APPROVED: April 18, 2012

CITY OF ALBANY
Joint Work Session
ARA Budget Committee & CARA Advisory Board
City Hall Willamette Room, 333 Broadalbin Street SW
Wednesday, April 20, 2011

MINUTES

Budget Committee Members present:	Dick Conolly, Susan Folden, Colleen Keller, Wendy Kirbey, Raymond Lusk, Michael Thomson
Budget Committee Members absent:	Bruce Peters (unexcused)
Advisory Board Members present:	Rich Catlin, Jeff Christman, Bill Coburn, Floyd Collins, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Chuck Leland, Dick Olsen, Cordell Post, Ralph Reid, Jr.
Advisory Board Members absent:	Loyd Henion (excused), Mark Spence (excused)
Staff present:	City Manager Wes Hare, City Attorney Jim Delapoer, Urban Renewal Manager Kate Porsche, Administrative Assistant Teresa Nix

CALL TO ORDER

Chair Susan Folden called the meeting to order at 5:15 p.m.

SCHEDULED BUSINESS

Business from the Public

None.

Proposed FY2011-2012 Central Albany Revitalization Area (CARA) Budget Review

Urban Renewal Manager Kate Porsche suggested that a line-by-line review of the CARA budget be held until the official public hearing on May 17; she would like to take this opportunity to provide information about urban renewal, Albany's story, the mechanism for urban renewal, and an issue that has been raised regarding the possibility of using urban renewal dollars for school funding.

Porsche said that she is Vice President of the Association of Oregon Redevelopment Agencies, which is comprised of urban renewal agencies throughout the state. She said that urban renewal is a state-authorized redevelopment and finance program designed to help communities improve and redevelop blighted areas; she showed a map of Oregon's active urban renewal districts. Regarding Albany's story, she said that the downtown was suffering in 1995 when the City engaged Crandall Arambula, a Portland architecture firm, to help create a "Town Center Plan" – an award-winning redevelopment framework which was arrived at after an active public process and which capitalized on the inherent qualities of the community. The plan generated a lot of enthusiasm, but there was no funding mechanism until the creation of the Central Albany Revitalization Area in 2001. She showed a map of the CARA area, which is comprised of 991 acres. She said that urban

renewal districts allow for the use of tax increment dollars to finance improvement projects, provide special ability to buy and assemble sites for development or redevelopment if desired, and provide special flexibility in working with private parties to complete development projects.

Porsche explained the tax increment mechanism. When an urban renewal district is created, the current assessed value becomes the frozen base which continues to flow to taxing districts including the cities, counties, and school districts. The increase in assessed value in the district over a finite period of time flows to the urban renewal agency to fund specific projects. At the end of the district's lifespan, the full amount of the increased assessed value goes back to the taxing districts. Taxing districts forgo taxes on the increased assessed value for a period of time with the idea that all will have a stronger tax base in the end. The total tax increment income this year for CARA is about $1.8 million. The taxing districts still receive their proportional amount of the frozen base; CARA receives its money from the increased assessed value. CARA has invested about $8 million into public private-partnerships so far; this has generated private investment of almost $66 million.

The issue of using urban renewal dollars for school funding has come up at local and state levels. School district funds are allocated from the state using a uniform statewide per student funding level. CARA does not impact the per-student revenue received by the Greater Albany Public Schools (GAPS). Any increase in property tax revenue that came through the County Assessor's office would actually decrease the revenue from the state school fund (per Russ Allen, GAPS Director of Business). Porsche distributed a memorandum from Parks & Recreation Director Ed Hodney outlining a number of ways in which the City assists the school district.

Porsche reviewed potential actions that the City Council could take related to the urban renewal district. It could close the district, but all loans would still have to be paid off which would take about ten years. It could shrink the district, but this difficult process would take about a year and would result in less taxes being collected, limiting or ceasing the investments that could be made. It could collect less than the total amount but; as discussed above, that would not help the local school district. The question for Albany was whether it wanted to take advantage of this economic development tool to breathe life back into the core of its community. The City Council, after an intensive public process, answered with a resounding yes.

The CARA Plan includes development partnerships, infrastructure, public space improvements, pedestrian/bike connectivity, watershed health & education, community facilities, and technical support. Its maximum indebtedness is $56 million; its estimated completion is 2026/2027.

In summary, Porsche said that urban renewal is not an increase in taxes; that the tax increment is used to eliminate blight and create a more vibrant, livable, and economically viable central Albany; that CARA is not and cannot be the tool to assist GAPS; that changes to the urban renewal plan or area are policy decisions for the City Council; and that a full budget review will be held on Tuesday, May 17, 2011. She invited questions.

Ray Kopczynski said that it is obvious that, in the ten years that the urban renewal district has been in existence, the amount of taxes over the base level are way above what has been expended by CARA and private investment combined; this tells him that the process is working well by design.

Sharon Konopa added that the nearly $66 million of private investment is a lot of money that has been filtered through our local economy. She wonders what the downtown would look like without this investment. She thinks that CARA has allowed for a great turnaround for the downtown and for the whole district.

Chuck Leland asked for more information about the loan issue. Porsche explained that CARA borrows money to put into projects; the idea is to get projects on the ground as soon as possible in order to spur private investment and get tax increment coming in. Approximately $713,000 will be used to pay debt this year, leaving about $1 million to spend on other projects.

Raymond Lusk noted that the Governor of California has proposed to eliminate redevelopment agencies and redirect that funding to local governments; he asked if there has been similar talk at the state level in Oregon. Porsche said that this has not been raised as an issue for this legislative session. She said that the Association of Oregon Redevelopment Agencies has a good relationship with its partners at the special districts, all of which are working hard to find common ground. The representatives she has talked with feel that this is one of the state's last flexible economic development tools and that they would oppose any action to eliminate urban renewal districts in Oregon. The special districts understand that all will be benefactors of the increased revenues in the end.

Floyd Collins asked how staff will communicate back to the taxing districts. Porsche reviewed her plans to update the taxing districts on the urban renewal program and address any questions or concerns. City Manager Wes Hare added that the City has joint meetings with the taxing districts on a regular basis; he has not had a request to discuss the validity or appropriateness of the urban renewal district during his tenure with the City. He agrees with Porsche's suggestion that she be more proactive in explaining urban renewal as an economic development tool going forward. Brief discussion followed.

BUSINESS FROM THE COMMITTEE

None.

NEXT MEETING

The next meeting date is Tuesday, May 17, 6:30 p.m.

ADJOURNMENT

Hearing no further business, Chair Folden adjourned the meeting at 6:08 p.m.

Respectfully submitted by,

Teresa Nix
Administrative Assistant

Reviewed by,

Kate Porsche
Urban Renewal Manager