

RESOLUTION NO. 2629

TITLE: RESOLUTION REPEALING RESOLUTION NO. 2593 AND APPROVING ALBANY ENTERPRISE ZONE LOCAL INCENTIVES

WHEREAS, the City of Albany is committed to the encouragement of economic growth in our community; and

WHEREAS, the use of local incentives should assist in retaining and encouraging expansion of existing businesses; and

WHEREAS, the City of Albany, in conjunction with Linn County, has applied for and received Enterprise Zone designation by the Governor of the State of Oregon; and

WHEREAS, since the adoption of Resolution No. 2593, procedures for processing Enterprise Zone applications have been developed which require clarification of the previously approved local incentives.

NOW, THEREFORE, BE IT RESOLVED that the following business development incentives are hereby approved for implementation:

A. For employers eligible for the annual property tax exemption:

1. The customer shall be exempted from water and sewer user charges up to a **combined** maximum of \$100 for each **eligible** full-time equivalent **position** ~~job~~ maintained during the year up to a maximum annual exemption of \$3,000 **on a five-year declining basis as follows:** 100% of the charges during the first twelve months of use; 80% during the next twelve months; 60% during the next twelve months; 40% during the next twelve months; 20% during the next twelve months. **Water and sewer user charges are to be paid as billed, and the proper amount will be reimbursed upon annual determination of eligibility.**
2. If located in the Urban Renewal District, the District will pay the Bancrofted improvement cost assessed against the property up to ~~\$250~~ **\$500** for each **eligible** full-time equivalent **position** ~~job~~ maintained during ~~each six-month period the year~~ **each six-month period** up to a maximum ~~semi-annual~~ **semi-annual** cost of ~~\$20,000~~ **\$10,000 on a five-year declining basis as follows:** 100% payment the first year; 80% the second year; 60% the third year; 40% the fourth year; 20% the fifth year. Payment shall be calculated on a ten-year payment schedule. **This incentive shall be made available as long as the Urban Renewal District is in a position to accept new obligations.**

B. For employers who engage in a primarily nonretail business activity (**less than 50% of the firm's gross receipts within the zone are attributable to retail trade**) and who **maintain employ** during the first twelve months of operation not less than the equivalent of five (5) full-time **positions**, ~~persons~~ the City will waive the sewer connection charge, that portion of the water connection charge in excess of actual installation costs (labor and materials), ~~fees-for-sewer-and-water-connections~~ and structural, mechanical,

electrical and plumbing fees up to a **combined** maximum incentive of \$1,000 for each **eligible** full-time equivalent position **maintained filled** during the first twelve months of operation. ~~by a person living within the zone~~ These fees will be waived at the time of application provided a **letter of credit or other form of surety acceptable to the City Attorney is submitted upon applying for Albany Enterprise Zone local incentives. an agreement is signed to pay at the end of twelve months if the applicant does not qualify for the amount waived**

A firm eligible for either incentive described in Paragraph A or B will also be granted the following incentives:

1. Rules for the Bancrofting of improvement costs ~~may will~~ be loosened to increase eligibility and reduce short-term costs.
2. Priority above all other pending projects will be given to the processing of applications by qualified firms for the following:
  - a. Site plan review
  - b. Building permit applications
  - c. Water service applications
  - d. Sewer service applications
  - e. Establishment of local improvement districts
  - f. Scheduling of public improvement projects
  - g. Annexation
3. Assistance will be provided in the acquisition of building sites.
  - a. The City's power of eminent domain may be used to assemble sites currently comprised of small parcels which are identified in the 1982 Economic Development District Urban Renewal Plan and Report as eligible, or as it may be amended to facilitate such acquisition.
  - b. Within the Urban Renewal District, existing buildings may be acquired and rehabilitated **by the Albany Redevelopment Agency** for use by eligible firms.
  - c. State and federal grant funds to aid in property acquisition and development will be sought on behalf of eligible firms.
  - d. A low-interest loan fund may be established for use within the ARA district to assist in the rehabilitation of existing buildings.
  - e. Suitably zoned property owned by the City acquired through the foreclosure of liens may be sold to eligible firms for the amount of the outstanding lien, payment will be spread over the remaining years of the Bancroft agreement and interest rates will be reduced to an amount not less than the interest charges on the outstanding indebtedness secured by the Bancroft agreement.

4. Requirements for the completion of certain site improvements otherwise required by the Development Code may be extended up to twelve months from occupancy of the building, **including:**

- a. Parking lot paving;
- b. Site landscaping

BE IT FURTHER RESOLVED that Resolution No. 2593 is hereby repealed.

DATED THIS 9TH DAY OF JULY, 1986.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Recorder

INTERDEPARTMENTAL MEMORANDUM  
Public Works Department  
Engineering/Utilities Division

TO: Albany City Council

VIA: Bill Barrons, City Manager

FROM: John Joyce, P.E., Public Works Director

DATE: July 1, 1986, for July 9, 1986, City Council Meeting

SUBJECT: Revised June 18, 1986, Engineer's Report for Babe the Blue Ox R.V. Park  
Public Improvements (ST-86-1 and SS-86-2)

Description of Projects

These projects will provide public street access, storm drainage, and sanitary sewer service to a proposed recreational vehicle park north of Santiam Highway, west of Goldfish Farm Road.

**ST-86-1:** Access to the proposed R.V. park will be provided by approximately 1600 linear feet of a 28-foot wide public street with roadside ditches constructed from Price Road east across Timber Linn Park to the site. Streets and storm drainage within the R.V. park will be privately maintained.

**SS-86-2:** Approximately 1200 linear feet of 8" diameter sanitary sewer will be constructed from Price Road across Timber Linn Park to the site. An additional 3500 linear feet of 8" diameter sanitary sewer will be constructed within the R.V. park. These sanitary sewers (a total of 4700 linear feet) will be public. Easements for the public sewers within the R.V. park will be dedicated to the City of Albany by the owner. Sanitary sewer service laterals and connections will be private. In addition to the construction cost for the sanitary sewer, the sewer connection fees, estimated at \$36,000, will also be bancrofted.

The City Council discussed these projects at the January 8, 1986, City Council meeting. At that time, Council expressed concern that the total estimated assessment for the public improvements is more than twice the assessed value of the property. It was suggested that the public improvements might be constructed in stages along with the private improvements so that the value of the property would increase as the City invested more money. Staff's interpretation is to construct the improvements with two separate contracts. The first contract will be for the public sewers. This contract will be awarded after the site has been graded and all required easements are recorded. The second contract will cover the construction of the access road and drainage improvements. The second contract will not be awarded until the foundation and framing work has been completed on the Blue Ox Lodge.

Attached to this report is a letter from the Alder Street Co., Inc., of Portland, Oregon. This letter proposes a schedule of events leading to the construction of improvements to the Blue Ox site. Errors in the proposed schedule are as follows:

- Item A. The public hearing will not be on June 25, 1986.
- Item C. After the drawings are received, two weeks are needed for review and preparation of the bid package. After that, two weeks are needed to advertise for bids. This means that if the drawings for the public sewer are received on July 15, the bid opening would be on August 18, and the contract could not be awarded until August 27.
- Item E. If the street plans are received on August 13, the contract could not be awarded until September 24. There is also a ten to twenty day delay between the time of contract award and commencement of work. This places completion of the street in mid-November. Staff is concerned that, depending upon the weather, it may not be possible to construct the street during that time of the year. Temporary access to the Blue Ox site is possible from Goldfish Farm Road.

The owner of the property which will be benefitted by these improvements has signed a Petition for Improvement and Waiver of Remonstrance. The owner has hired a private engineer to prepare construction drawings and specifications. In order to qualify the projects for Bancroft bonding, the City will provide construction drawing and specification review, construction contract bidding, administration, staking, and inspection. The City will charge a fee for these services estimated at 10% of the total project construction cost. The actual fee charged will be based on the hours spent on the project by City employees and the cost of materials used. Also included in the actual fee will be testing to insure compliance with specifications, sewer televising, and other related items.

Summary of Estimated Costs

I. ST-86-1, Blue Ox Street Improvement

|   |           |  |
|---|-----------|--|
| A. Estimated Construction Cost                    | \$ 79,000 |  |
| B. 10% Construction Contingencies                 | 7,900     |  |
| C. Total Estimated Construction Cost              | \$ 86,900 |  |
| D. 10% City Engineering, Legal and Administrative | 8,700     |  |
| E. Warrant Interest                               | 500       |  |
|   | \$ 96,100 |  |

II. SS-86-2, Blue Ox Sanitary Sewer Improvement

|   |           |  |
|---|-----------|--|
| A. Estimated Construction Cost                    | \$108,900 |  |
| B. 10% Construction Contingencies                 | 10,900    |  |
| C. Total Estimated Construction Cost              | \$119,800 |  |
| D. 10% City Engineering, Legal and Administrative | 12,000    |  |
| E. Estimated Sewer Connection Fee                 | 36,000    |  |
| F. Warrant Interest                               | 500       |  |
|   | \$168,300 |  |

Total Estimated Property Owner Assessment \$264,400

Method of Assessment

It is recommended that the cost of these improvements be assessed to the owner of the benefitted property. Property description and estimated assessment data is attached.

Recommendation

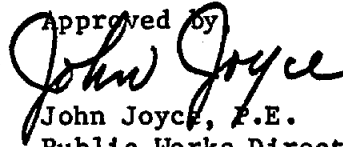
It is recommended that the City Council accept the Engineer's Report and set a public hearing date to hear any objection or support for the projects.

Respectfully submitted,

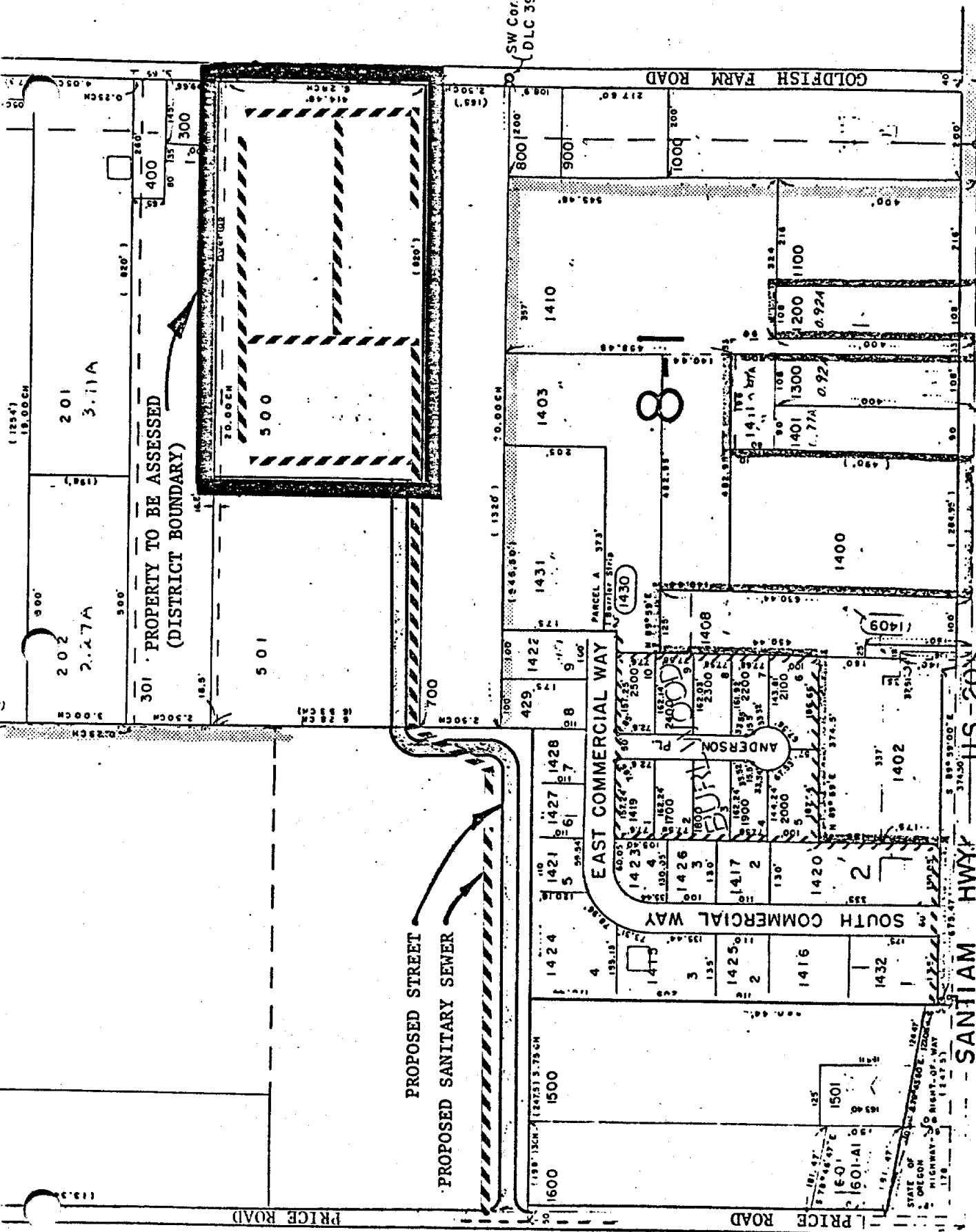
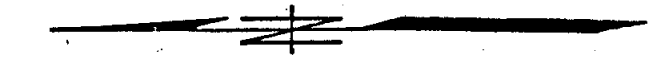


Mark A. Yeager, P.E.  
Engineering/Utilities Division Manager

Approved by



John Joyce, P.E.  
Public Works Director



SSC Cor  
 JS Parrish  
 DLC

CITY OF ALBANY PUBLIC WORKS DEPARTMENT  
 ENGINEERING DIVISION  
 BLUE OX R.V. PARK PUBLIC IMPROVEMENTS  
 DECEMBER 1985 (ST-86-1 AND SS-86-2)

**ALDER STREET CO., INC.**

1110 S. E. Alder Street  
Portland, Oregon 97214

10 June 1986

Mr. Gale Mills, P.E.  
Engineering Supervisor  
City of Albany  
City Hall II  
P. O. Box 490  
Albany, Oregon 97321

Subject: Schedule of Events  
"Babe, The Blue Ox" RV Park  
Goldfishfarm Road  
Albany, Oregon

Re: Our Meeting this morning and  
Your Letter of May 20, 1986

Gale:

Just a memo confirming our conversation this morning in your office, in that, now that our VANFED mortgage to construct the subject RV park was recorded last week in Linn County, we can now produce (with you help) the following schedule of events:

- A. Public Hearing on this one owner L.I.D. will be held at the regularly scheduled City Council meeting Wednesday evening, June 25th, in which your Engineer's Report will be read pertaining to the improvements the City is to do for this project. Included in your report to the Council is this very letter.
- B. The Alder Street Co., Inc., will have the site graded (it has already been cleared and the well has been installed) and our Engineer, Mr. Jim Udell of Lebanon, will have the final sewer plans by July 15, 1986. We should also have the final building plans in for plan check also by that date.
- C. We would like to see the bid opening for the entire sewer system on August 4th with the contract for said work awarded August 13th. The building permit should be issued by that date.
- D. The water "source," meaning 1,000 gal. pressure tank, 15,000 gal. fire reservoir, compressor, etc. -- ready for the "Distribution" system, and the Blue Ox Lodge should be under contract by August 13th.



Mr. Gale Mills, P.E.  
10 June 1986  
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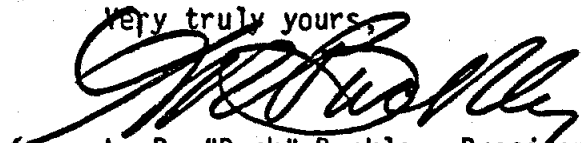
- E. Jim Udell should deliver the street plans to you by August 13th, hoping the City can start that portion of their work by September 22nd.
- F. City sewer system should be done by October 15, 1986.

With the bulk of the construction work being started in August, it is our sincere hope to have the RV Park open for business on or before December 1, 1986.

Appreciate you and your staff working with us, and apologize for the delay in cementing the financing; however, we can now move forward towards a successful completion.

Trust you will contact either Jim or myself if further details regarding our schedule is needed. Until then, I remain

Very truly yours,



L. R. "Buck" Buckley, President

LRB:bab

CC: Jim Udell, P.E.  
Marvin Albaugh  
Bill Barnes  
VANFED

Financial Investigation Report  
Dave's Blue Ox RV Park

Section 2 - Number of vacant lots:

Attached for the Council's information is a map showing the Local Improvement District in relationship to other vacant lots and undeveloped property within the area.

Section 3 - Number of similar lots held by the City through foreclosure:

There are four major areas within the neighborhood that have had lots foreclosed or lots that will be foreclosed upon.

1. Lawndale Subdivision - Foreclosed by the City in 1984, has 41 residential and 5 light industrial lots. The delinquent value on these lots was \$400,000.
2. Commercial Way - This consists of two commercial lots that were foreclosed in 1984. One has been regained by the owner and one is in court at the present time.
3. Draperville/Century Drive - Although no lots have been foreclosed in this area, there is a high probability of foreclosure on approximately 11 lots with a value of \$42,000. The delinquency rate on the assessments in this district is very high.
4. Timber Linn Subdivision - This subdivision was foreclosed on by the mortgage bank. There were approximately 60 lots that were foreclosed. The lots in this subdivision were all residential. To our knowledge there have been no foreclosures on property in the area zoned for RV Parks.

Section 4 - Delinquency rate of assessments and taxes in the area:

Evidenced by the large number of lots that have been foreclosed in the immediate area, the delinquency rate of the assessments and taxes in this area is very high. All the lots and subdivisions that have been foreclosed upon have not only had delinquent assessments but a high tax delinquency also.

Section 5 - Real estate value trends in the area:

The real estate values in the area have been on a downward trend in the last three years. The assessed valuation in the area for the last five years has been,

|         |               |
|---------|---------------|
| 1980-81 | \$591,000,000 |
| 1981-82 | 661,000,000   |
| 1982-83 | 728,000,000   |
| 1983-84 | 711,000,000   |
| 1984-85 | 674,000,000   |

At the present time there is no evidence that this devaluation in true cash value in the area will reverse itself.

report.blue.ox.rv.park

Section 6 - Tax levy trends and potential impact on improvement district:

One of the major reasons for this financial investigation report is to determine the financial impact in case the LID was foreclosed and the only way to pay off the assessment was to levy a general property tax on the entire area. The tax levy trend in the City has not been favorable. Evidence of this is the recent school district levy which finally was passed after four tries. Also, the County jail bond election has failed several times. Linn County has had difficulty in passing their operating levies also. Fortunately, it has not been necessary for the City to pass a levy outside its tax base, however, it can be assumed that if that was necessary it would be very difficult.

Section 7 - Conformance of the project to the City's Comprehensive Plan:

This plan has been reviewed by the Planning staff and it does conform to the City's Comprehensive Plan.

Section 8 - Status of municipal debt:

The City's bonded debt position is very good at this point. There is only \$255,000 in direct general obligation bonds outstanding. There is \$4.5 million in Bancroft bonds outstanding, of which approximately \$1 million is in foreclosed properties or in foreclosure proceedings. In other debt, the City has a total of \$19 million in water bonds and advance refund water bonds, \$3 million in sewer revenue bonds, and \$2,400,000 in urban renewal bonds.

Section 9 - Cost of financing:

If the City were to authorize Bancroft bonds for this project, the approximate cost would be 8.5% over a 10 year pay back period. There are several factors that have to be considered before Bancrofting can be guaranteed. First, the new tax reform law may abolish the authorization to issue Bancroft bonds that are tax exemption. This proposed law is still in the planning stage and final determination has been not been issued as of this date. Second, if Bancroft bonding were authorized, this issue for approximately \$240,000 would be a very small issue to sell bonds for. Most local investors like to buy a much larger issue than \$240,000. If they would buy this small of issue, there probably would be interest premium to pay.

Section 10 - Credit worthiness of the petitioners:

The City has not had the opportunity of working with Mr. Buckley in prior financial dealings, however, the meetings between him and the City staff regarding this LID have been most cooperative. We have received from the Vancouver Federal Savings Bank indicating their willingness to loan \$750,000 on the improvements of this project. I believe it is safe to assume that from their willingness to participate in this project, the City would be willing to enter into a Bancroft bonding arrangement with the developer.