



APPROVED: October 15, 2008

**CITY OF ALBANY**  
**Central Albany Revitalization Area Advisory Board**  
**City Hall Council Chambers, 333 Broadalbin Street SW**  
**Wednesday, August 20, 2008**

**MINUTES**

Advisory Board Members present: Chris Norman, Dan Bedore, Floyd Collins, Loyd Henion, Oscar Hult, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Dick Olsen, Cordell Post, Ralph Reid, Jr., and Kim Sass

Advisory Board Members absent: Jeff Christman

Staff present: City Manager Wes Hare, Urban Renewal Manager Kate Porsche, and Administrative Assistant Teresa Nix

Others present: Nine others in the audience

**CALL TO ORDER**

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

**APPROVAL OF MINUTES**

July 16, 2008

**MOTION:** Ray Kopczynski moved to approve the July 16 minutes as presented. Loyd Henion seconded the motion, and it **passed** unanimously.

**SCHEDULED BUSINESS**

Business from the Public

None.

Cash-Flow and Borrowing Update

Urban Renewal Manager Kate Porsche gave a brief verbal update. The current cash balance is about \$584,000. She will be working with RCM Homes to get a more accurate estimation of their draw schedule as that will impact the amount of cash that is truly available. Bank of America has indicated that CARA does have the ability to borrow additional funds, probably in the amount of \$1.5 million to \$2 million. She will report back at the next meeting with more detailed information on the cash balance and borrowing capacity.

Recommendation of Small Grant Recipients

Porsche said that the Small Grant Subcommittee (SGS) considered four applications and recommended approval of all four. The minutes of the SGS meeting are included in the agenda packet.

Bessie Johnson noted that the SGS minutes indicate that the Albany Civic Theatre (ACT) gave back its allocation because they couldn't get enough support to complete the project. She asked for additional information. Gordon Kirbey said that the request was for assistance in replacing the seat cushions and spray painting the metal part of the chairs. The SGS suggested that consideration be given to powder coating rather than spray painting. After consideration, the ACT said that it did not have the resources to go forward and withdrew their request. Oscar Hult clarified that this was not an issue of financial support, but that ACT did not have the volunteer base needed to do the work at this time.

**MOTION:** Johnson moved that CARA recommend that the Albany Revitalization Agency (ARA) approve the four allocations as recommended by the SGS. Kopczyński seconded the motion, and it **passed** unanimously.

#### Presentation of New Residential Funding Requests

Porsche recalled that CARA had previously set up a pilot program in the amount of \$75,000 to fund blighted single-family homes in the Hackleman Historic District. ARA subsequently amended the program so that loans are not specific to homes in the Hackleman Historic District, but are available to any blighted single-family historic home within the CARA district. These allocations would be in the form of loans that would be forgivable after five years of owner-occupancy. Four applications were received, totaling \$76,282. The applications are detailed in the staff report and the applicants are present.

#### *Catlin – 424 Montgomery Street SE (\$10,000 Forgivable Loan)*

Porsche advised that Rich Catlin is a previous City of Albany employee and Anne Catlin is a City of Albany Planner. She consulted with City Manager Wes Hare and City Attorney Jim Delapoe, both of whom indicated that the applicants have the same rights as other residents of the CARA district as long as they have no involvement in the processing of the applications or the decision making process. The same standards were applied to this application as to the other applications received.

Rich Catlin, 637 Fifth Avenue SE, drew attention to photographs of the home distributed in the packets. He said that he and his wife bought the house seven years ago. It had been unoccupied for 15 to 20 years prior to that time and the previous owners had gutted it down to its studs and had removed the asbestos siding. The Catlins have worked to weather tighten house. The requested funds would be used to paint the house and add gutters.

In response to inquiries from the Board, Catlin stated that he and his wife plan to move into the house by late this year. The house was built in 1903 for the manager of the Red Crown Flour Mill. It was added to the state historic program in 2003, and the tax freeze is effective for 15 years from that date. Copies of the bids were not submitted to CARA, but they are listed in the application as follows: preparation and painting (\$7,800) and gutters (\$2,340). Wood gutters are hard to come by and do not function well; so metal gutters will be installed. The painting and gutters have not been done yet due to other pressing needs. CARA funds are needed in order to get the work done in a timely manner. Porsche affirmed that funds will be dispersed on a reimbursement basis.

#### *Eaton – 1638 First Avenue SE (\$25,000 Forgivable Loan)*

Porsche said that this is the Andrus House, also known as the Keyhole House due to an interesting keyhole-shaped feature. Porsche noted that it is interesting to see CARA funding come full cycle in that CARA previously helped with Willamette Community Bank, and the Bank is now working with the owners to help with the financing to restore this home.

Jacho and Emma Eaton, 425 Seventh Avenue SW, presented an updated estimate from N.O.W. Builders in the amount of \$82,420. This is more than they had hoped for, but the work detailed in the estimate will take care of all of the problems with the house. The appraisal was higher than expected; so they should be able to get a construction loan next year. The house originally had a continuous brick foundation. The requested funds would be used to help replace the foundation.

Floyd Collins stated that, from a policy perspective, he would like future requests for CARA funding to be specific to CARA criteria, as opposed to items like the foundation which would be a normal anticipated cost of a restoration project. Norman agreed that this would be a good consideration for future applications. Porsche agreed to bring this back as part of the policy discussion that will be coming forward.

Sharon Konopa expressed support for the project. She noted that Jerry Andrus was well known as an illusionist in his professional life, that the Andrus house is very unique, and that the community needs to make sure that it is saved.

*van Rossman – 526 Fifth Avenue SE (\$12,382 Forgivable Loan)*

Porsche briefly reviewed the proposal as detailed in the staff report.

Rusty van Rossman, 526 Fifth Avenue SE, reviewed the work done on the house since he and his wife purchased it a couple of years ago. He stated that several of the neighbors have expressed appreciation that the home will be converted back to single-family. The request is for assistance with items that will add to the curb appeal of the home – roofing, chimneys, and painting. The house was built around 1876 and was owned by a local grocer.

*Vaughan – 532 Baker Street SE (\$28,900 Forgivable Loan)*

Porsche noted that this is the project that led to the establishment of this pilot program. She briefly reviewed the request as detailed in the staff report.

Timothy Vaughan, 1165 Hazel Street, Jefferson, gave a brief update on the work done to date. He said that the house was severely blighted for several years and that he has had many neighbors express appreciation for the work he has done so far. He feels that this restoration is also serving as motivation for other homeowners in the neighborhood.

In response to inquiries, Vaughan said that he had originally planned to remove the western part of the house; but it made more sense to build a porch and make it appear as if it were part of the original house. The house was put on the historic register this year and is on the tax freeze at the preimproved assessed value. The matching funds are Vaughan's personal funds. He hopes to complete the house in about three months.

Johnson said that the improvements that have been done on this house are terrific. She commented that the increased value of this house will result in a large amount of tax increment after the tax freeze period expires.

### Deliberations and Funding Decisions

Norman noted that the total amount requested is \$1,282 more than the \$75,000 allocated for the pilot program. Porsche noted that CARA has the funds available in its cash balance if it chooses to use them to fully fund all of the requests. Other options would be to fund only some of the requests or to allocate reduced amounts.

**MOTION:** Dan Bedore moved to increase the amount in the pilot program by \$1,282 and to fund all four of the projects in the amounts requested. Oscar Hult seconded the motion, and it **passed** unanimously.

Collins said that he would like future applications to include contractor bids. Bedore noted that funds are allocated on a reimbursement basis. Collins said that he thinks CARA money should be allocated based on costs that are documented up front. Porsche agreed to request that information in future applications. Brief discussion followed regarding the possibility of allowing applicants to use sweat equity as a form of matching funds.

#### Manley/Flinn Building (\$400,000 Developer Partnership)

Mark Manley, 222 First Avenue W, expressed appreciation on behalf of himself and his wife for the past support from CARA. He provided an update on the work done on the Flinn and Ames Buildings since they took ownership in 2005. He used the overhead projector to show historical photographs of the buildings, as well as photos from 2005 and today. The full facade has been restored and renovated. There are several new occupants and restaurant-ready space. Efforts are being undertaken to find restaurant partners. The 1910 Douglas fir floors have been restored throughout. The upper floor of the Ames Building has been restored and is rented out regularly for events. Rob Dortignacq is helping to determine the best location for an elevator to serve both buildings.

Manley reviewed his proposal for a CARA developer partnership to restore the upper floor of the Flinn Building to bring it back to active use as office space. He considered putting apartments in this space but determined that offices would be the best use of the space from both historical and economic perspectives. The space would attract professionals and small businesses, would bring people downtown to help to support other businesses, would result in job creation, and would serve as a business incubator. This is the last element of blight in these buildings, and this is the last phase for which he will request CARA assistance. The current tax freeze will expire soon, and CARA will receive the tax increment on the reassessed rate. He will reapply for a freeze at that reassessed rate. This is an expensive project, and it will not be possible without CARA assistance.

Collins asked if Manley would consider delaying his application for the second tax freeze until after the proposed improvements are made. This would result in Manley receiving a benefit from CARA dollars and CARA receiving a benefit from the increased tax increment. Manley said that he thinks that is a fair request.

Norman asked if the stairway that opens to First Avenue would be part of the renovation. Manley said yes.

Kopczynski asked who would likely occupy the office space. Manley said that he has had inquiries from an attorney, people with home-based businesses, and others from Albany and surrounding areas.

Cordell Post asked for specifics on the office space. Manley said there would be six separate offices, each approximately 600 to 900 square feet. They would lease for about \$1 per square foot.

Hult asked how long the project would take. Manley said that it would take about one year, conservatively.

Henion asked if requiring that the application for a second tax freeze be made after the proposed work was done would cause any delay. Manley said no.

In response to an inquiry from Norman, Manley acknowledged that this request is for \$400,000 of a project totaling \$700,000, which is not in the range of 10 to 20 percent that CARA typically looks for. He stated that he has been doing the project in phases and that CARA's contributions are in the desired range when considering the project in its entirety.

Norman asked what impact there would be if CARA determined that it could partner in a smaller amount. Manley said that he would have to go back and try to find other sources. He stated that a \$300,000 partnership, for example, would cause a small delay; but he feels he has the credit worthiness to be able to make up the difference.

Collins said that he would consider approving this request with conditions that \$122,000 of the partnership would be used for loan repayment and that Manley agree to delay the tax freeze until the proposed work has been completed.

Johnson stated that she feels the project is worthwhile and worthy, that Manley has done everything he has said he would do, and that having these buildings totally done would be an asset to downtown.

Hult expressed support for the proposal to restore this space to offices.

Post stated that he also supports having this in office space, that he believes this would fill a niche, and that there should be no problem in renting the space. He agreed with the conditions proposed by Collins.

Dick Olsen said that Manley has done high quality work to date and that he has every expectation that the offices would also be done in a quality way which will set a high bar for others who what to do this type of work.

Kopczynski agreed with the comments from the Board. He asked if \$1 per foot would provide the needed revenue. Manley said that the partnership with CARA would bridge a gap and allow the space to be rented at a reasonable amount.

Ralph Reid, Jr., noted that this project would bring additional people downtown and that they will need some place to park their cars. At some point, he said that the City will need to address the parking situation.

Norman said that he very much appreciates the past partnership and the quality of work done by Manley. However, he feels that CARA may have accomplished what it wanted to do with this block. He has some concern about focusing a significant additional investment in this area when there are other areas that have not yet been restored.

Johnson said that she thinks the work done on these buildings has been catalyst for other areas downtown and, once it is totally finished, it may encourage other investment. Norman said this is a great project, but he questioned whether CARA funds would be better used to help restore another building. Kopczynski noted that CARA can only consider funding for requests that come forward. Brief discussion followed.

Kirbey expressed support for the request. He stated that the changes to date have created energy and positive impacts on the area. Norman said that he feels the energy has already been created and that CARA will not get a big bang for its buck with this \$400,000 partnership. He acknowledged that he appears to be the lone voice in this respect.

Bedore said that much of what Norman is saying is valid, but he feels that much of the return on investment is in intangibles.

**MOTION:** Bedore moved to approve the request for a \$400,000 developer partnership with Mark Manley with the following conditions: 1) that a portion of the \$400,000 be in the form of forgiveness of an existing loan in the amount of \$122,000; 2) that the applicant agree to delay applying for a second tax freeze until the work has been completed; and 3) that CARA allow 18 months for the work to be completed. Johnson seconded the motion.

Reid offered a **friendly amendment** that CARA require the work to be done in 16 months – by December 31, 2009. This would allow the new assessment to come onto the tax rolls in the year 2010. The friendly amendment was **accepted**.

The amended motion **passed** unanimously.

#### Discussion: CARA Review Criteria

Porsche reported that she spoke with an attorney who specializes in urban renewal who indicated that it would be appropriate for CARA to focus on specific geographic areas if it so chooses. The attorney strongly recommended that decisions be based on criteria. The policy discussion that will be coming forward in the coming months could help to establish these criteria.

Porsche recalled that she had originally proposed a point system based on criteria for staff to use as a filtering tool. After several months of discussion and feedback, she is hearing that the Board may prefer to see all applications. City Manager Hare has suggested that, as an alternative to a filtering tool, staff reports could include more in the way of a professional opinion as to whether applications meet CARA goals. She invited feedback.

Kopczynski expressed support for receiving additional input from Porsche due to her expertise and knowledge. Post said that he finds the point system to be a cumbersome tool; he expressed support for receiving more in the way of a staff opinion. Henion said that staff has been doing a good job and he likes the concept of hearing more opinion on applications.

Norman said that he appreciates all of the work that Porsche put into trying to develop a point system, but it appears that CARA members may be more comfortable with receiving all applications along with a stronger staff perspective. There was general agreement by those present.

#### Staff Updates and Issues

Porsche reported that Albany is one of five cities applying for the Main Street Program. An announcement from the Governor is expected toward the end of September. She will report back at the next meeting.

Porsche advised that she has finished her degree at OSU and has been accepted into a Master's program in public policy. This will dovetail nicely into the work she is doing at the City.

Porsche advised that she will be absent for the September meeting as she takes part in a road trip to different cities around Oregon as part of her Master's program. There was general agreement to cancel the September meeting.

Porsche advised that her second annual review is coming up in October. She invited Board members to share any comments, concerns, praise, or criticism with herself or with City Manager Hare.

#### **BUSINESS FROM THE BOARD**

Kopczynski reported that work on the Olivetti building at the corner of First and Broadalbin is underway and that it will be stunning when it is done.

Johnson asked for an update on the streetscape. Porsche said that she is in the process of reviewing the bids with the assistance of her intern. An order will be placed as soon as possible.

Sass reported that she took a tour of Viper NW. The company has provided support to both Albany General Hospital and LBCC. CARA supported Viper NW, which is now giving back to the community.

#### **NEXT MEETING DATE**

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

ADJOURNMENT

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

Submitted by,

Reviewed by,

*Signature on File*

*Signature on File*

Teresa Nix  
Administrative Assistant

Kate Porsche  
Urban Renewal Manager