreed that the Council needs to be looking at all three pots of money. He said he would encourage the Council to not fear going out for a vote. He would like to see the Council authorize more than the \$700,000 or whatever the small number is. He said they should bite the bullet and put it to the people either as a dollar figure or a concept.

Roe said he agreed with Wyatt in using all three funds. He said he would be hesitant to go for an additional vote; he agreed that some CARA money should be used, but not full funding of both facilities.

Edwards also agreed with Wyatt regarding the three sources of funding; that will show people that the Committee has really considered the issue and how to pay for it rather than just going for a bond issue, saying, "OK, we want your money."

Norman agreed that the decision needs to come from the Council and the Committee is not the body to debate urban renewal financing. He said another perception of using urban renewal funds for city infrastructure has a negative impact. He said he still doesn't understand why urban renewal funds would be used for the facilities when no tax increment would come back from that, and the perception might be that the City created the urban renewal fund to fund its own structures though they have other means of doing that. That is a political reality. Otherwise, he said, the funding most likely will be from three sources. He suggested that the Council pursue what those might be, then come back and say what CARA and Pepsi funds can and can't do and the last remaining part will be the bond.

Morse said he is struggling with the issue because building a fire station does not address blight and that is the purpose of urban renewal funds. He said he sees this as political opportunism to use this source of money, which diminishes the ability to truly address blight and economic development; the district can bond only so much money, and every dollar that is used for the fire station is money that will not be used for another project. However, there is probably justification for looking at three sources of funds. He said he may have incorrectly assumed that the Committee's charge would be more specific than just a recommendation to the Council to use CARA money and Pepsi funds. He said the Committee could draw this together in a more comprehensive way after they've received the cost estimates.

Burright said from Day One, he has felt that one of the important things in the Committee process was the need to take advantage of every funding opportunity that they reasonably could; they would need to do that to get the GO bond level down and make it more palatable to the citizens. He assumed CARA was in play although, if he'd been asked before starting this process, he would have said he is not a CARA fan and he thought CARA should go away, but he didn't know much about it and he has learned a lot. He has concluded that funding should come from the three pots of money. He said the whole CARA discussion is fascinating and disturbing; it is really an ethical dilemma: is this the right thing to do with these monies. The CARA plan is created to do a specific thing in a specific way. He said some in this room did their darnedest to kill CARA but are now saying "we didn't mean us; we want some of that money" – himself included. Since Launer's presentation, he said, he has wondered what is right. He said he wants to be able to look his kids in the eye and say they made the right decision and he feels good that they could recommend the minor amendment up to the maximum amount, whatever that may be, and feel that they have done the right thing. He said he really believes these two buildings do have a positive impact on the urban renewal district, but to go beyond that and start taking money away from other projects and building buildings that will not substantially help the incremental tax – that did not feel right to him.

Burright said he can support up to the maximum amount in a minor amendment. He is struggling with a substantial amendment. He said the types of "public facilities" listed in the CARA plan are all the kinds of things that bring people into the core area, draw them downtown to museums, parks; they are things that help the district. The City could put a community room in the Fire Department. The other side of the argument would be the stations really don't fit. He said he can see both sides. Facilities such as police and fire are conspicuous by their absence from the description; it lists very specific types of things.

Burright said, if the Council decides to do a substantial amendment or the Committee decides they ought to go out for an advisory vote, that should not be done quickly: what percentage of the

population really understands what CARA is and what it does and where it gets its money – 10% or less? If the City is going to do what is right and have a vote about what to do with CARA money, they also need to make sure they take a good amount of time to get the information out so citizens know what they're voting on. If the City just says it will take money from CARA to pay for the buildings and it won't be added to the property tax value, how do they think that would go? If they are going to do what's right, they also have to have the education piece.

He said he agreed with Morse in that he believes it is the Committee's responsibility to be fairly specific in its recommendation to the Council. They are political and decision-making is what they are paid for, but that's also why the Committee is here. Everything it has done is political. They asked the Committee to come in and help them make tough decisions; the Committee owes it to the Council to give them a recommendation that is reasonably specific. They don't know the final number, but he said he is pretty sure it will be \$20-\$30 million: that's more than CARA has and more than the Pepsi fund so it is above both pots of money already.

Berg said he supports three-prong funding; they should try to get what they can from the different sources, though there are some problems with it. He thinks they are shooting at a moving target without final cost estimates. He said he doesn't know enough about CARA to feel unethical about it, but if they go for \$780,000, it's less than 3% of what is needed. He said the Committee is here to recommend a course. He doesn't think they can just come back and say they think the Council ought to find some money to pay for it and hand it off. The Council brought the Committee in to get the word out, to educate, to organize, to communicate so that there wouldn't be this issue, so that by the time it gets to a ballot, everyone in town is ready to go.

Reece said, when the Committee was called together, it was because of a failed bond measure, and the measure probably failed due to a lack of information. The Committee's major charge has been to learn about the buildings, sites and department needs, and it has spent considerable time analyzing and evaluating. He said the vote in November was close enough that what was needed was more education and more detail. He said Launer told the Committee a minor amendment could be challenged up to 10 years. A substantial amendment goes through the land-use process and can be appealed but eventually has an end to it. He said he thinks there is some merit to having some CARA involvement, at least to the face of the Fire Station, and the public benefit of the museum or the infrastructure. To stay inside a minor amendment is defensible. That may be just a drop in the bucket, he said, but he agrees with Wyatt in having three funding sources. He agrees with the co-chairs that the recommendation needs to be more specific. He said it is also the Committee's responsibility to bring together the right team to put the right package together to explain the cost of the projects and the sources of funding and gain voter support. He said he supports a minor amendment to the CARA plan, if an amended is needed, and staying inside the current CARA plan.

Cordier said he thinks staying with a minor amendment isn't worthwhile. He said he suggested to Morse some time ago that the City use CARA money. He said of the infamous promenade, a half-million dollar project, about 80% was not taxable assets and is never going to be repaid by any TIF money. When they take the second-story view of the purist, to say they have to do it this way, that's not the way it has been done or the way that it is being done in many communities in Oregon and they allow communities to make decisions on their own. He said there is no better use for the public for CARA taxpayer money than building a fire hall to protect the urban renewal district. He said he has seen, a number of times, in CARA board meetings, votes that don't make economic sense. He said he cannot embrace that. He said it makes economic sense to him to keep the tax rate low and use the CARA vehicle that has already been used many times for public facilities that aren't artsy or aren't parksy. He said he would like to see the split of public facilities v. private investment. He said the Committee ought to recommend to the Council that they not be afraid to

go for a major amendment and explain it to the taxpayers; he said it's not very complicated. He said the recommendation should not specify a number but the City should go for a major amendment and the Committee would help sell that. When to do that is up in the air; he said he doesn't know if they need to wait for hard numbers. The benefit is somewhere between \$25-\$30 million; if the City wants the bond to come in at less than \$20 million, it needs to have another stash of money somewhere.

Cordier asked Porsche how much money CARA has on hand. Porsche said it has about \$3 million for the 2014-2015 budget year. The district gets another \$2.3 million a year; Cordier said that is expected to grow and \$2-\$3 million a year pays off \$10 million in not very much time.

Wheeler pointed to agenda page 278 regarding additional urban renewal debt capacity, 15-year amortization at \$15.3 million and net proceeds of \$11 million. He asked about the difference. Porsche said CARA is looking at refinancing an existing higher-interest loan at a lower rate; the district could borrow \$15 million but have \$11 million available for projects.

Wheeler asked about the \$18 million GO bonds on p. 278, with net proceeds of almost \$16 million. Porsche said that would require a vote of the people. Wheeler said, using simple math, he can borrow \$18 million and get \$16 million with a GO bond, or get \$11 million and pay \$4 million more under urban renewal. He asked if urban renewal dollars are more expensive to borrow. Porsche said yes, they are more expensive than GO bonds. She said it is like getting a loan on a vacation home rather a primary residence. Hare said a GO bond commits all the resources that the City has available to repayment. Potential buyers of those bonds have a higher degree of assurance of money backing them. Wheeler said it is cheaper money.

Wheeler said if the Committee wants to use CARA, at whatever level the law allows without having a challenge, and that's \$700,000; he is fine with that, but the cheapest way is a GO. He said he would save a nickel every day and he thinks that's what the people want the Committee to do. He said people can talk all they want about CARA, but simple math shows it costs more. The City should do what's best for the people, he said, and he sees a GO as the easier way to go. He said he also thinks they need to have some Pepsi money. Steele said Pepsi money has already been committed. Wheeler said they may need a little more; the Number One charge is to build a fire station and a police station; there are no sacred cows. Steele said there is a sacred cow. Morse reminded the Committee that a survey does not include discussion.

Steele said she has no problem using \$733-\$780,000 from CARA funds. She said she thinks there is a benefit to taxpayers because it's less that they have to pay back. She said she understands the \$4 million from the Pepsi settlement previously earmarked by the City Council for this project but the \$5 million is one-time money. The majority of businesses are outside the CARA district, so CARA money will not be available for most of the economic development projects. By taking away those economic development funds, there is no other kitty; it is not a growing resource. Projects are in the wings waiting to see if they will get approval to use some of that. The Pepsi settlement was \$20 million and that's all that's left.

Hare said the City actually received \$18.5 million from Pepsi. About \$4.5 million was loaned out to local improvement districts and that does get repaid. The City will get an additional \$5 million when the Pepsi property sells. Another \$200,000 comes to the county every year since the settlement when the property was removed from farm deferral status; that money is distributed to all the taxing districts.

Martin said Cordier had suggested that the description of public facilities in the CARA plan had been put there deliberately to open up the plan to other possibilities. Martin said it could also be

described as poorly-written and he doesn't know what the original authors meant. He said it does seem that the grouping is pretty tight-knit. Martin said his first question to Wyatt was how does replacing the station improve blight. He said he agrees that the funding should be a three-legged stool and believes the Council should make the decision on the amounts.

Wyatt said money from CARA requires more interest but a taxpayer's bill doesn't change. GO monies change a taxpayer's bill, even though the money comes at a lower interest rate. Wyatt said he agrees that it is cheaper in specific terms to go with GO bonds, but as a taxpayer, the impact is different. He said police and fire are services just like water, sewer and streets; it is all part of a package that a community provides to properties. Better service improves the value of the property. As Delapoer noted, property with water and sewer lines is more valuable than property without. Police and fire service that comes from a facility that is adequate is better service. He said the Fire Station is a blighted facility. Nothing about it is architecturally significant. He said the Police station is 10 pounds in a five-pound bag. He said the City ought to use three funding sources and the recommendation should be "as much as you can stand" from CARA. He said the projects ought to be added to the plan specifically, because that gives some protection and it is what everybody understands and expects. He said it is risky but stay within the minor amendment. When a vote is required, it might pass or it might not; going for a vote could involve multiple elections and campaigns. He said the Committee can make a recommendation but the Council has to live with it.

Consensus: recommend a three-pronged funding package.

Morse asked Porsche and Delapoer if it is possible to draft language that supports the use of funds greater than \$750,000 once or \$750,000 twice, but leave the number open-ended, and get that out to the voters. Language that includes public safety facilities would be added to the CARA plan, with the number left open. At this point, the Committee could not make a recommendation as to how to fund the three-legged stool because of too many unknowns. He asked if language would be written to allow that decision to be made and get the vote done without the specific amount of money. Delapoer said if the City is not going for a substantial plan amendment, a vote of the people is not required. Morse asked if the CARA plan language could be changed without a substantial amendment.

Delapoer said it could be the difference between what Launer had told the Committee and what he is telling them: in his opinion, the maximum allowed in the current plan is the \$700,000 and change. He said what Launer was probably telling them was that the City can make changes in the plan, as Wyatt has suggested, keep them below the \$500,000 amount, then have a multiplier. It might be possible to say they would give \$499,000 for the police station, \$499,000 for the fire station, \$300,000 for road frontage improvements – there might be a menu of minor plan amendments that can generate a higher amount of money than the plan as it is currently written. Delapoer said his opinion is the plan as currently written says that amount; what he thinks Launer is saying is that there are changes that can be made to the plan without a substantial amendment that will yield a higher amount of money.

Wyatt said Launer talked about putting the projects in the plan as a minor plan amendment.

Delapoer said if Morse is talking about the Committee's recommendation to Council, they could recommend using funding from all three sources and try to make minor amendments to the CARA plan that would allow a maximum CARA contribution; he doesn't know what that would be. He said if he and Launer were tasked with minor amendments to the plan, they would keep them under \$500,000 but would come up with as many as they could so that the total number is a greater

contribution. Delapoer said that still violates Burright's do-the-right-thing, but Delapoer is not the decision-maker.

Morse asked how much money could be created through that process. Delapoer said he doesn't know but thinks it could be more than \$1 million and less than \$5 million. He said it depends on how creative the Council wants them to be.

Norman asked what it takes to change the CARA plan. Porsche said a minor amendment can be made by a resolution passed by the Albany Revitalization Agency. Norman asked if that would cover what the Committee had just talked about. Porsche said yes.

Wyatt said the \$500,000 amount has escalated every year and will continue to go up; whenever the projects tap into the money, it will be more than it is today. (Martin said the amount had gone up during this meeting.)

Morse asked if the group had consensus to recommend to the Council to do the minor amendment language changes to allow the maximum amount of funds to be used. He said Delapoer had talked about being creative; this would not mean that they would do that, but would be allowed to. Delapoer said that was a reasonable recommendation and that Council would ultimately juggle how daring they want to be. Morse projected forward: the Council gets that done prior to the RFP work, the cost estimates, and the full understanding of what the projects will be. The Committee could at least have that basis to come back and make a final recommendation about the pieces of the funding.

Norman said the Council would give the Committee the ceiling of what CARA funds could be, assuming they agree with the Committee's logic. Delapoer said they could make decisions on the other amounts when they know what the Council is willing to do on CARA, if they want to defer other financing aspects until they know what the Council has digested it.

Morse asked if the Committee recommended a substantial amendment, would there be time to get that into the November election. Delapoer said no. Morse asked if it would be advisable to go to the voters in May with a package that would include two aspects of funding, both voter-approved – CARA funds and a GO bond. Morse said the question is somewhat rhetorical; it is not even practical to think that. Delapoer said if the City doesn't do a substantial amendment, it doesn't have to go to the voters on CARA. Morse said if they did do a substantial amendment, could it make the November ballot – staff is saying no, so that gets it into May at the same time as a GO bond. Delapoer said that challenge is getting voters to say yes to two revenue measures; there's a tendency to approve one and not the other. Porsche said if people have watched urban renewal issues around Oregon, they will know that urban renewal right now is not very popular.

Morse and Burright reviewed potential election dates in 2015. Hare said many of those dates would require a double majority approval on money measures. Arasmith asked if that only applies to odd-numbered years. Hare said the only dates that exempt from double majority are May and November. Morse said that leaves the City in a bind if it goes for a substantial amendment.

Cordier read the third bullet point in "Amendments to the Plan" (agenda page 303). He said the Committee has been talking about the half million but that is not a singular requirement; it has to meet two requirements before it's a substantial amendment:

"The addition of improvements or activities which represent a substantial change in the purpose and objectives of this Plan, and which cost more than \$500,000..."

He said that is two requirements. If the plan was restructured and didn't fit the first part of the definition, it wouldn't be constrained by dollars. Ryals said it's the opposite: if it was the building code and said "and," he would have to meet both requirements. Wyatt agreed; if it said "or," it would be one or the other.

Morse asked for consensus to make a recommendation to the Council: change plan language through a minor amendment to allow the maximum use of urban renewal financing. The decision would not be made until the Council knows how much and how that would fit with other sources of funding. That would be done and out of the way. The RFP is due in November and the Committee will get back to work then, but they would at least have their work done with CARA. He added that there are more PepsiCo funds beyond the \$4.1 million; those are receivables. They cannot be used for a GO bond because they are indeterminate, but they would be available for economic development. Steele said the money would be available for these projects, too. Morse said it depends on the timing. Steele said she doesn't want to lose all of the economic development fund. Morse said they would not spend the full \$5 million. Steele said there are quite a few projects out there so he can't say that they wouldn't spend the full amount. Hare said some of the money is likely to be repaid in the near future.

Norman asked about doing a survey on Morse's language for a recommendation to the Council: make the maximum CARA adjustments under a minor amendment, and have the Council inform the Committee of the number they are comfortable when the Committee meets again in the fall.

All but Cordier agreed.

Wyatt moved the survey question; Norman seconded. Cordier said he would agree to the motion if the Committee would make a coincident recommendation to ask the Council if they would be willing to change the plan to make a major adjustment. He said the Committee is only looking at the easy piece of it and he wants them to address the other side of it, that they want the Council to decide if they are willing to go to the voters and address a substantial amendment to be able to make a substantial contribution of CARA money to the projects. He said it is the same kind of question for both issues. Cordier proposed that as an amendment to the motion.

Wyatt said the Committee needed to vote on the question as proposed. Martin called for the question.

Vote: 10 yes; Cordier, Arasmith no

Cordier moved, in addition to the motion just carried, that the Committee recommend to the Council that they seriously evaluate and make a decision on whether they would support a major adjustment to keep the cost to taxpayers down. Arasmith seconded.

Wyatt said that's what he had talked about earlier: hand it to the Council. He said he thinks they ought to consider it. He said if he was on the Council, he wouldn't support it, but he thinks they ought to consider it.

Reece asked if the Committee agrees on that recommendation to the Council and the Council disagrees with them, would they fall back to the minor amendment to maximize the dollars from CARA for public facilities such as police and fire. Arasmith said that is a separate issue. Wyatt said the first motion was that they do it; the second is to consider a bigger amendment.

Norman said he realizes the language is slightly different but he thinks there is value in the recommendations the Committee sends to the Council. They were mostly unanimous with the first piece; if they send the second piece, it needs to be very clear that it is a consideration, not a recommendation. He thinks they need to make that distinction.

Cordier said what he wants the Council to consider is to make a decision: are they willing to support a major amendment or not. Norman said that is different from what he heard Wyatt say. Norman said, whether the Committee recommends it or not, the Council can always do that; his concern is that the recommendation the Committee sends is significant and he wants to make sure they are sending the right recommendation. Cordier said he is making his recommendation to do that because it is significant. He said it forces the Council to make a decision on both of those issues. He is concerned that they will pass the small amount of money one and change the words and said that's all they can do. He wants something to go to them to say whether they are willing to support a major amendment or not.

Wyatt said there is a recommendation to stay with the minor amendment. He said Cordier's motion says the Committee wants the Council also to consider a substantial amendment. If both motions go to the Council and they choose to do minor, that's a decision on the substantial because the Committee has asked them to look at both.

Morse suggested the exact language for both motions be drafted for consideration at another meeting on June 17. The work the Committee is doing is serious; the language would come back at that meeting, and they would also talk then about Pepsi funding.

Delapoer ask Morse if staff could weigh in on Cordier's motion before the vote. Morse asked if members would come back on June 17. They would vote on the motion at this meeting, but the actual language could be crafted before the next one. Morse asked Smith to read the first motion: "recommend to the Council that they consider a minor amendment to allow maximum contribution of CARA funds."

Arasmith said he thinks the Committee is in agreement about the concept and agrees with Morse that they need to look at the words so it really does say what they thought they agreed to.

Delapoer said if the Committee gives two motions, as Norman pointed out, saying do this but also think of this, it creates a confusing message. It mandates that Council take up an issue that the Committee has not recommended. If the Committee truly wants the Council to do a substantial amendment, tell them. If the Committee is only going to throw that ball onto the court, it will create a tremendous amount of work for staff, all of which is taxpayer money, merely because the Committee wants everyone to be happy.

Reece agreed with Delapoer. The first motion was one vote away from being unanimous and is a recommendation to Council. The Council can review and say it doesn't make sense and draw its own conclusion about doing a substantial amendment.

Burright said he will not vote yes; this is an ethical decision. It does not comply with the intent of CARA.

Norman said he also is opposed to the motion. The opportunity at the Council level is to say here is the recommendation of the Committee. Any member of the Committee can go to the Council meeting and suggest, as an individual, something they should consider, and that could include other options. He said he thinks the Committee has already given its recommendation.

Arasmith called for the question.

Vote: Arasmith, Cordier yes; 10, no.

Morse said the Committee would proceed with the original motion for recommendation. Delapoer said he and Porsche would submit it to the Council as soon as possible.

Ryals asked to make a statement. He recalled an early Committee meeting when Cordier raised the issues of potential conflicts of interest and members living outside the city limits. Cordier had asked Ryals directly if he had any opportunity to benefit economically from this process; at the time, Ryals said no and that was true then. Now it may be possible that he will be involved with a team that would participate in the RFQ and RFP; he said it is his responsibility to divulge that to the Committee and step back from further deliberations. He said this has been a wonderful process and everyone here is amazing and he feels honored to have been a part of it. Morse said, on behalf of the Committee, he expressed appreciation for Ryals' contributions; he said his insight and knowledge have been is invaluable.

Morse said when the Committee reconvenes, they may have more information about receivables, will have a better idea of scope, and will have changes and recommendations from the Council about what is possible under a minor amendment; they can then deal with the total package.

Morse said the Committee will now recess until the call of the chairs. Most of the information will not be available until November. Burright said if something comes up in the interim, they may call a special meeting. All members said they would be available to continue.

The meeting adjourned at 10:25 p.m.

Respectfully submitted,

Signature on file.

Marilyn Smith