



APPROVED: January 16, 2013

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, December 19, 2012

MINUTES

Advisory Board Members present: Russ Allen, Rich Catlin, Jeff Christman, Bill Coburn, Floyd Collins, Loyd Henion, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, and Dick Olsen

Advisory Board Members absent: Chuck Leland (unexcused) and Mark Spence (excused)

CALL TO ORDER

Chair Rich Catlin called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

November 14, 2012

MOTION: Floyd Collins moved to approve the minutes as presented. Ray Kopczynski seconded the motion, and it **passed** 11-0.

SCHEDULED BUSINESS

Business from the Public

None.

Continued Review of CARA Policy Items – Project Types/Decision Making

Urban Renewal Manager Kate Porsche drew attention to the updated *CARA Policy Brainstorming List*. She said that the Chair has suggested the Advisory Board try to complete its review of these items tonight. At its next meeting, the Board will need delve into which of the public projects in the urban renewal plan that it wants to focus on for the next round of borrowing.

Catlin asked for a brief summary of Subjects 8 through 12 in the Private Partnership Programs category.

Porsche said that some ideas on the brainstorming list came from the public or from her colleagues in urban renewal statewide. The Pre-application Program would set aside funds for work that would help give wings to a project, the idea being that the appraisal or environmental study would be done and available for other projects if the original project didn't go forward. Architectural Assistance is a program that has been in place for many years with Rob Dortignacq, an architect who specializes in historical buildings and architecture; the applicant is offered a first consultation for free and then there is a 50/50 split. The question is whether to continue this program and, if so, whether to open it up to additional architects. The Small Grants Program has also been in place for many years. In recent years, \$50,000 has been set aside for two rounds of small matching grants which we have seen used for awnings, exterior paint, and minor improvements to exteriors. The Restaurant Funding Pot is an idea from Rich Catlin to create a pot of funds targeted for restaurant development. Since hoods and kitchen development can be very costly, the idea is that these funds would be specific to that use with the thought that restaurants draw people downtown. Program Min/Max is included to encourage the Board to define parameters around each program to help staff bring forward quality applications. Catlin led a discussion of items on the brainstorming list as follows:

Pre-application Program

Kopczynski said that he would like to see the program continue but that he would like to see it opened up to additional architects, especially those in our area.

Bill Coburn said that his focus will be to have as much money as possible spent on actual projects.

Dick Olsen said that he can think of houses where the owners covered the outside with T1-11 siding and installed slider windows. He would like to prevent that and lesser mistakes which detract from historic buildings. He thinks the historic architecture consultation is important.

Porsche noted that this body has design guidelines that ride with its funds and staff works hard to make sure that those who receive CARA funds adhere to them.

Gordon Kirbey said that the original intent was to have that landmarks component at the forefront to ensure projects get off on the right foot. He doesn't remember the specifics of the selection process, but the consensus was that Dortignacq was the most knowledgeable about historic architecture.

Sharon Konopa said that Dortignacq was part of the train station project and helped with much of the design on First Avenue. Sometimes property owners cut corners, and she can see historic architectural assistance as a piece that could be shoved aside to save money to the detriment of the historic district. She thinks this should be kept as an item to be funded.

Collins said that he doesn't mind funding the program, but he would like to put limitations on the money so that it is only paid out if the project carries through. Porsche said that contractual language could be added to tie the money to project completion.

Russ Allen said that this program is only appealing to the extent that CARA's participation would result in ownership of a study or appraisal that would be beneficial. If that is not really the case, he is not interested.

Catlin asked if the Board would like to assign a study group to bring back options for consideration. Coburn noted that market studies become invalid after a short amount of time; environmental studies may have some value but there aren't many sites left that need those studies.

Porsche will do additional research and report back.

Small Grant Program

Collins said that he is in favor of keeping the program but that he would like to tighten the criteria so money is being used where it is truly needed and so projects either add to the tax increment or add amenities to the district. He suggested a minimum of \$1,000 and a maximum of \$5,000 for this program.

Coburn said that, as has been discussed many times, CARA's debt is paid back by property values going up. He would be more in favor of making low-interest loans but that may not pencil out for some of the small projects.

Kopczynski said that it has bothered him when applications are incomplete or give no way to evaluate how much a person has invested; he has voted no on some applications because he didn't believe the applicant had enough skin in the game.

Bessie Johnson said that she agrees with the idea of making low-interest loans rather than giving money away. She noted that taxes are not affected at all unless there is more than \$10,000 in improvements. Even a very low-interest rate would at least ensure return of the principal.

Porsche noted that loans require more administration work. She suggested that, if the Board wants to keep this program, it could be made more competitive with a smaller amount of money and an annual allocation process.

Jeff Christman said that one way to get applicants to have more skin in the game would be to increase the matching portion so they are required to put in more money; maybe a 1 to 2 match.

Kirbey said that he wants to continue the program. He thinks that it is useful and that it provides incentive.

Loyd Henion said that it may be legitimate to give a little help if we believe it would help a business to be successful. He likes the idea that applicants need skin in the game and feels the Board could discuss a 2 to 1 match.

Allen said that he is concerned about making loans at lower amounts because of the amount of administrative tracking required. He thinks that it would be good to increase the applicants' match to help ensure that projects aren't coming in just because there is free money on the table. He isn't overly concerned about TIF with these small projects; the idea is to create an environment so businesses will want to come in.

Catlin said that he is hearing general support for the program with a lot of questions about how it should be structured. Porsche said that she will do some research on how other communities have structured their small grant programs and bring back options for additional consideration.

Restaurant Funding Pot

Catlin said that this idea came out of the Albany Downtown Association's Economic Development Committee, which was brainstorming how to promote economic development downtown. This Board has approved funding for the JC Penney Building and the Wheelhouse with strong encouragement that those buildings include restaurants; but no restaurant facilities were put in, primarily because they are considered a tenant improvement. It is clear that it can be a stumbling block for potential restaurant owners to put in expensive kitchens because the investment stays with the building. He is floating this idea to see if there is interest in creating a new program within CARA to stimulate this type of business downtown.

Collins said that he would not be adverse to this type of request coming forward but he would not want to create a separate pot.

Konopa conveyed a concern from a local restaurant owner outside of the CARA district who is upset that CARA has given money to his competition and that his business has not been given the same incentives.

Johnson said that each of the restaurants that CARA has helped fund applied on an individual basis. Every business competes with other businesses. CARA is just trying to revitalize the downtown.

Allen said that he is not in favor of this as proposed. He understands how vital restaurants can be in revitalizing an area, but he is aware of three spots downtown that are already available for restaurants.

Catlin said he is hearing that there is general support for encouraging restaurants but that the Board does not want to create a separate pot of money for that use.

Program Min/Max

Porsche said that it is important to have parameters around the different pots of funding within CARA. She noted that some of this may come naturally out of the budgeting process.

Validation of Projected AV/TI

Porsche said that there is a need to decide upon a consistent method to assess the value and benefit of projects. One idea is to create a task force comprised of lenders, business owners, and concerned citizens to delve into this topic. Collins, Johnson, and Kirbey volunteered to serve on a task force. Porsche will reach out to members of the public who may want to participate.

Gap Funding

Collins said that he thinks applicants need to demonstrate they cannot get private money and why and to explain why CARA should step up to the table.

Catlin asked if a rejection letter from a bank provides the level of proof needed. Christman said that policies regarding various types of loans vary hugely by institution; he feels that applicants need to do more to demonstrate why there is a gap.

Porsche said that there is a resolution that outlines current policy related to gap or need; she will bring it back as a starting point for additional discussion.

Credit Worthiness Review

Porsche said that the City Attorney has structured CARA's loan contracts such that personal guarantees are required of every member of an organization as well as their spouses. However, the leader of a nonprofit is not going to provide a personal guarantee. One idea is to tie payments to tax increment. One community she is aware of doesn't pay out until there is tax increment on the books, but some applicants may not be able to wait that long for the money. Collins said that restrictions can be placed even on nonprofits; he likes the idea of tying payments to tax increment.

Cost Estimates

Porsche said it has been suggested that applicants have at least two bids when they come forward with an application. When business is booming, it might be hard to get multiple bids for small projects. The question is how many bids to require.

Coburn said that contractors usually want to see three bids from subcontractors. That is the industry standard, and it would encourage outreach to area contractors. Several members agreed. It was noted that CARA could limit its participation to the low bid, but the applicant could choose whoever they wanted.

Process for Repeat Applicant

Porsche said that there have been a couple of examples where an applicant who received funding came back with a request for a different phase of the same project. The question is whether these applications should be treated differently. Coburn said decisions should be made on a case-by-case basis; he doesn't think repeat applicants should be treated differently.

Kopczynski said a couple of folks have redeveloped an existing building more than once because their business needs changed; the perception may be that they have come back to CARA too many times.

Collins said that if the funding was tied to performance over a period of time which has lapsed and they now want to do something else, he is ok with that.

Konopa said that some projects might need to be phased; the St. Francis is an example of a project that might be developed in phases.

There was general agreement that no change in process is needed.

Conflict of Interest Form

Porsche said that she sat down with Gordon Shadle, a citizen who has concerns and criticisms of the CARA program, and one of his suggestions was a conflict of interest form that applicants fill out to explicitly explain any association with Advisory Board members. Konopa said she doesn't know if this is necessary; it would be the Advisory Board member that might have a conflict of interest, not the applicant. Porsche will run this idea by the City Attorney.

Fire Flows

Collins said that this issue is especially relevant to the downtown core where we don't want to put \$1 million into a building and have it burn down because we didn't have the fire flows. It would be easy to check fire flows as part of the application process.

Coburn said that he thinks this would be a duplication of building department requirements. Olsen said that one of the reasons for CARA is to improve infrastructure. Coburn said that he doesn't disagree; he just doesn't think it should be part of the application process if it is duplicating something that is already being done. Porsche will check.

Explicit Outside Involvement/Approval

Porsche said this asks if we want more explicit involvement with other agencies that conduct reviews and issue approvals, i.e., whether CARA's approval should be contingent upon the approval of these other agencies.

Collins said that he thinks we need to keep the process as simple as possible. Kopczynski agreed. Coburn said he doesn't want to look for problems or make the process more difficult.

Overall Sense of Direction of Economy

Collins said that he brought up the idea of using metrics to better understand the climate and make funding decisions. For example, it may make sense to make public improvements when the economy is down to get the best prices. The trick is to determine what legitimate metrics would be most informational. Brief discussion followed.

Final Accounting of Projects

Porsche reviewed a concept that is used in some other communities which would hold back a portion of funds until the final accounting is complete. If a project comes in under cost, CARA would share in the benefit and proportionately reduce its contribution.

Collins said this would keep the applicant from increasing the initial estimate and then tightening down and getting the benefit of CARA's cash. He thinks it is important to get a final accounting before the final draw. Kopczynski said that he is in favor.

Catlin said that the remaining items on the brainstorming list have been dealt with to some extent. Porsche will do additional work and bring back information as discussed.

Staff Updates and Issues

Porsche said the Advisory Board will have only the next meeting to work through and hone in on a list of public projects to be given to bond counsel. She invited any suggestions on how best to make that happen.

Collins said that, as part of decision making process, the Board needs to know the rules, guidelines, and restrictions associated with the bond.

Henion suggested that Porsche send an e-mail with specific questions Board members should be thinking about for the next meeting.

Porsche reviewed the agenda for the Albany Revitalization Agency (ARA) meeting immediately following this meeting.

BUSINESS FROM THE BOARD

None.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, January 16, 2013, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 7:29 p.m.

Submitted by,



Teresa Nix
Administrative Assistant

Reviewed by,



Kate Porsche
Urban Renewal Manager