



NOTICE OF PUBLIC MEETING

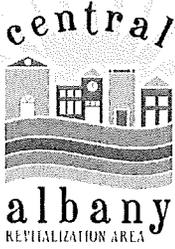
CENTRAL ALBANY REVITALIZATION AREA ADVISORY BOARD
City Hall Council Chambers
Wednesday, April 16, 2014
5:15 p.m.

AGENDA

1. CALL TO ORDER (Chair Rich Catlin)
2. ROLL CALL
3. APPROVAL OF MINUTES
 - March 4, 2014. [Pages 2-7]
Action: _____
 - March 19, 2014. [Pages 8-14]
Action: _____
4. SCHEDULED BUSINESS
 - a. Business from the Public
 - b. Project Update Albany Carousel & Museum – Information Only. [Verbal] (Gary Goby)
Action: _____
 - c. Continuation of presentation, deliberation, and funding decisions of New Storefront Grant Request. (Porsche/Applicants)
[Pages 15-28]
 - 1) Allen & Associates Insurance, Inc (Mike Allen) (\$5,000).
Action: _____
 - d. Modification to Funding Request: Novak's Hungarian Restaurant. [Pages 29-42] (Porsche/Novak)
Action: _____
 - e. General discussion of proposed 2014-2015 ARA budget. [PowerPoint Presentation] (Porsche)
Action: _____
 - f. Proposed agenda and plan for open house discussion of infrastructure projects. [Verbal] (Porsche)
Action: _____
 - g. Staff updates and issues. [Verbal] (Porsche)
Action: _____
5. BUSINESS FROM THE BOARD
6. NEXT MEETING DATE: *Wednesday, May 21, 2014*
7. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advance notice is requested by notifying the City Manager's Office at 541-917-7508, 541-704-2307, or 541-917-7519.



APPROVED: DRAFT

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Tuesday, March 4, 2014

MINUTES

Advisory Board Members present: Russ Allen (left at 7:00 p.m.), Rich Catlin, Bill Coburn, Floyd Collins, Loyd Henion, Rich Kellum (left at 6:10 p.m.), Sharon Konopa, Ray Kopczynski, Danon Kroessin, Kevin Manske, Dick Olsen, Mark Spence, Maura Wilson

Advisory Board Members absent: Bessie Johnson (excused)

CALL TO ORDER

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

APPROVAL OF MINUTES

January 15, 2014

MOTION: Ray Kopczynski moved to approve the minutes as presented. Maura Wilson seconded the motion, and it passed 13-0.

SCHEDULED BUSINESS

Business from the Public

Economic Development & Urban Renewal Director Kate Porsche distributed written comments from Gordon Shadle [see agenda file].

Presentation of New Small Grant Requests

Allen & Associates Insurance (Michael Allen) (\$5,000)

Porsche briefly reviewed the small grant request for \$5,000 for work on a commercial building at 433 Third Avenue SE, as detailed in the written staff report.

Floyd Collins said that he has a relationship with the applicant through their church and, therefore, will not participate in the discussion and decision regarding this application.

Michael Allen, 433 Third Avenue SE, said that he believes the CARA program would be excellent to partner with to do some improvements to his building and hopefully encourage other property owners in the area to do the same. He said that he tried to combine the costs of the project into a refinance loan, but the loan terms would have required an additional and substantial down payment that he did not have available. He would use the CARA funds to do exterior improvements as described in the application.

Kopczynski asked if the down payment that the bank would have required was more than the portion of costs the applicant would pay for this project. Allen explained that he previously took out a project loan to do the heating/cooling system. He then attempted to take money out of the building to finance exterior upgrades; however, the bank wanted a second down payment for that loan, and he just couldn't do it.

Catlin asked if the applicant was able to get a second estimate as discussed in his e-mail exchange with staff. Allen said that he had requested an update on a bid that was prepared two years ago but that contractor has been difficult to reach. He said the bid in the application was from a reputable contractor who was quick to provide an estimate.

Bill Coburn said the review grid shows that the application failed to meet many of the criteria. Even though there are only two applications for this round of funding, he said, the standards should apply. He asked for further comment from staff. Porsche said that this is not a historic property and the request does not meet all of the evaluation criteria. However, it would be a cosmetic upgrade to a building on the east side of town and the small grants are intended for projects outside of the identified target areas. The question is whether the cosmetic change be enough to help bring up the neighborhood and create momentum for additional change. Porsche said that she doesn't have a strong opinion on the application.

Mark Spence asked the applicant if he thought that renovating this property would help kick-start improvements to the property adjacent to his which, he said, appears to be in worse shape than the subject property. Allen said that some structures in the neighborhood are being renovated and others need work; he hopes that by making improvements to his structure, others will follow suit.

Rich Kellum said that he was bothered by the small number of green dots on the quick review grid, as well as the fact that there was only one estimate provided. For those reasons, he would have a hard time supporting the request.

Brief discussion followed regarding the application, the evaluation criteria, and prior improvements to the building. The applicant clarified that the building is serviceable and that he will continue to invest in the property regardless of whether he receives this grant. He said he considered the grant program as a way to partner and make the improvements happen more quickly than they would otherwise.

Loyd Henion said he was concerned that only one bid was received and he would like to look at the building before voting on the application. Kopczynski questioned the need to hold off on a decision, noting that Advisory Board members had the opportunity to make a site visit prior to the meeting.

Borden Building (John Boock) (\$4,750)

Kellum said that he has a professional relationship with the applicant and, therefore, would not participate in the discussion or decision for this application.

Kellum left the meeting at 6:10 p.m.

Porsche briefly reviewed the request for \$4,750 to help to paint a portion of the historic Borden building on the waterfront, as detailed in the staff report.

John Boock said that he purchased this building because it was an iconic industrial building with historic significance. His original intent was that McMenamins would take over the building, but the recession hit and no big business has come in. He said he was fortunate to have a startup business, Deluxe Brewing Co., come into the building. He said that a tremendous amount of money has been put into the building. The grant would assist in painting the one remaining part of the exterior in order to help with the appearance of the building and create street appeal in the area.

Kopczynski noted that the application asks where else the applicant has looked for funding and that the answer given was "not applicable." Boock said that there may come a time when he will seek major funding to develop the building for other uses but he is trying to do the work out of pocket at this time.

In response to an inquiry from Collins, Boock said that he would like to do the work for the sake of appearance, to encourage others to do improvements, and to bring awareness to the area. If he doesn't receive the grant, it will be awhile before the exterior work gets done because he has to use his money for other needs.

Deliberation and Funding Decisions

Borden Building (John Boock) (\$4,750)

MOTION: Coburn moved to approve the grant request. Spence seconded the motion.

Coburn said that this is an area of town where CARA needs to focus efforts, and that the request meets many of the criteria that have been established.

Collins said that he appreciates there is a viable business at this location and that the applicant wants to attract more businesses but he thinks a loan makes more sense than a grant for this application. Brief discussion followed regarding the idea of establishing a small loan program.

The motion passed with 10-2, with Collins and Kopczynski voting no.

Allen & Associates Insurance (Michael Allen) (\$5,000)

Dick Olsen said that this block needs improvements that will encourage others to fix up their buildings.

MOTION: Olsen moved to approve the grant request. Kopczynski seconded the motion.

Wilson said there is value in improving the neighborhood but she thinks the subject building is decent looking and she doesn't think the improvements would make much of an impact to the neighborhood. She would prefer that the application come back next month with one or two additional bids.

Catlin said that continued investment in this area is important for a many reasons. He noted that CARA projects include signage advertising the program's involvement which may encourage others.

The motion failed 2-9, with Catlin and Olsen voting yes and Collins abstaining.

Catlin asked for a show of hands by those who support having the request brought back with an additional bid. A majority of the Advisory Board indicated support.

Planning for Discussion of Infrastructure Projects

Porsche drew attention to the written staff report. She noted that the Advisory Board previously discussed using cash on hand to fund private/public partnerships and borrowing for public infrastructure projects. This year, there is budget authority to borrow \$3.1 million. She said that the Advisory Board discussed ways to prioritize public projects and the potential of holding a public forum where citizens could share their thoughts. Staff was asked to bring back a short list of public projects that would be feasible at this time. The staff report includes the *CARA Urban Renewal Plan Report Table 2* with public infrastructure projects highlighted, the top five public projects from the 2009 open house survey, and a list of six feasible projects which are provided as a starting point for discussion. She reviewed each of the six projects as detailed in the written staff report: Water Avenue Improvements, Albany Square, Downtown Streetscape, Main Street Area Streetscape, Willamette Riverwalk, and Thurston Canal Walkway. She requested feedback on which projects the Advisory Board feels are a priority for inclusion in the public meeting.

Kopczynski said that he was glad to see the Downtown Streetscape for Second and Third Avenues is on the list. He would like to see that combined with the Street Redevelopment project, but it is important to mesh improvements with the Capital Improvement Plan and what the City may already be planning.

Collins agreed that it is important to coordinate improvements with the CIP and other plans so that CARA doesn't fund projects that are later torn up for street improvements.

Russ Allen said that CARA funds should supplement what the City is doing and should not be used so the City has more money in the budget to do work outside of the CARA district. Porsche agreed; she said the idea is to select projects that will drive investment in the area.

Konopa said there are limited funds in the Street Fund and part of the conversation when CARA was created was that the program could help replace needed infrastructure. She said that Water and Sewer Funds paid for most of the Broadalbin Street improvements and those funds could potentially be used for a portion of future improvements.

Allen clarified that he is not opposed to the use of CARA funds for public infrastructure and that he understands the City has to prioritize street improvements. He would not want to see a project not be prioritized in the CIP because it is in the CARA district.

Spence said that he believes there are statutory limitations how CARA funds can be spent and, for him, there is a bright line between CARA projects and items in the CIP.

Allen left the meeting at 7:00 p.m.

Henion said that it may be good to have a joint conversation on how best to coordinate CARA and CIP projects. Porsche said staff has had that conversation and Public Works staff felt that the Water Avenue improvements for the area east of the bridges could be a good fit with the CIP. She could do additional research based on the Advisory Board's feedback.

Catlin asked if the cost estimates attached to the projects in Table 2 have been updated. Porsche said that there would be a nearly 50 percent increase in the estimates based on today's dollars.

Wilson asked about the wisdom of dividing the money into different areas and perhaps diluting the overall effect versus having a two- or three-year focus into one area before moving on to another. Porsche said there are examples where other communities have concentrated on a finite area with the idea of making a palpable change that incents people to locate or invest in the area. Her thought is that a targeted investment can pay off. The challenge for policy makers is that they may have to turn down other viable projects to do that. Brief discussion followed.

Olsen said the First Avenue streetscape was a success and he would like to see the second phase (Second and Third Avenues) included in the public discussion.

Collins said that it would be important to ensure that water rights are allocated before moving forward with the Thurston Canal Walkway.

Wilson said that it may be good to proactively address overhead utilities, the #1 ranked project from the 2009 open house survey.

Collins noted that the \$3.1 million in the budget was generated 18 months ago based on anticipated tax increment. Porsche affirmed that the real number may be higher; she will provide additional information at the next meeting.

Kevin Manske said that downtown streetscape improvements are important but that consideration should be given to where to get the most value. He said that the impetus for growth seems to be around Water Avenue, and he supports focusing efforts in that area. He did not think the Thurston Canal project rose to the level of the other projects.

Olsen said that he likes the canal projects but thinks they should be done later rather than now.

Kopczynski said that his priorities are as follows: Water Avenue Improvements, Downtown Streetscape, Main Street Area Streetscape, and Willamette Riverwalk.

Collins said that he would like to allow public input on any of the projects. Henion agreed.

Wilson asked if it would be possible to delete the words “promenade” and “esplanade” from the urban renewal plan. She felt that those terms have served to cloud the intent of the projects. Porsche said that the Advisory Board could recommend by motion that the Albany Revitalization Agency make that change by resolution.

MOTION: Wilson moved to direct staff to draft a resolution to change “promenade” to “sidewalk extension or improvements” and change “esplanade” to “canal safety and improvements”. Konopa seconded the motion, and it passed 8-3, with Catlin, Kopczynski and Olsen voting no.

Catlin said that he has heard soft support for a shortened list and soft support for putting all items on the table for public comment. Porsche agreed to bring back a proposed agenda for further consideration.

Staff Updates and Issues

Porsche said that Scott Lepman has been a CARA partner in the past with the Jefferson Loft apartments and rehabilitation of apartments on Sixth and Montgomery. He recently made her aware of a potential project that does not fit well into the funding categories that have been established. Tonight, she would like feedback on whether the Advisory Board would direct staff to do some analysis and bring a proposal for consideration at the next meeting.

Scott Lepman gave a slide presentation. He showed photos of the previous projects for which he received CARA funds. He said that the former Fortmiller Funeral Home at 420 Third Avenue is in foreclosure and scheduled to be auctioned on April 16. If the Board is interested in helping with the project, he will talk further with the banks. He showed photos of the interior and exterior. He distributed and reviewed information regarding the property history and proposed accessibility changes [see agenda file]. He said that this would be a unique opportunity to develop residences in the downtown area close to shopping and employment. Two banks are interested in the project, each of which would restrict additional debt on the property. He said that he is not seeking a loan; he is interested in a grant or forgivable loan.

Lepman said the building does not meet present standards in design and appeal and it is no longer competitive in the market except at a low rent rate. He said most of the buildings in Downtown Albany that do not get renovated suffer from incurable functional obsolescence, meaning the renovation costs are greater than the contribution in value to the property. He said the change in use would require the following improvements: installing a sprinkler system, installing two ADA ramps, and complying with the ADA, structural and seismic engineering, asbestos and lead based paint abatement, new electrical, new plumbing, energy analysis for weatherization, and replacement of exterior siding and windows. His intent in obtaining a grant or forgivable loan is to make the renovation economically feasible. He asked if the Advisory Board would consider an application to allow for the renovation of this property to nine residential apartments and two offices.

In response to inquiries from the Advisory Board, Lepman said that he doesn't know the assessed value but the real market value of the building is about \$400,000. He believes that the value after improvements would be about \$800,000. The building is about 3,500 square feet. His plan would bring the building back to its original appearance.

Following brief discussion, there was general agreement to consider a more detailed proposal at the next meeting.

Lepman encouraged Advisory Board members to contact him to arrange a site visit. Porsche noted that a visit by a quorum of the Advisory Board would require public meeting notice.

BUSINESS FROM THE BOARD

There was no additional business from the Board.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, March 19, 2014, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

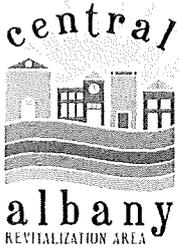
Hearing no further business, Chair Catlin adjourned the meeting at 8:04 p.m.

Submitted by,

Reviewed by,

Teresa Nix
Administrative Assistant

Kate Porsche
Economic Development & Urban Renewal Director



APPROVED: DRAFT

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, March 19, 2014

MINUTES

CALL TO ORDER

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

ROLL CALL

Advisory Board Members present: Russ Allen, Rich Catlin, Loyd Henion, Bessie Johnson, Rich Kellum, Sharon Konopa, Ray Kopczynski, Danon Kroessin, Kevin Manske, Dick Olsen, Mark Spence, Maura Wilson

Advisory Board Members absent: Bill Coburn (excused), Floyd Collins (excused)

SCHEDULED BUSINESS

Business from the Public

Tom Cordier said that he opposes the proposal from Scott Lepman that the Board will be considering this evening. He said that he was present at the March 4 meeting when the project was presented, that he read the application document, and that he walked the site and talked to occupants of the Fortmiller building. He said he was surprised that the Board would hear the initial presentation for this project without an application being filed and the public being notified. He thought that preferential treatment was being given to Lepman even though he was vague about what he wanted to do with the building. He recommended that only those who have filed an application be allowed to bring forward a presentation. He said that, where the application asked where the applicant had looked for funding, no lending institution was listed even though there was an inference that a bank would fund certain portions of the project. In his experience, a bank would not look kindly on a forgivable loan and the applicant would likely be back asking for a grant. He said the lot west of the Fortmiller building is a paved striped parking lot for 11 vehicles that is being used; the proposed development would remove those spaces. He felt the proposed townhomes building would not fit the historic district. He said a City building official told him that there are structural issues with the Fortmiller building and that it would be very difficult to bring the building up. He encouraged Board members to vote no on the proposal.

Presentation of New Storefront Grant Requests

Economic Development & Urban Renewal Director Kate Porsche said the Storefront Revitalization Grant program was set up to incent and assist with significant exterior alterations in specific geographic areas, up to \$10,000 per project. The program calls for allocations to occur at certain times of year on a competitive basis. Three requests were submitted for this round of allocations.

The Natty Dresser (Oscar Hult) (\$10,000)

Porsche briefly reviewed the application and project evaluation.

Oscar Hult said the staff report was clear. He offered to answer any questions.

Kellum said he understood from the application that CARA funding is needed to do the project in a timely manner and that it would otherwise be delayed for a year. He asked if the applicant would be able to afford the project in the first three years. Hult said possibly, depending on how things went. He said he is trying to start the business without going into debt and he will need to put the proceeds back into the business for the first year or longer.

Kopczynski said his only concern is that the business is undercapitalized which is what knocks out most businesses in the first year, but he applauds the applicant's willingness to take a risk.

Kopczynski said that he is bothered when applications are not complete. He said every question should have an answer, even if it is N/A, so Board members know that something wasn't missed. Porsche said that she will work with applicants to ensure that applications are complete in the future.

Konopa said this request is unique in that the building owner would typically pay for storefront improvements but this building is owned by a long-time nonprofit which doesn't have funds to do the upgrades. She said that the building has been vacant for nearly five years and that Hult would be putting in his own investment, including a lot of sweat equity. She said the project would be great for the downtown.

Two Rivers Market Building (Robert Magid) (\$7,760)

Porsche briefly reviewed the request and project evaluation.

Ken Hart, Manager of Two Rivers Market, said the request is for matching funds to replace all awnings on the building. He said they had planned to do only one side this year but they lost awnings around the building due to severe weather and would now like to replace them all in a timely manner.

Spence asked if replacement of the awnings lost to severe weather was covered by insurance. Hart said the building owner is out of town and he had not been able to determine insurance coverage. Spence said he would be concerned if CARA funds are being requested because the building was underinsured.

Spence asked if the new awnings would look like they did prior. Hart said yes.

Kellum said that only one bid was submitted and it was from a Salem company. He said there are people in Albany who do this work. Hart said that Salem Tent & Awning was contacted for an estimate because they installed the original awnings. Porsche said that getting a second bid or a local bid for awnings has been difficult.

Kopczynski said that several questions were also left blank on this application.

Fortier Chiropractic Healthcare (Seth Fortier) (\$10,000)

Porsche briefly reviewed the request and drew attention to the project evaluation.

Danon Kroessin said that he has a professional relationship with Fortier and that he will abstain from the discussion and decision on this request.

Spence, Wilson, and Manske each stated that they have been clients of Fortier, but that this would not influence their decision in the matter.

Seth Fortier said the grant would help him to improve the appearance of his building in the downtown area which would be beneficial to both him and the community. He said that renovating this building has been an ongoing process and it hasn't been easy, either financially or physically. He reviewed the renovations and improvements he has done to date. He said that the planned improvements would be a very big undertaking and that, without CARA funding, there are pieces that would not be done or that would be done in an inferior way as far as the CARA Board is concerned. That is just a product of where he is at financially.

Kopczynski said the application was inconsistent regarding what items CARA funds would be used to fund. Fortier said the improvements that would probably not be done or would not be done to the same standards without CARA funding include awnings, exterior lighting and signage. Brief discussion followed regarding the specifics of the proposal. Fortier said the proposed improvements are about aesthetic appeal and pride of ownership. If he is awarded the grant, he would apply CARA funds to any items on the project list that the Advisory Board designates.

Allen asked what control CARA would have relative to the entire project if the request was approved. Porsche said that per the contract, the entire exterior project would be subject to design review and staff would work with the applicant on each element of the project.

Johnson said she appreciates what the applicant is doing to the building. She said there is a lot of traffic in the area and even the back awning will be seen by some people. She said the improvements would enhance the entire area.

Kopczynski asked if the applicant is willing to turn over design control of the entire project in exchange for CARA funding, about six percent of the project. Fortier said yes; he said Porsche is amazing to work with and has a great eye for design and style. He has full confidence that whatever Porsche and the Advisory Board bring to the project will only improve it. He noted that, if he strongly opposed any of the design requirements, he would not be obliged to accept the grant.

Allen asked if there is a way to be more specific about how CARA funds would be used. Porsche said that applicants are asked to provide the entire scope of the project and then identify the pieces for which they are asking for CARA's help (outlined on page 4 of the application). The application is attached as an addendum to the contract, CARA funds are always distributed on a reimbursement basis, and there is a 20 percent holdback policy to ensure compliance. In this case, she would ensure items submitted for reimbursement apply to one of the items listed in the application.

Brief discussion followed regarding a potential amendment to the application to define specifically how the funds would be used.

Deliberation and Funding Decisions

The Natty Dresser (Oscar Hult) (\$10,000)

MOTION: Wilson moved to approve the application. Kopczynski seconded the motion.

Kellum said that he likes the idea of having a men's store downtown. Since the applicant has said they can't do the improvements right away but could afford them later, he feels this should be a loan rather than a grant.

Konopa said the Advisory Board went through an 18-month process and set up these programs, one of which is a storefront revitalization grant program. Kellum said his point is that to be good stewards of the money, consideration should be given to how many times the money is used. In discussion, Kellum said he has a problem with giving grants if the person has the ability to pay. Konopa said that in this case, the tenant is putting in the investment because the building owner cannot.

Allen asked if the inability of the recipient to pay is one of the program criteria. Porsche said it is not. She said the application meets the criteria established for the program, but it is the Board's prerogative to change the program.

Spence called the question.

The motion passed 11-1, with Kellum voting no.

Two Rivers Market Building

MOTION: Kopczynski moved to deny the application. Kellum seconded the motion.

Konopa noted that Advisory Board members had questions about insurance coverage and additional bids. By a show of hands, a majority of Board members said they would like to see the application again with that additional information.

Kopczynski withdrew the motion.

Fortier Chiropractor Healthcare

MOTION: Johnson moved to approve the application, with the \$10,000 to go toward awnings. Konopa seconded the motion.

Catlin referred to previous questions regarding the lack of clarity about which items in the application would be funded by the grant. Porsche suggested that question 15 of the application be amended so that the amounts for the four items total \$10,000.

Johnson withdrew the motion.

MOTION: Johnson moved to approve the application with the revision suggested by staff. Konopa seconded the motion.

Konopa said that Fortier has put investment and increased employment into the CARA district and is now seeking to put in another substantial investment. She supports the request.

Kellum said that the quick review grid shows that this project fails to meet most of the criteria.

Allen said he understands Kellum's point; however, he will support the motion because the project is significant and visible in the core area and he believes it is worth the investment to ensure the project is done to CARA's standards.

The motion passed 8-3-1:

Yes:	Allen, Catlin, Johnson, Konopa, Manske, Olsen, Spence, Wilson
No:	Henion, Kellum, Kopczynski
Abstain:	Kroessin

Consideration of Ad Hoc Forgivable Loan Request (Scott & Spencer Lepman) (\$336,000)

Porsche reviewed the request for a forgivable loan to partner on a two-part project. The first phase would involve the rehabilitation of the historic Fortmiller building into two office suites and nine residential units. The second phase would involve construction of four live-work townhome units on vacant property west of the historic building. Staff conducted a walk-through to make sure there was no barrier to the project being discussed. The applicant proposes to use eight feet of Library property on the east side of the building to create angled, off-street parking. The Library Director was supportive of the proposal and requested that any funds received by the City go to the Carnegie Library.

Porsche said that the two-part proposal hits on nearly all of the established criteria and both the historic rehabilitation project and the new construction project are a match to CARA's goals. The live-work units with first floor workspace and upper floor residential are a step in the direction of having people living in the downtown core, one of the keys to success and economic viability. The CARA district would likely see the return of funds through an increase in assessed value by the thirteenth year. Staff recommends approval of the request.

Kopczynski referred to item P of the project evaluation grid which notes uncertainty for the developer with the rehab of the existing historic building. He asked if staff found anything of concern during the walk through. Porsche said there were no significant barriers seen; however, she would say that there is always risk with rehab of historic buildings. For example, there is some uncertainty regarding what will be found when the bad metal siding is removed.

Spence said that he is President of the Albany Public Library Foundation. He does not have a conflict of interest, but this association may inform one or two of his questions.

There was brief discussion about the proposed parking, the availability of residential units in the downtown, and the design of the proposed construction project. Catlin noted that the Advisory Board's approval would not obligate other City approvals.

In response to inquiries, Porsche reviewed the terms of the forgivable loan. She noted that when creating funding categories, there was consensus that the Board would hear larger applications like this one on an ad-hoc basis; so there are no specific program requirements.

Scott Lepman showed a depiction of the historic Fortmiller Funeral Home. The building was constructed in the 1930s and converted to offices in 1979. A foreclosure auction is scheduled for April 16. He has talked to the two lenders on this property, and they seemed favorable to this proposal. He showed photos and layouts of the site. He said the Fortmiller building does not meet present standards in design and appeal. It is no longer competitive in the market except at a low rent rate. He reviewed his proposal as detailed in the application documents and answered clarifying questions about the request and the foreclosure process.

Kellum said that doing this would be short-circuiting the foreclosure system in play. Lepman said that he is trying to buy the building at a reasonable price so that it makes sense to develop it as proposed.

Kellum noted that the townhomes provide most of the tax increment, and he asked if the applicant would consider doing that as a separate project. Lepman said he isn't asking for assistance on the townhomes. He said that unless someone makes the investment in these older buildings, they won't change. He believes the responsible thing to do is to rehab the building.

Konopa said that the community would benefit from the exterior improvements and that it takes assistance to get these historic buildings revitalized.

Catlin asked if the applicant has a verbal commitment from the bank. Lepman said he has not discussed the renovations with the bank, but he has a history of performing and he believes that he could get the needed financing.

Catlin asked how the applicant came up with the numbers in the application. Lepman said that he considered the costs, the maximum the banks would finance, and the value of the property when it's fixed up. The difference between the costs of the project and the value at completion is the amount of the request.

In response to further inquiries, Lepman said the townhomes could be rented or sold.

Catlin said the request is for about 20 percent of the total project cost which is higher than the percentage CARA typically contributes to projects. He asked why this project is deserving of the additional contribution. Lepman said the numbers are intended to provide enough funds to complete the project without entrepreneurial incentive.

Konopa asked if the loan could stipulate 20 percent of costs up to a maximum of \$336,000. Porsche said that CARA loans are always based on a "not to exceed" number and paid as reimbursement of actual expenses submitted.

Catlin said the Advisory Board was clear during the policy discussions that it didn't want to be a primary lender but wanted to provide gap funding. He asked if the gap in this case could be less. Lepman said that the gap is the costs of the project less the market value, and that is his request.

Henion asked what would happen if the property went into foreclosure. Lepman said that he would not pursue the property but would do other things with his resources that have greater return. The bank would have to sell. Unless there is incentive to fix up the building, he thinks it would stay as it is.

In response to a question from Allen, Porsche said that staff thinks the request is a reasonable proportion for this size project, similar to Woodland Square and others. She noted that the applicant has proposed to guarantee both projects even though CARA would be contributing only to the historic rehab part of the project.

MOTION: Kopczynski moved to approve the request. Spence seconded the motion.

Kopczynski said he made this motion for several reasons: Lepman's track record, getting two properties renovated, a wonderful improvement over what is there now, and return of CARA money through tax increment in 13 years. He said that this is a prudent and wise use of CARA funding.

Kellum said the vast majority of the tax increment would come from the new construction which is something the developer could do on his own. He believes in the system which requires the banks to sell the property and the buyer then gets a better deal due to the forced sale. He thinks this is too complicated and there are too many questions.

Allen said he is leaning toward supporting the motion but he is struggling with whether the magnitude of the request is appropriate for the project.

Catlin said the question isn't just about numbers but also about CARA's goals. His question is more about how the requested amount was derived.

Olsen said that this is an excellent proposal from someone who has performed well in the past. He is in favor of the request.

Wilson said the proposal seems to support everything that the CARA Board is meant to achieve, and she is completely supportive.

The motion passed 10-2, with Kellum and Manske voting no.

Proposed Agenda and Plan for Open House Discussion of Infrastructure Projects

This item was held until the next meeting.

Staff Updates and Issues

Porsche said that the owners and representative of Novak's Hungarian Restaurant would like to present an update on their previous application.

Bill Ryals, architect for the applicants, said that he was only recently contacted by the Novak's, that he has come to know this incredible family, and that he doesn't think they were well-served in the past. He briefly reviewed the proposal to remodel the former meat market building on Second Avenue to restaurant space. He said the Novak family would bring leverage to the area with their good name, long standing in the community, and loyal clientele. He said that very little is left of the historic facade of the building and that restoring the original facade will be very expensive. He added that the loan structure is causing issues with the bank. He would like to come back next month with a restructured proposal.

BUSINESS FROM THE BOARD

There was no additional business from the Board.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, April 16, 2014, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

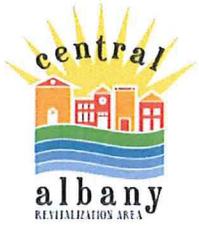
Hearing no further business, Chair Catlin adjourned the meeting at 8:55 p.m.

Submitted by,

Reviewed by,

Teresa Nix
Administrative Assistant

Kate Porsche
Economic Development & Urban Renewal Director



TO: CARA Advisory Board
FROM: Kate Porsche, Economic Development & Urban Renewal Director
DATE: April 11, 2014, for April 16, 2014, CARA Advisory Board Meeting
SUBJECT: Staff Report – Small Grant Request Allen & Associates

Background

Mr. Allen came before you in March with a request for a small grant. At that meeting, you gave the applicant direction to come back with an additional bid.

Mr. Allen has received an additional bid which came in very close to the first bid. Additionally he has submitted photos for your review.

Please find attached the original grid and application for your review as well. Mr. Allen will be at this month's meeting to answer any questions you may have.

KCP:ldh
Attachments

G:\CARA\CARA Advisory Board\2014\Staff Reports\04.16.14 Allen & Associates Insurance.docx



Project Evaluation Grid: Allen & Associates Insurance, Inc.

Request: \$5,000/CARA Small Grant

Item	Description	Staff Analysis/Comments	
<i>Overall Goals</i>			
A)	<p>CARA Goal & Objectives: The purpose of this CARA Plan is to eliminate blighting influences found in the CARA, to implement goals and objectives of the City of Albany Comprehensive Plan, and to implement development strategies and objectives for the CARA. The goal and objectives for the CARA have been defined as follows:</p> <p>CARA Goal: To revitalize the Central Albany Revitalization Area by implementing the Town Center Plan developed through the Central Albany Land Use & Transportation Study (CALUTS) using a citizen-driven process.</p>	<p>Does the project further the Town Center Plan?</p> <p>Which of CARA's objectives does the project meet?</p> <p>CARA Key Objectives:</p> <ul style="list-style-type: none"> ◆ Attract new private investment to the area. ◆ Retain and enhance the value of existing private investment and public investment in the area. <p>CARA Additional Objectives:</p> <ul style="list-style-type: none"> ◆ Provide a safe and convenient transportation network that encourages pedestrian & bicycle access to and within the town center. ◆ Preserve the Historic Districts, historic resources and existing housing in the area. ◆ Create a readily identifiable core that is unique and vibrant with a mixture of entertainment, housing, specialty shops, offices, and other commercial uses. ◆ Increase residential density in the area. ◆ Encourage the development of new forms of housing and home ownership. ◆ Enhance and protect the community and environmental values of waterway corridors in the area. ◆ Provide an enriching environment and livable neighborhoods. 	<p>Yes.</p> <p>CARA Key Objectives:</p> <ul style="list-style-type: none"> ◆ Retain and enhance the value of existing private investment and public investment in the area. <p>CARA Additional Objective:</p> <ul style="list-style-type: none"> ◆ Create a readily identifiable core that is unique and vibrant with a mixture of entertainment, housing, specialty shops, offices, and other commercial uses. ◆ Provide an enriching environment and livable neighborhoods.
B)	CARA Planned Projects	Which project category and activity in the UR Plan does this project fulfill? (See CARA Project Activities document, or Table 2 of the UR Plan and Report)	Storefront program.
C)	Development Pattern (Highest and Best Use)	Does it achieve desired land use (e.g., mixed-use, higher density) and/or transportation objectives (e.g., Esplanade, pedestrian-friendly areas)?	Yes.
		Is the proposed project desired in this location and the highest and best use of the property?	Yes.
D)	Blight	Would it remedy a severely blighted building? How? Does the project utilize a vacant space?	No.
E)	Preservation	Would it rehabilitate or sensitively redevelop a historic property?	No.

F)	Vitality/People Attractor	Does the general public benefit (i.e. restaurant, carousel, something they can go to; does the project enhance the public's experience of the space? Is it a business we are seeking)?	No, this is a commercial service business.
G)	Retail Hotspot (1 st Avenue between Lyon and Calapooia)	Is the project located in the Retail Hotspot? If so, will the first floor use be active retail, as recommended in the Retail Refinement Plan?	No.
H)	Sustainable Building	Will the building be built using sustainable practices including LEED or others?	No.
I)	Residential	Is there a residential component? How many units?	No.

Economic Development

J)	Bring new business to Albany	Will a new business open or come to Albany as a part of this project?	No.
K)	Job Creation	Will the project create additional jobs? How many, what types and what salary level?	No.
L)	Local Labor and Materials	Has applicant specifically called out a commitment to use a certain percent or amount of local labor and/or materials?	Yes. The bid is from a local contractor.

Financial

M)	Ratio	Proposed public funds Private funds % of CARA Investment	\$5,000 \$6,500 43%
N)	Financial Impacts	What are the financial risks and/or financial benefits to CARA?	This project would be funded from the Small Grant program, which is fully funded for the year.
O)	Gap	What is the "Gap" or need of the developer?	CARA funds would allow the owner to complete this project in 2014 versus waiting another year to complete it.
P)	Private Risk	What is the risk for the developer? What is their skin in the game?	\$6,500 of personal funds.
Q)	CARA/City funds	Has the project received other CARA/City funding in the past?	No.











CARA Funding Application

333 Broadalbin Street SW, Albany, OR 97321

1. APPLICANT

Name: Michael D. Allen

Mailing Address: 3276 NW Crest Loop

Albany, OR Zip Code: 97321

Contact Name: Mike Allen Phone Number: 541-619-7349 cell

Fax Number: 888-614-7721 E-mail Address: Allen-Associates@comcast.net

2. BUSINESS/BUILDING INFORMATION

Legal Business Name: Allen & Associates Insurance, Inc.

Number of Years in Operation: 10

Legal Form: Sole Proprietorship Partnership Corporation S-Corp LLC
Profit Nonprofit

In which state are the incorporation and/or organization documents filed? Oregon

Have you ever filed for bankruptcy? Yes No

Project Address (if different than mailing address): 433 3rd Ave SE, Albany OR 97321

Property Tax Account Number: 82830

Is the building a historic contributing resource? Yes No

If so, is it on the historic property-tax freeze? Yes No

3. OWNER OF PROPERTY (if not applicant)

Name in which title is held: Michael D. Allen

Contact Name: Michael D. Allen

Mailing Address: 3276 NW Crest Loop

Albany, OR Zip Code: 97321

Phone Number: (541) 967-7283 office / 541-619-7349 cell

4. AUTHORIZATION TO UNDERTAKE WORK:

If the applicant is not the owner of the property, provide written evidence that the owner authorizes this work to be undertaken. (Typically this is in the form of a lease or other written permission.)

5. DESCRIPTION OF PROJECT *Please give a comprehensive description of project.*

The building will be improved by removing 5 "window" type air conditioning units that are mounted inside the walls around the building and replacing the siding where required. Then, a 3 foot stack stone or cultured stone fascia will be added around the bottom of the exterior of the building up to the bottom of the office windows (this is a one-story structure). In addition, the exterior of the building will be painted a complimentary color to the stone fascia and roof. After which, the exterior of the building should appear quite new as the existing Hardi-Plank siding is in excellent condition.

6. TIMELINE FOR COMPLETION OF PROJECT: 1 month, at most, weather permitting.

7. PROJECT COSTS

ESTIMATED COST OF PROJECT: \$ 11,500

ESTIMATED VALUE OF PROJECT UPON COMPLETION: \$ 15,000

Basis for valuation and value upon completion: Marshall, Swift, Boech commercial property replacement estimator

SOURCES FOR PROJECT:

Owner/Company Contribution	<u>\$ 6,500</u>		
Bank (estimated)	<u>\$ _____</u>	Term: <u>_____</u>	Interest Rate: <u>_____</u>
Other (please specify)	<u>\$ _____</u>	Term: <u>_____</u>	Interest Rate: <u>_____</u>
CARA (proposed)	<u>\$ 5,000</u>		
TOTAL SOURCES	<u>\$ 11,500</u>		

Is your funding for these: available today applied for unknown at this time

USES FOR PROJECT:

Land and/or Building Acquisition	<u>\$ _____</u>
Soft Costs *	<u>\$.500 (permits)</u>
Construction Costs *	<u>\$ 11,500</u>
Tenant Improvements	<u>\$ _____</u>
Machinery/Equipment/Installation Costs	<u>\$ _____</u>
Working Capital	<u>\$ _____</u>
Other (please specify)	<u>\$ _____</u>
TOTAL USES	<u>\$ 11,500</u>

*Please provide a detail of Soft Costs and of Construction Costs.

8. PREPARATION OF COST ESTIMATES

Who prepared your cost estimates? Curb Appeal Pros, LLC

(If applicant prepared their own estimate, verification may be required. If bid was used, please attach.)

Mailing Address: PO Box 3322, Albany OR 97321

Phone Number: 541-231-4323 E-mail Address: Scott@CurbAppealProsLLc.com

9. EXPLAIN WHY CARA FUNDING IS NECESSARY TO INSURE PROJECT COMPLETION. (Please provide a description of the financial gap requiring CARA assistance.)

After the last round of CARA, I upgraded the heating system of the building by adding a 3-head, ductless mini-split HVAC system and put off the exterior upgrades as I couldn't afford to do both. My hope is that I can qualify for the small grant so I can get these exterior upgrades done this year rather than waiting another year to raise funds.

10. WHERE ELSE HAVE YOU LOOKED FOR FUNDING?

I did try to combine the costs of this project into a refinance loan through US Bank, but the loan terms required an additional and substantial down payment that I didn't have available. No additional funds were available as a result.

11. CONSIDERING THE PROJECT GOALS OUTLINED IN THIS APPLICATION, PLEASE IDENTIFY THE VALUE YOUR PROJECT BRINGS TO CARA.

This area of SE 3rd & Jackson St has a lot of older properties and some have been updated very nicely, but others are in a state of disrepair that detracts from the overall appeal of the neighborhood. Though my building is dated 1943 construction, it's actually a modern rebuild from the year 2000 when the structure burned down. The reconstruction following that event was complete, but the grade of construction was somewhat basic. Therefore, additional attention is needed to improve the property's exterior appearance. I believe the sooner we do our part to improve the look of our property, the more likely it is that other property owners in the area will follow suit with their properties.

12. PLEASE OUTLINE ANY OTHER VIRTUES OR BENEFITS YOUR PROJECT PROVIDES.

I have two rented office spaces in my building and the improvements would certainly benefit the professional image of those business occupants.

13. HAVE YOU OR THIS PROPERTY RECEIVED CARA FUNDING AT ANY POINT IN THE PAST?

Yes No If so, amount \$ _____

FOR WHAT PROJECT(S): _____

14. ASSISTANCE REQUESTED

Total Estimated Project Costs: \$ 11,500

Your Total Contribution \$ 6,500

Total Amount Requested from CARA: \$ 5,000

Funding type requested

Forgivable loan

Forgiveness based on: Project completion Other, please describe:

Small Grant - *Matching grants of up to \$5,000 per property minimum 50 % match by applicant.*

Grant - *Matching grants of greater than \$10,000 per property minimum 50 % match by applicant.*

Loan Proposed Terms _____

COLLATERAL FOR LOANS

CARA Loans are usually secured by the project property (CARA is the primary or subordinate lender) AND by personal guaranties from developer members with an ownership share exceeding 20%. Indicate below what collateral you are offering for the CARA loan.

Preferred Collateral

First lien position or subordinate lien position in the project property
 Personal guaranty from developer members (list names):

Alternate collateral proposed

Description	Estimated Value	(-) Liens	(=) Available Equity
Real Estate - Commercial	\$	\$	\$
Real Estate - Residential	\$	\$	\$
Machinery and Equipment	\$	\$	\$
Accounts Receivable	\$	\$	\$
Other	\$	\$	\$

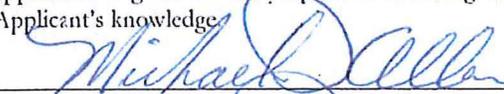
Certification

The Applicant understands and agrees to the following conditions:

1. Any physical improvements proposed must be approved by the Albany Revitalization Area Agency (ARA) and may require approval by the City of Albany Landmarks Advisory Commission or other entities. These entities may require certain changes or modifications before final approval and Commitment of Funds.
2. Commitment of Funds will not be processed until the Applicant satisfies all conditions.
3. Any work begun before receipt of a Commitment of Funds notice is ineligible for reimbursement.
4. Any work deviating from that detailed in the Commitment of Funds must be preapproved in writing to be eligible for reimbursement.
5. While only proprietary information may be held in confidence outside of the public record, CARA will attempt to maintain all information provided in a confidential manner.
6. Originals of all materials prepared with CARA assistance belong to CARA and will be maintained in the public record.
7. Application must be completed in its entirety before being considered; if not, it will be returned for completion.
8. Staff is authorized to independently verify any and all information contained in this application.
9. If CARA's total assistance to the project is greater than \$750,000, prevailing wage for the project may apply.
10. CARA may withhold approval of this application until information satisfactory to CARA is provided.

If the Applicant is not the owner of the property to be assisted or if the Applicant is an organization rather than an individual, the Applicant is required to certify that s/he has the authority to sign and enter into an agreement to receive the assistance requested and to perform the work proposed. Evidence of this authority is attached and included as a part of this application by reference.

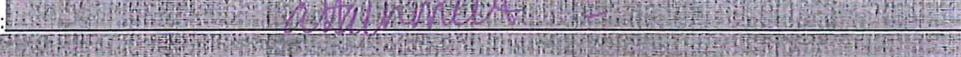
The Applicant certifies that all information in this application and all information furnished in support of this application is given for the purpose of obtaining CARA assistance and is true and complete to the best of the Applicant's knowledge.

	01/24/2014
Applicant's Signature	Date
	01/24/2014
Applicant's Signature	Date

Return Application and any attachments to: City of Albany c/o Kate Porsche, Urban Renewal Manager
333 Broadalbin Street SW/ P.O. Box 490
Albany, Oregon 97321

FOR CITY USE ONLY

Date Received:  By:  Application Complete: Yes No

Comments: 

Date application returned to applicant for completion: 

Date application returned to City:  By: 

Curb Appeal Pros, LLC
 CCB License Number 184299
 PO Box 3322
 Albany OR 97321
 United States
 Phone: 541-231-4323

Allen and Associates Insurance, Inc.
 Mike Allen, Owner
 433 3rd Ave. SE
 Albany OR

Estimate #:	0000329
Date:	January 14, 2014
Estimate Total:	\$11,500.00

* 50% Deposit required prior to project start date. Permit costs not guaranteed.

Item	Description	Unit Cost (\$)	Quantity	Price (\$)
Job Site	433 3rd Ave. SE, Albany OR - City of Albany Permit	0.00	1	500.00
Repair	Siding repair	1980.00	1	1,980.00
Paint	Exterior paint	2900.00	1	2,900.00
Paint	Interior drywall repair and paint	1800.00	1	1,800.00
Stone	Stone Facia under windows - full structure	4320.00	1	4,320.00
		Subtotal:		\$11,500.00
		Estimate Total:		\$11,500.00

This estimate was sent using **FRESHBOOKS**

Proline Construction & Remodel

Proposal

Constructing Ideas, Constructing Life!
CCB# 192762

408 35th Ave SE
Albany, OR 97322
Phone 503.810.3181

To:
Mike Allen
541-967-7283

DATE: April 10, 2014

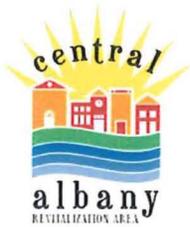
FOR: *General facelift
of building.*

JOB SITE: 433 SE 3rd Ave.
Salem, OR. 97371

	AMOUNT
Remove (3) box air conditioners and (2) holes covers and repair sheet rock on the interior. Texture and paint to match. Aprox. 30 Sq Ft.	\$ 375.00
Install stack stone façade on building front and around north side and back. Façade will be approximately 3' tall and 300' total length. Area on south side behind gate and area around utilities will not be covered.	\$ 8,486.00
Exterior paint complete building above stack stone wall and trim. 2- colors Approx. 1360 Sq Ft	\$ 2,697.00
NOTES: Customer to choose paint colors and stack stone style. Estimate assumes a price of \$8.00/sq ft for the stack stone. Top stone is included for transition from flashing over stack stone. Flashing is included.	
TOTAL	\$ 11,558.00

If you have any questions concerning this proposal, contact Brandon Gianotti, 503.810.3181

THANK YOU FOR YOUR BUSINESS!



TO: CARA Advisory Board
FROM: Kate Porsche, Economic Development & Urban Renewal Director
DATE: April 11, 2014, for April 16, 2014, CARA Advisory Board Meeting
SUBJECT: Staff Report – Modification to Novak’s Request

Background

At the November 20, 2013, meeting you approved a Focus Area Loan for Novak’s Hungarian restaurant. The structure of that request saw CARA contributing \$126,000 in the form of a loan toward estimated total project costs of \$627,000.

Since that meeting, the Novaks have engaged a new architect. This new team, with greater expertise, has been digging into the scope and costs of the projects—both of which have expanded. Additionally, the Novaks have been working closely with their lending partner, Willamette Community Bank.

Please find attached to this memo a letter from the Novaks outlining the background and reason for the modification to their request.

As the numbers have been firmed up and more investigation has been done on the exterior of the building, it has become clear that the loan structure previously approved by CARA will not be sufficient for the Novaks to complete the project.

Request

The Novaks have submitted a new application, which you’ll find attached, wherein they are asking for \$200,000 in the form of a forgivable loan. Additionally, project costs have risen to \$795,000. (Please see the attached quick compare grid as well. I outlined their original request against the modified request.) While the request of the amount of CARA funding has increased, the proportion of funds has only risen five percent due to the scope of the project increasing.

The request that is before you modifies the structure from a repayable Storefront Loan to a Forgivable Loan with forgiveness upon completion of the project. The request also increases the amount by \$74,000 (from \$126,000 to \$200,000). You may want to consider and discuss with the applicant the potential to have forgiveness be based upon specific performance into the future, such as 20 percent forgiven for each year the restaurant stays in business in this location. This is a structure we have used before in other partnerships that gives CARA some say in the use of the building now and incents specific behavior for a period of time into the future.

Staff Analysis

The Novaks, through their continued due diligence, have refined the costs and scope of the project. They have been working closely with their lender, who I have also been in contact with throughout this process and have identified a legitimate gap in funding. They are coming before you with this specific funding need in order to see the project come to fruition.

The project hits on a number of priorities for CARA, as seen in the quick compare grid. From staff’s perspective the big “gets” for CARA are the elimination of a blighted building, the historic preservation, but most of all, bringing an enormously popular restaurant, one could say even an icon of Albany, to the downtown core. This component, which we classify as “vitality/people attractor” in the grid, is significant. The more we can get businesses locating in the core of our community that draw people down, the better it is for all businesses.

In terms of the proportion of funds, the Novaks are requesting a 25 percent CARA partnership. I'll have more details for you at the meeting. But in its history, CARA has funded many projects with 20 percent or greater public funds in the form of grants or forgivable loans. The vast majority of these were historic preservation projects. The others were projects with what I would term special needs, such as blight removal on the Washington Avenue Apartments or business partnerships such as Hydration Technologies or Calapooia Brewing. While the practices of old may not translate to our current circumstance, I thought the information would be helpful.

The work of CARA in looking at public/private partnerships has always been about priming the pump. We exist to provide gap funding and make projects work, which wouldn't otherwise come to fruition. The question for you as policymakers is if the benefits of this project outweigh the cost and whether or not the structure proposed is suitable for this use in this location.

The applicants, including their architect, will be on-hand Wednesday night to answer any questions you may have.

KCP:ldh
Attachments

G:\CARA\CARA Advisory Board\2014\Staff Reports\04.16.14 Novak's Modifications.docx

CARA Board,

When we met with the CARA board in October 2013 we based our presentation upon what the facts were at the time. The initial inspection and structural integrity of the building, our basic construction plan, the contractor's timeline and the requirements necessitated by the bank and this board were our main focus.

We learned that the bank wanted a decision from the CARA board before they would approve a loan. We were assured that they wanted to work with us and were excited about the opportunity to support Novak's in our move downtown.

We had scheduled meetings with Pacific power, NW natural gas and other agencies in December and January. Following these meetings we learned that our project costs dramatically increased. This made our contractor understandably uncomfortable and he asked for a very large contingency fund to be added to the construction loan.

In February we also learned that there is no facade left underneath the plywood and it will be necessary to reconstruct and not merely repair the facade.

The additional costs increased the loan amount significantly. The bank was uncomfortable with the structure of the CARA loan and did not approve our request following the cost increases.

We were not aware of the forgiveness loan program in October when we initially applied.

We believe we are great candidates for a forgivable loan as our last meeting with the CARA board was very positive and complimentary, and we know we meet the criteria from the board's previous comments:

- a. Almost all green lights on the check list
- b. Paperwork was entirely and correctly completed.
- c. Board members complimented the application and mentioned it could be used as a template for future applicants.

After attending the March 2014 CARA meeting and seeing others presentations and requests, we now have a better understanding of what businesses in the community have received.

We request an amendment to our previous application in the amount of a \$200,000 forgivable loan to replace the \$126,000.00 loan initially approved.

We thank you for helping us to make this move to downtown. We look forward to another 30 years in a beautifully revitalized downtown Albany.

Gratefully yours,

Joseph and Matilda Novak
Karen Novak
Kaymarie Novak

CARA Project Quick Review Grid

For April 16, 2014 meeting

	Project	Novak's - Original Request	Novak's - Forgivable Loan
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Evaluation Category & Criteria

Overall Goals

A)	Further the Town Center Plan	↑	↑
C)	Development Pattern (Highest & Best Use)	↑	↑
D)	Blight	↑	↑
E)	Preservation	↑	↑
F)	Vitality/People Attractor	↑	↑
G)	Located in Retail Hotspot	↓	↓
H)	Sustainable Building	↑	↑
I)	Residential Component	N/A	N/A

Economic Development

J)	Bring new business to Albany	→	→
K)	Additional Job Creation	↓	↓
L)	Local Labor and Materials	↑	↑

Financial

			Difference	
M)	Proposed CARA funds	\$ 126,000	\$ 200,000	\$ 74,000
	Other Proposed public funds	\$ 20,000	\$ 20,000	\$ -
	Private funds	\$ 481,000	\$ 575,000	\$ 94,000
	Total project cost	\$ 627,000	\$ 795,000	\$ 168,000
	% of CARA Investment	20%	25%	
	% Private Investment	77%	72%	
Q)	Tax Increment	↑	↑	
R)	Tax Increment ROI	none	none	

Green

8

8

Key

Meets Criteria



Potentially or somewhat Meets



Does Not Meet Criteria





Project Evaluation Grid: Novak's Hungarian Restaurant

Request: \$200,000/ Forgivable Loan

	Item	Description	Staff Analysis/Comments
<i>Overall Goals</i>			
A)	<p>CARA Goal & Objectives: The purpose of this CARA Plan is to eliminate blighting influences found in the CARA, to implement goals and objectives of the City of Albany Comprehensive Plan, and to implement development strategies and objectives for the CARA. The goal and objectives for the CARA have been defined as follows:</p> <p>CARA Goal: To revitalize the Central Albany Revitalization Area by implementing the Town Center Plan developed through the Central Albany Land Use & Transportation Study (CALUTS) using a citizen-driven process.</p>	<p>Does the project further the Town Center Plan? Which of CARA's objectives does the project meet?</p> <p>CARA Key Objectives:</p> <ul style="list-style-type: none"> ◆ Attract new private investment to the area. ◆ Retain and enhance the value of existing private investment and public investment in the area. <p>CARA Additional Objectives:</p> <ul style="list-style-type: none"> ◆ Provide a safe and convenient transportation network that encourages pedestrian & bicycle access to and within the town center. ◆ Preserve the Historic Districts, historic resources and existing housing in the area. ◆ Create a readily identifiable core that is unique and vibrant with a mixture of entertainment, housing, specialty shops, offices, and other commercial uses. ◆ Increase residential density in the area. ◆ Encourage the development of new forms of housing and home ownership. ◆ Enhance and protect the community and environmental values of waterway corridors in the area. ◆ Provide an enriching environment and livable neighborhoods. 	<p>The project meets the following objectives: CARA Key Objectives:</p> <ul style="list-style-type: none"> ◆ Retain and enhance the value of existing private investment and public investment in the area. <p>CARA Additional Objectives:</p> <ul style="list-style-type: none"> ◆ Preserve the Historic Districts, historic resources and existing housing in the area. ◆ Create a readily identifiable core that is unique and vibrant with a mixture of entertainment, housing, specialty shops, offices, and other commercial uses. ◆ Provide an enriching environment and livable neighborhoods.
B)	<p>CARA Planned Projects</p>	<p>Which project category and activity in the UR Plan does this project fulfill? (See CARA Project Activities document, or Table 2 of the UR Plan and Report)</p>	<p>#2 - Commercial Building Rehabilitation Provide technical assistance and financing &/or grants for the redevelopment of commercial structures, including focus on allowing active re-use of Downtown upper floors and structural issues. #3 - Storefront Revitalization Program Multi-year program to provide design, financing &/or grants to renovate commercial facades in HD, CD, LE, MS zones including awnings and signage.</p>
C)	<p>Development Pattern (Highest and Best Use)</p>	<p>Does it achieve desired land use (e.g., mixed-use, higher density) and/or transportation objectives (e.g., Esplanade, pedestrian-friendly areas)?</p> <p>Is the proposed project desired in this location and the highest and best use of the property?</p>	<p>Yes, the building is zoned HD - historic downtown, and the use as a restaurant would be a desired use in this location and one of the highest and best uses for the property.</p>

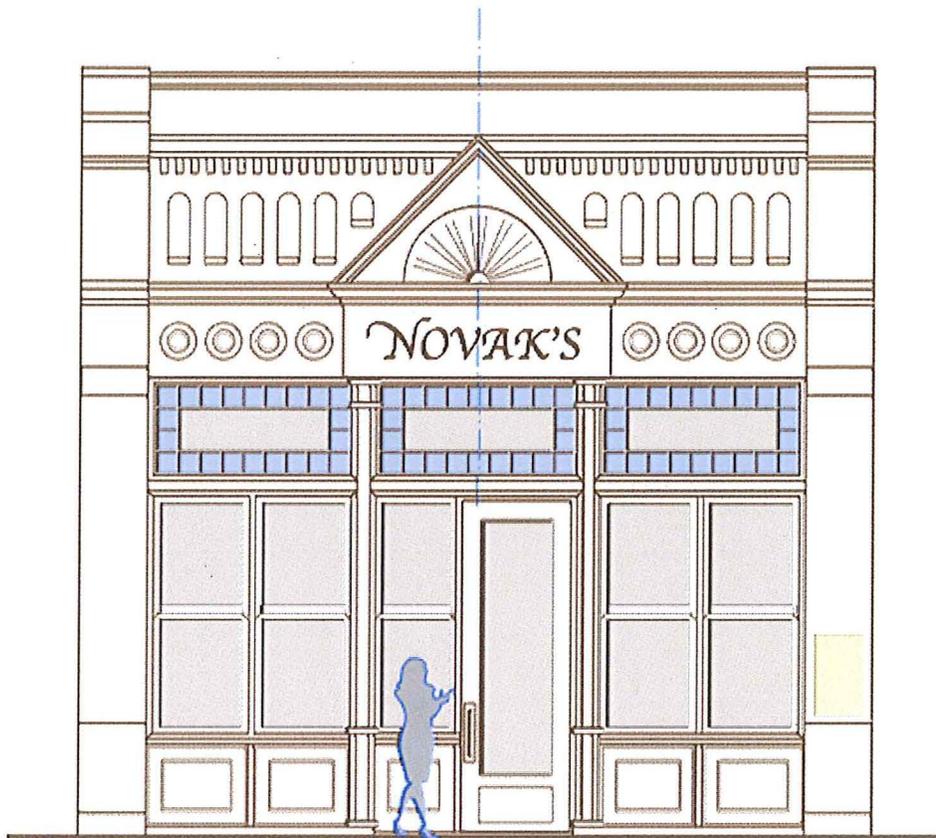
D)	Blight	Would it remedy a severely blighted building? How?	The building is currently vacant and in disrepair. Additionally, the historic features of the building have been severely compromised. This project would restore the historic façade, repair the building and bring a vibrant well-loved restaurant to the location.
E)	Preservation	Would it rehabilitate or sensitively redevelop a historic property?	Yes. The building, known as the Broders Meat Market was constructed circa 1898 and is a historic contributing resource in the Downtown Historic District. Applicants worked with our see architect Rob Dortignacq's and plan to restore the historic fascade of the building as part of the project scope.
F)	Vitality/People Attractor	Does the general public benefit (i.e. restaurant, carousel, something they can go to, utilize)?	Yes, as the only Hungarian restaurant in the state and one of only three on the west coast, this restaurant has a strong following and great customer base. They will be open for, lunch, dinner and Sunday brunch providing a draw to downtown on all days, in the evenings and on the weekends.
G)	Retail Hotspot (1 st Avenue between Lyon and Calapooia)	Is the project located in the Retail Hotspot? If so, will the first floor use be active retail, as recommended in the Retail Refinement Plan?	No, the project is on 2 nd Avenue between Broadalbin and Ellsworth streets.
H)	Sustainable Building	Will the building be built using sustainable practices including LEED or others?	Yes, the applicant states they will include environmentally friendly features in their project such as an energy efficient "cool" roof, features that will allow them to continue their recycling and composting efforts, as well as their redistribution of fry oil into bio-diesel.
I)	Residential	Is there a residential component? How many units?	No. The building does not have an upper floor and residential use would not be allowed on the first floor, so this is N/A.

Economic Development

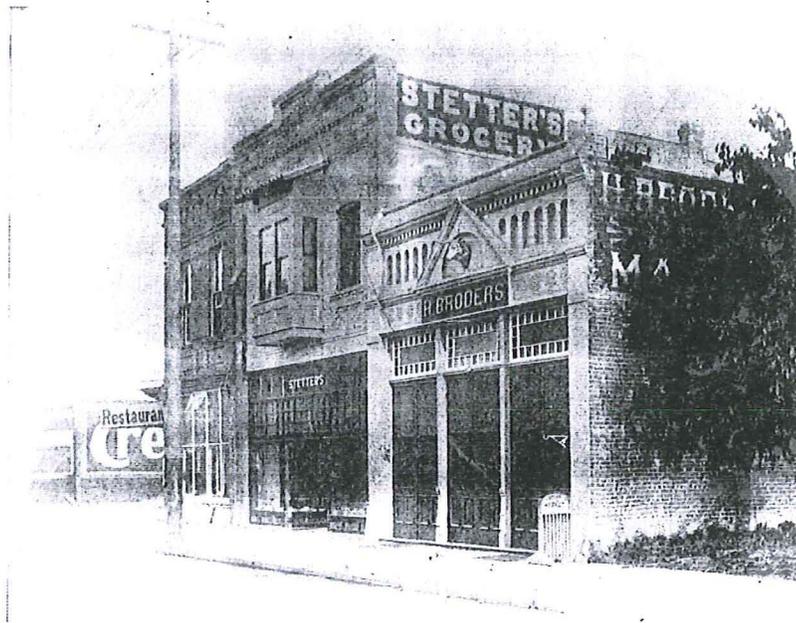
J)	Bring new business to Albany	Will a new business open or come to Albany as a part of this project?	Staff would classify this as business retention--the relocation into a smaller restaurant space will allow their business to continue on in Albany.
K)	Job Creation	Will the project create additional jobs? How many, what types and what salary level?	No.
L)	Local Labor and Materials	Has applicant specifically called out a commitment to use a certain percent or amount of local labor and/or materials?	Yes, the applicant made note of use of local businesses, equipment and suppliers. The list of local partners and businesses can be found under question 12 in the application.

<i>Financial</i>			
M)	Ratio	Proposed CARA funds Other public funds (applied for) Private funds % of CARA Investment	\$200,000 CARA Forgivable \$ 20,000 (applied for State façade grant) \$575,000 25%
N)	Financial Impacts	What are the financial risks and/or financial benefits to CARA?	This project would use \$200,000 of almost \$700,000 set aside in this fiscal year in reserves for public/private partnerships.
O)	Gap	What is the "Gap" or need of the developer?	The applicant indicates that the costs of moving and historic renovation are greater than that of a traditional reconstruction project. Additionally, in closer review of the project the scope has expanded and costs have increased. At the same time applicants heard back from the bank that a loan from CARA will not be sufficient, thus they are seeking a forgivable loan.
P)	Private Risk	What is the risk for the developer? What is their skin in the game?	Relocation of the business is a risk, additionally the project will cost almost \$795,000 total.
Q)	Tax Increment	Will the project generate an increase in the assessed tax base?	The building is not on the historic property-tax freeze and work on the building will likely generate an increase in the assessed amount.
R)	Tax Increment ROI	Is the ROI on this project less than 5 years, less than 7 years?	Rough estimates of ROI on this project show a return by year 25.

Novak's Hungarian Restaurant



Restoration and Renovation of H. Broders Building Meat Market
At 208 Second Avenue SW - Albany Oregon



Forgivable Loan Program

CARA Funding Application

333 Broadalbin Street SW, Albany OR 97321

1. Applicant

Name: Novak's Hungarian Restaurant

Address: 2306 heritage Way SE, Albany OR 97322

Contact Name: Karen Novak 541-967-9488, fax 541-967- 9498
info@novakshungarian.com

2. Business/Building Information

Legal Business Name: Novak's Hungarian Restaurant Inc.

In operation 30 years April, 2014

Legal Form: S-Corp, State of OR

Have never filed bankruptcy

Project Address: 208 2nd Ave. Albany OR 97321

Property Tax Account Number: 11503W06CC 10400

The Building **IS** a Historic Contributing Resource – YES

Is it on the Historic Property-Tax Freeze? NO

3. Owner of Property Transaction in progress

4. N/A

5. Description of Project:

Restoration and Remodel of Former Meat Market building to Restaurant.

Remodel will include restoring the character defining features of the building and will meet with the Department of the Interior's Standards for Rehabilitation of Historic Properties. The exterior windows at the front and the back of the building will be updated and designed to fit with the historical authenticity of the space. Light fixtures and frosted or stained glass will be used to add natural light. Original doors, molding and /or fixtures found within the building will be re-used in the remodel. The professional kitchen from Novak's current location will be moved and re-installed in the back half of the building. Duct work will be placed in attic and existing wooden ceiling will be restored. New seismic structural improvements will be added to the space for support of the roof and equipment building as a whole.

There will be improvements to the weatherization and insulation of the building and the installation of new HVAC equipment. The installation of the HVAC system will take into account the energy needs while retaining the historic character of the building.

The building will be restored from existing fabric to as close to original appearance as possible using available historically accurate materials and current methods for a historically accurate and enduring facade.

*Current and Historical pictures of the site are included, as well as, initial construction plans for the space

6. Timeline for Completion: July 2014

7. Project costs:

Estimated cost of Project:	\$ 795,000.00+/-
Estimated Value of Project upon Completion:	\$ 525,000.00

Sources for Project:

Owner Contribution (Furniture and Equipment):	\$150,000.00
Bank Financing:	\$425,000.00
State "Diamond in the Rough"	\$ 20,000.00
<u>CARA Forgivable Loan</u>	<u>\$200,000.00</u>
Total	\$795,000.00

Project Breakdown:

Land and Building Acquisition:	\$ 125,000.00
Permits/Fees and SDC's	\$ 24,000.00
Architecture/Engineering	\$ 40,000.00
Furniture and Kitchen Equipment	\$ 150,000.00
<u>Construction Costs</u>	<u>\$ 456,000.00</u>
Total	\$ 795,000.00

8. Who prepared your cost estimates: B & W Builders LLC, William G, Ryals Architect and Kaymarie Novak

9. Explain Why CARA funding is necessary to insure project completion.

Our parents literally walked out of Hungary in the midst of January snow to flee arrest from the communists during the Hungarian Revolution of 1956. They had but one goal – to make it to freedom in the United States. In 1984 following Papa's layoff from Wah Chang, we opened the original Novak's Hungarian Paprikas in an old Hobby shop building leased from the Assembly of God Church. Thus giving Albany the honor of being one of a handful of towns in the entire country to have an authentic Hungarian Restaurant. There are only 3 on the west coast and 19 Hungarian Restaurants in the entire county. The unique aspects of our restaurant have allowed us to become a destination spot included in many of the tour groups visiting the Albany area.

The prospect of owning a business was a realization of the American Dream. Papa has always believed that with freedom comes responsibility. Part of that responsibility has been in serving the local community. The restaurant has allowed us the opportunity to serve the city of Albany in many ways including donations to our local schools and churches, as well as our Annual Free Thanksgiving Dinner. This service was nationally recognized in 2010 by the National Restaurant Association. Mama and Papa were the recipients of the American Dream Award in a Ceremony in Washington D.C.

This recognition however has not shielded us from the economic challenges of the last 7 years. Like many individuals and businesses today we are struggling to adjust to the increased costs of doing business, as well as, our customers decreasing personal budgets. We are also struggling to deal with repair and maintenance costs of a damaged building. These economic restraints have encouraged us to return to our roots and open a smaller more intimate restaurant.

The CARA funds are needed because the costs of moving, and historic renovation are greater than that of a traditional reconstruction project. We are striving for authenticity both in our menu and in our building, and as our funding is limited we truly need CARA assistance to complete the project.

10. Where else have you looked for funding?

Umpqua Bank, Central Willamette Credit Union and currently working with Willamette Community Bank.

11. Considering the project goals outlined in this application, please identify the VALUE your project brings to CARA.

This project would redeem a severely blighted building and replace it with a unique restaurant experience that would allow us to stay a relevant contributor to the business community in Albany.

The new facade with its rediscovered charm would provide one of the many photographic opportunities inside the downtown historic district and encourage more pedestrian traffic. The restored historic buildings will bring an old world charm to the neighborhood. The new locations proximity to the carousel will only enhance the Albany experience and encourage a walking tour of downtown from the carousel to the restaurant location on Second Avenue. As we are often paired in travel itineraries with the carousel the walking access to the new location can only improve opportunities to other area businesses and provide another reason for tour buses to choose to stay in the historic district.

12. Other Virtues or benefits your project provides.

The remodel and construction will employ many local businesses, equipment and supplies. These businesses include BEST heating and air, Gene's Electric, B & W Builders, Parr Lumber and many more. The services will continue to be used for maintenance, service calls and additional modifications as business and finances allow.

We are also developing our online business with the hopes of expanding our base and the establishment of an internet market for Novak's unique products. The possibilities for success in this new emerging market are great and hold limitless potential. We have already been approached by a representative for Amazon.

Environmental considerations are also a priority as the construction will include features that will allow us to continue our recycling and composting efforts, as well as our redistribution of fry oil into bio-diesel.

13. We have not received CARA funding in the Past

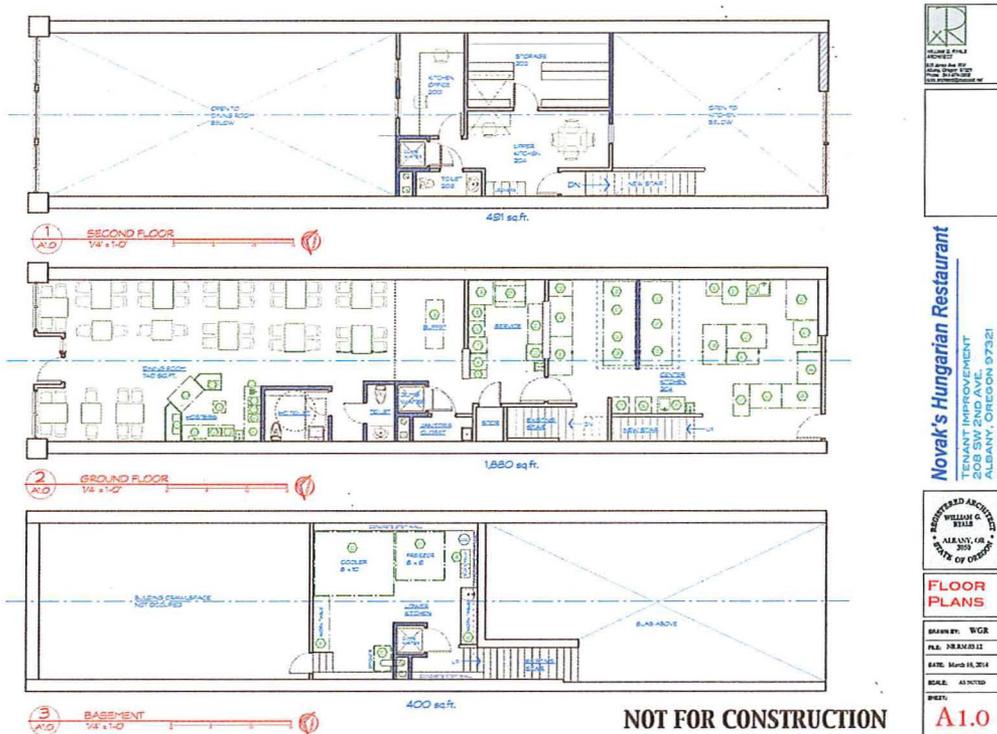
14. Assistance Requested:

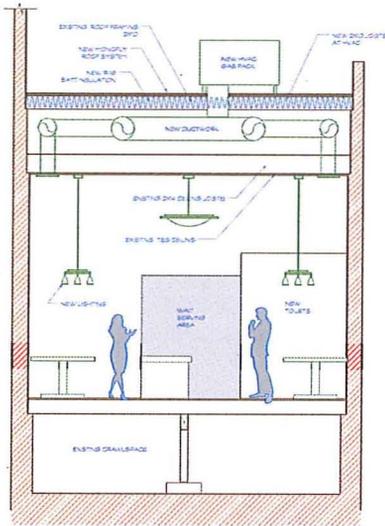
Project Costs	\$ 795,000.00
Total Contribution	\$ 595,000.00
Requested from CARA	\$ 200,000.00

15. Breakdown of CARA funds

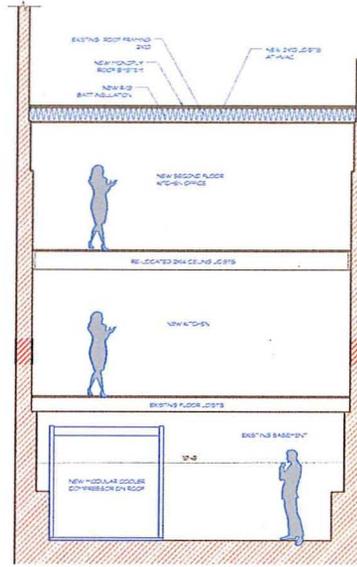
Building Facade: \$105,000.00 (-\$20,000 State)	\$ 85,000.00
Fees / SDC's	\$ 24,000.00
Water Supply	\$ 5,500.00
Rear Facade Restoration	\$ 15,000.00
<u>Seismic Upgrades and Repairs</u>	<u>\$ 70,500.00</u>
Total	\$ 200,000.00

Loan to be forgiven upon Completion of Project and Building Occupancy and Restaurant open to the public.





2 SECTION @ DINING ROOM
AS1 1/2" = 1'-0"



1 SECTION @ KITCHEN
AS1 1/2" = 1'-0"



Novak's Hungarian Restaurant
 TRAVELER'S RESTAURANT
 200 SW 2ND AVE
 ALBANY, OREGON 97321



BUILDING SECTIONS

DRAWN BY: WGR
 FILE: CDR1041
 DATE: September 28, 2011
 SCALE: AS NOTED
 SHEET: **A3.1**