



APPROVED: April 19, 2006

CITY OF ALBANY
Central Albany Revitalization Area
Advisory Board
City Hall Council Chambers, 333 Broadalbin Street
Wednesday, March 15, 2006
5:15 p.m.

MINUTES

Advisory Board Members present: Lisa Bartel, Jeff Christman, Ray Hilts, Bessie Johnson (arrived approximately 5:20 p.m.), Doug Killin, Gordon Kirbey, Sharon Konopa, Chris Norman, Cordell Post, Ralph Reid, Jr., Stella Reimers, and Kim Sass

Advisory Board Members absent: Chuck McLaran and Dick Olsen

Staff present: Assistant City Manager/Chief Financial Officer Susan Busbice, Economic Development Director Dick Ebbert, Special Projects Coordinator Guy Mayes, and Administrative Assistant I Tracy Swett

Others present: Approximately six others

CALL TO ORDER

Chair Chris Norman called the meeting to order at 5:18 p.m.

ROLL CALL

APPROVAL OF January 18, 2006 MINUTES

Board Member Ray Hilts moved the minutes be approved as written. Board Member Cordell Post seconded the motion, which carried 11:0.

SCHEDULED BUSINESS

Business from the Public: None.

Dortignacq Contract Extension for Architectural Services

Economic Development Director Dick Ebbert referred to the Board memo on the dais (Exhibit A, in agenda file) and said CARA's current budget allocated \$75,000 to Architectural Assistance, of which only \$30,000 was encumbered by a contract signed in 2003 after staff completed a solicitation and evaluated submissions. Given the number of current and anticipated revitalization projects, staff recommended extending the contract by \$10,000 and completing a new solicitation of architectural firms interested in providing services to the program.

Board Member Stella Reimers asked if a new solicitation was triggered by the recommended increase in the contract. Ebbert said no.

Norman said the Architectural Assistance program was developed as a benefit that CARA could offer property owners to help spur revitalization efforts. He asked what the benefit of going through another solicitation was. Ebbert said it had been three years since the current contract was signed and it might be good to look at other firms. He said staff's recommendation is not a reflection on the quality of service received from the architectural firm.

Hilts said he is new to the Board and does not know the current architect's qualifications, but thought it might be a good idea to complete a new solicitation given the age of the contract.

Board Member Sharon Konopa said she was part of the committee that evaluated the architects' proposals. She said Robert Dortignacq's qualifications were excellent and he has a statewide reputation for his work with historic preservation projects. She asked if Special Projects Coordinator Guy Mayes had worked with Dortignacq. Mayes said Dortignacq was the architect of record for Albany Station, the multimodal transportation center. He agreed with Konopa's assessment of Dortignacq's quality of work.

Reimers said she was afraid a solicitation would slow the process for incoming projects.

MOTION: Board Member Ralph Reid, Jr. moved that the CARA Advisory Board recommend to the CARA Agency that the contract with Robert Dortignacq be extended by \$10,000 for architectural services. Konopa seconded the motion.

Assistant City Manager/Chief Financial Officer Susan Busbice spoke from the audience. She explained that CARA is bound by state purchasing laws and suggested a time limit of three (3) years be added to the contract extension. By doing so, a change order could be completed should the Board decide to extend the contract amount in the future.

Reid asked if the three-year contract would prevent CARA from doing a new solicitation. Busbice said CARA would have more flexibility given state purchasing laws by adding the three-year language.

Board Member Gordon Kirbey asked if the \$10,000 extension would change the character of the contract enough that a renegotiation of terms would be required. Busbice said no. Discussion followed.

Reid requested his motion stand as originally stated.

Post said at the least the contract should have a "termination at will" clause to ensure legality. Reid agreed to amend his motion to add an "at will" clause. Konopa agreed and renewed her second of the amended motion. A vote was taken and the motion passed unanimously.

The Board made no recommendation on the issue of a new solicitation for architectural services.

Project Recaps

Streetscape/Parking:

Mayes presented the proposal for parking signage in the recently constructed streetscape area (Exhibit B, in agenda file). He explained the placement of the signs on the blocks. He said if the Board approved the proposal, staff will look for some brackets of a material other than stainless steel to be more consistent with the historic feel of the streetscape fixtures.

Board Member Bessie Johnson asked if Albany Downtown Association (ADA) Director Rick Rogers was in support of this proposal. Rogers said yes.

Kirbey asked if there were ten-minute parking spaces. Mayes said yes, next to the bank's parking lot. Kirbey asked why one of the three was designated as three-hour since there was a parking lot adjacent. Mayes said the current plan was done through a public process taking merchant comments into account. Changes to the current parking restrictions would need to be addressed through ParkWise and the City Council.

Norman asked if the signs would be "old-timey" as previously directed at the December 21, 2005 CARA Board meeting. Mayes said the signs would be green lettering on a white background. Konopa said she would favor black lettering. Mayes agreed to research why green lettering was designated.

Konopa asked if the signs placed at halfway marks on the first block could be eliminated since all the parking in that area is three-hour parking. Mayes said no, the extra signs are required to ensure adequate enforcement of the parking restrictions on the block.

Board Member Lisa Bartel asked for clarification on sign placement. Mayes said the signs will be 12 inches by 12 inches and installed approximately eight feet from the ground. They would not encroach over the curb, although there could be risk of damage to semis or delivery trucks if drivers did not ensure adequate turning radii.

Hilts moved to approve the parking signage proposal with black lettering, if possible. Board Member Doug Killin seconded the motion. A vote was called and the motion passed unanimously.

Iron Works:

Ebbert invited David Reece of Reece & Associates to update the Board on the Iron Works development. Reece presented a picture of the Montgomery Building (Exhibit C, in agenda file), one of the projects within the development. He said the appraisal was completed and the office building was appraised at \$1.9 million. CARA can be assured the return on investment will be as promised when the partnership for the development was proposed. He said building permits have been submitted for the office building, and they could be available by April 15.

Reece said there have been a few issues as the development has progressed. The first item is that the public improvements must be complete in order to record the final plat. As per the agreement, CARA was supposed to fund that portion of the development. Instead, staff has drawn up an assurance agreement and is now under review by the city attorney. Reece said in order to record the final plat and pick up building permits, this step must be completed.

A second issue is how best to deal with the foundation encroaching on the public right-of-way given the zero lot line. Reece and his partners are working with City Engineer Mark Sheppard to resolve. He said the issue may come before Council for approval depending which direction staff decides would be best to address and resolve the issue and ensure the building is in full compliance.

He said the building permits are almost ready to be submitted for the apartment building, but each of the projects' building permit submissions is staggered by about 30 days.

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He added the marketing plan is well underway with collateral and signage expected in 30 days. Norman asked if Reece was working with City staff to have CARA's images. Reece said yes, Glen Rea was coordinating the marketing effort with staff.

Hilts asked when Reece projected to be leasing on the office building. Reece said he hoped to break ground no later than May 1, 2006. Tenant improvements could begin around January 1, 2007.

Post asked the status of the assurance agreement. Ebbert said the city attorney was reviewing it.

Johnson said she thought the building was beautiful and CARA has gone the right route by partnering with Rea and Reece on this development.

Bartel asked where this project is located at. Reece said 1st and Montgomery.

Ebbert asked the status of the townhouses. Reece said Rea has already begun to receive buyer inquiries.

Flinn Building:

Ebbert referenced the letter from Dortignacq and his subcontractor, Youngman Locke Engineers, regarding the architectural assessment of the Flinn Block (Exhibit D, in agenda file). He then handed out a project phasing summary for these buildings as proposed by the property owner Marc Manley (Exhibit E, in agenda file), who recently submitted an application for grant and loan funding.

Johnson asked if Manley has received more interest from tenants given the intent to remodel. Manley said yes.

Several of the Board Members had toured the buildings. Everyone was very impressed with the facilities and the redevelopment potential of the second floor. Killin said although the rehabilitation would be expensive, these buildings are key to fixing up the downtown.

Board Member Jeff Christman asked the meaning of "heavy" with regard to CARA assistance under Phase 2. Manley said Phase 1 is done thanks to CARA's architectural assistance funding. Phase 2 includes façade restoration, securing the building envelope to prevent further deterioration, and repair/replacement of the roof. Phase 3 is restoration of the second floor. Manley said the funding assistance request in the amount of \$120,000 in grant funding and \$243,000 in loan funds would go toward Phase 2 of the project. Phase 3 could then be financed privately by the Manleys. The total project cost for the rehabilitation is estimated at \$3.17 million, with total requested CARA investment of \$371,500 (including previously approved architectural assistance funding).

Reimers said she was impressed by the Manleys' vision for the buildings.

Reid asked for clarification on the funding request and a timeline for project completion. Manley said total requested funding for Phase 2 was \$363,000. He hoped the majority of work could be done over the summer, with construction to begin upon CARA's approval of funding.

Norman said the request was under review by the Downtown Building Revitalization Review Committee.

Jordan Jewelers:

Ebbert said work is underway, but a contract still needed to be completed and signed. The contract is pending a decision on the interest rate for the loan. The Finance Committee has discussed this issue at two separate meetings. Ebbert asked Christman to report on the Finance Committee's discussions on the matter.

Christman reported Committee members have tried to clarify the interest rate charged to loans offered by CARA. Finance Committee members thought while CARA was not in the business of making money from its loans, the Agency still needed to ensure its costs were covered. Urban renewal projects are funded in one of two ways: bridge financing and bond financing. The Agency typically uses bridge financing as a kind of line of credit until enough projects have been funded to warrant a bond sale. Proceeds from the bond sale then go back to paying off the bridge financed amount.

Given this practice, the Finance Committee recommended language reflecting CARA loan interest rates be amended to "on the effective date, the loan program participant will be charged the higher of the most recent bond issue interest rate or the current bridge financing borrowing rate."

He explained that if there is existing money from a previous bond sale at the time a project is approved, the interest rate would be locked at the rate of the bond. If no money is available at that time, the interest rate would be charged at the current bridge financing rate.

Bartel asked if the rate was fixed or variable. Busbice said the bridge rate would be fixed upon the finalization of the amount to be financed. Killin asked if the rate would be under 5%. Busbice was waiting on a call back from the bank, but said the *Wall Street Journal* reported the triple A taxable projects on municipal bonds was at 7.3%. The rate that CARA would charge could be higher since it is not a triple A-rated agency.

Reid asked if the proposed language covers the costs CARA would incur. Busbice said yes. Reid asked if the prorated expense for issuing a bond would be covered. Norman said no. Busbice said the bond issuance amount was small in comparison to the bond amount. She gave the example of the recent \$1.5 million bond issuance with expenses of \$16,000, or 1% of the bond amount. Post asked Busbice if the proposed rate would be less than a commercial loan available through a private lender. Busbice said in most cases the bridge financing rate is at least a point lower than commercial loan rates.

Hilts recommended adding a half percent to in an attempt to cover costs associated with issuing a bond. Christman said the Agency would see a return on its investment through increased property taxes. The tax increment would cover the bond costs.

Post moved to approve the language as read by Christman, and Johnson seconded the motion. A vote was taken, and the motion carried 12:0.

Bartel asked what the term of a CARA loan was. Ebbert said most are five years, with amounts over \$25,000 able to extend to ten years.

Committee Reports

Downtown Revitalization Review Committee:

Kirbey reported the Downtown Revitalization Review Committee had met recently and approved storefront grant funding in the amount of \$10,000 and \$1,650 for awnings for the Pix Theater. Ebbert said that item would need to come back before the Committee since the approval of funding for awnings overextended grant limits. He noted there was no separate grant for awnings and any awnings could be funded through the storefront grant and loan program.

Reimers asked about the boarded window on the Duedall-Potts Building. Discussion followed.

Johnson asked what buildings along 1st Avenue could be potential incoming projects for the Downtown Building Revitalization Program. Board members and Rogers cited several buildings that could be candidates for the program.

Finance Committee:

Christman passed out a financial statement (Exhibit F, in agenda file) and opened the floor to questions. Board Member Kim Sass asked whether the Willamette Community Bank item indicated there had been no payments yet. Christman and Ebbert said payments were not yet due.

Bartel asked if the amount cited on page 2 for the Downtown Building Revitalization Program would be where Manley's funding request would come from. Ebbert said yes, but more money would need to be allocated to cover the project should the Board and Agency wish to fund the project as proposed.

Committee Appointments:

Ebbert said Board members might want to start thinking about who would like to serve on the two active CARA committees, Building Revitalization Review and Finance. Both currently have vacancies.

RFQ Progress Report:

Ebbert reported the Request for Qualifications (RFQ) was sent out and staff has received a number of requests for further information from interested parties. Staff has hosted three site visits from developers who would likely involve some of their peers in any projects they might propose. He said most informational requests have centered on questions related to the City's commitment to revitalization, particularly related to infrastructure and City-owned land.

Norman asked if Brownstone was interested in the RFQ. Ebbert said yes, but they feel they are too small given the scope of the project. The principals of Brownstone did relay information on two other development companies who could be interested.

Norman asked if the principals involved in the waterfront development in Corvallis were the same type of principals Albany was pursuing. Discussion followed.

Reimers asked if any interest has been received from out of state developers. Ebbert said yes.

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Norman asked if there had been an update on the railroad. Ebbert said he expected there would be some more information as a result of a meeting scheduled the week of March 20, 2006. Discussion followed.

BUSINESS FROM THE ADVISORY BOARD

Norman reminded Board members that volunteers would be needed to evaluate RFQ submissions.

Johnson said she was very pleased with the design of the Montgomery Building presented by Reece. She said it would be a great start to the revitalization efforts in that area of the district.

NEXT MEETING

The next meeting of the CARA Advisory Board was tentatively set for Wednesday, April 19, 2006, at 5:15 p.m. in Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Norman adjourned the meeting at approximately 7:05 p.m.

Submitted by

Reviewed by

Signature on file

Signature on file

Tracy Swett
Administrative Assistant I

Dick Ebbert
Economic Development Director

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