NOTICE OF PUBLIC MEETING

CENTRAL ALBANY REVITALIZATION AREA ADVISORY BOARD
City Hall Council Chambers
Wednesday, November 16, 2016
5:15 p.m.

AGENDA

1. CALL TO ORDER (Chair Rich Catlin)

2. ROLL CALL

3. APPROVAL OF MINUTES
   - October 19, 2016. [Pages 2-4]

   Action: _____

4. SCHEDULED BUSINESS

   a. Business from the Public
      1) WR Grace presentation (expansion plans). [PowerPoint] (Reid/Ray Yagloski, Vic Forchette)
      Action: _____

   b. Streetscape project update. [Page 5] (Schumacher)
      Action: _____

   c. Edgewater Village proposal. [Pages 6-10] (Hodney)
      Action: _____

   d. Staff updates and issues. [Verbal] (Hodney)
      Action: _____

5. BUSINESS FROM THE BOARD

6. NEXT MEETING DATE: *Wednesday, December 14, 2016 [week earlier due to the holidays]*

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
Wednesday, October 19, 2016

MINUTES

Advisory Board Members present:	Rich Catlin, David Abarr, Russ Allen, Bill Coburn, Floyd Collins, Bessie Johnson, Rich Kellum, Sharon Konopa, Ray Kopczynski, Dick Olsen, Mark Spence
Advisory Board Members absent:	Loyd Henion (unexcused), Mitch Langjahr (unexcused), Maura Wilson (excused)

CALL TO ORDER

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

APPROVAL OF MINUTES

September 22, 2016

MOTION: Ray Kopczynski moved to adopt the minutes as presented. Rich Kellum seconded the motion, and it passed 11-0.

SCHEDULED BUSINESS

Business from the Public

None.

Streetscape Design and Construction Schedule

Civil Engineer II Lori Schumacher reviewed the streetscape project design and construction schedule. The first phase includes the area around the Post Office and the water line, and it is being coordinated with the Albany Museum & Carousel work. The second phase includes Second and Third Avenues. For the first phase, it is expected that design will be complete by end of the month, bids will be opened in November, and construction will start after the first of the year and finish mid-March. For the second phase, it is expected that design will be complete in January, bids will be opened in February, and construction will begin in April and finish in September.

Floyd Collins asked if the Oregon Department of Transportation (ODOT) will be doing improvements on Ellsworth and Lyon Streets in conjunction with the project. Schumacher said that staff isn't aware of any such plans. Collins noted that ODOT has done improvements in Sweet Home, Lebanon, Corvallis, and Philomath; yet they have not done needed improvements to the state highways running through Downtown Albany. With the City doing this work downtown, he thinks it's shameful that ODOT wouldn't do upgrades to Ellsworth and Lyon Streets concurrently. Coburn agreed; he encouraged staff to be more aggressive in requesting that ODOT do this work. Parks & Recreation Director Ed Hodney said that staff will follow up on the concern and try to get a response from ODOT.

Kellum expressed concern that catenary lights may make the areas look busy. He wondered if it would be possible to have one block installed and assessed before doing the second block. Sharon Konopa said she has also been concerned that catenary lights may make the areas look busy. Russ Allen said that if the Board wants to stay on schedule, it should be very circumspect about revisiting previous decisions, and Kopczynski agreed. Schumacher noted that the amount of lighting approved by the Board is substantially reduced from what was originally proposed. Following brief discussion, it was agreed that staff will bring back the current drawings and images to give the Board a better feel for what is currently being proposed. Hodney said he doesn't think it's too late to make scope changes and still meet the timeline; however, it is getting close.

Historic Homebuyer Loan Program

Urban Renewal Officer Nathan Reid reviewed previous discussions and direction from the Board related to the Historic Homebuyer Loan Program. He reviewed proposed changes to the program as detailed in the written staff report. Changes include a reduction of the project minimum to $20,000; a reduction of the required private match to 50 percent; opening the program to homebuyers within 24 months of purchase; allowing buyers who wish to rehabilitate and resell the property (flippers); and a differentiated loan interest rate structure which favors first-time homebuyers. In discussion, Reid provided clarifying information about the proposed program and interest rate structure.

Konopa said the program is clear and follows the direction of the Board; however, in her opinion, it isn't enough to result in revitalization of the Hackleman District. She suggested that, if there is no interest over the next few months, consideration be given to a matching grant program. Brief discussion followed regarding the parameters of the proposed program and the desire to incent rehabilitation of the area. It was agreed that staff would promote the program and report on the interest and activity over the next several months.

Mark Spence suggested that the City could approach some of the many television shows about house flipping to see if there is interest in doing a flip in the Hackleman District, noting this would bring great awareness to the area and rehabilitation program.

MOTION: Allen moved to approve the program changes as proposed. Spence seconded the motion, and it passed 11-0.

Infrastructure Finance Authority (IFA) Special Public Works Fund Loan Update

Hodney referred to a memo and spreadsheet from Finance Director Stewart Taylor with a comparison of a IFA state loan versus conventional financing. He noted that staff was previously directed to pursue the IFA loan and that they were successful in securing a loan for $8.4 million.

Collins noted that the difference in interest rate and fees for the IFA loan as compared to a conventional loan will save $1.129 million in interest over the 15-year life of the loan. He thinks that is significant and wants it on the record that the Board is moving to secure the best financing for these improvements. He commended staff for working with the state to secure this financing.

Staff Updates and Issues

Hodney said the Board is aware from previous discussions on the wayfinding signage project that additional work is needed to pare down the cost of that project. He has talked with the consultant about recommending a tiered approach to the proposed system with emphasis on the entry points and the vehicle directional signs. The consultant indicated that he has reached the limit of his primary contract and requested an additional $3,200 to proceed and complete his recommendations within 30 days of the extension of his contract. Staff will work with the consultant to put together a recommendation with the various components and associated costs for consideration, if the Board agrees that is a reasonable approach. There was general agreement.

BUSINESS FROM THE BOARD

Kellum referred to action at the last meeting that approved a small matching grant request for awnings. He suggested that the Board discuss whether it wants to fund projects like this, which he views as maintenance. Allen said that, from his perspective, funding decisions should be based on whether they further CARA's goals and it doesn't matter whether a project is called maintenance or something else. Konopa said that businesses don't have to put up awnings but that they provide an amenity to the public in having that cover when walking down the sidewalk. Bessie Johnson said that awnings have been funded in the past and that they provide the aesthetics that make the downtown look better. Rather than keeping a raggedy awning, the owner came to the Board for matching funds to do it right, and she doesn't see that to be an issue. Catlin noted that the Board took more than a year to develop the funding programs, during which time there was considerable discussion and difference of opinion. He thinks that the points raised are important to have in the record and to keep in mind for future policy discussions.

NEXT MEETING DATE

Wednesday, November 16, 2016

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 6:02 p.m.

Submitted by,

Teresa Nix
Recorder

Reviewed by,

Ed Hodney
Parks & Recreation Director
Interim Urban Renewal Director

TO: CARA Advisory Board

VIA: Ed Hodney, Parks & Recreation Director
Interim Urban Renewal Director

FROM: Lori Schumacher, Engineering Associate I

DATE: November 10, 2016, for November 16, 2016, CARA Meeting

SUBJECT: Downtown Streetscape Design Review

Background

Last month, the Board asked that Public Works Staff present an update of the Downtown Streetscape Design thus far and to contact ODOT regarding asphalt replacement along Lyon and Ellsworth. This month, Public Works staff has prepared a presentation that will cover the following items:

- A review of the design elements that were chosen by the Board for each of the streets;
- Plan views showing the elements at their typical locations;
- Flagpole hole spacing;
- Street tree selection;
- ODOT pavement discussion.

Request

In addition to a design review, Public Works staff will need a decision from the Board on flagpole spacing along each of the streets within the project. They will also need the Board to decide which street trees to use in the design. All decisions regarding the Downtown Streetscape Project need to be finalized at the November CARA meeting to avoid affecting the design and construction schedule.

LS:ldh

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TO: CARA Advisory Board

VIA: Ed Hodney, Parks & Recreation Director
Interim Urban Renewal Director

FROM: Nathan Reid, Urban Renewal Officer

DATE: November 10, 2016, for November 16, 2016, CARA Meeting

SUBJECT: Staff Report–Edgewater Village Update

Background

Staff received notice from George Diamond on October 17 that he was interested in modifying the terms of the current loan structure. George is proposing to increase the current CARA lien subordination agreement from $1,000,000 to up to $6,000,000. George believes that increasing the subordination agreement would allow him to be more efficient and would be more cost effective in the construction of the upcoming townhome and duplex construction.

The second request from George Diamond was regarding the purchase of one acre of the City's property. George notes that the cost of infrastructure for roads surrounding the property would cost around $250,000. He has proposed that the City sell the property at discounted rate in order to offset the cost of this large of an infrastructure project. George requests that if the City does not sell the property at this price that CARA moves forward in paying for part of the road infrastructure surrounding the property.

The following summarizes the Diamond's proposal:

- Increase current subordination agreement from $1,000,000 to up to $6,000,000;
- Sell the City property at a discounted rate to offset infrastructure costs;
- City pay's George for the amount of infrastructure cost surrounding the property and keeps the one acre of land.

Request

Staff requests feedback from the CARA Advisory Board on what direction you would like staff to pursue on the Edgewater Village request.

NHR:ldh
Attachments 2

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I'm following up on our phone conversation regarding the next steps/issues for Edgewater Village, Phase 2. The plan includes a combination of 28 townhomes, 1 duplex and single family detached homes. As you know, there are many challenges to construction including timing of the home delivery, on and offsite costs, the sales market at the time of sales and securing a construction lender for funding. The current CARA lien subordination agreement allows a maximum of $1,000,000 based on the 7/7/14 CARA document at any given time and a maximum of 10 lots at any given time – both creating obstacles for obtaining construction financing for infrastructure and home construction. I have outlined the issues below as you requested and hope you and the City can respond as soon as possible to help us move forward with our plans. Ed, I appreciate any suggestions and comments.

1. INCREASE SUBORDINATION MAXIMUM to $5 million-$6 million and include a clause for lien releases for roads.
   Infrastructure work on Phase2 will cost approximately $800,000 plus approximately $80,000 to repave with brick the City-owned part of Water Avenue. In order to be efficient, the 28 townhomes and duplex should be constructed at the same time. There will be 10 townhomes along the river that will cost at least $1,500,000 and need to be built at one time. It is not feasible to build 5 then stop until they are leased or sold and then build another 5 townhomes which will be required with a $1,000,000 limit on lien subordination. This is also the same problem on the South portion of the townhome lots next to the rail line where 12 townhomes will be built. In addition, if I have 5 homes in Phase 1 still under construction, the $1,000,000 maximum is already committed. It needs to be noted here that I personally guarantee all construction loans and will be obligated to the bank. If I am not qualified, the lender will not give me a construction loan. Timing is critical. I am approaching lenders now for financing to complete the Phase 2 infrastructure and construct the 30 townhomes. I need to put the roads in during summer of 2017 otherwise I cannot meet my CARA timelines. I already spent $650,000 in personal cash for the roads on Phase 1 and another $700,000 for home construction and soft costs. I have not been able to recapture this cost. I don't have another $1,500,000 to move forward on Phase 2 until Phase 1 homes are sold and my funds are repaid to me. I am personally liable for my debt and having the burden of a $1

million maximum loan subordination will cause me significant delays and may put the project in default of the CARA timelines.

2. PURCHASE OF APPROX. 1 ACRE CITY PROPERTY
It has been estimated by Reece and Associates that the off-site costs of roads and infrastructure just for the City's one-acre parcel is around $250,000. Whoever develops first has to pay for the cost of Hill Street, Madison Street and Front Street. I have been told there is a Capital Recovery Program that would pay a portion of that back to Edgewater Village if someone develops the land within 10 years. The realty is the cost of $250,000 is a huge financial burden, and in addition, Edgewater Village has to pay for improving Water street as part of the subdivision approvals. This cost should also be paid by the City on a prorated basis since this requirement would also be on the City's property. The Cost is estimated at $85,000 to improve Water street. Originally the City block was to be part of Edgewater Village's 60 home development. The City could not move fast enough to acquire the property from BSN so all 60 homes had to go on Edgewater Village LLC property. I propose the City pay for their portion of the work including Water street since it is a condition of approval for the entire Development and to bring my initial cost down which will help us to finance the streets. If we can't come to a working agreement where the City would pay for their portion of the street improvements at the same time as Edgewater Village, then at the minimum we need a Capital Recovery Agreement in place.

3. EDGEWATER PURCHASE OF CITY 1 ACRE PARCEL.
Several years ago we discussed purchasing the City 1 acre property. In lieu of a proper appraisal to establish market rate, the City acquired an opinion of value by a residential real estate broker. We would re-consider purchase of the property if the City was willing to get a certified appraisal of value based on the land today including current street improvements and the fact that the property is unbuildable until Hill Street is built and Water Street and also valued on a AS IS basis accounting for the minimum of $250,000 to improve the roads. If I was to sell my duplex lot to the City I would want the City to pay their offsite cost including the prorated share of Water and reduce my obligation to build 60 homes to 58 homes. I would also be

expected to be paid on my property based on the same cost per square foot the City would get for their property based on the appraisal.

Ed this is the summary of what we need to achieve to move forward with Phase 2. As you can see, the combination of current lending requirements and issues that were not addressed in the last years need to be addressed now in order to move forward successfully, We are committed to meet our CARA requirements and create the vibrant, one of a kind neighborhood that Albany can be proud of and that will be the catalyst for more positive change to the City.

Thank you for looking at this and I look forward to working with you on a solution to move forward.

Best Regards,
George

1 inch = 40 feet