



Urban Renewal Agency

Annual Urban Renewal Report For Fiscal Year Ending June 30, 2021

This report fulfills the requirements, as prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

Introduction

The Urban Renewal Agency of the City of Wilsonville is a separate municipal corporation responsible for governing the City’s three urban renewal areas, as well as, the Wilsonville Investment Now (WIN) Program. The three areas include the Year 2000, West Side, and Coffee Creek plan areas. The three plans along with the WIN Program are detailed below. Additionally, a map of the City detailing the urban renewal area borders is displayed on the final page of this report.

The Urban Renewal Concept

Tax increment financing is used in areas where private development has stagnated or is not feasible without public sector investment and partnership. Public investment through urban renewal is one way to change those conditions. The types of urban renewal activities undertaken generally include land assembly and development of infrastructure and public amenities (i.e. streets, utility lines, lighting, public open spaces, parks). As the result of the publicly funded efforts, investment becomes feasible for private developers. Developments consistent with the City’s urban renewal plan are then allowed to go forward.

How Tax Increment Financing Works

Urban renewal is a mechanism that freezes the assessed value in a designated geographical area at a point in time. As the assessed property value in the designated urban renewal area grows above that frozen base, the incremental revenue is distributed to the Urban Renewal Agency to pay for urban renewal projects intended to encourage private development. During the process of forming urban renewal areas, the desired projects, which may include public improvements like roadways, parks, and other amenities, are identified in an urban renewal plan. Urban renewal financing in the form of a bond is obtained to fund the projects, and the desired improvements are completed. Private development in the area then becomes more feasible. As property values rise with increased development, tax revenues increase, and that increase is used to pay off the urban renewal bonds.

Urban Renewal Value and Area Caps

Oregon state law allows Wilsonville to create urban renewal districts with up to 25% of the city’s total land area. As of June 30, 2021, the total land area for the city was approximately 4,946 acres and 22.6% (1,118 acres) of the total was within one of the City’s existing urban renewal districts.

The law also limits the total assessed value within all urban renewal districts to 25% of the city’s total assessed value. The assessed values are measured at the time a district is created or subsequently adjusted. The table below presents the Urban Renewal value and area cap tests.

District	Area Cap Test		Assessed Value Test	
	Acreage	% of City	Amount	% of City
Year 2000 Plan	449	9.1%	\$ 45,326,441	1.1%
West Side Plan	411	8.3%	18,017,272	0.4%
Coffee Creek	258	5.2%	99,003,704	2.4%
Combined	1,118	22.6%	162,347,417	3.9%
Total City	4,946	100.0%	\$ 4,167,148,858	100.0%

Tax Increment Calculations

Tax increment is used for the payment of debt for urban renewal activities described in the urban renewal plans adopted by the City of Wilsonville. To determine the amount of the tax increment allocation, the total assessed value within each urban renewal area is segregated by the County Assessor into two parts: (a) the total taxable assessed value in the district at the time the Urban Renewal Plan was adopted (Frozen Base Value) adjusted by under-levying, by the urban renewal area, and by properties added or removed from the area, and (b) the difference between the Frozen Base Value and the current total assessed value (Incremental Value).

The table below displays the tax increment available for three districts: Year 2000 Plan, West Side Plan and Coffee Creek with the effect of under-levying for fiscal year 20-21.

Tax Increment Available for Fiscal Year Ended June 30, 2021

	<u>Year 2000 Plan¹</u>	<u>West Side Plan²</u>	<u>Coffee Creek Plan</u>
Frozen tax base (after under-levy adjustment)	\$206,815,640	\$314,691,345	\$99,003,704
Total Assessed Value	\$528,425,253	\$714,882,525	\$128,964,801
Incremental Value Used	\$322,000,000	\$401,210,000	\$29,961,097
2020-21 Tax Increment Collections :			
Current Year collections	\$3,982,092	\$4,953,052	\$321,149
Prior Year collections	\$59,082	\$74,118	\$3,393
Total	\$4,041,174	\$5,027,170	\$324,542

1 Year 2000 Plan division of taxes limited to \$4.2 million per Urban Renewal Board commitment

2 West Side Plan increment limited to \$5.0 million, per legislation

Property Tax Limitation and Tax Increment (Measure 5)

In November 1990, Oregon voters passed a property tax limitation measure (Measure 5) that established a \$10 limit per thousand of real market value for property tax collection for local governments. It is important to note that the \$10 limit is based on real market value rather than assessed value of a property. The impact of this measure on urban renewal is that repayment of urban renewal debt (past, present, or future) must now come within the \$10 limit for local governments.

In a 2002 Oregon Supreme Court ruling, the limitations of Measure 5 were clarified so that urban renewal tax dollars related to the division of taxes from education are to be included in the general government category when determining the \$10 limit. Similarly, Measure 5 established a \$5 limit per thousand of real market value for education. The effect of this ruling accelerates the likelihood of the general government category taxes hitting the \$10 ceiling but decreases the likelihood of the education category reaching the \$5 ceiling. In 2019-2020, the cumulative tax rate for all local governments within Wilsonville City limits ranged between \$6.6380 and \$9.1001 per thousand depending upon which tax code area the property resides.

Impact on Taxing Districts

In accordance with ORS 457.460 (f) disclosure requirements, the following chart shows the impact of the urban renewal plans on the tax collections for the preceding year for all the related taxing districts.

Urban Renewal agencies do not create any additional taxes. Property taxes for an urban renewal district are generated through a process called “division of tax,”. The division of taxes is a tax assessment administrative process in which taxes associated with the incremental value is allocated to the Urban Renewal Agency from each taxing district in the taxing jurisdiction. Over-lapping taxing districts forego a share of property tax income during the life of the urban renewal, however will benefit thereafter from the result of increased property values.

Note, under current Oregon’s school funding law, school districts are not directly affect by the division of taxes. However, although the West Linn/Wilsonville School District; the Sherwood School District; the Clackamas ESD; and Northwest Regional ESD are not directly affected by the urban renewal division of taxes, the amounts are included for display purposes in the chart below.

Overlapping Tax Districts Foregone Revenue/ Fiscal Year 2020-21

District	Year 2000 Plan	West Side Plan	Coffee Creek Plan
Clackamas County	\$ 774,035	\$ 964,310	\$ -
Washington County	\$ -	\$ -	\$ 64,051
City of Wilsonville	\$ 811,344	\$ 1,010,950	\$ 66,673
Clackamas Extension & 4-H	\$ 15,983	\$ 19,789	\$ -
Clackamas Library District	\$ 127,864	\$ 159,074	\$ -
Clackamas Soil Conservation Distr.	\$ 15,983	\$ -	\$ -
Tualatin Soil Conservation Distr.	\$ -	\$ -	\$ 2,423
Tualatin Valley Fire & Rescue	\$ 490,890	\$ 611,755	\$ 45,422
West Linn/Wilsonville Schools	\$ 1,567,312	\$ 1,952,943	\$ -
Sherwood School District	\$ -	\$ -	\$ 135,403
ESD - Clackamas	\$ 118,372	\$ 147,676	\$ -
ESD - Northwest Regional	\$ -	\$ -	\$ 4,298
Clackamas Community College	\$ 179,619	\$ 223,770	\$ -
Portland Community College	\$ -	\$ -	\$ 8,029
Vector Control	\$ 1,903	\$ 2,283	\$ -
Port of Portland	\$ 22,503	\$ 27,921	\$ 2,084
Metro Service District	\$ 30,828	\$ 38,744	\$ 2,500

Source: Values from Clackamas/Washington County Table 4E

Wilsonville Investment Now (WIN) Program

On October 19, 2020, the Wilsonville City Council adopted administrative rules for the Wilsonville Investment Now (WIN) Program, a new local economic development program that seeks to incentivize businesses to operate in Wilsonville by providing site-specific urban renewal tax rebates for qualifying development projects outside of the City's existing urban renewal areas.

The first program of its kind in Oregon, WIN aims to attract high-value investments from a wide range of businesses. The program's flexible evaluation criteria provides multiple tiers of benefit, including rewards for Wilsonville-owned business and those prioritizing diversity, equity and inclusion initiatives. The Council's action allows staff to promote the program, and to bring back site-specific applications for City Council consideration upon receipt.

The tax rebate is made possible by designating the project property as an individual urban renewal district. This step, allowed by the State of Oregon's legislative framework, would freeze the current property tax revenues on the site and allow the City to rebate additional value of the property generated by the new investment back to the applicant.

The City received its first WIN application in February, 2021 by Twist Bioscience Corp., a California-based firm specializing in synthetic DNA. The firm is expanding into a 190,000 square-foot facility in Parkway Woods (26600 S.W. Parkway Ave), and estimates investing up to \$70 million in the structure (\$40M in tenant improvements and \$30M in equipment) and generating 200 new jobs with the goal of ultimately expanding to 400. Given the high investment and job numbers the applicant qualified for an urban renewal tax rebate from the WIN program. The City Council adopted the site specific WIN Zone for Twist on September 9, 2021 via Ordinance No. 849. The site-specific WIN urban renewal area will be 4.4 acres in size and will last for 7 years. The first year of tax increment collections (TIF) is anticipated to be FYE 2024. As of the first quarter of 2022, the site is under construction with tenant improvement permits being reviewed and issued by the City's Building Division.

Financial Reports

The tables on the following pages contain financial information on the three funds used to account for the activities of the Urban Renewal Agency. The reports were prepared by the Finance Department of the City of Wilsonville using a modified accrual basis of accounting pursuant to ORS 457.460. The fiscal year is the period running July through June of the respective years indicated. The unaudited, financial reports can be found at the end of each section: the Year 2000 Plan, West Side Plan and Coffee Creek Plan.

Year 2000 Plan

Plan Adopted

The Year 2000 Plan was adopted August 29, 1990. Plan Mission Statement: To eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

Financing the Urban Renewal Projects

To pay for urban renewal projects, the Agency must issue debt. Maximum Indebted became a requirement in 1998 and the limit of \$53,851,923 was adopted on June 15, 1998. A substantial plan amendment passed in June, 2007, that increased the maximum debt limit to \$92,687,423. An additional substantial plan amendment was passed in May 2018, and increased the maximum debt limit to \$107,196,524. The table below summarizes the debt activity for the Year 2000 Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted August 1990	\$ 53,851,923	
Increased June 2007	38,835,500	
Increased May 2018	14,509,101	
Total Maximum Indebtedness	107,196,524	
<u>Debt Issued</u>		
June 1994	8,760,000	Park land, Memorial Dr, High School IGA
December 1996	3,075,000	Wilsonville Rd and Interchange
June 1998	3,000,000	Wilsonville Rd and Interchange
June 2000	6,000,000	Wilsonville Rd and Town Center Park
August 2001	3,000,000	Wilsonville Rd - various portions
June 2002	5,000,000	Wilsonville Rd - various portions
June 2003	3,000,000	Wilsonville Rd - various portions
December 2003	10,000,000	Wilsonville Rd, High School improvements
September 2005	4,850,000	Town Center Park, Murase Park
September 2005	10,000,000	City Hall construction
October 2007	4,200,000	Wesleyan Church property acquisition
June 2009	3,000,000	Wilsonville Rd Interchange improvements
September 2010	8,000,000	Wilsonville Rd Interchange improvements
April 2013	3,500,000	Sewer Plant Upgrade, Canyon Creek So Road
June 2014	2,000,000	Canyon Creek So to Town Center Loop East
May 2015	2,000,000	Canyon Creek So to Town Center Loop East
April 2016	2,000,000	East-West Connector; Town Ctr Concept Plan
June 2018	3,000,000	5th St Extension
July 2019	9,000,000	5th St Extension; Boeckman Dip Bridge
Total debt issued through June 2021	93,385,000	
Balance Available, June 30, 2021	\$ 13,811,524	Maximum Indebtedness less Total Debt Issued
Outstanding Debt as of June 30, 2021	\$ 4,395,000	

Year 2000 Plan - Statement of Resources and Expenditures / FY 2020-21

	Year 2000 Plan Debt Service Fund	Year 2000 Plan Capital Projects Fund	Year 2000 Plan Program Income Fund
REVENUES			
Tax Increment	\$ 4,041,175	\$ -	\$ -
Investment revenue	103,523	121,146	9,115
Other revenue	-	-	155,053
Total Revenues	4,144,698	121,146	164,168
EXPENDITURES			
Materials and services	-	630,372	58,544
Capital Projects:			
CIP #4196 - 5th St Extension	-	1,845,411	-
CIP #4212 - Boeckman Dip Bridge	-	81,929	-
Deb service			
Principial	390,000	-	-
Interest	203,363	-	-
Total Expenditures	593,363	2,557,712	58,544
Excess (deficiency) of revenues over (under) expenditures	3,551,335	(2,436,566)	105,624
Fund balances - beginning	7,792,835	11,285,525	859,605
Fund balances - ending	\$ 11,344,170	\$ 8,848,959	\$ 965,229

Year 2000 Plan - Adopted Budgets / FY 2021-22

	Year 2000 Plan Debt Service Fund	Year 2000 Plan Capital Projects Fund	Year 2000 Plan Program Income Fund
RESOURCES:			
Tax Increment	\$ 4,074,200	\$ -	\$ -
Investment revenue	40,000	75,000	6,500
Issuance of debt	-	9,811,524	-
Other revenue	-	-	150,000
Beginning fund balance	11,342,687	6,664,168	975,827
TOTAL RESOURCES	\$ 15,456,887	\$ 16,550,692	\$ 1,132,327
REQUIREMENTS:			
Materials and services	-	673,160	61,000
Capital outlay:			
CIP #4196 - 5th St Extension	-	6,353,000	-
CIP #4212 - Boeckman Dip Bridge	-	3,300,000	-
Debt Service	10,412,524	-	-
Ending fund balance	5,044,363	6,224,532	1,071,327
TOTAL REQUIREMENTS	\$ 15,456,887	\$ 16,550,692	\$ 1,132,327

West Side Plan

Plan Adopted

The West Side Urban Renewal Plan was adopted November 3, 2003 (Ordinance #560).

Its mission is to eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

At creation, the district encompassed 394 acres and had a frozen tax base of \$3,605,856 (restated for Measure 50 impact). A substantial plan amendment in September, 2008 (URA Resolution 174) added 62 acres and \$12,920,432 to the frozen base. In 2016, 45 acres were removed to make way for the formation of the Coffee Creek Urban Renewal District.

Financing the Urban Renewal Projects

To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$40,000,000 was created. A substantial plan amendment was adopted in February 2016 (URA Resolution 253) which increased the maximum indebtedness to \$49,400,000. The table below summarizes the debt activity for the West Side Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted November 2003	\$ 40,000,000	
Increased February 2016	9,400,000	
	49,400,000	
<u>Debt Issued</u>		
June 2005	15,000,000	Boeckman Rd Extension, School property
September 2005	10,000,000	Boeckman Rd, Barber St
June 2008	5,000,000	Boeckman Rd, Barber St, park improvements
April 2013	2,000,000	Villebois parks and fire sprinklers
June 2014	2,000,000	Barber Street extension, Villebois Parks
May 2015	1,000,000	Barber Street extension, Villebois parks
July 2015	5,000,000	Barber Street extension, Villebois parks,
January 2019	3,000,000	Tooze Road
Total debt issued through June 2021	43,000,000	
Balance Available, June 30, 2021 (Maximum Indebtedness less Total Debt Issued)		
	\$ 6,400,000	
Outstanding Debt as of June 30, 2021		
	\$ 19,652,403	

West Side Plan - Statement of Resources and Expenditures / FY 2020-21

	West Side Plan Debt Service Fund	West Side Plan Capital Projects Fund	West Side Plan Program Income Fund
REVENUES			
Tax Increment	\$ 5,027,171	\$ -	\$ -
Investment revenue	173,109	6,050	1,577
Total Revenues	5,200,280	6,050	1,577
EXPENDITURES			
Materials and services	-	854,124	40,000
Deb service			
Principal	1,878,355	-	-
Interest	813,165	-	-
Total Expenditures	2,691,520	854,124	40,000
Excess (deficiency) of revenues over (under) expenditures	2,508,760	(848,074)	(38,423)
Fund balances - beginning	14,023,826	1,121,455	175,151
Fund balances - ending	\$ 16,532,586	\$ 273,381	\$ 136,728

West Side Plan - Adopted Budgets / FY 2021-22

	West Side Plan Debt Service Fund	West Side Plan Capital Projects Fund	West Side Plan Program Income Fund
RESOURCES:			
Tax Increment	\$ 5,084,500	\$ -	\$ -
Investment revenue	77,500	6,500	1,000
Issuance of debt	-	6,400,000	-
Beginning fund balance	16,447,044	269,136	176,857
TOTAL RESOURCES	\$ 21,609,044	\$ 6,675,636	\$ 177,857
REQUIREMENTS:			
Materials and services	-	368,780	-
Capital outlay	-	470,000	-
Debt Service	18,809,044	-	-
Ending fund balance	2,800,000	5,836,856	177,857
TOTAL REQUIREMENTS	\$ 21,609,044	\$ 6,675,636	\$ 177,857

Coffee Creek Plan

Plan Adopted

The Coffee Creek Urban Renewal Plan was adopted on October 17, 2016 (Ordinance No. 796).

The Coffee Creek Urban Renewal area seeks to develop a new employment area in Northwest Wilsonville that will attract general industrial, warehouse, flex, and research and development related business. The Coffee Creek Urban Renewal area is composed of approximately 258.35 total acres and is entirely within Washington County. Key projects identified for improvement are infrastructure enhancements to existing roadways, utility development, and property acquisition and disposition. The first increment was received in FY 17-18 and the first capital expenditures were incurred in FY 19-20.

Financing the Urban Renewal Projects

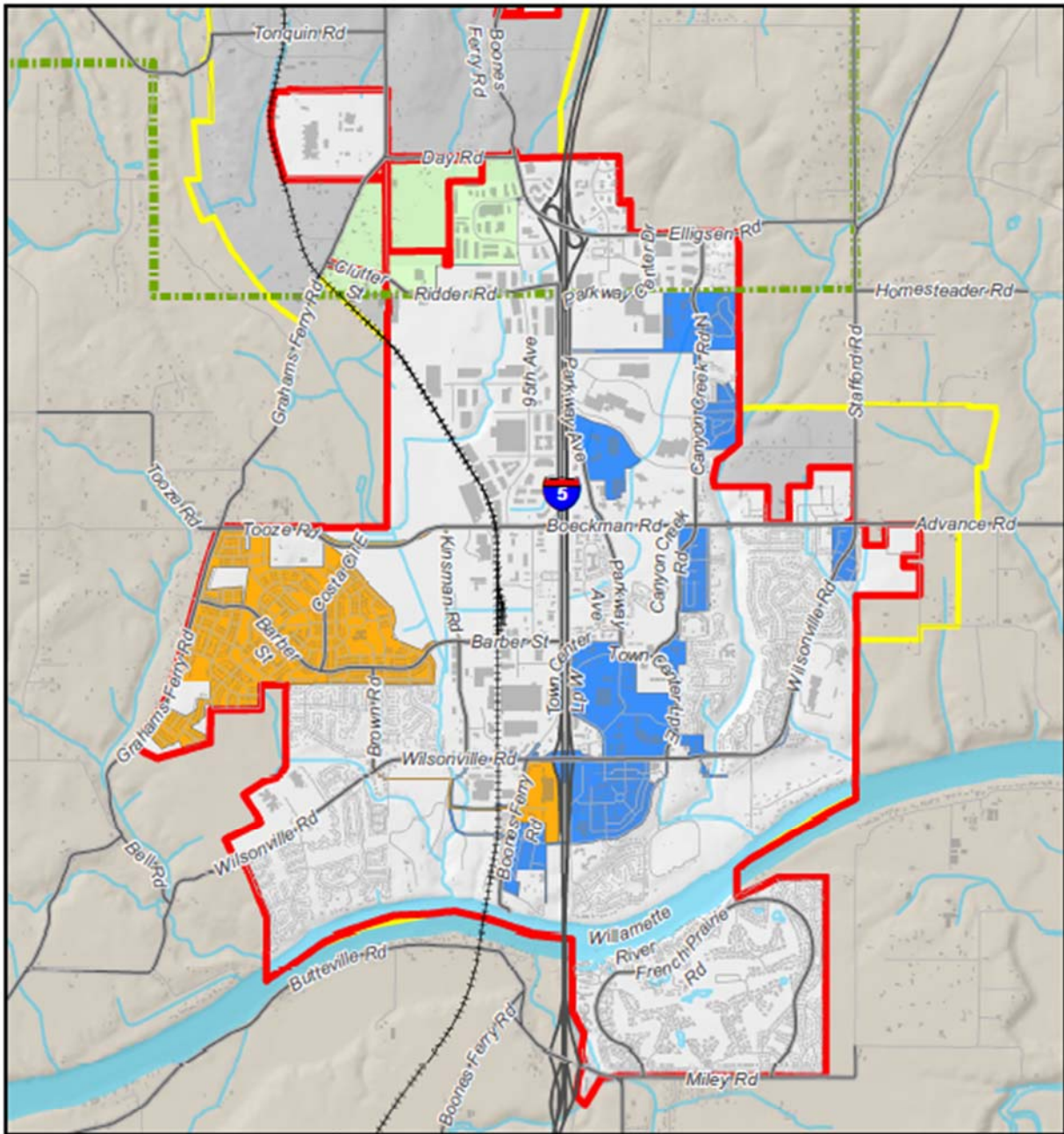
To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$67,000,000 was created. In April 2019, the City issued Urban Renewal revenue bonds with an interest rate of 3.19% in the total amount of \$3,800,000. The final maturity will be in June 2029. The principal balance outstanding on the bonds at June 30, 2021 is \$3,501,427. An additional overnight loan of \$500,000 was incurred in FY 2020-21 reducing the total maximum indebtedness amount to \$62,700,000.

Coffee Creek Plan - Statement of Resources and Expenditures / FY 2020-21

	Coffee Creek Debt Service Fund	Coffee Creek Capital Projects Fund
REVENUES		
Tax Increment	\$ 324,542	\$ -
Investment revenue	2,293	17,553
Total Revenues	326,835	17,553
EXPENDITURES		
Materials and services	-	41,179
Capital Projects:		
CIP 4201 (Garden Acres Rd)	-	2,518,744
Deb service		
Principal	661,244	-
Interest	117,176	-
Total Expenditures	778,420	2,559,923
Excess (deficiency) of revenues over (under) expenditures	(451,585)	(2,542,370)
OTHER FINANCING SOURCES		
Issuance of debt	-	500,000
Net change in fund balances	(451,585)	(2,042,370)
Fund balances - beginning	480,161	2,484,872
Fund balances - ending	\$ 28,576	\$ 442,502

Coffee Creek Plan - Adopted Budgets / FY 2021-22`

	Coffee Creek Debt Service Fund	Coffee Creek Capital Projects Fund
	<u>Fund</u>	<u>Fund</u>
RESOURCES:		
Tax Increment	\$ 35,000	\$ -
Investment revenue	1,000	13,500
Beginning fund balance	29,393	269,224
TOTAL RESOURCES	<u>\$ 65,393</u>	<u>\$ 282,724</u>
REQUIREMENTS:		
Materials and services	-	148,880
Debt Service	280,000	-
Ending fund balance	101,093	133,844
TOTAL REQUIREMENTS	<u>\$ 381,093</u>	<u>\$ 282,724</u>



The City of Wilsonville, Oregon
 Clackamas and Washington Counties

Urban Renewal Areas

- Coffee Creek URA
- Year 2000 URA
- West Side URA
- City Limits
- County Boundary
- UGB



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