APPROVED: May 18, 2010

CITY OF ALBANY
Joint Work Session
ARA Budget Committee & CARA Advisory Board
City Hall Willamette Room, 333 Broadalbin Street SW
Wednesday, April 21, 2010

MINUTES

Budget Committee Members present:	Susan Folden, Colleen Keller, Wendy Kirby, Ray Lusk, Doug Moore, and Steve Terjeson
Budget Committee Members absent:	Bruce Peters (unexcused)
Advisory Board Members present:	Rich Catlin, Jeff Christman, Bill Coburn, Loyd Henion, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Chuck Leland, Dick Olsen, Cordell Post, Ralph Reid, Jr., and Mark Spence
Advisory Board Members absent:	Floyd Collins (excused)
Staff present:	City Manger Wes Hare, Finance Director Stewart Taylor, Urban Renewal Manager Kate Porsche, and Administrative Assistant Teresa Nix

CALL TO ORDER

Budget Committee Chair Susan Folden called the meeting to order at 5:17 p.m.

SCHEDULED BUSINESS

Business from the Public

None.

Proposed FY2010-2011 Central Albany Revitalization Area (CARA) Budget Review

Urban Renewal Manager Kate Porsche distributed *Notes on Proposed FY 2010-2011 CARA Budget.* She said that she has had questions from citizens as to why the urban renewal district is still spending money when the City is tightening its belt. She drew attention to a tax increment graph attached to the handout, which shows that the 2001 assessed value continues to flow to the taxing districts; it is any increase in the assessed value that flows to the urban renewal district for the specific purpose of funding projects outlined in urban renewal plan. The second graph in the handout shows the actual income for CARA in years 2001 through 2008. The CARA Advisory Board has challenging decisions about whether its funds will go primarily toward public projects or private partnerships. The third graph in the handout shows that CARA money invested equals about $8 million; private money invested equals about $65.5 million. The goal is to drive private investment in the community.

In discussion and in response to inquiries, Porsche added that:

- A certain level of rehabilitation is needed to trigger reassessment of a property. Paint or a new awning will not raise the value of a building, but significant remodel work will.

- Job creation can be challenging to measure – whether a business is truly creating new jobs or is moving jobs from another part of the region. Viper NW created 15 new engineering jobs; CAAD moved jobs to Albany from Tangent. There is only anecdotal evidence available related to the issue of job creation.

Porsche said that the CARA Budget has two programs: projects and debt service. She drew attention to the Program Narrative and budget line items for the project side, distributed in the packets, and reviewed the specific line items as outlined in the staff report. In her comments and in discussion, she stated that:

- Revenues are based on a fairly conservative three percent increase in assessed value and assume a certain percent of delinquency.
- Loan proceeds are related to the recently closed $5 million line-of-credit, minus funds already expended or committed. This is a two-year line of credit; the budget assumes that the entire amount will be drawn down in 2010-11.
- The Yamamoto loan is the only anticipated loan repayment in 2010-11. Others will begin to repay in 2012. The last page of the handout includes a schedule of anticipated loan payments.
- The City Manager has asked all departments to make reductions in administrative costs equal to at least five percent. The CARA budget includes reductions of just over ten percent in administrative costs.
- Budgets for the project funds will be set to zero. When final 2009-10 numbers are available, these funds will be finalized and the actual balance will be brought forward. This was found to be the most streamlined way of handling these unknown numbers; the Finance Department is in agreement with this approach.
- On the list of projects, the 2009-10 Budget is generally the amount committed and the 2009-10 YTD is generally the amount that has been disbursed. Earlier year disbursements are not shown because the fund numbers have changed. Porsche agreed to create a report for the CARA Advisory Board that shows the total commitment versus the total amount that has been drawn down on each of the project funds.
- The budget will be updated to include expenditures made before the end of the year, including the Broadalbin Promenade. The ARA Budget Committee will be presented with a final budget for adoption.

City Manager Wes Hare commented that, typically, a departmental budget has amounts apportioned into line items. CARA's budget is dependent upon projects and applications; a pot of money is set aside and, as projects become authorized, they slip down into the line items. This is a different way of budgeting that recognizes the reality of how urban renewal works. Brief discussion followed.

Porsche reviewed the Program Narrative and budget line items related to debt service, as detailed in the staff report and the handout. She said that the bulk of the tax increment coming in will go to fund debt service; the remainder will go directly into the project fund. Legislation was passed last year so that it is no longer necessary to do a du jour loan in order to repay urban renewal debt.

Mark Spence noted that Porsche has indicated that the budget numbers are conservative; he asked how differences in budgeted numbers and actual expenditures are reconciled. ARA Budget Committee and CARA Advisory Board members discussed the method by which positive differences are allocated to projects or carried over to the next year's beginning fund balance.

Folden noted that, after the City Council has approved the City budget, any changes of greater than ten percent are required to come back to the Budget Committee. She asked if this is different with the CARA budget. Finance Director Stewart Taylor advised that changes in property tax revenues or expenditures greater than ten percent would come back to the ARA Budget Committee. Hare added that the CARA budget is set up with one pot for expenditures; as projects are approved by the CARA Advisory Board, funds are moved into line items. The Budget Committee is not being asked to consider line items as much as to consider the policy question of whether this is a reasonable and appropriate amount of money to be dedicated for urban renewal projects. Taylor added that the public budget process is necessary in order to create legal spending authority.

Porsche said that the CARA budget will be one of the first items considered by the ARA Budget Committee during the upcoming public hearings. She asked that ARA Budget Committee members contact her with any questions in advance of the public hearings.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING DATE

The next meeting date is to be determined.

ADJOURNMENT

Hearing no further business, Chair Folden adjourned the meeting at 6:17 p.m.

Respectfully submitted by,

Teresa Nix
Administrative Assistant

Reviewed by,

Kate Porsche
Urban Renewal Manager