

**Minutes**  
**Public Safety Facilities Review Committee**  
**Tuesday, May 20, 2014**  
**7:00 p.m.**  
**Council Chambers, Albany City Hall**

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Call to order

Co-chair Morse called the meeting to order at 7:00 p.m.

Members Berg, Martin, Norman and Steele were absent.

Morse moved guest speaker Jeannette Launer to the top of the agenda. Committee members and staff introduced themselves.

Jeannette Launer said she has been a lawyer for 38 years. She is headed toward retirement but was asked by City Manager Wes Hare to speak to the committee about tax increment financing, public buildings, and particularly the Albany downtown plan and the potential for using tax increment to fund public safety facilities. She offered a quick overview of urban renewal and tax increment financing (TIF).

In Oregon, every city and county has the opportunity to activate an urban renewal agency and adopt urban renewal plans. The agencies are not “urban,” per se; over 60 communities in Oregon have urban renewal plans. The idea is to outline within a city an area that has been identified as having blight. Blight is defined in statute: it is not just falling-down buildings but a lot of other things. Identify a defined area, then make public investments in the defined area to order to cure the identified blight to enhance over all the property tax base and the economic vitality of the entire municipality based on investments in the urban renewal area. The urban renewal area is identified in a plan; Albany has the Central Albany urban renewal plan (CARA) and within that, Albany has multiple projects that the City Council identified as the kinds of projects that would cure the blight and meet other policy objectives. Urban renewal plans come with a special kind of financing. The idea behind tax increment financing is that all of the taxing districts make a public investment in order to raise property tax values within the area and after a time, that property tax value is turned back to the tax rolls and all taxing districts benefit.

When an urban renewal plan is adopted, the property tax-assessed values within the area are frozen; that is sometimes referred to as the “frozen base.” During the time that an urban renewal district is collecting tax increment funds, the overlapping taxing districts collect their taxes only on the frozen base. Any taxes that are collected on assessed value above the frozen base, the delta between actual assessed value and the frozen base, is called the increment. The rates that are generated by the overlapping taxing districts are applied to the incremental value and that amount of taxes is turned over to the urban renewal agency to fund the payment of debt that has been incurred to do these projects. The district will not have a lot of cash right away to do projects, so it can borrow against the upward movement of assessed value, get cash and as the assessed value rises and the collections are brought in, the debt gets paid off. When all the debt is paid off, that’s the trigger: the urban renewal agency can no longer collect tax increment funds from a district that no longer has outstanding debt. The TIF portion of the plan is retired. Sometimes, people can finish their projects using cash and that’s acceptable.

What about public buildings? In 1987, Launer said, she was part of a conversation with the Legislature that revolved around some very distressed taxing districts that felt there was some serious abuse going on by using urban renewal funds to pay for public buildings that served not just the urban renewal area but the entire city or county. In this particular case, it was a main branch library. Discussion included

sentiment that urban renewal was not supposed to deal with public buildings but was supposed to be incenting investment by putting a little public investment in. Because a number of urban renewal agencies and their municipalities had done this, argument was made that while taxing districts statewide might think it's a bad thing, it should be left to the locals. Each of these projects has to become part of the plan by the City Council adopting the plan, so conversations about what's abuse, what's good, what's bad, belong at the local level.

Launer said Legislature mostly agreed to that local control, but put a section in the law that says urban renewal plans have to have certain things; it is a long list. A public building can be part of an urban renewal plan for funding with tax increment, but the plan must include a finding that that public building "serves or benefits" the urban renewal area. If you are going to invest relatively limited dollars that are being segregated for purposes of curing blight and incenting private development, you need to show somehow that the public building serves or benefits the urban renewal area. Example: you are building a precinct inside an urban renewal area. Part of the blighted conditions included a high crime rate, a lot of derelict buildings and other issues. The City Council in the plan document could say this precinct clearly serves this area, it will serve and protect its residents, it will allow interaction, it provides community meeting space. She said that's a no-brainer for a public building. A branch library is another example.

She said more interesting discussions happen when one is considering what this Committee is considering: a main police station and a main fire station. Oregon law has no prohibition for funding such a facility from zero to 100% as long as you make the serves-and-benefits finding and, in her view, as long as some other policy matters related to investments in those kinds of buildings are considered. It is important for the Committee to be aware that the statewide antipathy to using tax increment for citywide public buildings has not gone away. In the 2013 Legislative session, the one and only thing the taxing districts wanted to talk about was this. (She said a deal has been made that the Legislature that it can't talk about urban renewal until 2017 unless the Association of Oregon Redevelopment Agencies agrees to it.)

Funding public buildings with urban renewal money is still a big deal, she said. The idea of urban renewal dollars not being put to the policy uses of curing blight and incenting private development: those arguments are now evolving to the local level. The statewide organizations of special districts are encouraging their members to talk about the issue in public forums.

Another issue regarding "serves or benefits" the urban renewal area: there has been a practice of considering the amount invested in public buildings in the urban renewal area would relate to the benefit the urban renewal agency, sometimes called the proportionality test – cite the reasons the buildings will serve or benefit the urban renewal area but they will also benefit the entire city or region, so maybe it makes sense to fund, say, 25%. It is not precise mathematics; it is all in the discretion of the decision makers. The idea is to relate it to the one and only thing in state law about public buildings – the serves or benefits requirement. That is the big picture at the state level.

Launer said she has looked at the Albany plan and it has a one liner that says "public facilities" is a project in the plan. Listed public facilities are libraries, museums, performance areas, parks and the arts; it does not talk about law enforcement or fire protection. The plan has no serves-or-benefits finding in it, even for any of the listed public facilities; the plan would need to be amended to add a serves-or-benefits finding. If you want to use tax increment funds to do all or part of financing these facilities, they would need to be added as a project in the plan.

The Albany plan has rules about how to add projects in the section called "Amendments to the Plan." Something has to be added about how these facilities serve or benefit the urban renewal area and the plan has two kinds of amendments – "substantial" and "minor." Substantial amendments include raising the maximum indebtedness; how much debt can be incurred. It is supposed to be a limitation on how long the plans can go. When you get to your maximum debt, you have to pay it off and you're done. Another substantial amendment is increasing the boundary by more than one percent. The Albany plan also has a section that says a substantial amendment includes adding projects that cost more than \$500,000 in Year

2000 dollars (\$733,000 based on the plan's escalating percentage). Anything that doesn't meet those criteria, such as spending \$732,000 on each project, would be a minor amendment and a much easier process. A minor amendment is a resolution of the urban renewal board. The amendment would list the projects, include the serves-or-benefits finding, and would change the report that accompanied the plan which is all the financial information that describes how much money goes into each project. In order to keep it a minor amendment, it has to fit within the total maximum indebtedness; CARA's maximum indebtedness is already allocated. The urban renewal agency board would also have to pass an amendment that moves around the money so these projects would be funded.

Ryals asked for clarification about the amendment. Launer said it is triggered by adding projects that are not on the list in the CARA plan.

Lauder said if the committee wants urban renewal to contribute more than \$732,000, that's a substantial amendment. The Albany plan has a process for substantial amendments that includes a public hearing process, City Council decision, and Planning Commission recommendation, the same as when the original plan was adopted. In Albany, however, any substantial amendment needs to go to the voters. She said she did not know if the vote had to be at a specific election; she said Cordier knows the details of the initiative better than she.

Wyatt said the fire station is one project and the police station is one project; he asked if, together, they could get about \$1.5 million in urban renewal funds. Launer said yes.

Wheeler said urban renewal doesn't really fit for what the Committee is trying to do. Launer said some communities have found that it does fit. The serves-or-benefits test is important to think through. She said it depends on what Albany wants to do; her opinion is that urban renewal funding is not a very good fit for 100% funding. She doesn't believe it is as bad a fit if combined it with other sources of funds. When a new facility with better service ability is sited in an urban renewal area, it will throw off good benefits. The argument for assisting the area to make it more attractive for private investment is legitimate. Partial funding from urban renewal is a better fit.

Wheeler asked how much Launer means by "partial." She said there is no guidance other than the good sense of the decision makers, thinking about what feels right when looking at the project. It is a political decision. It will be made by City Council, and they will have input from citizens. It's way easier to build a road: measure the road, determine the cost per lineal foot and that's how much the district will pay. This is a much more discretionary decision.

Wyatt said fire stations are area-driven, Replacing the fire station, which is in the urban renewal district, in the same place has a very direct connection to the area within the district. He said that serve-or-benefit would be pretty straightforward. A police station serves the entire city. The fire station is more response time-driven siting. Bradner agreed, adding that the main station also serves the community as a whole and backs up the other stations. Wyatt said Bradner could probably come up with a number for service within the district compared to the rest of the community.

Ryals said other math enters into increment financing: CARA never funded an entire project or even a major part of the project; its role has been to get it over the hump. The board doesn't like to do more than 10-15% of a project; that leverages as wide an area as they can. It wouldn't be out of character to say even 25% has not really happened before. Cordier disagreed. He said someone would have to look at some specific projects to see if that rationale holds. Ryals said he doesn't know if it is across the board but that is the intent. Cordier agreed as it applies to smaller projects.

Cordier asked Launer about House Bill 2632: if Albany goes for a general obligation bond, this year or next year, will that money be available for the Albany urban renewal district to take money from. Launer said yes. HB 2632 only refers to local option levies, which are used for general operating purposes. Albany's urban renewal agency will not divide any local option levy that was passed after 2013. Bonds

are not the same and she believes they are still divided by the urban renewal agency. Cordier said in the run-up to the November 2013 election, the City Council made a decision that no money from the \$20.3 million bond would go to the urban renewal district. He said that is an issue for the committee – whether that decision will continue or the Committee would make it as a recommendation.

Launer said the Council could decide that the urban renewal agency would have to invest whatever they would have gotten in the new facility. There is no way to stop the agency from getting the money; they could redirect the money. Cordier said they could underlevy, totally. Launer said underlevying reduces the total amount that comes to the urban renewal agency, it doesn't necessarily just make the bond whole. As a policy matter, there would be a way to mitigate that division.

Morse asked for clarification: general obligation bonds raise taxes sufficient to service the debt. How does urban renewal take monies out of that tax and still keep the integrity of the debt? Launer said a person from an underwriting firm that does general obligation bonds that have urban renewal districts impact would account for that when doing the underwriting. The bond is sized so that you get the proceeds you need to pay for the bond project. Wyatt said it is value-based. The value that belongs to the urban renewal district is not there to tax. The size of the bond is calculated on the value you can levy against; it's all done up front.

Burright said special levies are impacted if they were passed prior to 2013. The sheriff's office levy is up for renewal; results should be available in about 20 minutes and the new levy would take effect in a year. Bradner said the Albany police and fire levy comes up again in 2017. Burright said the Committee has a very real issue with that.

Launer said she was expecting to be asked in what year would an amended urban renewal plan start collecting money that could then go to those projects. The City would be in a position where, during the first few years, depending on when the bond is actually sold, it would have more limited amount of funds available to service that bond, but after 2017, whether or not the levies are renewed, the urban renewal agency is going to stop taking a cut. Someone will figure out the difference in how those payments would be sized over the life of the bond.

Burright said he is confused between the GO bond and the special operating levy. Launer said the only difference for local option levies is that CARA will stop collecting a portion of them. CARA will have less money and the taxing districts will have more. Burright said, until 2017, police and fire will take a cut in operating funds from the special operating levy; are we robbing Peter to pay Paul?

Wyatt said, if the law enforcement levy on the ballot passes, CARA would get about \$350,000 less, aside from the rate increase. The levy with the increase will increase compression on Albany's police and fire; he does not know how much. The Albany public safety levy in kind increased compression on the county levy. Trying to figure out exactly what happens with compression is really squirrely because it affects the value of every property. It has too many moving parts.

Hare said he thinks what Burright is suggesting is, if the urban renewal agency took money and used it for the police and fire stations, it would not have any effect on Albany's police and fire levy. He is talking about the use of the money after it has already been taken from those agencies; you are not increasing the amount but rather proposing to redirect some of it.

Morse said he understands that the Albany urban renewal plan has a ceiling of \$52 million and it has already been committed. Launer said the plan has a list of projects that come up to that amount. The district has not incurred debt to do all those projects; the actual committed debt is less than \$20 million. The law requires projects to connect to money, so if projects are added and they cost money, other projects need to have less dedicated to them or be removed from the plan. It's not that the district has no more debt to incur but it would be shuffling within the \$52 million. If the district decides to do a substantial amendment to dedicate more than \$733,000 to a project, the district is allowed to increase the

maximum indebtedness. That is a political decision and, in Albany, a voter decision. If the district wants to devote an amount to the police and fire projects and keep all the other projects on the list, it could increase its maximum indebtedness by the amount of the new projects. That goes to the voters.

Morse said it would be helpful to know the list of projects that can't be reeled back in. With \$20 million in play, how much of the remaining \$32 million has actually been committed so if it was taken away, it would be in bad faith. Hare said it is almost none. Morse said that is a lot of room to shuffle things around and change priorities if it was the decision of the Council.

Cordier asked to make a correction: on page 19 of the urban renewal plan, it is \$56 million. The district is not in debt right now by \$20 million. The \$56 is the cumulative times that the district has gone into debt, also indexed for inflation, so that \$56 million gets rolled up to pick-a-number. Launer said that is not correct; you do not change the maximum indebtedness. Cordier said a bunch of people don't know that. Burright asked, if you allocate \$10 million, and it is paid back, does that still leave \$56 million? Launer said no, it would \$46 million. Wyatt said the urban renewal district doesn't go forever, though some do.

Morse asked Launer for an opinion: tax increment financing assumes you are paying off the debt with taxes that increase by virtue of improvements in the area. The police and fire stations are non-taxable structures. If the City puts money into these facilities, does it undermine the ability of the debt to be repaid? Launer said the City would incur the debt based on projections that show increment that is sufficient to pay the debt, if using tax increment bonds. Also, Albany has a pretty healthy district at this point; it is producing increment. She said Morse's question is more of a policy point; if you accept that tax increment funds are a limited source of funds, that some urban renewal agencies have said they want to invest those funds in more property-tax direct value-building projects, that is why they ended up with the serves-or-benefits test. Launer said if you can make a legitimate finding that there is going to be a benefit, it is a policy choice where you put tax increment funds. They are not unlimited. They have a fundamental purpose of curing blight. It is a policy question reserved for the locals.

Ryals said theoretically the answer is yes, because it would reduce the time that tax increments could pay back the original bond. Launer said it depends upon what is already in public ownership. All of the projections for the urban renewal tax increment collections have been based on assessed value; public property is subtracted out of the original projections. In taking taxable property off the tax rolls, the urban renewal agency is going to see a reduction in the amount of value against which the rates are multiplied; in that situation, it would be slightly inhibited. Tax increment debt will be sized based on what you can afford and what you can afford will be based on what has gone before. Albany has had good success so far.

Wyatt said Albany could get a new project that's built because there's a new fire station or new police station right there. Launer said there is anecdotal evidence that if folks see the public investing to make their public facilities better, nicer, more efficient, that inspires others in the area to invest.

Arasmith asked the assessed value of the property around Station 11 that will be taken off the tax rolls. Morse said the property is costing \$1.17 million so that is coming off the tax rolls. Arasmith said he did not know what percentage of the value of the district that represents.

Ryals said the same argument applies to First Avenue. Buildings have been improved with TIF but the street had to improve, too. No incremental tax payoff comes from fixing the street or the sewer, but they had to have those improvements to make their investment. The same argument could be made for police and fire: would someone invest a million dollars in downtown with a fire station that's falling down.

Cordier said he would like to read a couple of sentences from the CARA plan:

- Page 7 states that there should be "development compatible with the ability to provide public facilities and services." (Oregon Quality Development Objectives.)

- Page 6 says “providing quality public services for a better Albany;” another part of page 6 is “a vital and diversified community that promotes ... quality public services.” (City of Albany Mission and Vision Statement.)
- Property Acquisition and Assembly: “Acquire land and buildings for” the “public and private development”... (Project Activities/Development Partnerships, p. 12)

He said there are many hooks in the current plan that could be used should someone decide to use those hooks to use CARA money for these projects. Others may disagree and there is the minor adjustment and the major adjustment and always a way out of the box if somebody doesn't feel comfortable. The way he reads the plan, in about 15 minutes of searching for hooks, he wanted members to be aware that those hooks to public buildings are already in the CARA plan.

Launer said the quoted material sounds like policy statements. She said Cordier is saying that it wouldn't be inconsistent with what is already in the plan.

Wheeler asked if there is another example in Oregon of anything close to what this Committee is trying to do. Launer said the particular circumstance she referenced is in Gresham. They built the Rockwood police facility in the Rockwood urban renewal area using close to 100% urban renewal funds; she thinks they also had some state grant money. She said she doesn't think she has ever been asked about a fire station other than in theory. The big targets for the taxing districts have been civic centers, city halls; Wilsonville financed its entire City Hall with urban renewal prior to the serves-and-benefits requirement and that is what triggered the debate. She also referred to Salem Public Library and Talent did a civic center complex, all with urban renewal money. Agencies and decision makers who are making those decisions very carefully assess their own local circumstances and decide whether that's where they want to put their urban renewal money, whether there's risk of challenge or public disarray over that kind of decision and have gone forward and have not been challenged.

Ryals said the big controversy around this is that these things were formed to take care of long-standing issues within a community that were not solvable in any other way – downtowns deteriorating, blighted areas. The idea was to take this money away from the general fund and to focus it on these areas, to rebuild them and make them viable again, help private parties come in and revitalize these areas. It became a big pot of money and money draws interest. The controversy comes because the people who set these up did not set them up to build city halls. Ryals said you could make the argument that they do contribute. Wheeler said they weren't set up to do that.

Cordier said he was told that a city north of here, maybe Sherwood, built an athletic field and stadium using urban renewal money. Launer said she was not familiar with that.

Ryals said that happens; what's the definition of public good. It is important that local people decide that because they understand how the community works. Wyatt said Portland has built some very nice apartment buildings with urban renewal.

Burright said he expects there will be a lot of discussion in the community in coming weeks and months about the whole definition of “project” in the Albany plan and whether what is being considered is a minor or substantial change and whether it triggers a full vote of the public. Several months ago, he said, he read the paragraph that Launer referenced earlier with the definition of “public facilities.” He said he read it many times, trying to stay totally objective and think like a judge. It's a legal document. He said he finally came to the same conclusion as Launer: it didn't say the only thing you could build is museums. With the word “including,” the inference was those types of facilities. It didn't say you couldn't build a police station or a fire station but the inference was museums and parks and things that help the blight.

Launer said technical dissection of that section is exactly what Burright said. The words are “public facilities including” and then the laundry list. She agrees that they sound more like people-gathering places, places where people would do stuff, so you would have other things being invested in around that

public thing. The amount of money in the Albany plan that is dedicated to that line item is \$550,000, and a serves-or-benefits finding is required to do any of those kinds of projects, explaining how the project serves or benefits the area. She said Albany would have to call out a particular project in order to do a serves-or-benefits analysis and change the money; the \$550,000 is the total for all of those things. The decision makers could decide that Albany's public facility for \$550,000 is the police station and it serves or benefits in this way; that would not require a change in dollars or a substantial amendment, but the plan would need some kind of an amendment. From trying to fit that statement about public facilities into the purposes of urban renewal, she thinks the plan needs a new project.

Ryals said it seems similar to the issue with the Pepsi money. It was set aside for economic development, and now the Committee is saying maybe some of that can be repurposed. Urban renewal money was set aside to do tax increment financing; there's a pot of money so maybe some of that can be set aside. If that is how the committee proceeds, he thinks most people would be OK with that: sharing costs by taking a little from Pepsi, a little from urban renewal, asking for a bond. He sees balance there. But if suddenly CARA was going to pay for it all because it has a big pot of money, that would be going back on what was originally intended.

Hare asked Launer about a minor versus a substantial amendment: what happens if decision makers say this is not a substantial amendment to the plan and someone decides to challenge it. Launer said she doesn't know. Under urban renewal law and court cases, a "substantial" amendment is a land-use decision because it has to conform to the Comprehensive Plan. A challenge would go to the Land Use Board of Appeals, the Court of Appeals, and so on. It happens fast but is done by people who don't know much about money. The challenge to minor amendments is unclear. They might be challengeable by writ of review, which is a Circuit Court case that has to proceed quickly, but there's an argument that it's not that kind of decision and writ of review is not appropriate. Other forms of recourse include declaratory judgment, suit for injunction; those have very long statutes of limitations – 10 years. If a decision was made that something was a minor amendment and it was adopted as such, acted upon and money was spent, she thinks bond counsel wouldn't give a clean opinion on the bond, and that would probably be the biggest consequence. A substantial amendment carries more certainty; it's a long process that includes voter approval, but in the end, everyone knows where it is going.

Wheeler asked if there is a different rate of return on General Obligation bonds and urban renewal. Launer said the interest rate is different because a GO bond would be the general obligation of the City, backed by full faith and credit. Tax increment bonds, depending on the health of the urban renewal area, might not require a full-faith-and-credit backup but would likely be a higher rate. She said she didn't know what rates are doing currently. Wyatt said it's probably two to three points. It is a risk because the pockets aren't as deep. Wheeler said generally it is a higher rate; it will cost more in the long run. Launer said that is correct. She said to remember that tax increment is spreading repayment on all of the taxing districts; a GO bond is all on the city. That is another distinction that needs thinking through. Discussion followed.

Hare said the actual rate would not be known until both types of bonds are rated by bond counsel. He said the rates vary daily. He said Wheeler's general point is correct – there will be a spread and urban renewal money will be generally more expensive. The greater the amount, the more substantial it would be.

Ryals asked if that still applies regardless of taking a dollar or a million dollars. He said he is confused about amount. Launer said a minor amendment is safe; the project list can be amended as long as no projects are added that are more than \$733,000. If, in order to fit new projects into the list, others are removed, that is still a minor amendment.

Wyatt said if the City goes out for a GO bond for these projects, that is a very specific purpose. When the urban renewal district goes out for a bond, they may go for a set amount that covers 10 projects; they just want money in the bank so they can continue to do it; that's why it is a more expensive option. They

won't go out for a bond only for the two projects the Committee is dealing with. Arasmith said it is also more expensive because more than one taxing district is responsible for it.

Hare said, for a relatively small amount of money, such as \$1.5 million, the cost of money will be insignificant. Arasmith asked about \$20 million. Hare said it could be substantial.

Cordier said he can't imagine the Council saying they would kick in \$4 million and violate intentionally the rule that says you can only increase a half a million or whatever the indexed amount is. Nobody would do that. Albany's plan has rules that apply; he said, to him, there's no downside as long as the rules in the plan are followed. He asked Launer if she thinks making a major adjustment to the plan is a huge hurdle. Launer said it completely depends upon, just like any other public vote on a project, the quality of the project and its presentation.

Reece said if the minor amendment was all they did, it has an inherent risk of being challenged. Cordier said not if you don't violate the six bullet points in whatever a minor adjustment is. Reece said that was not what he heard. Morse said he also heard that this is under land-use laws and it requires no standing to appeal. Launer said that applies to a substantial amendment. Ryals said as long as it stays under \$733,000, they don't have to worry about it being appealed because it is within the rules. Morse said that was not what he heard.

Launer said she isn't saying an appellant would have a good case; she thought the question was "what would happen if somebody was dissatisfied?" Folks who are dissatisfied generally are pretty easy to identify, and would likely bring a challenge right away. There are probably creative litigation attorneys who could make it so that somehow, you brought some kind of a case that would validate this as a good decision; that is not her bailiwick. One of the reasons little is known about minor amendments is because people stay within the rules and folks don't get upset about it, if it's under the umbrella and it's clear.

Arasmith asked if there were questions from the audience.

Ryals asked again why \$733,000 is significant. Launer read from the excerpt on amendments:

"It is a substantial amendment to your plan if you add improvements or activities which represent a substantial change in the purpose and objectives of the plan and which cost more than \$500,000, adjusted annually from the year 2000."

She added that the \$550,000 is a line item in the report.

Ryals said it clearly states that if we stay within that, it's clearly nonsubstantial. Arasmith said the provisions were "and" rather than "or." Launer agreed. She said the sentence could be parsed using the policy language that Cordier read earlier and that would get riskier in the interpretation and moving forward with more money than \$733,000.

Morse asked for clarification: if the Committee stays below the inflation-adjusted number, it would not be even a minor amendment; it would just be a declaration within the plan as to where the money is being spent. Launer said, no, it would be a minor amendment, but relatively easy to accomplish because it is done by a resolution of the CARA board. Wyatt said it would still need the serves-or-benefits finding and the projects would need to be added to the plan. Cordier said CARA had already done one minor adjustment.

Launer said all that Wyatt said is true. The reason it has to be a plan amendment because there is some stuff that has to be added to the plan.

Wheeler asked if the total was \$1,060,000 for both buildings. Morse said \$1,466,000. Cordier said there is no reason to drop to that choice; put together some paperwork and put it to the people. You say here's

how much money we want CARA to support, whatever building we want to pick on, and you change your plan and get people to say yeah, let's do that. It's not an insurmountable deal; it just says you've got to get the people to agree.

Morse said it begins to really undermine the purpose of tax increment financing improvements if the Committee dedicated a substantial amount of that money to these projects through a substantial amendment. It doesn't put a dime of tax money back in to finance the debt. Cordier asked how many tax dollars get added when we contribute money to a building that is called an historic building and you cannot increase the tax rate even after you invest \$750,000 into it.

Ryals said he understands the idea of going out to the voters again but everyone needs to consider timeliness. The building industry is getting hit hard now with inflation. He said he assumes the City would not want to put both buildings on the same ballot because one could pass and take the other one down; it sets up a really confusing situation for voters. He said he is worried about how quickly the Committee can move forward because, after having visited the fire department and the police department, this is something that needs to get done, sooner rather than later.

Reece asked for clarification: the substantial amendment is a land-use process that could go to LUBA but it would have a definite end and be done. Launer agreed. With a minor amendment that has a life of 10 years, an owner of a piece of property who has been sitting on it and it's been identified for one of those projects, three years down the road could demand money and file a suit. There's an inherent risk and there's straightforward process that's got time on it. He said he agrees with Ryals about timeliness and building before the price goes up but the Committee needs to walk through those two steps: is \$1.4 million worth the risk or go to \$5 million and make the big amendment and go for the vote.

Ryals and Reece discussed the CARA projects list: it does not include every piece of property downtown but includes types of projects that could be done in the district.

Reece said if the Committee were to do a survey, he would say let's do the \$1.4 and move on. He said he'd repeated what he heard to make sure he understood the minor amendment process. Launer said she could project, as a worst-case, that someone could bring a lawsuit; there may be ways to cut it off and make the process shorter. It is a valid point that, if you are doing exactly according to the rules for a minor amendment, the risk is very small. None have ended up in a challenge because of staying within the confines of the rules.

*Albany Democrat-Herald* reporter Steve Lundeberg asked the year attached to the \$500,000 figure. Launer said 2000.

Morse said Launer's presentation was illuminating and helpful and thanked her for coming. He said he thinks the Committee is slowly drawing boundaries around the project and they have heard what the boundaries are with respect to the financing – the do-able boundaries for tax increment financing and the squishy boundaries with respect to the PepsiCo funds.

### Comments from the public

John Pascone, 435 First Avenue W: regarding funding, Pascone said he would like the Committee to leave out the \$5 million for economic development. The PepsiCo project was for job creation and the Council put those dollars aside for economic development. Those should be for job-creating projects, not community development projects. Those are different categories. He agrees that Albany needs these new facilities but should try to preserve some of those economic development funds for job-creating projects. He said the Committee could do what it will with CARA funds and bonding. He commended committee members for serving and taking the time to work it out. Morse asked for clarification: \$9 million in cash is available in the Pepsi fund. Pascone reiterated that \$5 million of that is set aside for economic development. Morse said originally \$4 million was set out to go with GO bonds for the new buildings. Another \$5 million is in accounts receivable that will be coming back over time.

Cordier asked Pascone if he was in favor of the Council's decision to say no to a bottle redemption center that would bring jobs to east Albany. Pascone said he wasn't in on that. Cordier said he thought Pascone was in economic development and the company wanted to spend a lot of money rehabbing that building. Pascone said there weren't a lot of jobs. He said he is always on the fence with political decisions. He said he and staff are trying to help the company find a place that makes sense for zoning. He thought it was a good location but it is a pretty constricted site, it didn't have a lot of room for parking and access. He said the Council made a decision and he is OK with it.

Cordier said the reason he asked the question is that the Committee has had discussion before of whether Albany is business-friendly. The economic development money can only be used wisely if there is an active economic development effort going on.

Wyatt said last week Linn County approved three enterprise zone applications with a little under 300 jobs. He said you can have a big debate about local government and jobs and economic development, and whether it makes sense or not. He said good argument can be made that government doesn't know beans about developing businesses; sometimes it is a bigger road block than a freeway, but staff certainly work within the constraints imposed upon them. He thinks we don't do a bad job in Albany.

Ryals noted that the Committee had a bit of the discussion at the last meeting. Every city has hurdles and rules and things to go through, but money talks. When you have a potential business that can locate anywhere, it's a pretty big incentive to say we can bring in your sewer. Pascone said he was surprised the bottle redemption center was turned down and there was so much against it, but take a look at the site and think about the traffic and the use and it made sense.

Gordon Shadle spoke. He said something that hasn't come out here is the Committee's role in trying to influence a future vote on the future debt. Part of the problem it failed the last time because a lot of people balked at writing a blank check for \$20.3 million. If you don't bring that down substantially, you risk having a future vote go down in the same manner as it did last time. If you nibble at the edges of the recommendation with \$1.4 million, people are going to say you're not serious. If you go big and deal with a substantial change in the CARA plan, and deal with that in a realistic way, people are going to have confidence that this committee is looking out for the taxpayer. He advised the Committee to go big or go home; don't nibble at the edges. Don't give something small to the taxpayer and think they're going to bite into it. Big is the only thing the taxpayer can latch onto and the measure will get some support and fly through the next election.

Wheeler asked Shadle for a dollar figure for "big." Shadle said he thinks both buildings can come in under the same substantial change to the CARA plan for \$25 million. If CARA went out now and sold bonds for \$25 million at 5% for the next 20 years, to service that principal and interest takes about \$2 million per year. CARA currently takes in about \$2.6 million of tax increment annually; the CARA folks project that will go up 16% per year, so even if both buildings were funded by \$25 million from CARA, CARA would still a million dollars in tax increment at least going forward over the next 20 years, plus it still has enough money to keep doing its pet projects and pay administrative costs. He said, theoretically, the Committee could go all the way.

Wheeler said he doubted CARA could get the money at 5%. Shadle said he looked online yesterday at municipal bonds being sold at Bondsecurities.com: it's doable. He said Portland sold a lot of urban renewal bonds that day at 3.2%. Wheeler said those bonds are a higher risk; Shadle said it's higher risk because they are secured in a different way – TIF through urban renewal as opposed to faith and credit of the taxpayer. The other distinction that has to be made, that the public understands pretty well is you can go down the urban renewal debt path, which is currently approved at a cap of \$56 million, and, in theory, CARA doesn't have to get voter approval. GO bonds require a vote every time.

Wheeler said that was not why the urban renewal plan was put together. Shadle said he hears the arguments on both sides. CARA is getting ready now to sell \$3 million for infrastructure; infrastructure is no different from putting up a police department or a fire station. He said we're asking you to do it on a bigger scale.

### Review Request for Proposal documents

Staff and members distributed RFP documents for both buildings. Morse suggested asked Bradner to lead the Committee through the salient points.

Morse added that the plan is for the Committee to meet on May 27, then June 10, probably take a summer recess, then come back to review the RFP results and wrap up the Committee's final recommendations.

Bradner said the Fire RFP is 29 pages long and includes a lot of information; staff delivered the documents to give committee members a week to look them over. Staci Belcastro, project manager for Public Works, will be at the next meeting to answer questions and discuss it further. A lot of the document is boilerplate that has to be included by law. Fire relies on Purchasing Coordinator Diane Wood and Public Works to meet those legal requirements; they do this kind of work regularly. The document is a draft. Neither has a project number assigned yet.

The Fire Table of Contents page numbers are correct but some of the attachments are out of order; they will be in the right order when the formal document goes out. The process is outlined numerous times. Morse noted the relevant date for the Committee is November 1.

Wyatt referred to page 3; he said he didn't see a cost estimate under primary components. Bradner referred him to page 13, the scope of work. In Section 3.2, work requirements, under Phase I: Preliminary Design, the comprehensive preliminary cost estimate is on page 14.

Cordier said, on page 13, he sees the potential inclusion of Fire Administration. That is not in the ZCS proposal; that says that Fire Administration stays at City Hall, so why did that get included? It wasn't in the Committee's recommendation. Bradner said that could be taken out, if the Committee prefers, but he felt there was some interest in seeing if that could be done.

Ryals said page 18 is what is salient to him: Section 4.3 Selection Review Committee. After the RFPs have been sent out, someone has to review the responses and determine what is in the best interest of the town. After the visits to Scio and Corvallis, Committee members determined that the key is to pick the right person. The RFP says the Selection Review Committee will be comprised of at least three members. It doesn't say how they're chosen, who they are, where they come from. The qualifications talk about their experience with fire stations and their ability to produce these things, but this committee is here to be able to figure out does this fit in the community. He proposed that this committee be appointed to evaluate these things.

Morse said that is a very big issue. Cordier said he thought the Committee had agreed that was the way it was going to be. Morse said, no, they had not.

Morse pointed out the time and said members need to go through the RFPs, mark them up, make suggestions, and come back and go through them page by page at next meeting.

Arasmith said he has been in the position of responding to RFPs and the cost estimate needs to be right up front; Wyatt had mentioned it earlier. It is a big deal to come up with cost estimates.

Burright cautioned members to be careful: they are not there to wordsmith the RFP; there are some things the City has to be able to do. Cordier's catch of the administration piece -- that is something the committee has discussed, something that is or is not part of the recommendation -- that is the kind of thing

members should be looking at. He said he thinks it is fair to throw out some suggestions but they are not there to write an RFP.

Ryals said, regarding his suggestion of the Committee reviewing the proposals, maybe not everyone would want to be involved. Certainly the Chief would need to be part of that or city staff would have to be involved. He doesn't think the Committee would want to try to do it all on their own, but it seems like there would be a place for Committee members who are so inclined to sit with the Chief and city staff members who have expertise that the Committee doesn't have, to help come to a decision.

Norman said he doesn't know what pieces the City is required to have in the RFP, so he doesn't know if there is a requirement for who reviews the RFP. Ryals said you can pretty much do what you want. Wyatt said there needs to be a selection process that is spelled out in the RFP. He said reviewers need to be qualified to make the recommendation of the award to City Council. You don't want to get into a situation where there could be a challenge. You need the right people but that doesn't mean you can't have whoever from the committee wants to attend and listen.

Bradner said the language doesn't limit the number of people on the committee; it says "at least three" and members haven't been selected yet. Wheeler said it is wise to keep it at three; get any more than that and you'll never get anything done.

Ryals said these things get done all the time. It is not difficult; reviewers are not going to micromanage the architects making the proposals, but it is a big decision for the town. Scio got someone who really understood them and worked well with them and that supposedly made all the difference. He thinks that is true.

Reece said the language gives the Committee the opportunity; it says "at least three." It can work with a committee of six or eight.

Morse said he thinks the Committee needs to guard against getting more and more into the administrative side of this issue; he doesn't think it is the Committee's role to get into the details of administration. Cordier said he doesn't know Staci, if this is her first engineering project, what her credentials are, and there are people who have been in this business for 40 years saying to get the cost requirement in there early; that's important.

Morse said those are good suggestions that members can bring back to improve the RFP document, but he is talking about, when this is set in motion, the risk is that the Committee will continue to invade that administrative sector, and he thinks that is not the Committee's responsibility.

Wyatt said the way this is structured, whoever is selected is in there from start to finish until the project is complete. You can stop somebody after Phase One but the odds are, whoever you're buying here is going to take it all the way through.

Ryals said he just wants to see the presentations, listen to the people and say, yeah, that guy gets Albany.

Reece addressed Arasmith's point about costing: it might be important that it be emphasized in the executive summary, but if they don't read the scope of work they shouldn't be responding to the RFP. At the back, it says the City can ask for additional information.

Morse said the Committee needs to focus on whether the document is consistent with the general direction of its recommendations. He said the Committee has expertise that is rather unusual; if there is interest and a willingness by administration to expand the role for subcommittee to help in that process, he would have no problem with that. He said he wants to make sure the Committee stays within its boundaries.

Arasmith said he supports what Ryals said and feels similar. He doesn't want to score the applicants, but he would like to watch the presentations, get a feel for them and who really has a connection with Albany. In Scio, there was a connection. In Corvallis, the chief wasn't really supportive of the architect.

Morse suggested making a recommendation to the administration that, when these interviews occur, they notify the Committee and provide an opportunity for members to attend if they wish; it is not a Committee function but those who have particular expertise and time to do it.

Ryals said his goal is to finish this committee and be able to go out to Rotary and people he knows and tell them honestly, the Committee has done the best job they possibly could – they've looked at the program, looked at the money, they've interviewed a variety of architects and the City has chosen the best person for the job. He said he needs to be able to go out and look people in the eye and say you need to vote for this because it's the right thing.

Burright announced that Sheriff Riley would be doing some hiring and opening up jail beds: the sheriff's levy has passed.

Ryals said he thinks people get it. He said he doesn't think it was the money last time, it was lack of information. Morse said it would be interesting to poll that question.

Cordier said he was surprised that the Police RFP was available tonight. He thought the Committee was going to go back and restructure the programming document and Chief Lattanzio said it is in there. The Fire Chief looked at the report from McKenzie and stepped away from some of the original stuff. He asked Lattanzio if what is in the RFP what he has to have. Lattanzio said what is in the RFP is for the proposer to review the programming that was done by ZCS and update it. Police don't have all of what needs to be in or out of the ZCS report; that's a part of the work that needs to be done.

Cordier asked if the RFP could be sent out without that piece. Wyatt said part of the RFP says give me that piece; it has four phases. Cordier said he got it.

Morse noted that Arasmith had sent an email asking the Committee to address some things; that will not happen tonight but maybe time will be available on next week's agenda. Arasmith said there were also two issues for which the Committee was going to get written reports. Morse said those were Engineering's analysis of 6<sup>th</sup> Avenue -- assumptions and challenges to relocating the utilities. Bradner asked for clarification. Arasmith said it is cost estimates for relocating utilities in 6<sup>th</sup> Avenue and keep it to one page or less. Because that was discussed and the Committee got those numbers, Arasmith said he sees that as one of the building blocks of their recommendations and he would like to have the supporting information when he explains the position to others.

Cordier asked when the Committee will we see the final version of Police recommendation. Smith said it will be included in the City Council agenda packet (May 28 meeting) that goes out this Friday. Morse and Burright plan to attend that Council meeting.

Morse laid out a timeline: they will get the Police recommendation to the City Council; then go through RFP selection; there will a work product that will be ongoing and they want an opportunity for this committee to be engaged in the public part of that; that will occur between when it is awarded and November 1. He hopes the Committee will then be able to quickly draw together the funding issue and the specifics of a final recommendation to the Council, hopefully, before Thanksgiving.

Ryals said, with Police, the Committee likes the current location but they don't know if the City will be able to buy more property. Morse said that's up to Administration to try to secure those options and if not, they're over on Pacific. It's still very much up in the air. The probability of bringing that many properties together at an acceptable price is a tall order. Ryals said it's the right place but he doesn't know if it is

possible. Morse said if the Committee thoroughly extinguishes that, then they have addressed something very important to the voters.

Meeting adjourned at 9:01p.m.

Respectfully submitted,

*Signature on file.*

Marilyn Smith