



APPROVED: July 25, 2012

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, January 18, 2012

MINUTES

Advisory Board Members present: Rich Catlin, Floyd Collins, Kate Foster, Loyd Henion, Bessie Johnson, Chuck Leland, Sharon Konopa, Ray Kopczynski, Dick Olsen, Cordell Post, Mark Spence

Advisory Board Members absent: Jeff Christman, Bill Coburn, Gordon Kirbey (all excused)

Staff present: Urban Renewal Manager Kate Porsche, Administrative Assistant Teresa Nix

Others present: Approximately 50 audience members

CALL TO ORDER

Chair Cordell Post called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

November 16, 2011

MOTION: Ray Kopczynski moved to approve the November 16 minutes as presented. Chuck Leland seconded the motion, and it **passed** 11-0.

SCHEDULED BUSINESS

Business from the Public

Ray Hilts, 3012 Takena Street SW, said that he is here to express his opinion on the Broadalbin Promenade. He feels that, since approval of that project was almost a split decision by Council, the CARA Advisory Board should recommend that the decision be revisited, that the Promenade be postponed, and that the half-million dollars be divided between the taxing districts. He does not feel that CARA should be eliminated because it has funded many good projects; however, in his opinion, this is not the time to do the Promenade.

Gary Ray, 3225 Tudor SE, said his comments are his own and represent no other person or organization. He thanked each member of the CARA Advisory Board past and present who dedicated ten years to improve the livability of the community. They chose projects carefully and managed funds appropriately. Projects brought jobs and helped the economy. He said that, if Tom Cordier thinks local government should operate according to his wishes, he should run for public office. We would then be able to choose whether to support negative actions that would destroy ten years of advancement.

Wendy Kirbey, 2135 22nd Place, President of the Albany Carousel, thanked the CARA Advisory Board for the help it has given to the Carousel so far; the progress has been tremendous. She said that, even though the Carousel does not bring tax increment into the City, it does bring in 2,000 to 3,000 people a month. If even half of those people eat, buy gas, or shop, that brings energy to the downtown. She again thanked the CARA Advisory Board for its support and said she believes that the Carousel is an important part of the downtown.

Tom Cordier, 2240 Park Terrace NW, said that he filed papers needed to start an initiative petition to appeal an ordinance passed in 2001 which created the Albany Revitalization Agency. He said that similar actions have been happening around the state, including Clackamas County which last year passed an initiative that required financial decisions made by that urban renewal district to go before the voters. He said he has nothing to gain financially or politically, but tax payers need to be protected from decisions that are financially imprudent. As an example, the United Steelworkers asked for and was awarded \$240,000; the application form shows they did not ask for funds elsewhere, and the training they will be providing is available at LBCC. The November CARA Advisory Board agenda shows a request for the Broadalbin Promenade, \$1,020,000 (verbal); but he finds no record of a verbal report in the minutes. The minutes do note that Crandall says one dollar of public money will leverage \$11 of private investment; he questions that ratio, and there is no metric available to show how that is working. He does not like to be the one to bring forward an idea to shut down CARA and ARA, but he is told there is no other way. ARA is independent of the City Council, and its decisions are not subject to review. One of the rationales for CARA spending money is that it will increase valuation and get payback from increased taxes. His calculations are that the Wheel House will take 20 years to pay back; the Flinn block will take 60 years – both are largely unoccupied. He said the Mayor has commented that he hasn't participated in the process, but he doesn't have to be involved in CARA meetings to look at the product and ask what we are getting for our money.

Bessie Johnson said that she has a few questions and she asked for yes or no answers. She asked if Cordier has been involved with the CARA process since it was created; Cordier said no. She asked if he saw what the downtown looked like before CARA began helping businesses; Cordier said he has been in the community for 40 years; so yes. She asked if he thinks the Flinn block and other places would have been upgraded and business would have come downtown if CARA hadn't been there to assist; Cordier said he doesn't know the answer to that question. Johnson said she talked to Bill Coburn today and his question was whether Cordier plans to put a bond measure on the ballot to pay the debt that CARA owes; Cordier said he doesn't know how that will be resolved. Johnson recalled that Mark Spence, a historian on this Board, previously said he cannot think of any City in the United States that didn't require public investment to become a successful city; she agrees with that. Cordier said that Kirkland, Washington, was totally revamped with all private investment. He said that there was a lot of private development across the river in North Albany, and that private developers will wait until they are able to turn a profit.

Jim Clawson, 1448 Geary Circle SE, said that he doesn't think citizens should be restricted to yes or no answers; the website says citizens can talk and that should not be limited. He said that he hears a lot about the tax increment financing but not about the debt that has occurred in conjunction with that. The ratio of 11 private dollars for every one public dollar amazes him; we will never get 11:1 out of the Broadalbin Promenade. The carousel in Salem was totally privately funded; the Albany Carousel so far has tons of public money going in and very little coming back. CARA is becoming a slush fund for putting off debt and picking projects that the public doesn't want or need, and the Carousel is a good example.

Gary Siewell, 1875 Meadow Wood Drive NW, said that the amazing thing about CARA is that some arrogant bureaucrats think they can make better decisions about investments than successful businessmen. He thinks that we need to turn investments back to the private sector and get the public sector out of deciding who are the winners and losers in business. He thanked Tom Cordier.

Mike Quinn, 4455 Sunset Ridge Drive NW, requested an update on the project in the area of Hill Street and Water Avenue where there are several piles of gravel following about \$2.4 million invested. Porsche said an update for that project is scheduled later on the agenda.

Bill Ryals, 935 Jones Avenue NW, said that generations of his family have worked to build this town since 1850. When he graduated college, he couldn't wait to get away; the town was dying and had no future. After living in several other communities, he recently brought his young family back to Albany, largely because CARA has turned the town around. The buildings in downtown are no longer structurally stable, and it is not economically viable to develop by private means without assistance. He thinks that some people do not see the big picture. He has not agreed with all of CARA's decisions, but he thinks it has done the best it could.

Sharon Konopa said she would welcome anyone with concerns about CARA to meet with her over coffee so they can get the whole picture.

American Legion, 1215 Pacific Boulevard SE

Porsche drew attention to the written staff report. She recalled that the Board previously directed staff to work with the American Legion on a revised application. Following productive meetings, the revised “either/or” request is for a \$50,000 matching grant or a \$97,500 forgivable loan to be used for the items listed in the staff report. For the loan, forgiveness would be based on completion of construction of the building, CARA would have a lien in the first position until the Legion gets construction financing, and the Legion has suggested an agreement for the use of their digital sign to promote local events.

James McCanlas, commander of American Legion Post 10, expressed appreciation for efforts to quantify which items of need are under the goals and guidelines of CARA. Since he has already been before the Board, he won’t go into great length about the contributions Post 10 has made to the City, but they include the first ambulance, volunteer fire department, Albany municipal airport, and Veterans’ Day parade. Post 10 has been a driving force in Albany’s development for 92 years. Due to an arson fire on July 4, 2010, the Post’s activities are limited by the property it leases. The building is inadequate for the multiple functions required to earn the revenue needed to maintain its mission goals. The kitchen and service area are not adequate for the events that are a large portion of its income base. The building is old and upkeep costs are high. He outlined the request for assistance in one of two ways – a \$50,000 grant or a \$197,500 loan, as detailed in the application. CARA’s assistance would reduce the amount needed by the bank, provide a potential match grant, shows grantors that Albany is willing to help the organization, show veterans that Albany appreciates them, allow Post 10 to continue to help with downtown events, and provide signage on Pacific Boulevard to direct people to events.

In response to an inquiry from Foster, Porsche said that loan forgiveness is typically triggered by completion of the project defined by receipt of the Certificate of Occupancy.

Kopczynski asked what would happen if the Legion was unable to get a construction loan. McCanlas said that, from what he understands, the building after completion will be valued at about \$3,260,000. Without a bank loan, and with the \$97,500 CARA loan, they would be short about \$348,500. They are working with several banks, as well as an anonymous donor.

In response to an inquiry from Kopczynski, Porsche said that it was made clear to the applicants that CARA funds can only be used for work that has not yet been done; the reimbursement process requires the applicant to submit dated invoices prior to receiving payment.

Collins commented that the City has supported Post 10 in the amount of about \$60,000 by assuming installation of the water line on Sherman. Collins said that he would like to consider a condition of approval that the grant or loan would be paid back if the building is sold within a certain period of time.

Catlin said that his company has done work for Post 10; he will not participate in these proceedings.

Spence said that the request does not explicitly meet many CARA goals, but what is running through all of those goals is that CARA is committed to perpetuating and improving community institutions. He wants it to be very clear that a grant or forgivable loan would come with conditions and that the Legion would be on the hook financially if those conditions are not met. McCanlas said that is understood.

In response to an inquiry from Henion, McCanlas said that the details of the digital sign usage would need to be negotiated. The Legion has always tried to support its community.

Leland commended the American Legion for the good work they have done over the years. He said the proposal fails to meet a number of CARA goals, including furthering the Town Center Plan, remedying severely blighted areas, rehabilitating historic buildings, benefiting the general public, locating in a retail

hotspot, and tax increment to CARA. He recalled that McCanlas previously said that Post 10 contributed about \$400,000 to the community. McCanlas said that is in-kind and in money; he doesn't know the money figure. Leland asked why the Post does not direct some of those funds back to the building. McCanlas said the temporary facility is highly inadequate, expensive, and does not allow for the multiple functions that bring in money. The Post is trying hard and doing fund-raising but still needs additional funds.

Leland said he was told that underwriters typically recommend insurance for replacement value. McCanlas said the insurance was adequate to replace the building; however, because the building was more than 70 percent destroyed, it is considered new construction. The insurance did not cover the extra costs associated with new construction.

Collins asked whether it is wise to expand CARA's current debt given that the potential implications of the initiative petition are unknown. Brief discussion followed. Catlin noted that this Board is charged with making recommendations; the Agency makes the final money decisions. Foster said she considers her position on the Board as a job; she would still do her job even if a layoff was possible, and she wants to evaluate the projects before the Board tonight.

Konopa said that the American Legion folks were wonderful and understanding in the meetings. It is a process to be able to understand what is fundable and the Legion has a unique situation. She recognizes the value of what the organization has done for our community. The list of projects for CARA funding include a sidewalk on City property (\$13,000), and a fire suppression system which would protect the investment and the community overall (\$36,000). An agreement to use the sign would give some value to the City which currently pays to have advertising banners put across the highway.

MOTION: Kopczynski moved to approve the \$50,000 grant subject to completion of the building; if completion does not occur, the funds would revert back to CARA. Foster seconded the motion.

Spence said he would be interested in a larger forgivable loan with a condition that it is paid back if the building is sold within a certain time period. Foster said that, if some Board members are more comfortable with a middle ground, the sidewalk, fire suppression, and sign add up to \$74,000. In response to inquiry, Porsche said that the grant contracts have a stipulation that CARA has a right to require repayment if the project is not completed.

MOTION TO AMEND: Foster moved to amend the motion to approve a \$74,000 grant with the stipulation that the applicants complete the project, reach an agreement for sign usage, and that, if the American Legion leaves the structure within ten years, the money will be paid back. Henion seconded the motion.

Collins said he will not support this motion, not because of this project, but because of his concern that we are digging a deeper hole and we don't know the bottom.

The motion to amend **passed** 7-3 with Catlin abstaining:

Yes: Foster, Henion, Johnson, Konopa, Leland, Olsen, Spence

No: Collins, Kopczynski, Post

The amended main motion then **passed** 7-3 with Catlin abstaining:

Yes: Foster, Henion, Johnson, Konopa, Leland, Olsen, Spence

No: Collins, Kopczynski, Post

Lepman, 406 Denver Street SE

Porsche drew attention to the written staff report. She recalled that Lepman had previously requested a \$48,423 forgivable loan for this property and the Board moved to offer a nonforgivable loan at cost plus one percent. Mr. Lepman has since said that this would not help him as he is able to procure a better rate at the bank and that the project is not an option for him without CARA assistance. ARA asked that this come back to the Advisory Board for reconsideration.

Scott Lepman, 100 Ferry Street NW, said that the Advisory Board approved a loan for this project but he is able to get a loan from other sources at lesser cost. He bought this property thinking it would be good for a duplex. Because of previous CARA assistance with the Siegner project, he prepared his application similarly to theirs.

Spence asked what he is hoping to charge for rent; Lepman said about \$850 to \$900 per unit. Spence asked if that would equate to a return on investment of about 12 years. Lepman said the rate of return is based on a gross rent multiplier; however, he will have a lien on the property which impacts the rate of return.

Kopczynski referred to the diagram in the application showing what would be built both with and without CARA assistance. He asked what is inherently inefficient with the less expensive option. Lepman said that he took that diagram from the Siegner's previously approved application. He purchased the property anticipating that CARA might also assist with this duplex since it would be a similar building in the urban renewal district. In his instance, however, there will not be a duplex built without CARA assistance.

Olsen said that he would like to find a way to give incentive to do this project and begin to spruce up Denver Street by example. Johnson said that she thinks the project could be the catalyst for improving the area, as we have seen work in other areas. Foster said that her concern is that the percentage of investment requested is 15 percent; she asked about the possibility of approving half of the requested amount. Lepman said his heart says yes, but his business sense says absolutely not. He is willing to do his share to make a positive change in the community, but it needs to make good business sense.

Kopczynski said he still has concerns about making this such an upscale duplex. Foster said she would be willing to contribute a lower investment and hope the applicant would make a less upscale version. Spence said that he feels we could get more urban blight bang for our buck than this one project provides. Johnson said that the proposal would get rid of blight, that this is a small amount compared to others CARA has given, and that Lepman has a reputation for doing good work.

MOTION: Johnson moved to approve a forgivable loan in the amount of \$48,423 to fund the demolition of a blighted home and construction of a duplex. Kopczynski seconded the motion.

Olsen expressed concern about the 15 percent; he might be in favor of a lesser request. He asked what percentage CARA has funded in similar residential projects. Porsche said she doesn't have that data with her. Porsche noted that, in the Siegner's case, they were originally intending to build a more mundane version in an area that abuts a historic district so the conversation was how we could help them create an infill project to show what could be done. From staff's perspective, the benefits are not the same with this proposal.

MOTION TO AMEND: Foster moved to amend the motion to approve a forgivable loan in the amount of \$25,000. Leland seconded the motion, and it **failed** by a vote of 5 to 6:

Yes: Foster, Henion, Leland, Olsen, Spence

No: Catlin, Collins, Johnson, Konopa, Kopczynski, Post

The main motion **failed** by a vote of 10 to 1, with Johnson voting yes.

RCM Homes Update

Bill Ryals and Randy Myers distributed and reviewed an updated Edgewater Village Master Plan. Due to market changes, the plan has transformed considerably since it was last shown to the Board. This is informational. The applicants have a good understanding of what the City would like and are working to embrace the downtown, add a retail segment, and come to an agreement with the railroad which would allow for a small parcel in the middle of the site to be added as public space. The units along the river would be single-family homes, the 5,000 sq. ft. commercial area would be market driven, and there would be about 75 condo units, again market driven.

In discussion and in response to inquiries, the applicants provided the following additional information:

- The gravel piles on Water Avenue were left over from demolition. The material has been ground up and is being stockpiled onsite to keep it out of the landfill. It will be used as quickly as possible.
- The road work will lead construction by about a year; the exact time frame will be market driven.
- Changes to the previously approved project include a reduction in the number of homes from 50 to 32 and the addition of commercial projects and public space.
- The commercial component will depend on what market allows at the time. The idea is to bring businesses that will bring people downtown and address local needs.
- This is a plan in progress. If the market turns around, the time line will be able to speed up.

Staff Updates and Issues

Porsche distributed and reviewed *CARA Surplus Revenue Estimates*. She advised that the City Council is working through a budget shortfall and all city services are under consideration. The spreadsheet shows an estimate of the City's portion of the CARA surplus after debt payments to be \$126,721.

Porsche said the next meeting will include a look back at the history of the urban renewal plan, items in the plan, CARA goals, and a review of how the money has been spent so far.

BUSINESS FROM THE BOARD

None.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, February 15, 2012, at 5:15 p.m. in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Post adjourned the meeting at 8:01 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant

Kate Porsche
Urban Renewal Manager