



APPROVED: May 7, 2013

**CITY OF ALBANY**  
**Central Albany Revitalization Area Advisory Board**  
**City Hall Council Chambers, 333 Broadalbin Street SW**  
**Wednesday, April 17, 2013**

**MINUTES**

Advisory Board Members present: Russ Allen, Bill Coburn, Floyd Collins, Loyd Henion, Rich Kellum, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Danon Kroessin, Dick Olsen, and Mark Spence

Advisory Board Members absent: Rich Catlin (excused), Bessie Johnson (excused), Maura Wilson (excused)

**CALL TO ORDER**

Vice Chair Mark Spence called the meeting to order at 5:15 p.m.

**APPROVAL OF MINUTES**

March 20, 2013

MOTION: Russ Allen moved to approve the March 20 minutes as presented. Rich Kellum seconded the motion, and it passed 11-0.

**SCHEDULED BUSINESS**

Business from the Public

There was no business from the public.

General Discussion of Proposed 2013-2014 ARA Budget

Urban Renewal Manager Kate Porsche said that there has been a slight change in the ARA budget process to better align with the City process and to provide increased transparency and opportunity for public comment. Tonight, she will give a general overview of the ARA budget; there will be additional opportunities for feedback/direction at the next CARA meeting on May 7, and at the ARA Budget Committee hearing on May 14.

Porsche said that looking to 2013-14, she has heard consensus that this group wants to fund private projects with cash-on-hand and to use borrowings for public infrastructure projects. Current debt includes a 2007 Series A Bond at 4.85 percent with a maturity of 6/15/22 and a balance of \$2.822 million, and a 2007 Series B Bond at 6.25 percent with a maturity of 6/15/15 and a balance of \$485,000 after the 6/15/13 payment. The economic climate includes constrained budgets and low interest rates; some would argue that this is a good time for government to invest in projects that would hopefully spur private investment. ARA's budgeted revenue for 2013-14 includes tax increment of \$2.3 million, a beginning balance of \$1.1 million, and a potential new loan of \$3 million, for a total of \$6.4 million.

Finance Director Stewart Taylor came forward to explain the assumptions used to estimate the property tax increment revenue. An assumption used in preparing both the ARA and the City's proposed budget was that activity in the current year will be mirrored next year. The assumptions also took into consideration the impacts of compression. Brief discussion followed regarding the issue of compression and its impacts on tax

revenues including local option levies and the urban renewal district. Taylor said that compression is a complicated calculation which includes assessed value, market value, and the order in which levies and districts are affected. The League of Oregon Cities has a good summary piece on compression which could be made available to Advisory Board members upon request.

Porsche said that CARA's budgeted expenses for 2013-14 include administrative/program costs (\$140,000), debt service, reserves & loan costs (\$1.5 million), and previously authorized projects (\$510,000), for a total of \$2.15 million. The surplus includes the potential loan for public projects (\$3 million) and reserve for projects (\$1.25 million). The proposed budget allows flexibility for policy choices, creates budget authority for borrowing, and results in a surplus in CARA project reserves. Uses for the \$1.25 million in project reserves could include any of the following: 1) set aside funds for smaller private/public partnerships; 2) create a reserve fund for larger scale private/public partnerships, funding over multiple years; 3) potential to under-levy; and 4) pay off the higher interest Series B loan.

Porsche said that it is not necessary to make decisions about how to use the surplus at this time; however, a decision to under-levy for the coming fiscal year would require a decision before June 30. The amount that was under-levied would be distributed proportionately to all of the affected taxing districts. In discussion, she said that it is her understanding that the Lebanon urban renewal district agreed to under-levy as part of a deal that increased that district's maximum indebtedness. She noted that an urban renewal plan is complete when it has borrowed and paid back its maximum indebtedness.

Porsche invited questions or suggestions on the proposed budget.

Floyd Collins said that this level of consideration should occur annually. He said that the policy choices made by the Advisory Board leads to all four of the options presented for use of the project reserves. He likes the ideas of paying off some of the high interest debt and of having a reserve set aside for large projects. Given the economy, he thinks the potential of some level of under-levy would be wise; it would help the City and other taxing districts and send a symbolic message that we understand the budget constraints.

Sharon Konopa expressed concern that under-levying would set a precedent and that any symbolic message would be quickly forgotten. She noted that the funds that would go to the school district are already backfilled by the state. She said that CARA has been out of business for a year and that we haven't seen investment coming into the downtown area. There is a risk to under-levying if it sends the message that CARA is going to continue to be idle.

Rich Kellum said that we need to remain cognizant of the turmoil we have going. In the current political climate, less is more. He would be in favor of some level of under-levying. He would like to see funds set aside so that when a good project comes along, we could do something with it.

Russ Allen said it seems the impetus to under-levy would have been two or three years ago. He asked about pending state legislation regarding how urban renewal districts affect local option levies. Porsche said that CARA was put into place when the law required urban renewal districts to affect local option levies and that state legislation is being crafted to address the issue. The potential language she has seen would impact only new local option levies. She explored the possibility of the urban renewal district forgoing levy funds and was told that is not possible. The way the division of taxes occurs with urban renewal is mandated by state law.

Bill Coburn said that he agrees with Konopa; he is concerned about under-levying and the perception that the whole program is starting to crumble. He continues to be frustrated that, for the most part, CARA only funds improvements when proposals are brought forward. He has a vision that we would go out and do something major (Water Avenue or Salem Avenue, for example) that would generate private investment and give us the biggest bang for our buck. He thinks the emphasis should be on getting the program up and running.

Ray Kopczynski said that one large project that will be coming on is the RCM Homes development. He asked how any under-levy amount would be determined. Porsche said it can be a dollar amount or

percentage. Porsche showed two slides: “Revenue Foregone by General Taxing Districts FY 2012-13” and “CARA – Revenue Foregone to Taxing Districts & Percent of Total Cara Revenue – 2013”. She noted the biggest recipient of any under-levy would be the City of Albany General Fund. Impacts to the school district are largely backfilled by the state. There is an impact to the Linn County local option levy, but we don’t have the option of foregoing just that portion.

Taylor reviewed the budget process. The Budget Committee will meet May 14 and receive the City Manager’s proposed budget. The Budget Committee will then review the budget, receive public comment, and approve a budget to recommend to the City Council/ARA. The City Council/ARA will have additional public hearings and then take action to adopt a budget. Modifications can be made at a couple of points – the Budget Committee can modify the proposed budget and the City Council/ARA can modify the approved budget to some degree prior to adoption.

Danon Kroessin asked how much would be saved by paying off the Series B loan and where that money would go. Porsche said there would be a savings of about \$25,000 in interest payments and the money would be available for other projects.

Spence said that he thinks all four of the options presented have merit and are worthy of consideration but that adopting any mixture of the four would be ineffective and dilute the efficacy of any of them. The main guiding principle needs to be the long-term vision of plan. It would be possible to create a reserve through the decision-making process. If under-levying is for political calculus and not financial calculus, there may be other actions that would be just as effective.

Dick Olsen said he agrees with Konopa. When he talks to business owners downtown, they are wondering where CARA is. He has been saying that CARA is almost done with its discussion and will be coming back. He doesn’t see any value in under-levying. He said that the urban renewal districts that are under-levying are those that are near the end of their processes and have tax increment coming in. The CARA district has projects that need to be done and that will hopefully encourage private investment.

Konopa recalled comments at last year’s Town Hall when David Johnson, owner of the Wheelhouse, said he invested \$7million of his money in that project and would not have done so if he thought CARA was going away. She asked why a business person would want to invest in our downtown if CARA were to under-levy this year and create more uncertainty for the future. She said CARA is a plan that was committed to years ago; we should stick to the plan and move forward.

Collins said that if you rely 100 percent on the plan, you are not managing the plan but the plan is managing you. He is committed to the goals of CARA, but he thinks we need to make prudent decisions based on what is good for the district and the community as a whole. Brief discussion followed.

### Staff Updates and Issues

Porsche gave an update on the Woodland Square project. Two houses, a garage, and three uninhabitable mobile homes have been demolished; all had asbestos which was abated. Going forward, a couple of underground storage tanks will be removed, the geotechnical analysis will be done, and mobile homes will be demolished as residents move out. IHI is working closely with residents in each step of the process. Pending receipt of tax credits, IHI will begin construction of the new apartment homes in Spring of 2014. The project will take about ten months to complete.

In discussion, Porsche said that if IHI does not receive tax credits in the next round, the property will revert to the urban renewal agency, which could define a project that best meets the needs of the community and put out a request for proposals. Konopa said the agency could also decide to wait and allow IHI to put in for tax credits the next year, noting that the state may change the criteria to put more focus on workforce housing.

Porsche reviewed the status of the approved retail refinement projects. For the slip-lane, a letter to the state is being reviewed by staff. For the wayfinding signs, staff is working to get engineering specs to put in an RFP; the final proposal will come back to the Advisory Board. For the parking lot resurfacing, specs are underway for the bid process.

Porsche said that the Association of Oregon Redevelopment Agencies (AORA) held a meeting in Albany last week and that members were very complimentary of our downtown.

Porsche said that one of her interns has decided to do his Master's thesis on the return on investment on urban renewal projects, including the return predicted, the methodology used, the actual return, and what might be a good methodology going forward.

Porsche said that, as part of the ICMA International Fellows program, two Fellows from New Zealand will begin their two weeks of work in Albany next week; they will be working on civic engagement as it relates to urban renewal.

#### BUSINESS FROM THE BOARD

There was no further business from the Board.

#### NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Tuesday, May 7, 2013, 5:15 p.m., in the Council Chambers.

#### ADJOURNMENT

Hearing no further business, Vice Chair Spence adjourned the meeting at 6:55 p.m.

Submitted by,

Reviewed by,

*Signature on File*

*Signature on File*

Teresa Nix  
Administrative Assistant

Kate Porsche  
Urban Renewal Manager