

URBAN RENEWAL: Round of grants has stalled over council concerns

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"There is no question in my mind that we have all but abdicated our role," he went on to say.

At the March 26 meeting of the urban renewal board, Asson and Nancy Connolly questioned whether the proposed grants were the best use of the urban renewal funds, with Asson stating that he

didn't think they appeared to be in the public interest, one of the criteria for the grants.

Due to the lack of sufficient time for the board to physically visit the properties and no consensus for approval, the motion was tabled and a workshop was to be scheduled to further consider the grants.

This was to be the third round of Urban Renewal Small Projects Grants issued by the City — the second one involving façade improvements to commercial buildings.

Council — including Asson — had unanimously approved the borrowing of funds, increasing the original loan from the Bank of the Cascades from \$848,818 to the full \$1.2 million that the bank approved.

Council also approved the previous allocation of funds for the first two rounds of grants to local businesses and they agreed to seek the applications for the new grants, which contained specific criteria for grant approval.

Now, after the third round of applications have been sought, received, and reviewed by staff, there are questions being raised about the financial viability of the program and whether criteria is being met by the applicants, many of whom are making requests similar to those approved in the first two rounds.

"If we didn't give you sufficient time to do (your due diligence), it was because we were replicating how we did it before," said City Manager Andrew Gorayeb. "There were a couple of little things that hung us up getting it out to you sooner. We probably

should have just flagged those items and passed everything on to you for review."

There was also a shorter approval time due to the URA Board voting to extend the application deadline because some applicants were having difficulty securing bids from contractors.

The mayor and the City manager apparently had a miscommunication regarding the URA agenda for April 2 and, instead of a workshop, the agenda indicated a formal URA Board session, scheduled to last 10 minutes to discuss and consider a motion to award the third round of façade improvement grants to 19 businesses.

The shortness of time was not the only issue for Asson. He came to the April 2 meeting with figures comparing the City's amortization schedule for paying off the existing \$1,231,340 loan balance approved by the Council to fund the URA improvement grants and a model he created.

According to Asson, the City's schedule calls for annual payments of \$105,466, principal and interest, for six years. At the end of the 20-year URA program, February 2, 2022, the City would still owe \$813,285 on the loan, provided no extra funds were paid toward the principal. The balance owing would require the approval of another 20-year URA program or assumption of the loan by the City's General Fund.

Asson contended that the City would need to make annual loan payments of \$200,000 principal and interest in order to have the loan paid off by 2022.

Under the City's schedule, he figured there would be \$214,741 paid in interest over the next seven years, with the remaining balance still owing. According to Asson's plan, the interest would amount to \$163,105 with the loan retired. But the question remains as to whether the City would have the money to make the larger payments.

A factor in the amount of money available to pay off the loan, over which the City had no control, was that the county tax assessor reassessed the property values and reduced them, not notifying the City, thus dropping the City's tax revenue by approximately \$60,000 a year.

Because councilors are volunteers and not professionally trained in municipal matters, they may not always know what questions they should be asking. They rely on paid City staff to provide them with adequate information and explanation in order to make their decisions. It is Council's job to study the material provided, ask in-depth questions before voting, and make informed decisions.

The flash point of the workshop came when Asson blamed Gorayeb for the problems he perceives with the entire URA process.

"We have an autocratic administration that is leading us down the wrong path," he alleged.

His statement did not account for the fact that the Council, including Asson, approved each step of the process.

Gorayeb responded to Asson's charge.

"I have specific recollection that when you voted to

approve the urban renewal grants, you were informed. Everything was discussed and disclosed. I hope some of you recall that," he replied. "Yes, we got a 15-year loan and the plan was to try to pay it off as quickly as possible.

"Staff took the criteria that was used before, so there wasn't any filtering by staff. We didn't say yes or no to any of them (applications). You (Council) can adjust them any way you like," Gorayeb elaborated.

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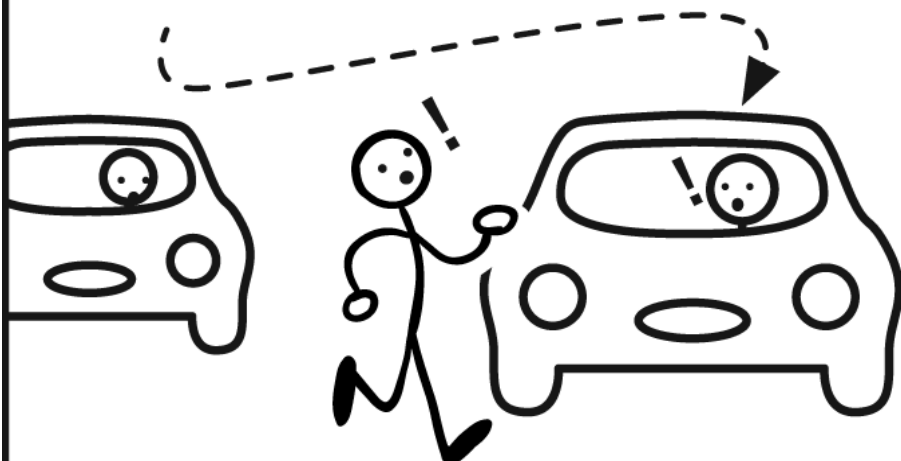
Mayor Chris Frye reminded the councilors, "We're responsible for our homework. I'm not putting it all on Andrew. Everyone is saying the town is looking really good. There has been a significant aesthetic improvement."

Other council members weighed in, agreeing with certain points made by Gorayeb, Asson, and Frye. After much discussion it was decided to schedule another meeting to review each of the applications as well as to determine where Council wants to go from here regarding the URA.

Common Sense Tip

FOR DRIVERS

DON'T PASS STOPPED CARS.



There could be a good reason they're stopped, like a pedestrian! A little patience could save a life — and a lifetime of regret.

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