

# Urban Renewal Agency

of the City of Wilsonville, Oregon



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Annual Urban Renewal Report  
For Fiscal Year Ending  
June 30, 2018

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## **Introduction**

Each year an urban renewal agency must prepare a notice for the governing body and the general public in accordance with ORS 457.460. The notice is to include a financial recap of the preceding year and the budget for the current fiscal year. Additionally, it is to include an analysis of the impact of carrying out the urban renewal plan on the tax rate for each of the overlapping governmental units within the urban renewal district.

The following report expands upon these minimum requirements by providing the reader more detailed information about Wilsonville's Urban Renewal Agency and its activities. The required notice for each Urban Renewal Area is incorporated at the end of each respective section.



**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, 2018, the total land area for the city was approximately 4,858 acres and 24.3% (1,180 acres) of the total was within our 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	9.2%	\$ 44,087,806	1.3%
West Side Plan	411	8.5%	16,526,288	0.5%
Coffee Creek Plan	258	5.3%	99,003,704	2.9%
TIF Zones	62	1.3%	60,543,652	1.8%
Combined	1,180	24.3%	220,161,450	6.5%
Total City	4,858	100.0%	\$ 3,403,012,022	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).

With the passage of measure 50, urban renewal property taxes are generated by two processes. First is a process called “division of tax,” referring to taxes levied by each overlapping government or special district on the Incremental Value. Second is a Special Levy on property within Wilsonville. This special tax rate protects bondholders and permits the Urban Renewal Agency to recover increment “lost” due to roll back of assessed values and tax rates. The Special Levy can only be assessed on a limited amount of indebtedness – explained in the Financing the Urban Renewal Projects section. The City has not assessed the Special Levy since 2002-03 and was precluded from doing so when it approved a substantial plan amendment in June 2007. The table below displays the tax increment available for three districts: Year 2000 Plan, West Side Plan and Coffee Creek as well as the effect of under-levying for fiscal year 17-18.

**Tax Increment Available for Fiscal Year Ended June 30, 2018**

	<u>Year 2000 Plan<sup>1</sup></u>	<u>West Side Plan<sup>2</sup></u>	<u>Coffee Creek Plan</u>
Total Assessed Value	\$484,959,445	\$622,116,427	\$119,107,986
Less: Frozen Base Value	(44,087,806)	(16,526,288)	(99,003,704)
Incremental Value	\$440,871,639	\$605,590,139	\$20,104,282
<b>Tax Increment</b>			
Taxes Available 17-18 (est.)	\$5,731,331	\$7,872,672	\$261,356
Taxes Levied 17-18	4,240,000	5,238,840	255,803
Taxes available to overlapping districts	\$1,491,331	\$2,633,832	\$5,553

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 2017-2018, the cumulative tax rate for all local governments within Wilsonville City limits ranged between \$6.8001 and \$9.3546 per thousand depending upon which tax code area the property resides.

**Effect of Urban Renewal on Tax Collections (Measure 50)**

Carrying out the urban renewal plans has an effect on various taxing entities sharing (over-lapping) the property within the Wilsonville Urban Renewal districts. Measure 50 required a change from a levy-based system to a rate based system, resulting in a modification of the way the County Assessor computes the allocation of taxes from the overlapping districts.

The division of taxes process means that taxes associated with the incremental value is received by the Urban Renewal Agency instead of the various taxing districts (e.g. Clackamas County, City of Wilsonville, West Linn Wilsonville School District, Tualatin Valley Fire & Rescue, among others).

The following table shows the taxing districts that levy taxes within the city’s Urban Renewal Agency, the total amount of taxes levied, and the percent of those taxes that were received by the Wilsonville Urban Renewal Agency.

Overlapping Tax Districts, Fiscal Year 2017-18							
District	Taxes Levied in Clackamas County <sup>1</sup>	Allocation to Year 2000 <sup>2</sup>	Year 2000 UR as %	Allocation to West Side <sup>2</sup>	West Side UR as %	Allocation to Coffee Creek	Coffee Creek UR as %
City of Wilsonville	\$9,111,762	\$695,603	7.6%	\$920,981	10.1%	\$37,288	0.4%
Clackamas County	\$116,919,834	\$728,272	0.6%	\$964,539	0.8%	\$0	0.0%
Clackamas Extension & 4-H	\$2,430,954	\$14,849	0.6%	\$19,800	0.8%	\$0	0.8%
Clackamas Library District	\$19,321,225	\$120,114	0.6%	\$159,391	0.8%	\$0	4.4%
Clackamas Soil Conservation Distr.	\$2,431,575	\$14,849	0.6%	\$19,800	0.8%	\$0	3.8%
West Linn/Wilsonville Schools	\$43,106,471	\$1,441,171	3.3%	\$1,908,298	4.4%	\$0	0.3%
Tualatin Valley Fire & Rescue	\$14,555,679	\$420,728	2.9%	\$557,374	3.8%	\$23,099	0.8%
Clackamas ESD	\$17,142,334	\$108,556	0.6%	\$143,871	1.0%	\$0	1.0%
Clackamas Community College	\$26,881,178	\$168,951	0.6%	\$223,742	0.8%	\$0	0.7%
Vector Control	\$316,105	\$1,650	0.5%	\$2,310	0.7%	\$0	0.3%
Port of Portland	\$3,409,068	\$19,139	0.6%	\$25,410	0.7%	\$990	0.0%
Metro Service District	\$10,840,593	\$26,399	0.2%	\$34,980	0.3%	\$1,320	0.0%
ESD Northwest Regional	\$0	0.0%	\$0	\$0	0.0%	\$3	0.0%
Sherwood School District	\$0	0.0%	\$0	\$0	0.0%	\$71	0.0%

<sup>1</sup>City of Wilsonville includes Washington County Taxes.

<sup>2</sup>Values from Clackamas County Table 4E

Amounts rounded to the nearest whole percent.

**TIF Zone Urban Renewal District Sites**

On March 12, 2013, the citizens of Wilsonville voted in favor of creating up to six single-property Urban Renewal Districts to incentivize capital investment and job creation by manufacturers. These Urban Renewal Districts, which will be referred to as Tax Increment Financing Zones (TIF Zones) will provide incentives to qualifying companies by rebating up to 75% of the property tax increment in each TIF Zone. This rebate will only occur for businesses that meet the TIF Zone program’s qualifying criteria. Unless a business applies for the program and meets the TIF Zone’s criteria, tax increment revenue for the TIF Zone will be under-levied and will continue to flow to all of the affected taxing districts.

Once a TIF Zone is activated by a qualifying business, then the Agency will begin to collect tax increment revenue for that TIF Zone, of which 75% will be rebated to the qualifying business. Approximately 1% of the increment will be collected by the Wilsonville Urban Renewal Agency for administrative costs, and the remaining increment (approximately 24%) will be under-levied and shared by the overlapping taxing districts.

By 2014, three of the TIF Zones had been leased or purchased by businesses who would not benefit from the TIF Zone program within the program’s time frame. Consequently, the City Council eliminated these three TIF Zones in the fall of 2014, leaving the three remaining TIF Zones. These three TIF Zones were set to expire November 4, 2018, however, the Board has extended the program until November 2019.



*26755 SW 95th Ave URD*



*27255 SW 95th Ave URD*



*26440 SW Parkway Ave URD*

### **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. 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. The Plan had an original maximum indebtedness of \$53,851,923 when first adopted in 1990. 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
<b><u>Maximum Indebtedness</u></b>		
Adopted August 19990	\$ 53,851,923	
Increased June 2007	38,835,500	
Increased May 2018	14,509,101	
Total Maximum Indebtedness	107,196,524	
<b><u>Debt Issued</u></b>		
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 (aka Old Town Escape); and Town Center Concept Planning
June 2018	3,000,000	5th St Extension
Total debt issued through June 2018	84,385,000	
<b>Balance Available, June 30, 2018</b>		
(Maximum Indebtedness less Total Debt Issued)	\$ 22,811,524	
<b>Outstanding Debt as of June 30, 2018</b>	\$ 5,515,000	



**Year 2000 Plan**  
**Statement of Resources and Expenditures**  
**CAPITAL PROJECTS FUND**

	<b>2017-18 Actual Budgetary Basis</b>	<b>2018-19 Budget Budgetary Basis</b>
<b>REVENUES</b>		
Investment revenue	\$ 21,690	\$ 67,100
Other	-	88,000
Total Revenues	<u>21,690</u>	<u>155,100</u>
<b>EXPENDITURES</b>		
Town Center Concept Planning	366	-
5th Street Extension	988,100	725,000
Other Projects	-	25,000
Planning, Financing, and Administration	654,445	561,774
Contingency	-	2,198,093
Total Expenditures	<u>1,642,912</u>	<u>3,509,867</u>
Excess (deficiency) of revenues over (under) expenditures	(1,621,224)	(3,354,767)
<b>OTHER FINANCING SOURCES</b>		
Issuance of debt	<u>3,000,000</u>	-
Net change in fund balances	1,378,776	(3,354,767)
<b>Fund balances - beginning</b>	<b><u>1,808,885</u></b>	<b><u>3,354,767</u></b>
<b>Fund balances - ending</b>	<b><u>\$ 3,187,661</u></b>	<b><u>\$ -</u></b>

**Year 2000 Plan**  
**Statement of Resources and Expenditures**  
**Debt Service Fund**

	<b>2017-18</b>	<b>2018-19</b>
	<b>Actual</b>	<b>Budget</b>
	<b>Budgetary</b>	<b>Budgetary</b>
	<b>Basis</b>	<b>Basis</b>
	<hr/>	<hr/>
<b>REVENUES</b>		
Tax Increment	\$ 3,825,016	\$ 4,075,000
Interest Income	104,508	188,000
Total Revenues	<hr/> <b>3,929,524</b>	<hr/> <b>4,263,000</b>
<b>EXPENDITURES</b>		
Payment of Bond Principal	345,000	5,000,000
Short Term Debt	3,000,000	-
Interest Expense	249,214	900,000
Total Expenditures	<hr/> 3,594,214	<hr/> 5,900,000
Excess (deficiency) of revenues over (under) expenditures	335,310	(1,637,000)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfer Out	-	(88,000)
Net change in fund balances	335,310	(1,725,000)
<b>Fund balances - beginning</b>	<hr/> <b>8,996,567</b>	<hr/> <b>9,416,801</b>
<b>Fund balances - ending</b>	<hr/> <b>\$ 9,331,877</b>	<hr/> <b>\$ 7,691,801</b>

# West Side Plan

## **Plan Adopted**

The West Side Plan was adopted November 3, 2003 with the mission 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). The September, 2008, plan amendment added 62 acres and \$12,920,432 to the frozen base.

## **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 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
<b><u>Maximum Indebtedness</u></b>		
Adopted November 2003	\$ 40,000,000	
Increased February 2016	<u>9,400,000</u>	
	49,400,000	
<b><u>Debt Issued</u></b>		
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, and Tooze Road
Total debt issued through June 2016	<u>40,000,000</u>	
<b>Balance Available, June 30, 2018</b>		
(Maximum Indebtedness less Total Debt Issued)	<u>\$ 9,400,000</u>	
<b>Outstanding Debt as of June 30, 2018</b>	<u>\$ 25,398,708</u>	

## West Side Plan Statement of Resources and Expenditures Capital Projects Fund

	2017-18 Actual Budgetary Basis	2018-19 Budget Budgetary Basis
<b>REVENUES</b>		
Investment revenue	\$ 13,968	\$ 13,000
Total Revenues	13,968	13,000
<b>EXPENDITURES</b>		
Tooze Rd. Construction Project	66,903	750,000
Planning, Financing, and Administration	408,889	382,540
Water System Development Charges	500,000	500,000
Contingency	-	2,032,998
Total Expenditures	975,792	3,665,538
Excess (deficiency) of revenues over (under) expenditures	(961,824)	(3,652,538)
<b>OTHER FINANCING SOURCES</b>		
Issuance of debt		3,000,000
Net change in fund balances	(961,824)	(652,538)
<b>Fund balances - beginning</b>	<b>1,610,922</b>	<b>652,538</b>
<b>Fund balances - ending</b>	<b>649,098</b>	<b>\$ -</b>
Adjustment from budgetary basis to generally accepted accounting basis:		
Development charge payable	(1,461,654)	
Fund balances - generally accepted accounting principles basis	<b>\$ (812,556)</b>	

The deficit ending balance arises from a \$1,461,654 liability due to the City Water SDC fund for fire sprinkler credits.

## West Side Plan Statement of Resources and Expenditures Debt Service Fund

	2017-18 Actual Budgetary Basis	2018-19 Budget Budgetary Basis
<b>REVENUES</b>		
Tax Increment	\$ 5,061,499	\$ 5,080,000
Interest Income	118,038	95,790
Total Revenues	<b>5,179,537</b>	<b>5,175,790</b>
<b>EXPENDITURES</b>		
Payment of Bond Principal	1,834,776	4,901,018
Interest Expense	1,027,375	962,914
Total Expenditures	<b>2,862,151</b>	<b>5,863,932</b>
Net change in fund balance	2,317,386	(688,142)
<b>Fund balances - beginning</b>	<b>9,518,007</b>	<b>11,860,856</b>
<b>Fund balances - ending</b>	<b>\$ 11,835,393</b>	<b>\$ 11,172,714</b>



# Coffee Creek Plan

**Plan Adopted**

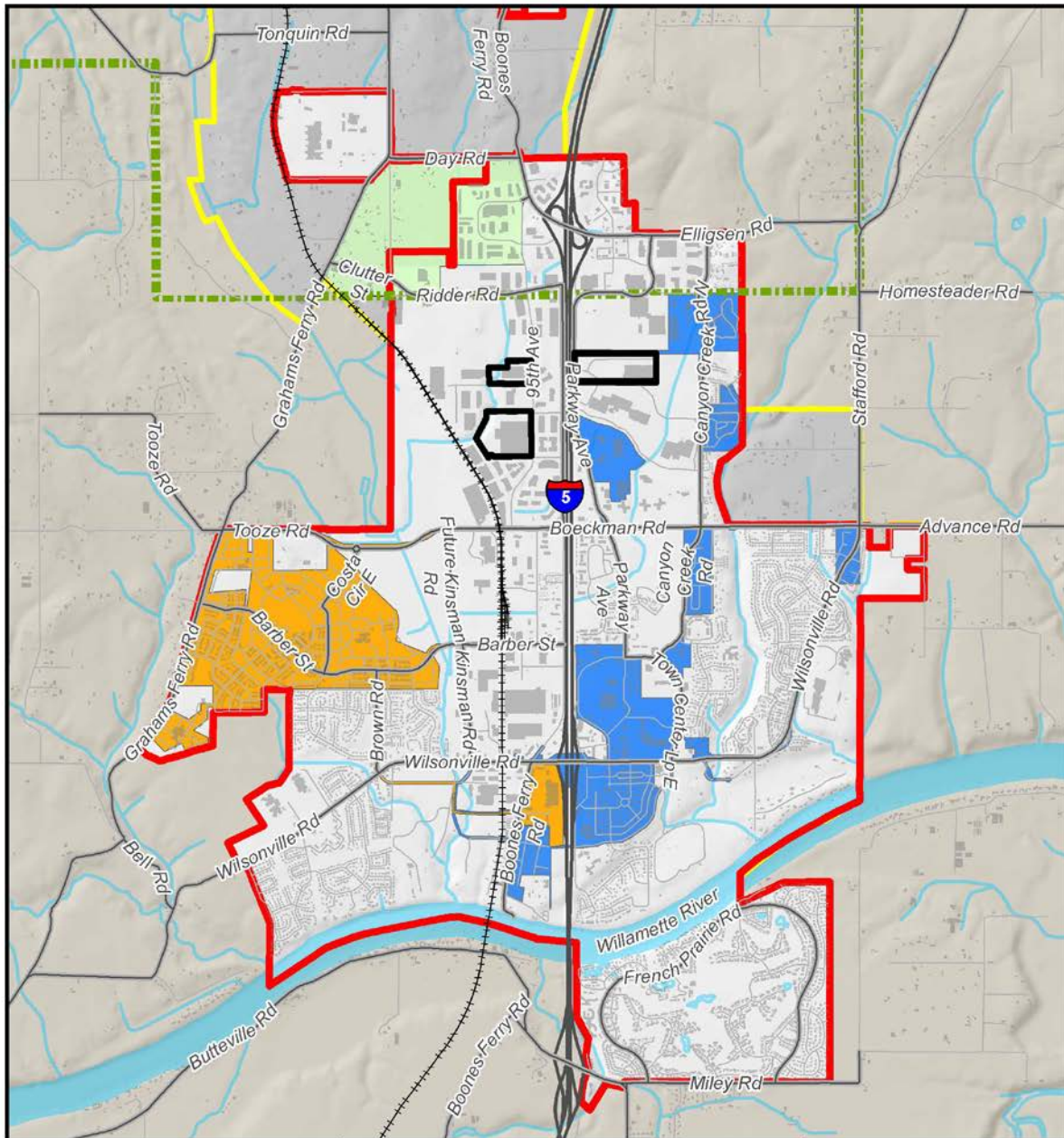
The Coffee Creek Plan was adopted on October 17, 2016. The Coffee Creek Urban Renewal area seeks to develop a new employment area in Northwest Wilsonville that will attract general industrial, warehouse, flex, and research and development related business. The Coffee Creek Urban Renewal area is composed of approximately 258 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 expenditures are not expected until FY 19-20 or later.

**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. No debt has been issued for the Coffee Creek Plan as of June 30, 2018.

## Coffee Creek Plan Statement of Resources and Expenditures Debt Service Fund

	<b>2017-18 Actual Budgetary Basis</b>	<b>2018-19 Budget Budgetary Basis</b>
	<hr/>	<hr/>
<b>REVENUES</b>		
Tax Increment	\$ 207,483	\$ 255,803
Interest Income	121	4,024
Total Revenues	<hr/> <b>207,604</b>	<hr/> <b>259,827</b>
<b>Fund balances - beginning</b>	<hr/> -	<hr/> <b>201,224</b>
<b>Fund balances - ending</b>	<hr/> <b>\$ 207,604</b> <hr/>	<hr/> <b>\$ 461,051</b> <hr/>



The City of Wilsonville, Oregon  
 Clackamas and Washington Counties

**Urban Renewal Areas &  
 Tax Increment  
 Finance Zones**

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



4/20/2017

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