

RESOLUTION NO. 2498

A RESOLUTION OF THE CITY OF WILSONVILLE ADOPTING THE URBAN RENEWAL STRATEGIC PLAN AS RECOMMENDED BY THE URBAN RENEWAL TASK FORCE AND URBAN RENEWAL AGENCY BOARD

WHEREAS, the City of Wilsonville has an Urban Renewal Agency, governed by the Agency Board, and five existing urban renewal areas; and

WHEREAS, neither the City or the Urban Renewal Agency has had a strategic plan to guide the use of urban renewal in Wilsonville; and

WHEREAS, the City Manager convened an Urban Renewal Task Force to work with the staff and consultants in preparing an Urban Renewal Strategic Plan and appointed Council President Scott Starr as chair of this Task Force; and

WHEREAS, the Task Force was a diverse group of individuals representing overlapping taxing districts, community residents, land developers, and business owners and managers; and

WHEREAS, the Urban Renewal Task Force met four times with their final meeting held on September 23, 2014; and

WHEREAS, staff and consultants also conducted a public open house and stakeholder interviews to obtain additional input from the Agency's overlapping taxing districts, residents, and the business community; and

WHEREAS, after considering this stakeholder input the Urban Renewal Task Force developed recommendations for an Urban Renewal Strategic Plan; and

WHEREAS, the final Urban Renewal Strategic Plan, dated October 27, 2014, is attached as Exhibit A; and

WHEREAS, on November 3, 2014, the Urban Renewal Agency Board adopted URA Resolution No. 250 recommending the Wilsonville City Council adopt the Urban Renewal Strategic Plan identified in Exhibit A.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. Based on the above recitals, which are incorporated herein, the City Council thanks and commends the members of the Urban Renewal Task Force for their work on the Wilsonville Urban Renewal Strategic Plan; and

2. The Wilsonville City Council adopts the Urban Renewal Strategic Plan, October 27, 2014, attached hereto as Exhibit A and incorporated by reference as if fully set forth herein as the official document for guiding the use of urban renewal in the City of Wilsonville.

3. This Resolution is effective upon adoption.

ADOPTED by the Wilsonville City Council at their regular meeting on November 17, 2014, and filed with the Wilsonville City Recorder this date.

TIM KNAPP, MAYOR

ATTEST:

Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Mayor Knapp – recused himself

Council President Starr – Yes

Councilor Goddard – No

Councilor Fitzgerald – Yes

Councilor Stevens – Yes

Wilsonville Urban Renewal Strategic Plan

October 27, 2014

Prepared for:

City of Wilsonville



Contact Information

ECONorthwest prepared this report in conjunction with Elaine Howard Consulting, LLC. ECONorthwest is solely responsible for its content.

ECONorthwest specializes in economics, planning, and finance. Established in 1974, ECONorthwest has over three decades of experience helping clients make sound decisions based on rigorous economic, planning and financial analysis.

ECONorthwest completed this project under contract to the City of Wilsonville. Throughout the report we have identified our sources of information and assumptions used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECO, Elaine Howard Consulting, and the City of Wilsonville have made every effort to check the reasonableness of the data and assumptions and to test the sensitivity of the results of our analysis to changes in key assumptions. ECO and the City acknowledge that any forecast of the future is uncertain. The fact that we evaluate assumptions as reasonable does not guarantee that those assumptions will prevail.

We have also described our analytic techniques and their limitations. (Client) has reviewed our analysis for reasonableness. As time passes the results in this report should not be used without correcting for changing market conditions.

For more information about ECONorthwest, visit our website at www.econw.com.

For more information about this report, please contact:

Lorelei Juntunen

ECONorthwest
222 SW Columbia Street
Portland, OR 97201
503-222-6060
juntunen@econw.com

Table of Contents

Executive Summary	6
1 Introduction	10
2 Urban Renewal: Past and Present	3
2.1 Year 2000 Plan	3
2.2 West Side Plan	9
2.3 Coffee Creek.....	12
2.4 Frog Pond	14
3 Task Force Recommendations	16
3.1 West Side Plan	17
3.2 Year 2000 Plan	20
3.3 Coffee Creek Industrial Area	23
3.4 Frog Pond	25
3.5 Next Steps	25
Appendices	26

This page intentionally left blank.

Executive Summary

The City of Wilsonville faces fundamental and inter-related choices about how best to use urban renewal to advance its economic development goals. Existing urban renewal areas limit the total acreage available for any potential new urban renewal areas. At the same time, the borrowing capacity (or *maximum indebtedness*) of these existing urban renewal areas needs to be re-examined relative to expectations about planned projects.

The city formed a task force in September 2013, and asked it to forward recommendations to City Council on the future use of urban renewal in Wilsonville. The task force considered possible amendments to existing urban renewal plans as well as the possibility of creating new urban renewal areas. Chaired by City Council President Scott Starr, the task force was composed of residents, business owners and managers, and experts in public finance. Appendix A provides a list of all task force members.

This document provides the recommendations of the city's urban renewal task force, summarizing the technical analysis and process that supported task force decision-making.

In general, the task force's approach to the use of urban renewal is a balanced one. It recognizes that urban renewal is a useful tool for financing critical infrastructure projects, but also that it is a tool that creates financial impacts for overlapping taxing districts that should be mitigated where possible.

The task force is supportive of continuing to use urban renewal and tax increment finance to fund planned infrastructure projects in existing urban renewal areas, especially those projects that the City is required to fund because of contractual obligations (intergovernmental agreements and development agreements). At the same time, the task force was not supportive of adding new projects to existing urban renewal areas, which would extend the life of those areas and thereby extend the financial impacts to other taxing districts that forego revenues to fund projects.

The task force is also supportive of a new urban renewal area for Coffee Creek because it achieves an economic development need and funds critical infrastructure projects. They suggest revisiting the need for an urban renewal district in Frog Pond when master planning is complete.

Key points of task force recommendation, for each of the existing and potential new urban renewal areas:

1. West Side Plan:
 - a. Amend plan to increase maximum indebtedness from \$40 million to \$49.4 million, to allow funding of the critical infrastructure projects that the city is contractually obligated to fund.
 - b. Formal concurrence of overlapping taxing districts is not required for this amendment, and should not be sought.
 - c. Following precedent from previous plan amendment processes, do not seek an advisory vote of the public.
 - d. Do not add any new projects to the project list; doing so would increase the life of the district and require a larger increase in maximum indebtedness.
 - e. Do not fund the Old Town Escape project with TIF dollars from the West Side Plan. This project should be funded with other sources, including TIF from the Year 2000 Plan.
2. Year 2000 Plan:
 - a. As revised on September 23, 2014, move the Old Town Escape project from the West Side Plan to the Year 2000 Plan and fund up to \$7 million of this project using Year 2000 Plan urban renewal, with the exact amount of funding to be determined by a development agreement.
 - b. As revised on September 23, 2014, reduce the amount of funding allocated to Old Town Streets and Streetscapes by \$2 million.
 - c. As revised on September 23, 2014, re-allocate \$275,600 for Livability Projects to Town Center Concept Planning. Use Urban Renewal Program income as a funding source to contribute to additional Town Center redevelopment activities.
 - d. Close down the area in a phased approach that limits negative compression impacts on the West Linn – Wilsonville School District.

A prior economic development task force convened by the City of Wilsonville defined the appropriate use of TIF. In this process, Task force members expressed continued support for these previously identified guidelines on the use of tax increment funds:

“Urban renewal district – The task force clarified that its support of urban renewal district creation was limited in scope to specific project funding necessary to make development viable and leverage significant private investment: for example, to bring needed infrastructure to the Coffee Creek Industrial Area to facilitate development, or to assemble small parcels into larger parcels for resale and development. The task force also recommended that the City continue to conduct advisory votes prior to establishing new urban renewal districts and that any new district should be of limited duration and have a well-defined project list and scope so that the district is closed down and property-tax revenue returned to the other taxing districts as quickly as possible after planned urban renewal projects are completed and paid for.”

3. Coffee Creek

- a. Pursue feasibility analysis and planning for a new urban renewal area to fund critical infrastructure in Coffee Creek.
- b. Remove land from the Year 2000 and/or West Side plans as necessary to free up sufficient acreage for the proposed Coffee Creek urban renewal area.
- c. Following precedent, as this is a new urban renewal area formation process, pursue citywide advisory vote during plan adoption.
- d. Pursue formal concurrence of overlapping taxing districts during plan adoption.
- e. The use of TIF should be limited to development-supportive infrastructure projects (see sidebar).

4. Frog Pond

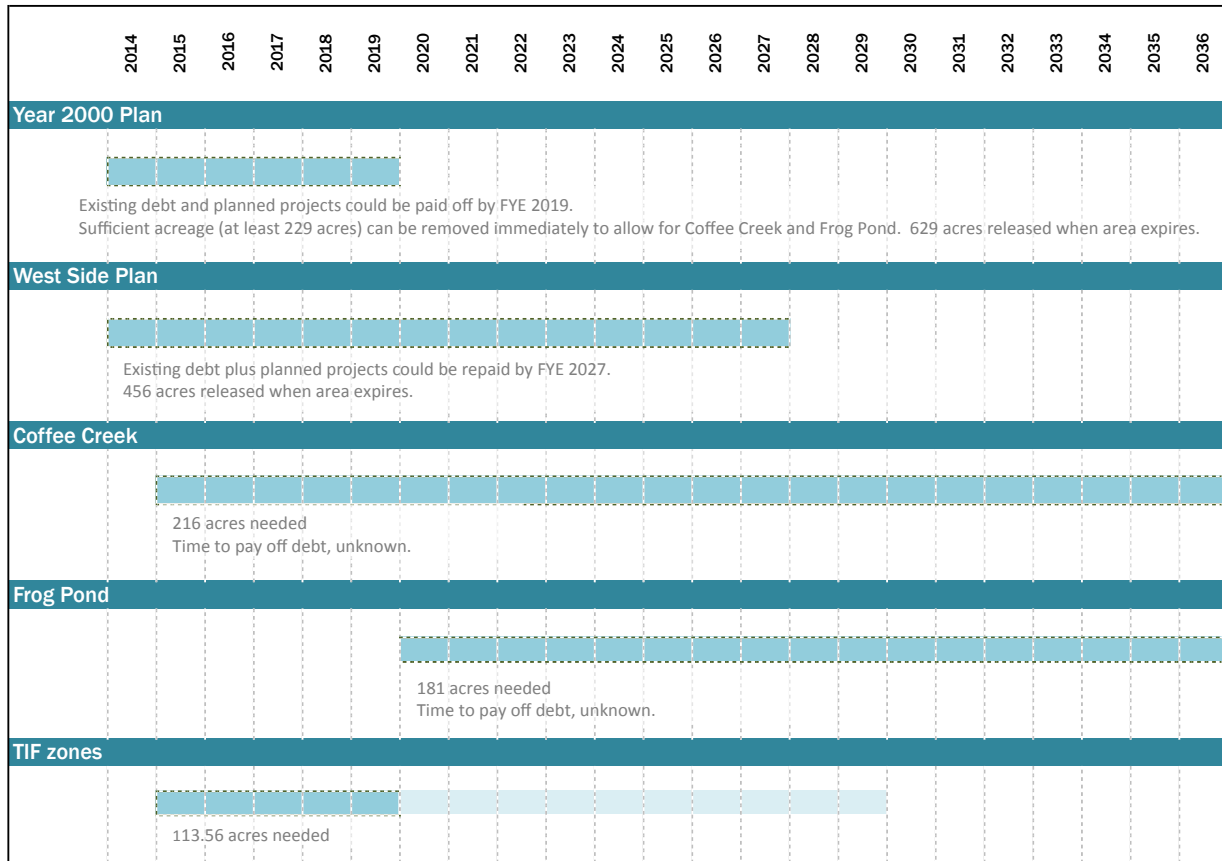
- a. Do not pursue feasibility analysis and planning for a new urban renewal area for Frog Pond at this time. Re-evaluate after the master planning effort is completed.

5. General recommendations

- a. Follow recommendations described by previous task force processes for seeking input on new district formation and for projects (see sidebar).

Figure 1 shows how these various task force recommendations would affect the timing of creation and expiration of urban renewal areas in the City of Wilsonville.

Figure 1: Urban Renewal Area Timelines, City of Wilsonville, 2014 - 2036



1 Introduction

The City of Wilsonville faces fundamental and inter-related choices about how best to use urban renewal in the future. Existing urban renewal areas limit the total acreage available for any potential new urban renewal areas; existing areas require re-examination of planned projects relative to total borrowing capacity (*maximum indebtedness*). Possible new urban renewal areas may require annexation of lands into the City, and their financial capacity relative to the projects requires evaluation. Attitudes about urban renewal in the City, County, and region require careful consideration of its role in supporting economic development outcomes.

During the City's creation of an Economic Development Strategy in 2011-12, a task force recommended that the City examine the strategic use of tax increment financing (TIF) to leverage private-sector capital investment. This document is the result of that task force recommendation. The task force that created the Economic Development Strategy recognized that additional time and effort were required to study this issue more in-depth, to: (1) better understand how the urban-renewal tool could be best used for public benefit; (2) to strategically plan for the final years of two of Wilsonville's existing urban renewal areas; and (3) to plan for the future use of urban renewal in Wilsonville.

Wilsonville City Manager Bryan Cosgrove appointed a 17-member task force in September 2013 to address these issues and to recommend a strategic plan to guide the future use of urban renewal in Wilsonville. Chaired by City Council President Scott Starr, the task force was composed of residents who have served on other City boards, business owners and managers, and experts in public finance; the economic consultant team of ECONorthwest and Elaine Howard Consulting, LLC acted as facilitators. A listing of task force members is shown in Appendix A. The task force's recommendations considered the financial evaluation of TIF capacity, combined with input from stakeholders, staff, and the general public. Figure 2 provides a map of the existing and potential new urban renewal areas that the task force considered.

Key Terms

Concurrence is a statutorily-defined threshold of support from affected taxing districts, required for urban renewal plans to deviate from certain statutory limits. Concurrence is calculated as a combination of taxing districts, the sum of whose permanent property tax rates is equal to or greater than 75% of the total permanent tax rate applicable for the urban renewal area.

Maximum indebtedness means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness. This is the total amount that can be spent from tax increment proceeds for projects, programs and administration.

Revenue sharing is the result of 2009 legislative changes enacted through HB 3056, which established a system of sharing tax increment revenues with overlapping taxing districts when certain thresholds are met for new and substantially amended urban renewal areas. In new areas, when TIF revenues exceed 10% of the Area's maximum indebtedness, 25% of the amount exceeding 10% of maximum indebtedness is shared. When TIF revenues exceed 12.5% of maximum indebtedness, the urban renewal area's revenue is capped at 12.5%, and all excess revenues are shared with overlapping taxing districts. When an existing urban renewal area is substantially amended to increase its maximum indebtedness, revenue sharing is also triggered.

Tax Increment Financing (TIF) means the funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan.

The task force's recommendations address the following key issues:

Maximum indebtedness

Maximum indebtedness is the total amount of debt that an urban renewal area can accrue. It is determined in the urban renewal plan. The task force made specific recommendations on whether or not to increase the maximum indebtedness of existing urban renewal areas, and if so, by how much.

Projects

Related to debt capacity are the individual projects to be funded with TIF. The task force discussed which projects identified in existing plans should and should not be funded moving forward, and if any new projects should be added to any of the urban renewal areas. Additionally, the task force discussed the general principles that determine whether or not TIF is an appropriate funding source for a project.

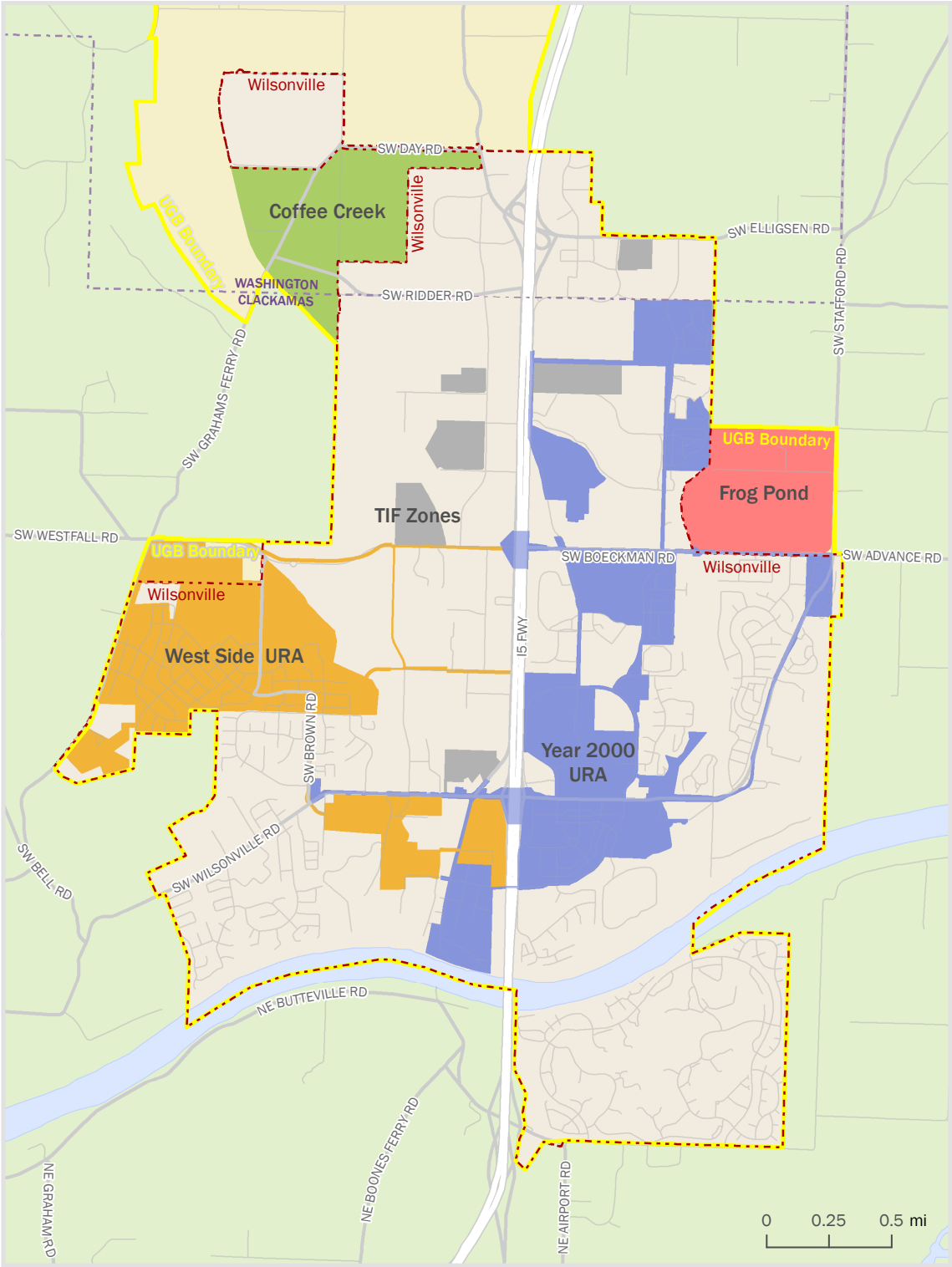
Acreage

Oregon Revised Statute (ORS) limits the total amount of acreage a city having a population of less than 50,000 may have in urban renewal to 25%. The Year 2000 and West Side urban renewal areas comprise 23.1% of the acreage of the City of Wilsonville. With the addition of the TIF Zone urban renewal areas, 24.12% of Wilsonville is currently in urban renewal areas. The remaining area allowed under the cap is about 41 acres, which is not enough to create an urban renewal area that could generate sufficient tax increment to undertake meaningful projects. The task force therefore considered the financial capacity to remove acreage from portions of the Year 2000 and West Side plans. Retiring portions of existing urban renewal areas would release tax increment to the local jurisdictions and free up acreage that could be used to create new urban renewal areas in Coffee Creek and/or Frog Pond.

Approach to involving overlapping taxing districts and voters

In what ways should the City engage affected taxing districts and the general public when making decisions related to urban renewal? The task force discussed the importance of having a meaningful and transparent public involvement process when making decisions regarding urban renewal. In addition to general principles of inclusion and transparency, the task force discussed what circumstances would merit holding an advisory vote of the public, and pursuing official concurrence from overlapping taxing districts.

Figure 2. Existing and Potential Urban Renewal Areas evaluated in Urban Renewal Strategy, City of Wilsonville, Oregon, 2014



Source: ECONorthwest. Data from the City of Wilsonville GIS and Metro RLIS, 2013

2 Urban Renewal: Past and Present

This section of the report describes the existing and potential urban renewal areas in Wilsonville. It includes information on their location, projects, outstanding debt, and the key issues considered by the task force in each area. The results of the task force recommendations are included in the following report section.

The City has two existing urban renewal areas: Year 2000 and West Side. Each urban renewal area faces questions about timelines, indebtedness, projects remaining to be completed, and eventual closure. A third set of urban renewal areas, referred to as “TIF Zones” were adopted in November 2013. These areas were not part of the evaluation and no recommendations are made regarding these areas; they were recommended by a prior task force, given voter approval through an advisory vote and only recently implemented, and no changes are anticipated for these areas.¹

2.1 Year 2000 Plan

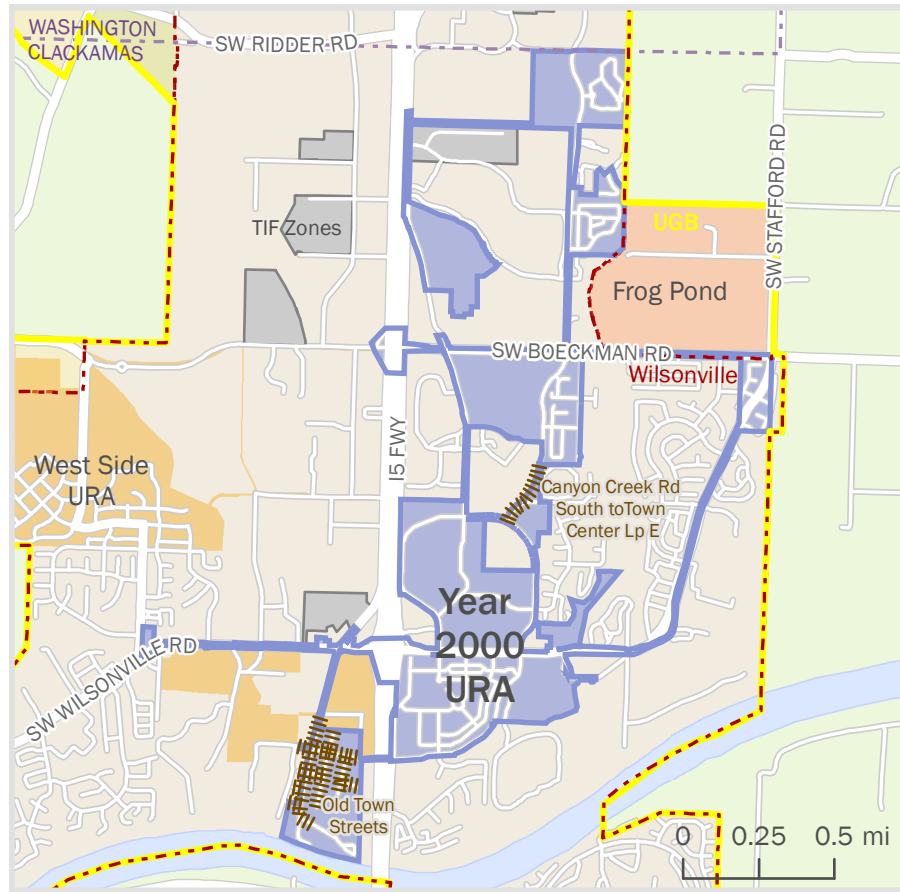
Purpose

The Year 2000 Urban Renewal Plan was created in 1992 with a mission statement of curing blight, attracting job producing investment, buoying property values and protecting residential livability and environmental values. To accomplish this mission, the Year 2000 Plan (sometimes referred to as the East Side Plan) outlines a variety of specific goals including: installing the appropriate infrastructure; creating positive transportation linkages; undergrounding utilities; providing avenues for meaningful citizen involvement; and installing streetscape improvements.

The current boundaries of the Year 2000 Urban Renewal Area are shown in Figure 3.

¹ Summary information regarding the TIF zones is presented in Appendix C, and additional was presented to task force members, but TIF zones are not addressed directly in this strategy.

Figure 3. Year 2000 Urban Renewal Plan and Remaining Projects



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS

Projects

The Year 2000 Plan lists 34 specific projects and allows for other projects if required.

Project	Total Project Cost (Nominal \$)	City Obligation	Complete	Task Force Recommendation to fund with TIF
Extend Canyon Creek South of Boeckman	\$6,125,300	None	No	Fund
Old Town Streets	\$3,868,300	None	No	Fund
Livability Projects	\$275,600	None	No	Fund
Landover Medians	\$289,400	None	No	Fund
Park Improvements	\$441,000	None	No	Fund
Boeckman Road		None	No	Don't Fund
Boeckman Interchange and Ramps at I-5		None	No	Don't Fund
Wiedemann Road, Overcrossing and Ramps		None	No	Don't Fund
Willamette River Crossing		None	No	Don't Fund

I-5 Freeway Crossing to Seely Trunk at Wiedemann Road	None	No	Don't Fund
Remove Pump Station at Town Center Site	None	No	Don't Fund
Rose Lane/Schroeder Way System	None	No	Don't Fund
Swim Center	None	No	Don't Fund
Neighborhood Park - North (6 to 8 Acres)	None	No	Don't Fund
Teen Center	None	No	Don't Fund
Boones Ferry Park	None	No	Don't Fund
Canyon Creek North		Yes	N/A
Town Center Loop East Extension		Yes	N/A
Town Center Loop West Extension		Yes	N/A
Wilsonville Road		Yes	N/A
Wilsonville Road Realignment		Yes	N/A
Parkway Avenue		Yes	N/A
Traffic Signals		Yes	N/A
Wilsonville Road Interchange		Yes	N/A
Connect to Dependable Water Supply Source		Yes	N/A
Hackamore Road/Old Canyon Creek Road		Yes	N/A
Canyon Creek North Extension		Yes	N/A
Waste Water Treatment Plant Expansion		Yes	N/A
Parkway/Trask Street System		Yes	N/A
Town Center Outfall and Detention Facility		Yes	N/A
Memorial Park		Yes	N/A
Joint Use of Athletic, Cultural and Public Assembly Facilities at New High School		Yes	N/A
Recreation Facilities, Parking and Landscaping at Clackamas Community College Site in Town Center		Yes	N/A
Tranquil Park		Yes	N/A
Town Center Square (5 to 6 Acres)		Yes	N/A
Civic Center Park		Yes	N/A
Barn Rehabilitation		Yes	N/A
Affordable Housing		Yes	N/A

Figure 4 includes a list of all projects in the Year 2000 plan, and an indication of their status (complete or incomplete), the city's obligation to complete it, and if the task force recommended to fund or not to fund uncompleted projects.

The tax increment funds from this urban renewal area have funded a number of projects on Wilsonville Road, I-5 interchange improvements, Waste Water Treatment Plant improvements, the construction of Memorial Drive, Canyon Creek Road improvements, the construction of Murase Plaza at Memorial Park and Town Center Park, the construction of City Hall, and many other smaller projects.

Figure 4: Year 2000 Project Summary

Project	Total Project Cost (Nominal \$)	City Obligation	Complete	Task Force Recommendation to fund with TIF
Extend Canyon Creek South of Boeckman	\$6,125,300	None	No	Fund
Old Town Streets	\$3,868,300	None	No	Fund
Livability Projects	\$275,600	None	No	Fund
Landover Medians	\$289,400	None	No	Fund
Park Improvements	\$441,000	None	No	Fund
Boeckman Road		None	No	Don't Fund
Boeckman Interchange and Ramps at I-5		None	No	Don't Fund
Wiedemann Road, Overcrossing and Ramps		None	No	Don't Fund
Willamette River Crossing		None	No	Don't Fund
I-5 Freeway Crossing to Seely Trunk at Wiedemann Road		None	No	Don't Fund
Remove Pump Station at Town Center Site		None	No	Don't Fund
Rose Lane/Schroeder Way System		None	No	Don't Fund
Swim Center		None	No	Don't Fund
Neighborhood Park - North (6 to 8 Acres)		None	No	Don't Fund
Teen Center		None	No	Don't Fund
Boones Ferry Park		None	No	Don't Fund
Canyon Creek North			Yes	N/A
Town Center Loop East Extension			Yes	N/A
Town Center Loop West Extension			Yes	N/A
Wilsonville Road			Yes	N/A
Wilsonville Road Realignment			Yes	N/A
Parkway Avenue			Yes	N/A
Traffic Signals			Yes	N/A
Wilsonville Road Interchange			Yes	N/A
Connect to Dependable Water Supply Source			Yes	N/A
Hackamore Road/Old Canyon Creek Road			Yes	N/A
Canyon Creek North Extension			Yes	N/A
Waste Water Treatment Plant Expansion			Yes	N/A
Parkway/Trask Street System			Yes	N/A
Town Center Outfall and Detention Facility			Yes	N/A
Memorial Park			Yes	N/A
Joint Use of Athletic, Cultural and Public Assembly Facilities at New High School			Yes	N/A
Recreation Facilities, Parking and Landscaping at Clackamas Community College Site in Town Center			Yes	N/A
Tranquil Park			Yes	N/A
Town Center Square (5 to 6 Acres)			Yes	N/A
Civic Center Park			Yes	N/A
Barn Rehabilitation			Yes	N/A
Affordable Housing			Yes	N/A

Note: Costs are reported in nominal dollars using a 5% inflation rate. Rounded to the hundredth.

Year 2000 Key Financial Issues

1. The success of this URA led to a cap on annual TIF revenue at \$4 million.
 2. The area can generate more TIF, but because of the cap, the area returns the additional revenue back to the overlapping districts.
 3. For this reason, Year 2000 is a good candidate to remove acreage from to create new URAs, while still generating \$4 million in annual TIF and staying under the 25% limit of total URA acreage in the city.
 4. Acreage can be immediately released to allow for the creation of Coffee Creek and Frog Pond.
 5. Closing down the URA too soon would have a substantial impact on the school district's local option tax revenue. As discussed in detail in Appendix J, the task force considered this issue when making a recommendation on when to close down the area.
-

Financial Considerations

When the Year 2000 Urban Renewal Area was established in 1992, it had an assessed value (frozen tax base) of \$44 million. The assessed value in this area has since grown nearly nine-fold to more than \$396 million and many of the planned projects have been completed. The original maximum indebtedness was \$53,851,923, which a later amendment increased to \$92,687,432. As of October 30, 2012, \$75,385,000 of the maximum indebtedness has been used, leaving \$17,302,423 to complete any remaining projects before the term of the urban renewal area expires.²

At the start of FY 2013-14, the Year 2000 Plan had \$13,542,070 of outstanding debt principal and interest, from three separate loans. The last of these loans is scheduled to be repaid in FY 2024-25. It is possible to repay the debt early, perhaps as early as FY 2017-18 (assuming no new debt is incurred).³

Approximately a decade ago, the success of this urban renewal area led the City Council to cap the annual collection of tax increment at \$4 million and return all additional tax revenue to the overlapping taxing districts.

An important financial consideration for the Year 2000 Plan was the potential impact on the West Linn – Wilsonville School District local option levy when the urban renewal area expires. The school district currently loses significant tax revenue each year due to property tax compression. The division of tax rates that occurs as a result of urban renewal and TIF results in the school district experiencing less compression than would otherwise occur.

If the urban renewal area were to expire and cease collecting TIF, the school district would experience a dramatic increase in compression losses. This impact would be particularly pronounced at times when properties' real market values are low (relative to their assessed values), which happens to be the situation in FY 2013-14. In time, the school district expects real market values to grow, reducing the amount of compression losses the district experiences. Thus, it is likely that if the Year 2000 Plan were to expire at a later date in the future, the impact on compression losses would be less severe.

² Gary Wallis, Wallis Consulting, October 2012, *City of Wilsonville Year 2000 Plan Closure*

³ Note that early repayment of the loans for the Year 2000 and West Side plans would result in cost savings, as it would reduce the amount of interest paid on the loans. However, these loan agreements include "prepayment penalties" which would partially offset the cost savings from early repayment.

Issues for task force consideration

Projects

- Should projects be added? If so, what would be their impact on the maximum indebtedness and longevity of the plan?
- Should any projects be left unfunded or deleted from the plan?

Facilitating a new urban renewal area

- Should land be removed from the Year 2000 Plan to provide capacity to create a new urban renewal area for Coffee Creek or Frog Pond?
- How much land could be removed without impacting the urban renewal area's ability to pay its debt service?
- When could this land be removed?

Closure of the urban renewal area

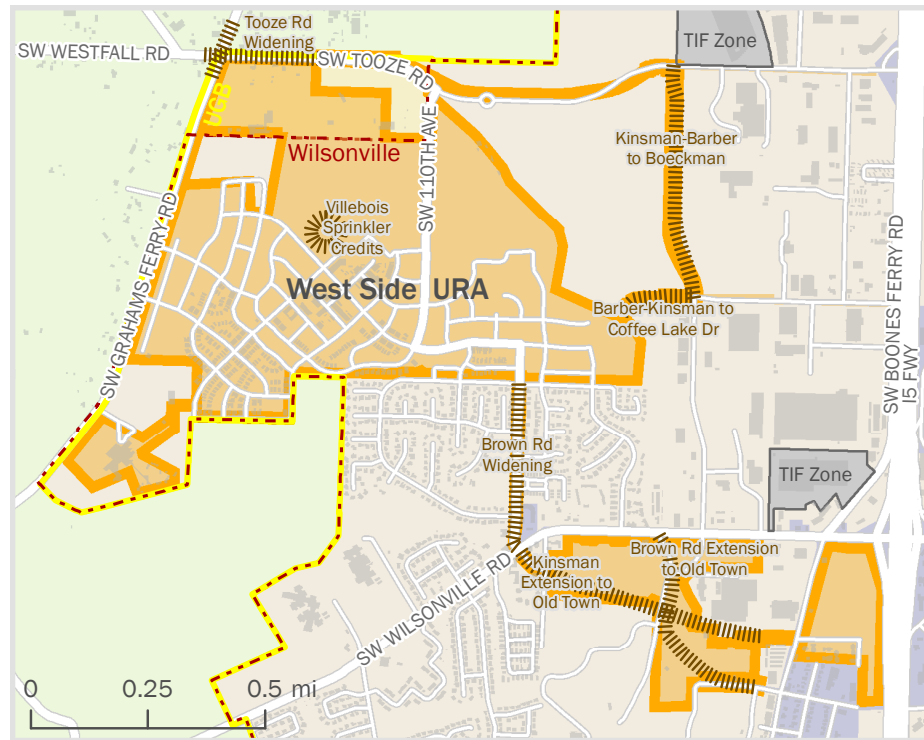
- Should the area explore opportunities to repay debt early and close down the plan ahead of schedule?
- How can closure of the area occur in a way that minimizes the impact to the school district from compression losses?

2.2 West Side Plan

Purpose

The West Side Plan (shown in Figure 5) was created in 2003 after an advisory vote of the public showed 80 percent of the public were in favor. The goal of the area was to promote development and fund infrastructure improvements on and around the former Dammasch Hospital site. This resulting development, known as the Villebois Village, offers quality housing options for a variety of income levels. The original goals of the West Side Plan were to develop a transportation network within the area, provide transportation infrastructure to connect Villebois to the remainder of the city, support the development of diverse housing types, provide public services and facilities, support the development of multi-purpose public parks and green spaces, and to make public investments that directly support high-quality private development. The original West Side Plan had 385 acres; the present area is 456 acres.

Figure 5. West Side Plan and potential projects



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

Projects

The major projects included in the West Side Urban Renewal Plan are the construction of the Boeckman Road extension, the Barber Street extension and the Old Town Escape, in addition to improvements on Tooze Road, Barber Street and Brown Road. Smaller projects include a \$2 million contribution to the construction of community and regional parks and the acquisition of an elementary school site as part of a land exchange agreement under which the City will obtain an equally-sized parcel from the West Linn-Wilsonville School District on Advance Road for sports fields.

Old Town Escape is a \$7.4 million road improvement plan. The fire district commented that this project does not result in a drastic improvement for their operations. The task force discussed whether it should be funded with tax increment financing, and if so, in which urban renewal area it should be funded. By including this project in the West Side Plan, it would push the maximum indebtedness over the limit at which concurrence is required.

Figure 6: West Side Project Summary

Project	Cost Paid by URA (Nominal \$)	City Obligation	Complete	Task Force Recommendation
Barber St. (Kinsman Rd. to Coffee Lake Dr.)	\$4,908,800	Yes	No	Fund
Tooze Rd. (110th to Grahams Ferry Rd.)	\$2,811,400	Yes	No	Fund
Sprinklers	\$2,376,900	Yes	No	Fund
Parks	\$1,129,500	Yes	No	Fund
Other Transportation/Brown Road	\$3,935,800	None	No	Fund
Old Town Escape (Kinsman Option)	\$9,006,900	None	No	Don't Fund
Kinsman Rd. (Barber to Boeckman Rd.)	\$6,069,000	Yes; Paid with other funds	No	N/A
Boeckman Rd. Repair		Yes	Yes	N/A
Boeckman Rd. (95th to 110th)		N/A	Yes	N/A
Barber St. (Boones Ferry Rd. to Boberg)		N/A	Yes	N/A
Barber St. (Boberg to Kinsman Rd.)		N/A	Yes	N/A
Grahams Ferry Rd. (Tooze to LEC)		No plans for completion using current funding		N/A
School Site		N/A	Yes	N/A

Notes: Costs are reported in nominal dollars using a 5% inflation rate. Rounded to the hundredth.

Financial Considerations

The original area had an assessed value of \$16.5 million. Ten years later, the assessed value of the area has increased 14-fold and is now over \$263 million. There is approximately \$38,295,788 in outstanding debt principal. This debt is

scheduled to be repaid in FY 2027-28. It is possible to repay the debt early, perhaps as early as FY 2022-23 (assuming no new debt is incurred).

The maximum indebtedness for the West Side Urban Renewal Area is \$40 million, with \$8 million remaining to be spent.

Due to low project-cost estimates at the time the plan was developed and property acquisition and construction at the peak of the pre-recession bubble, the Wilsonville city staff determined that there is insufficient debt capacity to complete the projects in the urban renewal area that are subject to intergovernmental agreements and development agreements with other parties.

Issues for task force consideration

Projects

- Should projects be added? If so, what would be their impact on the maximum indebtedness and longevity of the plan?
- Should any projects be left unfunded or deleted from the plan?

Maximum indebtedness

- Is an increase in maximum indebtedness necessary to fund the desired projects? If so, how much should the maximum indebtedness be increased, and when?

Concurrence and advisory vote

- Does the increase in maximum indebtedness trigger the requirement for the city to ask for concurrence from overlapping taxing districts? If not, should the City voluntarily seek concurrence for this amendment?
- Should the City seek an advisory vote of the public regarding this increase in maximum indebtedness?

Facilitating a new urban renewal area

- Should land be removed from the West Side Plan to provide capacity to create a new urban renewal area for Coffee Creek or Frog Pond?
- How much land could be removed without impacting the urban renewal area's ability to pay its debt service?
- When could this land be removed?

Closure of the urban renewal area

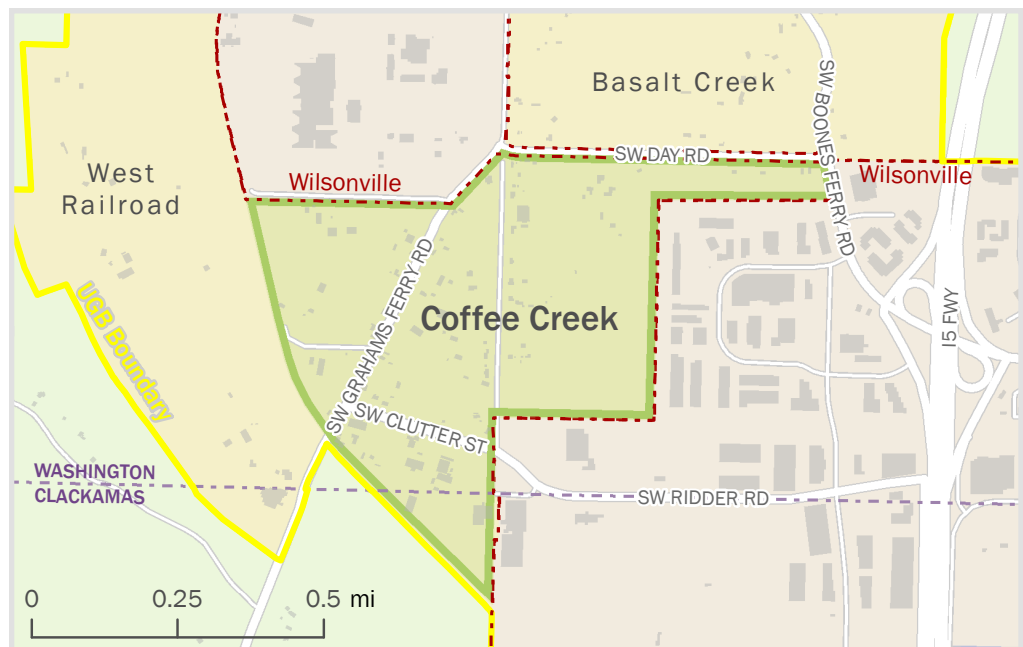
- Should the area explore opportunities to repay debt early and close down the plan ahead of schedule?

2.3 Coffee Creek

Purpose

The Coffee Creek Industrial area lies west of I-5 and is adjacent to the northwest corner of the City of Wilsonville (Figure 5). It is located outside Wilsonville city limits but within the urban growth boundary. Bounded on the north by the Coffee Creek Correctional Facility and Day Road, the Coffee Creek Industrial Planning Area contains approximately 216 acres of land zoned for industrial development. Like the rest of Wilsonville, the Coffee Creek area enjoys prime positioning in relation to transportation corridors due to its location along the I-5 corridor and its easy access to I-5, I-84, OR-26 and OR-217. Hailed by the City of Wilsonville as the next area of major business development, the area is projected to provide more than 1,800 family⁴ wage jobs at full buildout. Business development at Coffee Creek would synergize well with new residential development at Villebois Village and good access to public transportation including close proximity to the WES rail line.

Figure 7. Coffee Creek Industrial area



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

⁴CCIA Infrastructure Report, Memorandum from FCS Group sent on 4/5/2011.

Projects

An Urban Renewal Plan does not yet exist for Coffee Creek, so the projects are not finalized at this time. However, the types of projects that have been discussed by the task force and in the Coffee Creek Infrastructure Analysis include:

- On-Site Infrastructure
 - Streets
 - Intersections
 - Water
 - Sewer
 - Storm Sewer
 - Park/Trail/Other
- Off-Site Infrastructure
 - Water
 - Sewer
 - Grahams Ferry Railroad Underpass

Financial Considerations

The Coffee Creek Master Plan projects that total assessed value in the area would increase from \$16 million in 2007 to \$258 million at build out (assumed to be calendar year 2030). In the Coffee Creek Master Plan, it identifies that urban renewal is one option for funding projects in this area (see sidebar). However, since no projects have been finalized, it is unknown at this time what the specific financial considerations will entail.

Issues for task force consideration

Facilitating a new urban renewal area

- Is urban renewal an appropriate tool to facilitate development in the area?
- Can/should land be removed from existing urban renewal areas to provide capacity to create a new urban renewal area here?
- When could/should such a district be formed?
- How does the timing of a new urban renewal area coincide with the timing of proposed development in the area?

Projects

- What types of projects should be considered for TIF funding in this area?

“Explore and quantify potential local funding sources that can be used to pay for new collector and arterial roads, transit service, bicycle/pedestrian facilities, storm water mitigation, water, and sewer improvements. This additional analysis should include but not be limited to the formation of a new System Development Charge overlay district, Local Improvement Districts, and/or an Urban Renewal District.”

- Coffee Creek Master Plan

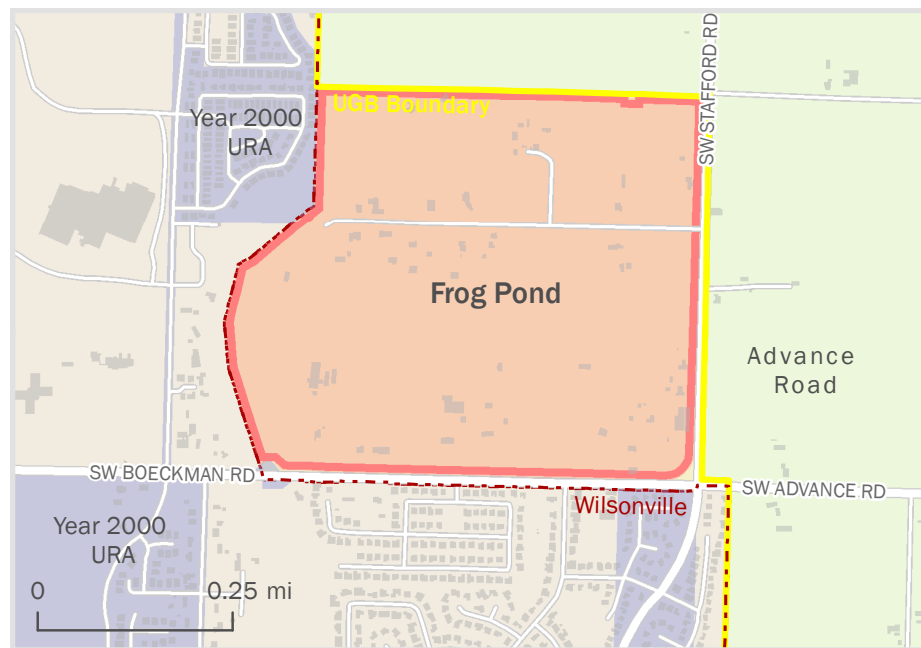
2.4 Frog Pond

Purpose

The Frog Pond area consists of 181 acres immediately east of the City of Wilsonville city limits (6). The Frog Pond area was brought into the urban growth boundary in 2002 in anticipation of eventual annexation into the City for residential development. Considered a second choice option for Wilsonville's next urban renewal area following the Coffee Creek Area, Frog Pond would not provide new industrial development opportunities. The Frog Pond area could potentially provide about 1,000 housing units.

In 2013, the City of Wilsonville received a Metro Community Planning and Development Grant to help planning efforts for the Frog Pond and Advance Road areas. The next step in the development of Frog Pond will be the completion of a Master Plan for the area, beginning in early 2014.

Figure 8. Frog Pond area



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

Projects

Similar to Coffee Creek, Frog Pond is not yet an urban renewal area, so the projects for this area have not been determined. The City is just beginning a master planning process that will define the needed investments in infrastructure and other development-supporting projects.

Financial Considerations

Projects in Frog Pond have not been decided, so no financial considerations will be discussed until the master plan is completed.

Issues for task force consideration

Facilitating a new urban renewal area

- Is urban renewal an appropriate tool to facilitate development in the area?
- Can/should land be removed from existing urban renewal areas to provide capacity to create a new urban renewal area here?
- When could/should such a district be formed?
- How does the timing of a new urban renewal area coincide with the timing of proposed development in the area?

Projects

- What types of projects, if any, should be considered for TIF funding in this area?

3 Task Force Recommendations

The Urban Renewal Strategy task force met a total of four times to discuss key strategic questions regarding the use of urban renewal. At the third meeting, the task force was asked a series of questions that resulted in specific policy recommendations regarding the use of urban renewal. Meeting summary notes are shown in Appendices D, E, and F. Following the third meeting, the City Council identified specific issues for further examination by the task force. A fourth task force meeting was called to revisit the original recommendations, and to consider the issues raised by City Council. Based on this fourth meeting, a few of the task force recommendations were revised.

In addition to task force input, the strategic planning process included stakeholder interviews with community members, developers, county elected officials, property owners and representatives of other taxing districts. A summary of these interviews, conducted in December of 2013 and January of 2014, is shown in Appendix H. This information was shared with the task force at their January meeting and helped inform the recommendations of the task force.

In general, the task force's approach to the use of urban renewal is a balanced one. It recognizes that urban renewal is a useful tool for financing critical infrastructure projects, but also that it is a tool that creates financial impacts for overlapping taxing districts that should be mitigated where possible. The task force is supportive of continuing to use urban renewal and tax increment finance to fund planned infrastructure projects in existing urban renewal areas, especially those projects that the City is required to fund because of contractual obligations (intergovernmental agreements and development agreements). At the same time, the task force was not supportive of adding new projects to existing urban renewal areas, which would extend the life of those areas and thereby extend the financial impacts to other taxing districts that forego revenues to fund projects. For all major decisions regarding urban renewal, the task force strongly emphasized the importance of effective public engagement, and, in some circumstances, public votes to confirm decisions.

This approach follows closely the principles outlined by a prior economic development task force convened by the City of Wilsonville regarding the appropriate use of TIF. Task force members expressed continued support for these previously identified guidelines on the use of tax increment funds:

“Urban renewal district — The task force clarified that its support of urban renewal district creation was limited in scope to specific project funding necessary to make development viable and leverage significant private investment: for example, to bring needed infrastructure to the

Coffee Creek Industrial Area to facilitate development, or to assemble small parcels into larger parcels for resale and development. The task force also recommended that the City continue to conduct advisory votes prior to establishing new urban renewal districts and that any new district should be of limited duration and have a well-defined project list and scope so that the district is closed down and property-tax revenue returned to the other taxing districts as quickly as possible after planned urban renewal projects are completed and paid for.”

– Recommendations of the Economic Development Strategy Task Force on Business Attributes and Incentives March 2013

The task force’s recommendations follow, and are organized by plan.

3.1 West Side Plan

Question 1. Should Wilsonville amend the plan to increase maximum indebtedness?

Task Force Recommendation. Yes. The maximum indebtedness should be increased from \$40 million to at least \$49.4 million.

Rationale. TIF revenue from the West Side Plan is the primary source identified to fund capital projects related to the development of Villebois. The City is contractually obligated to build several of these improvements (through intergovernmental agreements and development agreements). However, original cost estimates for other projects in the West Side Plan were too low, resulting in insufficient maximum indebtedness to fund the remaining projects in the Plan. Increasing the maximum indebtedness from \$40 million to \$49.4 million allows the City to use TIF to fund necessary projects in the area. See Figure 6 for a list of projects the task force recommends funding with TIF from the West Side Plan.

Question 2. Should Wilsonville seek formal concurrence of overlapping taxing districts for this urban renewal plan amendment?

Task Force Recommendation. No.

Rationale. The task force strongly recommends consulting and conferring with all overlapping taxing districts, providing them meaningful opportunities to comment on the use of urban renewal and TIF. However, this is not the same as providing all taxing districts the right to vote to approve the proposed plan amendment. In some situations, the process of concurrence requires overlapping taxing districts to vote on urban renewal issues. Concurrence is not required for this type of amendment.

Question 3. Should Wilsonville seek an advisory vote of the public?

Task Force Recommendation. No.

Rationale. The task force supports an open and transparent public process for any use of urban renewal. The task force also supports seeking an advisory vote of the public for creation of new urban renewal areas, as it did in the recent formation of the TIF zones. For this particular plan amendment there was concern that an advisory vote would be inappropriate and confusing, because the projects are already identified in an existing plan, and the City is contractually obligated to fund these projects. Thus, in this situation, the majority of the task force recommended against an advisory vote. There was a dissenting minority opinion on the task force that any and all important urban renewal decisions, including this amendment, should seek an advisory vote of the public.

Question 4. Should any new projects be added to the project list?

Task Force Recommendation. No.

Rationale. The task force opposes further use of TIF in this area for projects other than those that the City is contractually obligated to fund.

Question 5. Should the Old Town Escape, and other non-contractually obligated projects, be funded with TIF dollars from the West Side Plan?

Task Force Recommendation. No.

Rationale. The task force recommends not funding the Old Town Escape Project (a new road that provides additional ingress and egress from the Old Town area) with TIF from the West Side URA. However, the task force recognizes the importance of this project to facilitate economic development and alleviate congestion in this area. Therefore, the task force recommends moving the Old Town Escape project to the Year 2000 Plan, where additional urban renewal resources are available to fund the project (in part) with TIF. An important consideration for the task force was that funding this project from the West Side URA would have required further increasing maximum indebtedness, which would have triggered the concurrence requirement.

Question 6. Should the City seek to waive revenue sharing?

Task Force Recommendation. No.

Rationale. By increasing the maximum indebtedness of the plan, the urban renewal area becomes subject to revenue sharing, requiring a portion of the TIF revenue to be shared with other taxing districts. This revenue sharing requirement can be waived if the urban renewal area receives concurrence from the overlapping taxing districts. Some of the scenarios considered by the task force included waiving revenue sharing for the West Side Plan. The recommendation of the task force not to pursue concurrence eliminated the need to waive revenue sharing.

Figure 9 shows a revised version of the West Side Plan project summary. The difference between Figure 9 and the earlier Figure 6, is that the Old Town Escape project is recommended to be moved to the Year 2000 Plan and partially funded with TIF from that district.

Figure 9. Recommended West Side Project Summary

Project	Cost Paid by URA (Nominal \$)	City Obligation	Complete	Task Force Recommendation
Barber St. (Kinsman Rd. to Coffee Lake Dr.)	\$4,908,800	Yes	No	Fund
Tooze Rd. (110th to Grahams Ferry Rd.)	\$2,811,400	Yes	No	Fund
Sprinklers	\$2,376,900	Yes	No	Fund
Parks	\$1,129,500	Yes	No	Fund
Other Transportation/Brown Road	\$3,935,800	None	No	Fund
Old Town Escape (Kinsman Option)		None	No	Move to Year 2000 Plan
Kinsman Rd. (Barber to Boeckman Rd.)		Yes; Paid with other funds	No	N/A
Boeckman Rd. Repair		Yes	Yes	N/A
Boeckman Rd. (95th to 110th)		N/A	Yes	N/A
Barber St. (Boones Ferry Rd. to Boberg)		N/A	Yes	N/A
Barber St. (Boberg to Kinsman Rd.)		N/A	Yes	N/A
Grahams Ferry Rd. (Tooze to LEC)		No plans for completion using current funding		N/A
School Site		N/A	Yes	N/A

3.2 Year 2000 Plan

Question 1. Should Wilsonville amend the plan to change the project list and increase maximum indebtedness?

Task Force Recommendation. Yes, the project list should be changed, but maximum indebtedness should not be increased.

Rationale. There is a limited subset of projects identified in the plan that are incomplete and considered necessary by City staff. The task force recommends using TIF to finish these projects (See

Project	Total Project Cost (Nominal \$)	City Obligation	Complete	Task Force Recommendation to fund with TIF
Extend Canyon Creek South of Boeckman	\$6,125,300	None	No	Fund
Old Town Streets	\$3,868,300	None	No	Fund
Livability Projects	\$275,600	None	No	Fund
Landover Medians	\$289,400	None	No	Fund
Park Improvements	\$441,000	None	No	Fund
Boeckman Road		None	No	Don't Fund
Boeckman Interchange and Ramps at I-5		None	No	Don't Fund
Wiedemann Road, Overcrossing and Ramps		None	No	Don't Fund
Willamette River Crossing		None	No	Don't Fund
I-5 Freeway Crossing to Seely Trunk at Wiedemann Road		None	No	Don't Fund
Remove Pump Station at Town Center Site		None	No	Don't Fund
Rose Lane/Schroeder Way System		None	No	Don't Fund
Swim Center		None	No	Don't Fund
Neighborhood Park - North (6 to 8 Acres)		None	No	Don't Fund
Teen Center		None	No	Don't Fund
Boones Ferry Park		None	No	Don't Fund
Canyon Creek North			Yes	N/A
Town Center Loop East Extension			Yes	N/A
Town Center Loop West Extension			Yes	N/A
Wilsonville Road			Yes	N/A
Wilsonville Road Realignment			Yes	N/A
Parkway Avenue			Yes	N/A
Traffic Signals			Yes	N/A
Wilsonville Road Interchange			Yes	N/A
Connect to Dependable Water Supply Source			Yes	N/A
Hackamore Road/Old Canyon Creek Road			Yes	N/A
Canyon Creek North Extension			Yes	N/A
Waste Water Treatment Plant Expansion			Yes	N/A
Parkway/Trask Street System			Yes	N/A

Town Center Outfall and Detention Facility	Yes	N/A
Memorial Park	Yes	N/A
Joint Use of Athletic, Cultural and Public Assembly Facilities at New High School	Yes	N/A
Recreation Facilities, Parking and Landscaping at Clackamas Community College Site in Town Center	Yes	N/A
Tranquil Park	Yes	N/A
Town Center Square (5 to 6 Acres)	Yes	N/A
Civic Center Park	Yes	N/A
Barn Rehabilitation	Yes	N/A
Affordable Housing	Yes	N/A

Figure 4). Additionally, the task force recommended transferring the Old Town Escape project from the West Side URA to the Year 2000 Plan. Adding this project requires extending the life of the urban renewal area. However, the task force proposes to reduce funding for the Old Town Streets and Streetscapes project by \$2 million, to partially mitigate the impact of adding the Old Town Escape project. Additionally, the task force did not recommend the Old Town Escape project to be fully funded with TIF from the Year 2000 Plan, as this would have required an increase in maximum indebtedness. Instead, the task force recommended that funding of up to \$7 million be provided by TIF from the Year 2000 Plan, with the exact amount of funding to be determined later through a development agreement with any potential developers that would benefit from the construction of this project.

The task force also discussed funding store front loans and the redevelopment of the Town Center commercial area. Reasons for not recommending funding these projects, include:

- Lack of support for these projects in interviews
- Questions about whether the projects were appropriate in the context of the Wilsonville market and development form
- Lack of support for extending the life of the district and writing a “blank check that’s waiting to be cashed”

However, the task force did recommend that \$275,600 in TIF be reallocated from Livability Projects to concept planning for the Town Center area. This planning effort could occur in the short-term, and would help prepare the area for future economic development efforts, without keeping the URA open indefinitely, waiting to invest directly in redevelopment projects in the Town Center if and when they occur. Program Income from the Year 2000 URA could be used to partially fund future redevelopment activities in the Town Center area.

Question 2. When should the Year 2000 Plan be closed down?

Task Force Recommendation. As soon as possible, while limiting compression impacts to the School District

Rationale. The task force recognizes that the Year 2000 Plan is collecting annual TIF revenues that exceed annual debt service requirements. This will result in a surplus fund balance that will allow the urban renewal area to pay off its outstanding debt ahead of schedule. In general, the task force was supportive of repaying the debt early and retiring the district as soon as possible, with one important caveat. The task force recommended that the City coordinate with the West Linn - Wilsonville School District to close down the Year 2000 Plan in a way that limits any abrupt compression impacts to the school district’s local option levy. While the task force did not recommend a specific date for closing the district, or a specific method for mitigating the impact of the district’s closure on the school district; the task force did recommend that the City and school district staff communicate as often as necessary to find a solution that works for both taxing districts.

Figure 10 shows a revised version of the Year 2000 Plan project summary. The differences between Figure 10 and Figure 4 are:

- Old Town Streets cost paid by URA is reduced by \$2 million.
- Old Town Escape is a new project on the list (moved from the West Side Plan) with cost paid by URA recommended to be no more than \$7 million.
- Funding for “livability projects” has been reallocated to “Town Center Planning.”

Figure 10. Recommended Year 2000 Project Summary

Project	Cost Paid by URA (Nominal \$)	City Obligation	Complete	Task Force Recommendation to fund with TIF
Extend Canyon Creek South of Boeckman	\$6,125,300	None	No	Fund
Old Town Streets	\$1,868,300	None	No	Fund
Old Town Escape	\$7,000,000	None	No	Fund
Town Center Planning	\$275,600	None	No	Fund
Landover Medians	\$289,400	None	No	Fund
Park Improvements	\$441,000	None	No	Fund
Boeckman Road		None	No	Don't Fund
Boeckman Interchange and Ramps at I-5		None	No	Don't Fund
Wiedemann Road, Overcrossing and Ramps		None	No	Don't Fund
Willamette River Crossing		None	No	Don't Fund
I-5 Freeway Crossing to Seely Trunk at Wiedemann Road		None	No	Don't Fund
Remove Pump Station at Town Center Site		None	No	Don't Fund
Rose Lane/Schroeder Way System		None	No	Don't Fund
Swim Center		None	No	Don't Fund

Neighborhood Park - North (6 to 8 Acres)	None	No	Don't Fund
Teen Center	None	No	Don't Fund
Boones Ferry Park	None	No	Don't Fund
Canyon Creek North		Yes	N/A
Town Center Loop East Extension		Yes	N/A
Town Center Loop West Extension		Yes	N/A
Wilsonville Road		Yes	N/A
Wilsonville Road Realignment		Yes	N/A
Parkway Avenue		Yes	N/A
Traffic Signals		Yes	N/A
Wilsonville Road Interchange		Yes	N/A
Connect to Dependable Water Supply Source		Yes	N/A
Hackamore Road/Old Canyon Creek Road		Yes	N/A
Canyon Creek North Extension		Yes	N/A
Waste Water Treatment Plant Expansion		Yes	N/A
Parkway/Trask Street System		Yes	N/A
Town Center Outfall and Detention Facility		Yes	N/A
Memorial Park		Yes	N/A
Joint Use of Athletic, Cultural and Public Assembly Facilities at New High School		Yes	N/A
Recreation Facilities, Parking and Landscaping at Clackamas Community College Site in Town Center		Yes	N/A
Tranquil Park		Yes	N/A
Town Center Square (5 to 6 Acres)		Yes	N/A
Civic Center Park		Yes	N/A
Barn Rehabilitation		Yes	N/A
Affordable Housing		Yes	N/A

3.3 Coffee Creek Industrial Area

Question 1. Should Wilsonville conduct a feasibility analysis and planning for adoption of a new urban renewal area?

Task Force Recommendation. Yes

Rationale. The task force views Coffee Creek as having great potential for economic development. Furthermore, the task force views the proposed development in Coffee Creek as the appropriate target for urban renewal (generating growth in jobs and taxable assessed value). While it is premature to identify the specific projects and maximum indebtedness for a Coffee Creek urban renewal area, the task force recommends conducting a feasibility study to

evaluate how urban renewal could assist implementation of Coffee Creek development.

Question 2. Should Wilsonville pursue a citywide advisory vote and concurrence of overlapping taxing districts during plan adoption?

Task Force Recommendation. Yes.

Rationale. The task force supports the precedent set by the City to seek an advisory vote of the public before the creation of **new** urban renewal areas, as part of an open and transparent public process. Additionally, the task force supports intergovernmental coordination on the use of urban renewal.

Question 3. Should Wilsonville remove land from other URAs to enable the formation of a Coffee Creek URA?

Task Force Recommendation. Yes.

Rationale. The City does not have capacity to form a new urban renewal area without closing or reducing the acreage of an existing urban renewal area. Analysis of the consultant team determined that it is possible to remove sufficient acreage from the Year 2000 and West Side plans to create the proposed Coffee Creek urban renewal area, while still maintaining enough assessed value in the existing urban renewal areas to fund all projects as planned, and to meet all outstanding financial obligations. If acreage were not removed from the West Side or Year 2000 plans, then a Coffee Creek urban renewal area could not be formed until one of the existing districts expires, which is not forecast to occur until at least FY 2018-19. The task force would prefer for the Coffee Creek urban renewal area to be formed prior to FY 2018-19, to facilitate more rapid development of the area.

Question 4. What types of projects in the Coffee Creek area should be considered eligible for TIF funding?

Task Force Recommendation. The task force reiterated their commitment to language from a prior task force on the appropriate use of TIF: to support projects that “make development viable and leverage significant private investment: for example, to bring needed infrastructure to the Coffee Creek Industrial Area to facilitate development, or to assemble small parcels into larger parcels for resale and development.”

Rationale. Urban renewal should be used in a way that supports economic development outcomes and encourages new development, rather than to support community amenities that have a questionable return on investment potential.

3.4 Frog Pond

Question 1. Should Wilsonville conduct a feasibility analysis and planning for a new urban renewal area?

Task Force Recommendation. No.

Rationale. The task force did not feel that there was any evidence that development of Frog Pond required urban renewal investment at this time. The task force recommended the City re-evaluate the need for urban renewal to serve the Frog Pond area after the master planning effort is completed.

3.5 Next Steps

The Wilsonville City Council will review the task force recommendations and decide how to proceed. The City Council may not agree with all task force recommendations. If the City Council agrees with task force recommendations, then next steps may include:

- Identification of specific areas to be removed from the West Side or Year 2000 urban renewal plans, to free up acreage for a new Coffee Creek URA.
- Feasibility study for a Coffee Creek URA.
- Urban renewal plan amendment for the West Side Plan.

Some task force recommendations call for projects identified in urban renewal plans to not receive funding from TIF. The task force also recommended not to pursue projects related to the redevelopment of Town Center properties. If the City Council agrees with these recommendations, but still desires to implement these projects, then the Council will need to consider alternate funding sources. Those funding sources could include the use of “program income”, which can be used in urban renewal areas, subject to any constraints of bond documents and consistent with the definition of urban renewal agency powers identified in ORS 457. Program income may also be used for specific types of projects after an urban renewal area has formally terminated. Other potential funding sources are those funds available for use by the City Council including general funds, systems development charges, local improvement districts, general obligation bonds, or other sources as identified by the city council.

Appendices

Include all referenced in this doc and any materials prepared for the task force, also the Opportunities and Challenges doc done at the beginning of this project.

Appendix A: *Task Force Members*

Appendix B: *Terms glossary*

Appendix C: *Wilsonville Urban Renewal Opportunities and Challenges Report*

Appendix D: *Meeting Summary Notes – September 25, 2013*

Appendix E: *Meeting Summary Notes – October 17, 2013*

Appendix F: *Meeting Summary Notes – January 30, 2014*

Appendix G: *Financial summaries of the recommended scenario*

Appendix H: *Interview Summary*

Appendix I: *Summary of acreage evaluation*

Appendix J: *Compression and school districts*

Appendix A. Urban Renewal Strategy Task Force Members

Chair – City Council President Scott Starr

Bill Bach

Mary Closson

Brenner Daniels

Chief Mike Duyck

Lonnie Gieber

Gale Lasko

Doug Middlestetter

Susan Myers

Ray Phelps

Christine Reynolds

Larry Remmers

Fred Robinson

Dr. Bill Rhoades

Dick Spence

Alan Steiger

Doris Wehler

Appendix B. Urban Renewal Terminology

“**Area**” means the properties and rights of way located within an urban renewal boundary.

“**Concurrence**” is a statutorily-defined threshold of support from affected taxing districts, required for urban renewal plans to deviate from certain statutory limits. Concurrence is calculated as a combination of taxing districts, the sum of whose permanent property tax rates is equal to or greater than 75% of the total permanent tax rate applicable for the urban renewal area.

“**Debt Limit**” is another term for maximum indebtedness.

“**Debt Principal Outstanding**” means the outstanding amount of unpaid principal from debt incurred by the Agency for the urban renewal area.

“**Frozen base**” means the total assessed value including all real, personal, manufactured and utility values within an urban renewal area at the time of adoption. The county assessor certifies the assessed value after the adoption of an urban renewal plan.

“**Increment**” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

“**Maximum indebtedness**” means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness. This is the total amount that can be spent from tax increment proceeds for projects, programs and administration.

“**ORS**” means the Oregon revised statutes and specifically Chapter 457, which relates to urban renewal.

“**Program income**” is income that accrues to urban renewal agencies from their programmatic activities (as opposed to from tax increment). A common example is income from a loan repayment program, which may include interest.

“**Revenue sharing**” is the result of 2009 legislative changes enacted through HB 3056, which established a system of sharing tax increment revenues with overlapping taxing districts when certain thresholds are met for new and substantially amended urban renewal areas. In new areas, when TIF revenues exceed 10% of the Area’s maximum indebtedness, 25% of the amount exceeding 10% of maximum indebtedness is shared. When TIF revenues exceed 12.5% of maximum indebtedness, the urban renewal area’s revenue is capped at 12.5%, and all excess revenues are shared with overlapping taxing districts. When an

existing urban renewal area is substantially amended to increase its maximum indebtedness, revenue sharing is also triggered.

“Tax increment financing (TIF)” means the funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan.

“Tax increment revenues” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the area.

“Urban renewal agency” or **“agency”** means an urban renewal agency created under ORS 457.035 and 457.045. This agency is responsible for administration of the urban renewal plan

Appendix C. Wilsonville Urban Renewal Opportunities and Challenges Report

Wilsonville Urban Renewal Opportunities and Challenges

September 30, 2013

Prepared for:

City of Wilsonville

Summary of Analysis – Opportunities, Challenges and Strategies



Contact Information

ECONorthwest prepared this report in conjunction with Elaine Howard Consulting, LLC. ECONorthwest is solely responsible for its content.

ECONorthwest specializes in economics, planning, and finance. Established in 1974, ECONorthwest has over three decades of experience helping clients make sound decisions based on rigorous economic, planning and financial analysis.

ECONorthwest completed this project under contract to the City of Wilsonville. The City's purpose in commissioning this study was to provide a point-in-time summary and baseline analysis to support an urban renewal strategic planning process. An Urban Renewal Strategic Plan will be the second (and final) product associated with the contract.

The City of Wilsonville asked ECO to compile data and information about its existing and potential future urban renewal areas, to conduct some financial analysis to determine the capacity of those areas, and to identify the key strategic issues that will be faced in the remaining process.

Throughout the report we have identified our sources of information and assumptions used in the analysis. Within the limitations imposed by uncertainty and the project budget, ECO, Elaine Howard Consulting, and the City of Wilsonville have made every effort to check the reasonableness of the data and assumptions and to test the sensitivity of the results of our analysis to changes in key assumptions. ECO and the City acknowledge that any forecast of the future is uncertain. The fact that we evaluate assumptions as reasonable does not guarantee that those assumptions will prevail.

We have also described our analytic techniques and their limitations. (Client) has reviewed our analysis for reasonableness. As time passes the results in this report should not be used without correcting for changing market conditions.

For more information about ECONorthwest, visit our website at www.econw.com.

For more information about this report, please contact:

Lorelei Juntunen

ECONorthwest
222 SW Columbia Street
Portland, OR 97201
503-222-6060
juntunen@econw.com

Table of Contents

1	Introduction	5
1.1	Background	5
1.2	Organization of this report.....	6
2	Existing Urban Renewal Areas.....	9
2.1	Year 2000 Urban Renewal Plan	9
2.2	West Side Plan	15
3	Potential Urban Renewal Areas	21
3.1	Coffee Creek.....	21
3.2	Frog Pond	25
4	TIF Zones.....	28
4.1	Background	28
5	Summary Acreage and Assessed Value.....	31
6	Next steps	31
	Appendix A. Economic Development Strategy Principles	33
	Appendix B. Urban Renewal Terminology.....	34
	Appendix C. Area Fact Sheets.....	36
1	Year 2000 Urban Renewal Plan (East Side).....	36
2	West Side Urban Renewal Plan	38
3	Proposed TIF Zones Urban Renewal Plans (6 plans)	41
4	Coffee Creek Study Area.....	42
5	Frog Pond Study Area	44
	Appendix D. Year 2000 Bond Prepayment Penalty	45
	Appendix E. Frog Pond Project Descriptions	46
	Appendix F. Potential Infrastructure Funding Tools	49

This page intentionally left blank.

1 Introduction

The City of Wilsonville faces fundamental and inter-related choices about how best to use urban renewal and tax increment finance to advance its economic development and redevelopment goals. Existing urban renewal areas limit the total acreage available for new urban renewal areas, and need to be re-examined relative to expectations about proposed projects. Possible new urban renewal areas may require annexation of lands into the City, and their financial capacity relative to the projects requires evaluation. Attitudes about urban renewal in the City, County, and region require careful consideration of its role in supporting economic development outcomes.

These factors and others have led the City of Wilsonville (“the City”) to desire a coordinated Urban Renewal Strategy to guide the City’s urban renewal activities and investments for the next ten years. The City contracted with ECONorthwest and Elaine Howard Consulting to produce the Strategy. This document is the first step toward that Strategy. It is a primarily internal report that serves to document a shared understanding among the project team (City staff, consultants, and a stakeholder task force that is supporting the process) of the key issues and challenges facing existing and new uses of urban renewal in Wilsonville. It provides a point-in-time summary of baseline conditions, and explores the various options—including current and potential urban renewal areas, timelines, indebtedness, and projects remaining to be completed—that are available to the City. Because it is written for a primarily internal audience, it assumes a fairly sophisticated understanding of Oregon urban renewal statutes and finance.

The Urban Renewal Strategic Plan, which will be a public document adopted by the City of Wilsonville City Council, will be developed based on the findings of this document, public and stakeholder engagement, and further analysis.

1.1 Background

In 2012, the City of Wilsonville adopted an *Economic Development Strategy* after a year of public input and recommendations. Following the adoption of the *Economic Development Strategy*, a task force was assembled to provide recommendations about incentives to be used for economic development. Urban renewal was identified as one of the tools that could be used to implement the *Economic Development Strategy*.

The City currently has two adopted urban renewal areas: the Year 2000 Plan and the West Side Plan. Each urban renewal area faces questions about

timelines, indebtedness, projects remaining to be completed, and eventual closure. A third set of urban renewal areas, referred to as “TIF (tax increment finance) zones” are expected to be adopted in November 2013

At least part of the City’s motivation for developing and adopting an Urban Renewal Strategy is to provide some clarity on possible new urban renewal areas: the City is beginning research and discussion about adding new areas at Coffee Creek and/or Frog Pond. However, to create effective urban renewal areas with enough of a tax base to fund meaningful projects, the total acreage in existing urban renewal areas would need to be reduced. As it stands, the Year 2000 Plan and West Side urban renewal areas comprise 23.1% of the acreage of the City of Wilsonville. Oregon Revised Statute (ORS) limits the total amount of acreage a city may have in urban renewal to 25%. With the addition of the TIF Zone urban renewal areas, 24.12% of Wilsonville is currently in urban renewal area. The remaining area allowed under the cap is about **41 acres**, which is not enough to create an urban renewal area that could generate sufficient tax increment to undertake meaningful projects.

Therefore, in addition to identifying ways to balance remaining maximum indebtedness and remaining projects for existing urban renewal areas, the Urban Renewal Strategy report will also seek to identify portions of the Year 2000 and West Side plans that may be retired early. Retiring portions of existing urban renewal areas would release tax increment to the local jurisdictions and free up acreage that could be used to create new urban renewal areas in Coffee Creek and/or Frog Pond.

A map of the areas under study is shown in Figure 1.

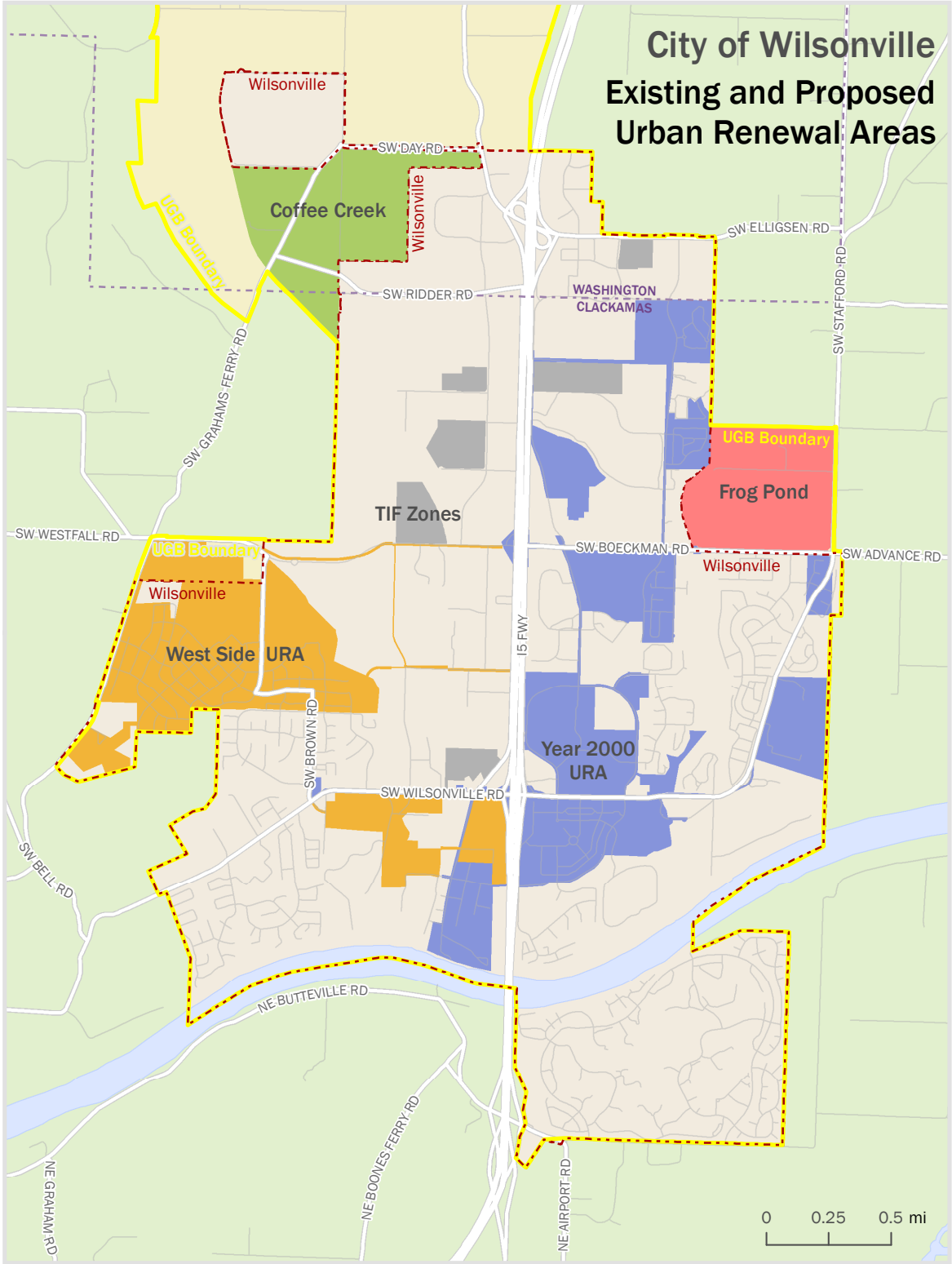
1.2 Organization of this report

The remainder of this report is organized as follows:

- **Existing Urban Renewal Areas**
 - Year 2000 Plan
 - West Side Plan
- **Potential Urban Renewal Areas**
- **TIF Zones**
- **Summary Acreage and Assessed Value**
- **Appendices**
 - Appendix A – Principles for decisions about urban renewal areas
 - Appendix B – Glossary of urban renewal terms
 - Appendix C – Area Fact Sheets

- Appendix D – Year 2000 Bond Prepayment Penalty
- Appendix E – Frog Pond Project Descriptions
- Appendix F – Potential Infrastructure Funding Tools

Figure 1. Urban Renewal Study Areas, City of Wilsonville, Oregon, 2013



Source: ECONorthwest. Data from the City of Wilsonville GIS and Metro RLIS, 2013.

2 Existing Urban Renewal Areas

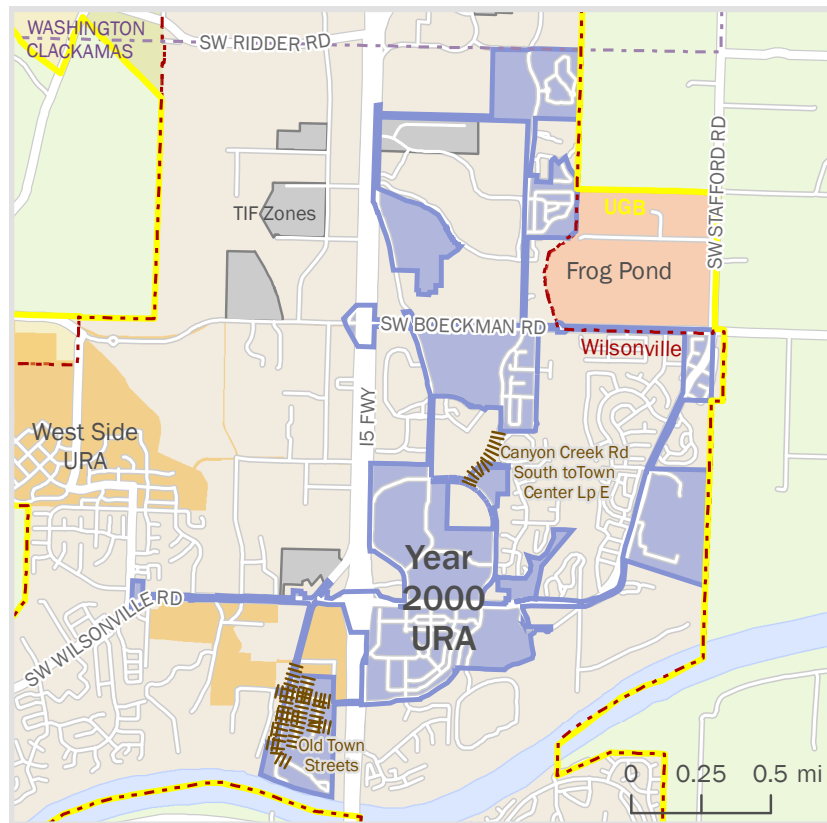
This section focuses on the City’s two existing urban renewal areas: Year 2000 URA and West Side URA. Each urban renewal area faces questions about timelines for debt retirement, indebtedness and capacity available, projects remaining to be completed or possibly added, and eventual closure.

2.1 Year 2000 Urban Renewal Plan

2.1.1 Background

The Year 2000 Urban Renewal Plan was created in 1992 with a mission statement of curing blight, attracting job producing investment, buoying property values and protecting residential livability and environmental values. To accomplish this mission, the Year 2000 Plan (sometimes referred to as the East Side Plan) outlines a variety of specific goals including: installing the appropriate infrastructure; creating positive transportation linkages; undergrounding utilities; providing avenues for meaningful citizen involvement; and installing streetscaping improvements. The Year 2000 Plan lists 34 specific projects and allows for other projects if required. These general projects included a livability project to “enhance community livability and insure a more attractive and functional city.” The current boundaries of the Year 2000 Urban Renewal Area are shown in Figure 2.

Figure 2. Year 2000 Urban Renewal Plan and Remaining Projects



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS

As the initial projects were completed, development began to occur in the area. Between 1992 and 2010, property values in the area increased by more \$300 million, and employers in the area added more 3,000 jobs.¹

The original maximum indebtedness was \$53,851,923, which a later amendment increased to \$92,687,432. As of October 30, 2012, \$75,385,000 of the maximum indebtedness has been used, leaving \$17,302,423 to complete any remaining projects before the term of the urban renewal area expires.²

The City of Wilsonville made a commitment to their citizens that they would not take more than \$4,000,000 in tax increment revenues in any one year by passing Urban Renewal Resolution No. 156 in June 2007. In the past, significant acreage has been deleted from the urban renewal area in order to reduce the annual increment to this figure; the resolution formalized that commitment.

¹ City of Wilsonville website, <http://ci.wilsonville.or.us/Index.aspx?page=145>. Accessed 8/12/13.

² Gary Wallis, Wallis Consulting, October 2012, *City of Wilsonville Year 2000 Plan Closure*

Since the 2009 State of Oregon urban renewal legislation allowing for an annual under-levy, the City has used this method of limiting the collection of tax increment revenues. Since 2004, 224 acres have been removed from the area³. Some parcels were removed from the Year 2000 URA and added to the West Side Plan. Other parcels were removed from an urban renewal area entirely; in those cases, the assessed value returned to the tax rolls, thus increasing tax revenues to the local taxing jurisdictions. The City anticipates that an additional 62 acres (from Wilsonville High School) will be removed from the Year 2000 URA in October 2013. This would leave 567 acres in the plan area. More options for removing acreage or closing the entire district in advance of the original planned date have been presented to the City in a report called Year 2000 Plan Closure Options prepared by Wallis Consulting.

At the start of FY 2013-14, the Year 2000 Plan had \$10,687,000 of outstanding debt principal, from three separate loans. The last of these loans is scheduled to be repaid in FY 2024-25. It is possible to repay the debt early, perhaps as early as FY 2018-19 (assuming no new debt is incurred). If the debt is retired early, a prepayment penalty will be incurred. This penalty is tied to the interest rate that can be achieved by current bond holders if the bond is redeemed. At this time, the City is still evaluating the magnitude of any potential prepayment penalties. Appendix D has the full text of documents that govern the calculation of the prepayment penalty.

2.1.2 Remaining Projects

The City anticipates completing two specific projects from the original Year 2000 Plan using the remaining maximum indebtedness before the area is closed: Canyon Creek Road South and Old Town Streets and Streetscape Improvements. A third project, for general livability projects, can be used anywhere in the district. These projects are listed below in Table 1. Figure 2, above, shows the locations of the two specific projects.

Table 1. Year 2000 Projects Remaining to be Constructed

Project	Est. Cost	Construction Date
Extend Canyon Creek South of Boeckman	\$4,354,800	2014-15*
Old Town Streets	\$3,180,600	2015-16*
Livability Projects	\$200,000	2016
Project Management and Admin.	\$790,000	2013-2017
Total	\$8,525,400	

³ City of Wilsonville website, <http://ci.wilsonville.or.us/Index.aspx?page=145>. Accessed 8/12/13.

Source: City of Wilsonville staff

* Design work underway; cost estimates may shift but are within a reasonable range of certainty to support this analysis

The Canyon Creek Road South project is the highest priority project. The design of this project is expected in FY2013/14 when refined cost estimates will also be completed. Old Town Streets and Streetscape Improvements is another likely project. Including the potential Livability Projects and Project Management and Administration, a total of \$8,525,400 is projected to be sufficient to fund these projects, an amount well within the \$17,302,423 of remaining maximum indebtedness.⁴ It is estimated that the Year 2000 Plan could terminate in FY 2018/19 if no new projects beyond those listed in Table 1 are added to the plan.

Table 2 lists the original projects from the Year 2000 Plan and shows the status of each project.

Table 2. Status of Year 2000 Plan Projects

Project	Status
1. Canyon Creek North	Completed
2. Canyon Creek South to Vlahos	Expected completion: FY 13/14 – 14/15
3. Town Center Loop East Extension	Completed
4. Town Center Loop West Extension	Completed
5. Boeckman Road	No plans for completion using current funding
6. Boeckman Interchange and Ramps at I-5	No plans for completion using current funding
7. Wilsonville Road	Completed
8. Wilsonville Road Realignment	Completed
9. Wiedemann Road, Overcrossing and Ramps	No plans for completion using current funding
10. Parkway Avenue	Completed
11. All "Old Town" Streets	Expected completion: unknown
12. Traffic Signals	Completed
13. Wilsonville Road Interchange	Completed
14. Connect to Dependable Water Supply Source	Completed
15. Willamette River Crossing	No plans for completion using current funding
16. Hackamore Road/Old Canyon Creek Road	Completed
17. Canyon Creek North Extension	Completed
18. I-5 Freeway Crossing to Seely Trunk at Wiedemann Road	No plans for completion using current funding
19. Waste Water Treatment Plant Expansion	Completed
20. Remove Pump Station at Town Center Site	No plans for completion using current funding
21. Parkway/Trask Street System	Completed

⁴ Year 2000 Plan Closure Options, Wallis Consulting, 10/30/2012

Table 2, Continued.

Project	Status
22. Rose Lane/Schroeder Way System	No plans for completion using current funding
23. Town Center Outfall and Detention Facility	Completed
24. Boones Ferry Park	No plans for completion using current funding
25. Memorial Park	Completed
26. Joint Use of Athletic, Cultural and Public Assembly Facilities at New High School	Completed
27. Swim Center	No plans for completion using current funding
28. Neighborhood Park - North (6 to 8 Acres)	No plans for completion using current funding
29. Teen Center	No plans for completion using current funding
30. Recreation Facilities, Parking and Landscaping at Clackamas Community College Site in Town Center	Completed
31. Tranquil Park	Completed
32. Town Center Square (5 to 6 Acres)	Completed
33. Civic Center Park	Completed
34. Livability Projects	Not yet completed
35. Barn Rehabilitation, Design and Construction of Public Building for City Offices and Public Meeting Spaces and Development of Site Improvements	Completed
36. Affordable Housing Administration	Completed

2.1.3 New Projects for Consideration

Concern about rising and persistent vacancies in commercial spaces in the Old Town neighborhood of Wilsonville has led to recent discussions about using the Year 2000 Plan to provide support for small businesses the area. Small business aid programs are a standard part of many urban renewal plans. They typically come in the form of low interest loans or grants for brick and mortar improvements. Storefront improvement programs are perhaps the most common form of small business aid employed by urban renewal programs. This type of assistance would fall under the livability project initially identified in the Year 2000 Plan.

Any new program or programs would impose an additional financial requirement upon the Year 2000 Area and may complicate efforts to close the area at an early date or remove portions of the area and release their increment back to the tax rolls. So, when considering a small business aid program, its benefits must be weighed against the effects that it may have on the taxing jurisdictions and the City's ability to establish a new urban renewal area at Coffee Creek or Frog Pond.

2.1.4 Key Issues for the Year 2000 Plan

Projects

- Should any projects be added to the plan?
 - If so, what would be their impact on maximum indebtedness and longevity of the plan?
 - Would storefront loan program require changes to the plan boundary?
- Should any projects be deleted from the plan?

Early Partial or Full Closure of Area

- What area could be removed from the Year 2000 Plan that would still comply with bond covenants, produce the increment needed to complete existing projects, and keep the locations of the existing projects within the urban renewal area? (This question should be answered in relation to the acreage needed to create other potential urban renewal areas.)
- When should any removal or closure happen?

Facilitating a New Urban Renewal Area

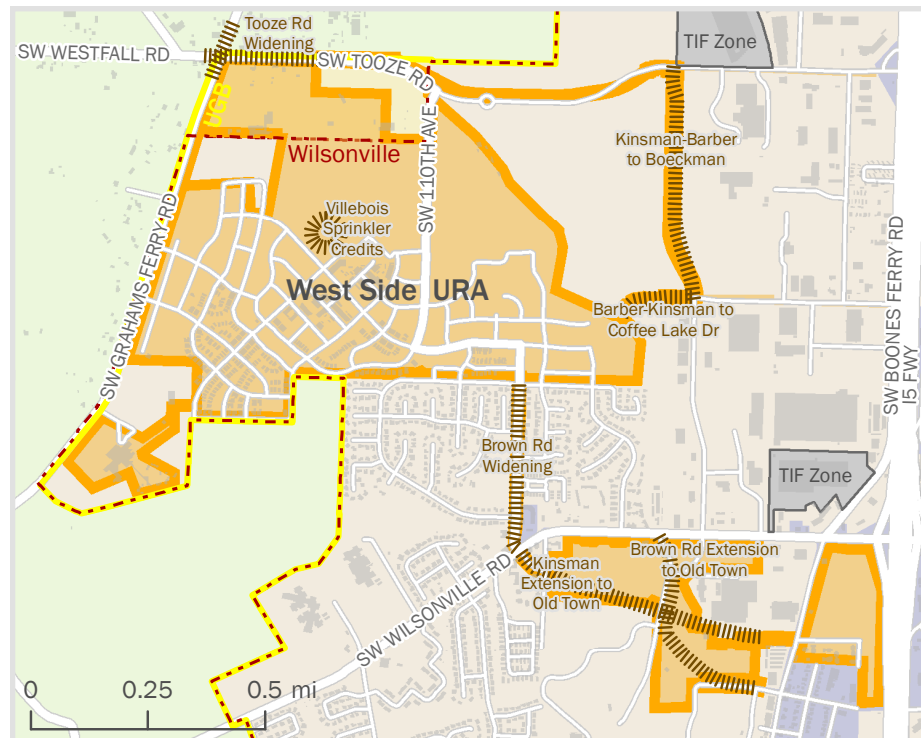
- Is there any land that can be released to allow the creation of a Coffee Creek or Frog Pond urban renewal area? How much land could be released?
- When could this happen?

2.2 West Side Plan

2.2.1 Background

The West Side Plan (shown in Figure 3) was created in 2003 to promote development and fund infrastructure improvements on and around the former Dammasch Hospital site. This resulting development, known as the Villebois Village, offers quality housing options for a variety of income levels. The original goals of the West Side Plan were to develop a transportation network within the area, provide transportation infrastructure to connect Villebois to the remainder of the city, support the development of diverse housing types, provide public services and facilities, support the development of multi-purpose public parks and green spaces, and to make public investments that directly support high-quality private development.

Figure 3. West Side Plan and potential projects



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

The original West Side Plan had 385 acres; the present area is 456 acres. The maximum acreage this area could have is 462 acres, a 20% increase over the original acreage.

There is approximately \$27,930,000 in outstanding debt principal. This debt is scheduled to be repaid in FY 2027-28. It is possible to repay the debt early, perhaps as early as FY 2017-18 (assuming no new debt is incurred). If the debt

is retired early, a prepayment penalty will be incurred. This penalty is tied to the interest rate that can be achieved by current bondholders if the bond is redeemed. At this time, the City is still evaluating the magnitude of any potential prepayment penalties. Appendix D has the full text of documents that govern the calculation of the prepayment penalty.

2.2.1 Maximum Indebtedness

The original plan stipulated a maximum indebtedness of \$40,000,000. This amount was anticipated to be sufficient to complete all of the projects listed in the plan, the majority of which were infrastructure projects—roads, utility, parks, and school projects. Some of these projects were contractually agreed upon with the private developers who built developments in Villebois Village. As the Plan progressed, actual costs exceeded initial project estimates, and the projects that need to be completed to meet contractual obligations now exceed the remaining maximum indebtedness allowed by the Plan.

To date, the West Side Area has used \$32,000,000 of its maximum indebtedness. The remaining \$8,000,000 is vastly below the estimated cost of projects (about \$40,000,000) that remain to be completed in the area. Because the City of Wilsonville is contractually obligated to complete a number of the West Side Plan’s projects, the City is considering amending the West Side Plan to increase the maximum indebtedness.

The Wilsonville City Council could increase maximum indebtedness by 20% of original maximum indebtedness (\$40,000,000) as indexed annually for inflation at 3%. Table 3 shows the amount that maximum indebtedness could be increased on an annual basis:

Table 3. Amount of Maximum Indebtedness Increase Allowed without Concurrence

Year	MI Increase
2013	\$10,751,331.03
2014	\$11,073,870.97
2015	\$11,406,087.09
2016	\$11,748,269.71
2017	\$12,100,717.80

Any increase in maximum indebtedness above the amounts shown in Table 3 requires written concurrence of some combination of at least 75% of the taxing jurisdictions imposing taxes under permanent rate limits in the urban renewal area. The percentage of permanent rate levies are shown in Table 4 and Table 5; because the area spans two counties, concurrence would be required of 75% of two sets of taxing districts. Together, the tables provide context regarding

possible combinations of taxing districts that might be required to concur. If maximum indebtedness is increased, it is a substantial amendment and revenue sharing is then mandated by the statutes governing urban renewal.

Table 4. Percent of Total Permanent Rate of Taxes, Clackamas County, 2013

Taxing District	% of total
City of Wilsonville	19.52%
Clackamas County	18.61%
Tualatin Valley Fire & Rescue	11.81%
West Linn Wilsonville Schools	37.69%
Clackamas Comm College	4.32%
Clack Co Library	3.08%
Clack Co ESD	2.85%
Metro	0.75%
Port of Portland	0.54%
County Extension and 4-H	0.39%
County Soil and Conservation	0.39%
Vector Control	0.05%
Total	100.00%

Source: Clackamas County Assessor, 2013

Table 5. Percent of Total Permanent Rate of Taxes, Washington County, 2013

Taxing District	% of total
City of Wilsonville	21.04%
Washington County	18.77%
Tualatin Valley Fire & Rescue	12.73%
West Linn Wilsonville Schools	40.64%
Portland Community College (perm)	2.36%
Clackamas County ESD	3.08%
Metro	0.81%
Port of Portland	0.59%
Total	100.00%

Source: Washington County Assessor

2.2.2 Remaining Projects

Table 6 shows the original projects from the West Side Plan and the status of those projects.

Table 6. Status of West Side Projects, 2013

Project	Status
Boeckman Rd. (95th to 110th)	Completed
Boeckman Rd. Repair	Expected completion: FY 13/14
Barber St. (Boones Ferry Rd. to Boberg)	Completed
Barber St. (Boberg to Kinsman Rd.)	Completed
Barber St. (Kinsman Rd. to Coffee Lake Dr.)	Expected completion: FY 13/14
Kinsman Rd. (Barber to Boeckman Rd.)	Expected completion: FY 15/16
Tooze Rd. (110th to Grahms Ferry Rd.)	Expected completion: FY 16/17
Grahams Ferry Rd. (Tooze to LEC)	No plans for completion with current funding
School Site	Completed
Sprinklers	Expected completion: FY 13/14
Parks	Expected completion: FY 13/14
Old Town Escape (Brown Option)	Expected completion: FY 18/19
Old Town Escape (Kinsman Option)	Expected completion: FY 18/19
Other Transportation/Brown Road	Expected completion: FY 17/18

Source: City of Wilsonville staff, 2013

The projects remaining for the West Side Area are shown in Table 6. Overhead is included at 12% except on the sprinklers project. An annual Construction Price Index of 3% has been applied to all projects except the parks project, as there was a set amount of urban renewal contribution. The Old Town Escape is an either/or option; both projects would not be completed, but as of this document's completion, which option would be used remains unknown. Administration is estimated at \$158,000 annually.

Table 7. West Side Projects Remaining to be Constructed, City of Wilsonville, 2013

Projects	Anticipated Completion	2013 URA Budget	Year of Completion URA Budget	Contractual Commitment?
Boeckman Rd. Repair	FY 13/14	\$1,400,000	*	Yes
Barber St. (Kinsman Rd. to Coffee Lake Dr.)	FY 13/14	\$4,820,113	\$4,820,113	Yes
Kinsman Rd. (Barber to Boeckman Rd.)	FY 15/16	\$4,788,000	\$5,079,589**	Yes
Tooze Rd. (110th to Grahams Ferry Rd.)	FY 16/17	\$8,268,700	\$9,035,431	Yes
Sprinklers	FY 13/14	\$2,093,184	\$2,093,184	Yes
Parks	FY 13/14	\$880,507	\$880,507	Yes
Old Town Escape (Brown Option)	FY 18/19	\$14,820,000	\$17,180,441	
Old Town Escape (Kinsman Option)	FY 18/19	\$7,410,000	\$8,590,220	
Other Transportation/Brown Road	FY 17/18	\$3,990,000	\$4,490,780	
Administration of \$158,000 per year				

Source: City of Wilsonville staff, 2013

* Paid for with program income ** Potential State Funding of \$2.5 Million

Projects Committed Contractually

The City of Wilsonville is contractually committed to complete the first six projects shown in

Table 7. The estimated cost of completing these projects is \$21.6 million. The Boeckman Road project is being paid from program income. The sprinklers are being paid from credits from Villebois developers. Because these projects are contractual commitments by the City, if the remainder of the projects are not completed with tax increment funding, they will need to be completed using other funding sources. Eligible sources include systems development charges, the City general fund, property sales within the urban renewal area, and a general obligation bond. Some projects could potentially be removed from the West Side Plan and placed in another urban renewal area.

2.2.3 Issues for the West Side Plan

Projects

- Should some projects be removed from the area? Is so, and if the project is contractually committed, what funding source should be used for those projects?
- Should any projects be added? If so, what is the impact on maximum indebtedness and longevity of the area?

Maximum Indebtedness

- Is an increase in maximum indebtedness necessary to fulfill contractual obligations?
- How much, when?
- What would a strategy be for this, what stakeholders would have to sign off?
- Would the city ask for concurrence from taxing jurisdictions?
- What will be the impacts of revenue sharing?

Early Partial/Full Closure of Area

- What parts could be closed early and why?
- If maximum indebtedness is increased, what is the timetable for closure?
- If maximum indebtedness is not increased, what is timetable for closure?

Facilitating a New Urban Renewal Area

- Is there any land that could be released to allow the creation of a Coffee Creek or Frog Pond urban renewal area? How much land could be released?
- When could this happen?

3 Potential Urban Renewal Areas

The City of Wilsonville is beginning to research and discuss the possibility of opening one or two urban renewal areas at the Coffee Creek and/or Frog Pond areas. This section discusses each area and its challenges and opportunities.

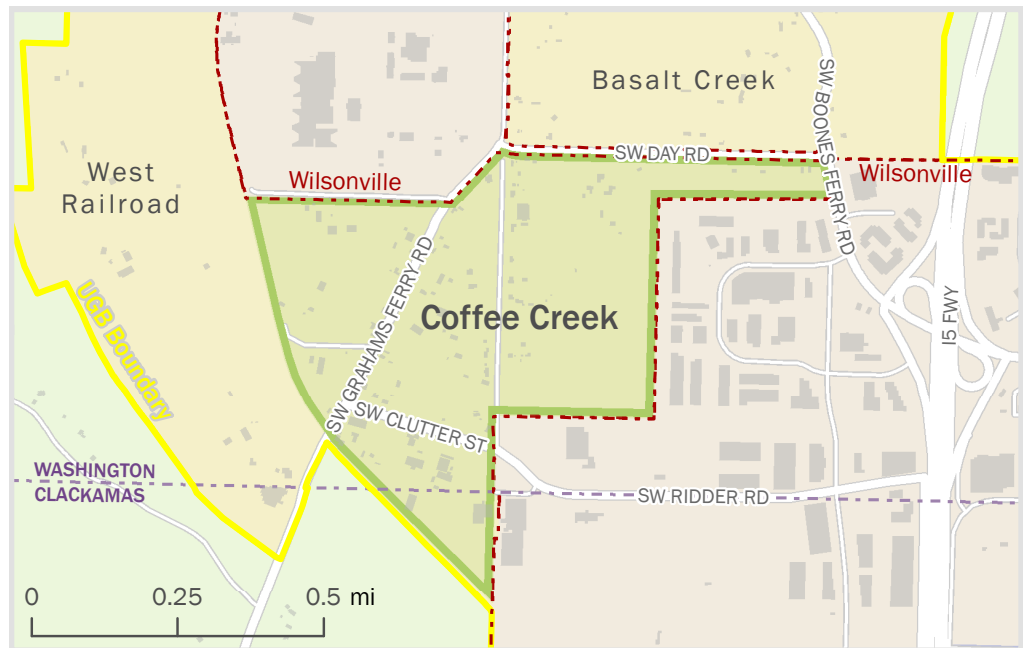
3.1 Coffee Creek

3.1.1 Background

The Coffee Creek area lies west of I-5 and is adjacent to the northwest corner of the City of Wilsonville (Figure 4). It is located outside Wilsonville city limits but within the urban growth boundary. Bounded on the north by the Coffee Creek Correctional Facility and Day Road, the Coffee Creek Industrial Planning Area contains approximately 216 acres of land zoned for industrial development. Like the rest of Wilsonville, the Coffee Creek area enjoys prime positioning in relation to transportation corridors due to its location along the I-5 corridor and its easy access to I-5, I-84, OR-26 and OR-217. Hailed by the City of Wilsonville as the next area of major business development, the area is projected to provide more than 1,800 family⁵ wage jobs at full buildout. Business development at Coffee Creek would synergize well with new residential development at Villebois Village and good access to public transportation including close proximity to the WES rail line.

⁵CCIA Infrastructure Report, Memorandum from FCS Group sent on 4/5/2011.

Figure 4. Coffee Creek area



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

Planning efforts for the Coffee Creek area date back to 1998, when Otak, Inc. prepared a concept plan. A subsequent Coffee Creek Industrial Master Plan was adopted in 2007. The 2007 Master Plan details the potential build-out of the area and the infrastructure improvements that would be necessary to achieve this build-out projection. The Coffee Creek Industrial Area Technical Assistance Grant funded a 2010 study by the FCS Group that built upon the prior documents and provided an infrastructure analysis and a preliminary engineering study for infrastructure development. The project cost estimates are based on the FCS Group report.

The Coffee Creek Master Plan projects that total assessed value in the area would increase from \$16 million in 2007 to \$258 million at build out (assumed to be calendar year 2030).

3.1.2 Potential Projects

Current city studies show that a public investment of approximately \$34,000,000 is needed to provide the necessary infrastructure to generate the desired private investment in the Coffee Creek area. Of that, \$24,000,000 would fund transportation improvements. Table 8 gives a breakdown of project costs by category. These project costs would require approximately \$55,000,000 in potential maximum indebtedness.

Table 8. Coffee Creek Infrastructure Project Costs

Project	Phase 1 (Years 1-4)	Phase 2 (Years 5-20)	Total
On-Site Infrastructure			
Streets	\$5,959,606	\$9,251,048	\$15,210,654
Intersections	\$636,540	\$2,148,323	\$2,784,863
Water	\$338,772	\$1,036,261	\$1,375,032
Sewer	\$750,587	\$419,056	\$1,169,642
Storm Sewer	\$660,622	\$1,465,103	\$2,125,725
Park/Trail/Other	\$397,838	\$1,056,126	\$1,453,963
Subtotal	\$8,743,964	\$15,375,915	\$24,119,880
Off-Site Infrastructure*			
Water	-	\$4,201,164	\$4,201,164
Sewer	-	\$1,018,464	\$1,018,464
Transportation	-	-	-
Grahams Ferry RR underpass	-	\$4,243,600	\$4,243,600
Other Transportation	-	\$2,138,774	\$2,138,774
Total Off-Site	-	\$11,602,002	\$11,602,002
Grand Total	\$8,743,964	\$26,977,918	\$35,721,882

Source: CCIA Infrastructure Report, Memorandum from FCS Group sent on 4/5/2011. All costs in 2013 dollars, inflated from 2011 estimates at 3% per year.

*Additional off-site construction costs include sewer (\$960k), water (\$3.96M) and transportation (\$2.01M) are not reflected in these cost estimates since they primarily address other needs.

3.1.3 Potential Use of Urban Renewal

As discussed in the Introduction, Oregon state law caps the amount of land that a city can have in urban renewal areas at 25% of total city acreage. After taking into account Wilsonville's existing urban renewal areas and the new TIF zones, Wilsonville currently has 41 acres available for new urban renewal areas. The Coffee Creek area contains 216 acres. Consequently, the creation of an urban renewal area at Coffee Creek would require the removal of land from Year 2000 Plan and/or West Side Plan.

3.1.4 Issues

Urban Renewal

- Is urban renewal the appropriate tool to facilitate development in the area?
- Would the entire Coffee Creek area be included within the urban renewal area? If not, which portions?
- What land would be removed from urban renewal areas elsewhere in the city in order to free up the acres required to create a new Coffee Creek urban renewal area?
- When would the district be formed?

- What projects can urban renewal fund?
- How will projects be funded prior to ability to receive tax increment from new development?
- Does Coffee Creek need to be annexed into the City of Wilsonville? What are the implications of that process for creation of a new urban renewal area?

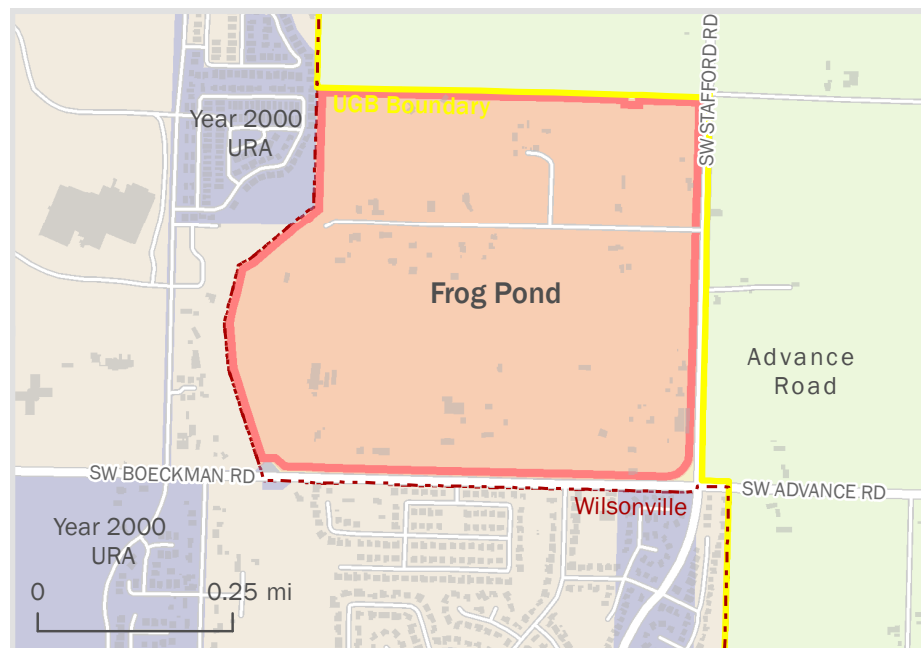
Timeline

- How can Coffee Creek redevelopment and investment be accomplished: timeline, stakeholders, strategy?

3.2 Frog Pond

The Frog Pond area consists of 181 acres immediately east of the City of Wilsonville city limits (Figure 5). The Frog Pond area was brought into the urban growth boundary in 2002 in anticipation of eventual annexation into the City for residential development. Considered a second choice option for Wilsonville’s next urban renewal area following the Coffee Creek Area, Frog Pond would not provide new industrial development opportunities. The Frog Pond area could potentially provide about 1,000 housing units, and planning efforts would encourage housing diversity and compact development. The Frog Pond area would likely be developed as a neighborhood-style development featuring a neighborhood-scale commercial hub, parks, open spaces, schools, and a pedestrian-oriented design.

Figure 5. Frog Pond area



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

In 2010, more than 16,831 jobs were located within 1.5 miles of the Frog Pond. Creating a residential neighborhood at Frog Pond could help address the jobs-housing imbalance that currently exists in Wilsonville. A residential development at Frog Pond might also help reduce traffic congestion on I-5 and local greenhouse gas emissions if people who worked in Wilsonville were provided with more housing options so they could also choose to reside in Wilsonville.

In addition to providing housing opportunities for those employed in Wilsonville, the Frog Pond area is also located close enough to Wilsonville

Town Center that its residents would provide valuable support the local business community. The Wilsonville Town Center is about 0.5 miles from Frog Pond, and multimodal roads, pathways, and transit service would connect the two areas.

In 2013, the City of Wilsonville received a Metro Community Planning and Development Grant to help planning efforts for the Frog Pond and Advance Road areas. The next step in the development of Frog Pond will be the completion of a Master Plan for the area. Following or concurrent with the master planning process, an urban renewal area encompassing Frog Pond could potentially help to fund necessary planning efforts and infrastructure projects that would expedite the desired development of the area.

3.2.1 Projects

The City of Wilsonville’s Capital Improvement Plans identify a number of projects for the Frog Pond area. These projects are more fully described in Appendix E.

Table 9. Frog Pond Potential Projects, City of Wilsonville, 2013

Project #	Project	Budget
UU-01	Boeckman Road Dip Improvements	\$5,850,000
UU-02	Boeckman Road Urban Upgrade	\$2,100,000
UU-06	Stafford Road Urban Upgrade	\$3,900,000
RT-02	Frog Pond Trail	\$290,000
P15	Frog Pond Community Park	\$10,600,000
P16	Frog Pond Neighborhood Park 1	\$2,650,000
P17	Frog Pond Neighborhood Park 2	\$2,650,000
	Sewer Repair/Replacement & Maintenance Access Along	
2045	Boeckman Creek	\$7,126,650
	Est. Total Road, Park Trail, Sewer	\$35,166,650
	Admin \$158,000 per year	

Source: City of Wilsonville Staff, 2013

3.2.2 Issues

Urban Renewal

- Is urban renewal the appropriate tool to facilitate development in the area?
- Would the entire Frog Pond area be included within the urban renewal area? If not, which portions?
- What land would be removed from urban renewal areas elsewhere in the city in order to free up the acres required to create a new Frog Pond urban renewal area?
- When would the district be formed?
- What projects can urban renewal fund?
- How will projects be funded prior to ability to receive tax increment from new development?
- Does Frog Pond need to be annexed into the City of Wilsonville?

Timeline

- How can Frog Pond be accomplished: timeline, stakeholders, strategy.

4 TIF Zones

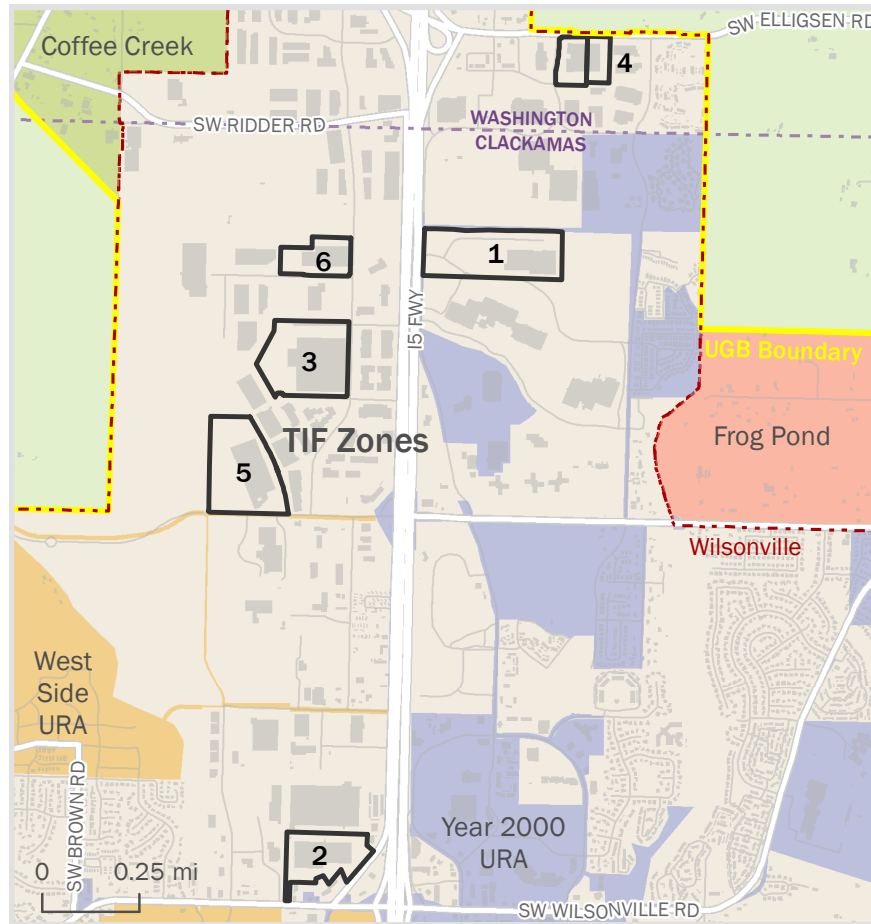
4.1 Background

The City of Wilsonville is reviewing the potential of creating six single-building urban renewal areas for light industrial buildings that were either vacant or under-utilized. Called TIF Zones, the purpose of these areas is to provide an investment incentive similar to Enterprise Zones that are in place in surrounding cities.⁶ Each TIF Zone has only one project, which is to provide a partial property tax rebate on qualifying investments.

Figure 6 shows the locations of the six proposed TIF Zones; Table 9 provides current/prior use, acreage, and assessed value for each TIF Zone.

⁶ For more background on TIF Zones, see the work of the Economic Development Strategy Task Force. <http://ci.wilsonville.or.us/Index.aspx?page=986> (Accessed 9/27/13). The proposal to create TIF Zones was approved by 78% of voters in March 2013.

Figure 6. Locations of TIF Zones



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

Table 9. Address, Use, Assessed Value, and Acres of Proposed TIF Zones

No.	TIF Zone	Current/Prior Use	Assessed Value	Acres
1.	Bldg. 83 – 26440 SW Parkway Ave			27.00
2.	29899 SW Boones Ferry Road	Wilsonville DC	\$14,458,913	15.40
3.	27255 SW 95th Avenue	Pacific Natural Foods / Former Nike DC	\$16,608,823	26.07
4.	25600 SW Parkway Center Drive	Former Hollywood Video DC	\$7,476,210	10.35
5.	9805 SW Boeckman Road	360 Enterprises / Former GI Joes HQ/DC	\$10,879,601	24.98
6.	26755 SW 95th Avenue	Ikon DC / Former Martin DC	\$7,064,499	9.76

Source: City of Wilsonville staff, 2013

Notes: DC is "Distribution Center;" HQ is "Headquarters"

While the TIF Zone incentive packages are similar to Enterprise Zones in concept, they will differ in several key ways that make TIF Zones a lower risk use of public funds and more attractive to potential investors. Each site selected to be a TIF Zone will require the creation of a separate urban renewal plan and report because each site will be an individual urban renewal area. As defined

by the Economic Development Task Force and approved by voters, each TIF Zone property must have 100,000 square feet or more of industrially-zoned building space that has the potential for conversion from warehousing to a higher-value, traded-sector use such as manufacturing.

Each TIF Zone will be active for a maximum of 15 years. If no qualifying investment occurs in the TIF Zone within five years after the effective date of the Plan, then the Plan will immediately be terminated. The maximum amount of indebtedness that may be issued for each Plan is \$12,000,000. For TIF Zones, maximum indebtedness reflects the total of the tax repayment obligation to the qualifying company and represents the maximum amount of tax increment to be collected to meet this obligation as well as administrative costs.

Due to the fact that each TIF Zone contains only one building, they do not weigh too heavily on the ORS limitation of acreage or assessed value that can be contained in urban renewal. Based on their minimal impact and the young age of the program, we do not recommend that the TIF zones be altered at all to facilitate the creation of new urban renewal areas at Coffee Creek or Frog Pond.

5 Summary Acreage and Assessed Value

Table 10 shows a summary of the acreage and assessed values of the existing and proposed urban renewal areas. If Coffee Creek and Frog Pond are annexed, the total acreage of the City of Wilsonville will increase from 4,712 to 5,109. Table 10 assumes that Coffee Creek and Frog Pond would be annexed, as the City would not create urban renewal areas in Coffee Creek and Frog Pond unless they were annexed.

Table 10. Acreage and Assessed Value of Urban Renewal Areas, City of Wilsonville, 2013

	Assessed Value		Acres	
	Dollars	% of City total	Number	% of City total
City of Wilsonville	\$2,368,094,165	100.0%	5109.0	100.0%
Existing URAs:	\$60,614,094	2.6%	1,023	20.0%
Year 2000 Plan	\$44,087,806	1.9%	567	11.1%
West Side Plan	\$16,526,288	0.7%	456	8.9%
Proposed URAs:	\$56,488,046	2.4%	113.6	2.2%
Bldg. 83 – 26440 SW Parkway Avenue			27	0.5%
29899 SW Boones Ferry Road	\$14,458,913	0.6%	15.4	0.3%
27255 SW 95th Avenue	\$16,608,823	0.7%	26.1	0.5%
25600 SW Parkway Center Drive	\$7,476,210	0.3%	10.4	0.2%
9805 SW Boeckman Road	\$10,879,601	0.5%	25.0	0.5%
26755 SW 95th Avenue	\$7,064,499	0.3%	9.8	0.2%
Potential URAs:			397	7.8%
Coffee Creek			216	4.2%
Frog Pond			181	3.5%
Proposed, Existing, and Potential	\$117,102,140	4.9%	1,506.6	29.5%
Maximum allowed in all URAs	\$592,023,541	25%	1,277.3	25%
Surplus/Deficit	\$474,921,401	20.1%	-229.31	-4.5%

Source: ECONorthwest and Elaine Howard Consulting, 2013

6 Next steps

This document serves as a foundation for city and community conversations about how to most effectively use the urban renewal tool in Wilsonville. That process will address the key issues identified in this document, evaluate the trade-offs on various choices, and produce an adoptable Urban Renewal Strategy document that will guide the work of the Urban Renewal Agency over the coming years. The process will result in a recommended timeline for

(potentially) opening new urban renewal areas, closing down existing urban renewal areas, and investing in projects in each of those areas. It will be completed in collaboration with a Task Force of key stakeholders and the Wilsonville City Council, to be adopted in early 2014.

Appendix A. Economic Development Strategy Principles

Insert when available: Requested from Kristin.

Appendix B. Urban Renewal Terminology

“**Area**” means the properties and rights of way located with an urban renewal boundary.

“**Concurrence**” is a statutorily-defined threshold of support from affected taxing districts, required for urban renewal plans to deviate from certain statutory limits. Concurrence is calculated as a combination of taxing districts, the sum of whose permanent property tax rates is equal to or greater than 75% of the total permanent tax rate applicable for the urban renewal area.

“**Debt Limit**” is another term for maximum indebtedness.

“**Debt Principal Outstanding**” means the outstanding amount of unpaid principal from debt incurred by the Agency for the urban renewal area.

“**Frozen base**” means the total assessed value including all real, personal, manufactured and utility values within an urban renewal area at the time of adoption. The county assessor certifies the assessed value after the adoption of an urban renewal plan.

“**Increment**” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

“**Maximum indebtedness**” means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness. This is the total amount that can be spent from tax increment proceeds for projects, programs and administration.

“**ORS**” means the Oregon revised statutes and specifically Chapter 457, which relates to urban renewal.

“**Program income**” is income that accrues to urban renewal agencies from their programmatic activities (as opposed to from tax increment). A common example is income from a loan repayment program, which may include interest.

“**Revenue sharing**” is the result of 2009 legislative changes enacted through HB 3056, which established a system of sharing tax increment revenues with overlapping taxing districts when certain thresholds are met for new and substantially amended urban renewal areas. In new areas, when TIF revenues exceed 10% of the Area’s maximum indebtedness, 25% of the amount exceeding 10% of maximum indebtedness is shared. When TIF revenues exceed 12.5% of maximum indebtedness, the urban renewal area’s revenue is capped at 12.5%, and all excess revenues are shared with overlapping taxing districts. When an existing urban renewal area is substantially amended to increase its maximum indebtedness, revenue sharing is also triggered.

“**Tax increment financing (TIF)**” means the funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan.

“**Tax increment revenues**” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the area.

“**Urban renewal agency**” or “**agency**” means an urban renewal agency created under ORS 457.035 and 457.045. This agency is responsible for administration of the urban renewal plan.

Appendix C. Area Fact Sheets

1 Year 2000 Urban Renewal Plan (East Side)

District Formed:	May 1992
Original Acreage:	868
Current acreage:	629* (567 if High School is removed)
Frozen base:	\$44,087,806
Current Assessed Value:	\$387,727,579 (FY 2012-13)
Released Assessed Value:	04/05 \$30,000,000
Maximum Indebtedness:	\$92,687,423
Debt Issued/used:	\$75,385,000
Remaining Debt Limit:	\$17,302,423
Projects remaining from Plan:	\$8,525,400 (will come out of MI shown above)
Amount Remaining of MI after Accounting For Projects Shown Below:	\$8,777,023
Debt Principal Outstanding:	\$10,687,000
Debt Matures:	
Prepayment Penalty:	TBD
Year District could terminate/no new projects:	FY 2018-19

Annual Tax Increment limitation: As a result of a Wilsonville Urban Renewal Agency decision, the Year 2000 Plan is limited to \$4 million in annual tax increment proceeds. The rest of the proceeds are returned to the taxing jurisdictions.

Projects	Est. Cost	Construction Date
Extend Canyon Creek South of Boeckman	\$4,354,800	2014-15*
Old Town Streets	\$3,180,600	2015-16*
Livability Projects	\$200,000	2016
Project Management and Admin.	\$790,000	2013-2017
Total	\$8,525,400	

Source: City of Wilsonville staff

Notes: * These projects are in design stage with the city

Issues:

- Should any projects that are currently planned be deleted from the plan?
- Should any projects be added to the area? If so, what is the impact on maximum indebtedness and longevity of the area?
- Should any projects be deleted from the plan?
- What area could be removed from the Year 2000 Plan that would still comply with bond covenants, produce the increment needed to complete existing projects and keep the locations of the existing projects within the urban renewal area? This question is answered in relation to the acreage needed for other potential urban renewal areas.
- Do boundary changes need to be made to allow for a storefront loan program?
- How much land needs released so that Coffee Creek or Frog Pond can happen?
- When can this happen?

2 West Side Urban Renewal Plan

District Formed:	November 2003
Original Acreage:	385
Current Acreage:	456
Frozen Base:	\$16,526,288
Current Assessed Value:	\$235,387,494 (FY 2012-13)
Maximum Indebtedness:	\$40,000,000
Debt Issued/Used:	\$32,000,000
Remaining Debt Limit:	\$8,000,000
Projects Remaining From Plan:	\$39,943,229 ⁷
New MI Needed	\$31,943,229
Debt Principal Outstanding:	\$27,930,000

Maximum allowed increase in Maximum Indebtedness without concurrence, based on year URA Plan amendment occurs:

Year	MI Increase
2013	\$10,751,331.03
2014	\$11,073,870.97
2015	\$11,406,087.09
2016	\$11,748,269.71
2017	\$12,100,717.80

⁷ Includes least expensive Old Town Escape Option plus \$158,000 admin per year for 5 years starting in FY 14/15

Projects	Anticipated Completion Date	2013 URA Budget	Year of Completion URA Budget
Boeckman Rd. Repair	13/14	\$1,400,000	*
Barber St. (Kinsman Rd. to Coffee Lake Dr.)	13/14	\$4,820,113	\$4,820,113
Kinsman Rd. (Barber to Boeckman Rd.)	15/16	\$4,788,000	\$5,079,589 **
Tooze Rd. (110th to Grahams Ferry Rd.)	16/17	\$8,268,700	\$9,035,431
Sprinklers	13/14	\$2,093,184	\$2,093,184
Parks	13/14	\$880,507	\$880,507
Old Town Escape (Brown Option)	18/19	\$14,820,000	\$17,180,441***
Old Town Escape (Kinsman Option)	18/19	\$7,410,000	\$8,590,220
Other Transportation/Brown Road	17/18	\$3,990,000	\$4,490,780
Administration of \$158,000 per year			

Source: City of Wilsonville staff

Notes: * Boeckman Road repair is being paid from program income

** Potential State funding of \$2,500,000

*** Old Town Escape is only one of these options, not yet determined

Some projects are being paid from other sources than MI: Boeckman Road project is from program income.

Year Existing Debt could be retired: FY 2017-18

Year District could terminate at \$40 million MI FY 2018-19

Year District could terminate if all projects are funded: FY 2030-31

Most projects are required through developer agreements.

Issues:

- Is an increase in maximum indebtedness necessary to fulfill contractual obligations?
- How much, when?
- What would a strategy be for this, what stakeholders would have to sign off?
- Would the city ask for concurrence from taxing jurisdictions?
- What will be the impacts of revenue sharing?
- What parts could be closed early and why?
- If MI is increased, when would the new close date be?
- If MI is not, what is timetable then?
- Should some projects be removed from the area? If so, and if the project is contractually committed, what funding source should be used for those projects?
- Should any projects be added? If so, what is the impact on maximum indebtedness and longevity of the area?
- How much land needs released so that Coffee Creek or Frog Pond can happen?
- When can this happen?

Table 1. Percent of Total Permanent Rate of Taxes Clackamas County

Taxing District	% of total
City of Wilsonville	19.52%
Clackamas County	18.61%
Tualatin Valley Fire & Rescue	11.81%
West Linn Wilsonville Schools	37.69%
Clackamas Comm College	4.32%
Clack Co Library	3.08%
Clack Co ESD	2.85%
Metro	0.75%
Port of Portland	0.54%
County Extension and 4-H	0.39%
County Soil and Conservation	0.39%
Vector Control	0.05%
Total	100.00%

Source: Clackamas County Assessor

Table 2. Percent of Total Permanent Rate of Taxes Washington County

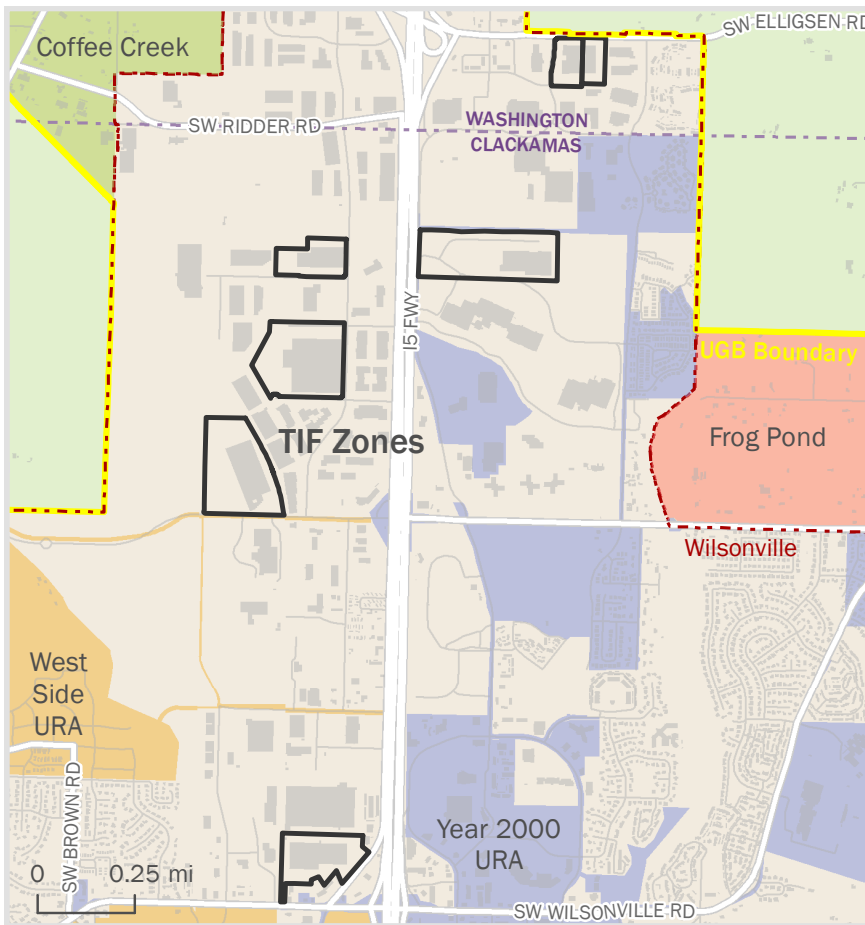
Taxing District	% of total
City of Wilsonville	21.04%
Washington County	18.77%
Tualatin Valley Fire & Rescue	12.73%
West Linn Wilsonville Schools	40.64%
Portland Community College (perm)	2.36%
Clackamas County ESD	3.08%
Metro	0.81%
Port of Portland	0.59%
Total	100.00%

Source: Washington County Assessor

3 Proposed TIF Zones Urban Renewal Plans (6 plans)

Districts to be Formed:	December 2013
Original Acreage:	113.56
Frozen Base:	\$ 56,488,046 (total 5 plans, do not have frozen base of 6 th plan yet)
Maximum Indebtedness:	\$12,000,000 per plan

Figure 7. Locations of TIF Zones



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS.

4 Coffee Creek Study Area

District Could be Formed:	TBD
Acreage:	219
Acreage to be Annexed:	219
Frozen Base:	\$14,000,000
Estimated Maximum Indebtedness:	\$55,000,000

Projects	Phase 1 (Years 1-4)	Phase 2 (Years 5-20)	Total
On-Site Infrastructure			
Streets	\$5,959,606	\$9,251,048	\$15,210,654
Intersections	\$636,540	\$2,148,323	\$2,784,863
Water	\$338,772	\$1,036,261	\$1,375,032
Sewer	\$750,587	\$419,056	\$1,169,642
Storm Sewer	\$660,622	\$1,465,103	\$2,125,725
Park/Trail/Other	\$397,838	\$1,056,126	\$1,453,963
<i>Subtotal</i>	<i>\$8,743,964</i>	<i>\$15,375,915</i>	<i>\$24,119,880</i>
Off-Site Infrastructure*			
Water	-	\$4,201,164	\$4,201,164
Sewer	-	\$1,018,464	\$1,018,464
Transportation	-	-	-
Grahams Ferry RR underpass	-	\$4,243,600	\$4,243,600
Other Transportation	-	\$2,138,774	\$2,138,774
<i>Total Off-Site</i>	<i>-</i>	<i>\$11,602,002</i>	<i>\$11,602,002</i>
Grand total	\$8,743,964	\$26,977,918	\$35,721,882
Administration of \$158,000 per year			

Issues:

- Estimated maximum indebtedness (\$55 million) is above the \$50,000,000 allowed by ORS for a URA with this size of frozen base. However, the final recommended MI for this area may be smaller and come in under the limit in the final UR Strategy, if other revenue sources are available to support some of the project costs.
- Should urban renewal be used as a tool for this area?
- Not enough acreage to form in 2018 unless acreage deleted from existing areas.
- What year should district be formed?

- Will need to pay for initial infrastructure costs from sources other than TIF. What sources are available? (See Appendix F)
- Does property need to be assembled?

5 Frog Pond Study Area

District Could be Formed:	TBD
Acreage:	181
Acreage to be Annexed:	181
Frozen Base:	\$9,500,000
Estimated Maximum Indebtedness:	\$55,000,000

Project #	Project	Budget
UU-01	Boeckman Road Dip Improvements	\$5,850,000
UU-02	Boeckman Road Urban Upgrade	\$2,100,000
UU-06	Stafford Road Urban Upgrade	\$3,900,000
RT-02	Frog Pond Trail	\$290,000
P15	Frog Pond Community Park	\$10,600,000
P16	Frog Pond Neighborhood Park 1	\$2,650,000
P17	Frog Pond Neighborhood Park 2	\$2,650,000
2045	Sewer Repair/Replacement & Maintenance Access Along Boeckman Creek	\$7,126,650
	Est. Total Road, Park Trail, Sewer	\$35,166,650
	Admin \$158,000 per year	

Issues:

- Should urban renewal be used as a tool for this area?
- Is urban renewal the appropriate tool to facilitate development in the area?
- There would need to be removal of acreage from existing areas to be able to use urban renewal as a tool in Frog Pond.
- If so, when should the district be formed?
- What projects can urban renewal fund?
- Will need to pay for initial infrastructure costs from sources other than TIF. What sources are available? (See Appendix F)

Appendix D. Year 2000 Bond Prepayment Penalty

3.3 Prepayment. Prior to maturity, the Series 2010 Bond may be prepaid, in whole or in part, on any date upon three Business Days' notice by the Agency to the Bank by payment of the principal amount to be prepaid, the accrued interest thereon to the date of prepayment, and a Prepayment Fee. The Prepayment Fee will be calculated as provided below for each Prepaid Installment:

- (i) The Bank will first determine the amount of interest which would have accrued each month for the Prepaid Installment had it remained outstanding until the applicable Original Payment Date at the Initial Cost of Funds Rate applicable to the Prepaid Installment under this Purchase Agreement.
- (ii) The Bank will then subtract from each monthly interest amount determined in (i), above, the amount of interest which would accrue for that Prepaid Installment if it were reinvested from the date of prepayment or redemption through the Original Payment Date, using the Treasury Rate.
- (iii) If (i) minus (ii) for the Prepaid Installment is greater than zero, the Bank will discount the monthly differences to the date of prepayment or redemption by the Treasury Rate. The Bank will then add together all of the discounted monthly differences for the Prepaid Installment and the sum will be the Prepayment Fee.

3.4 Definitions for Prepayment.

"Initial Cost of Funds Rate" means the fixed interest rate of interest per annum representing, in Bank's sole and absolute discretion, the Bank's cost of purchasing funds, or the cost of purchasing and exchanging funds through swaps or other derivative products, for an amount and under terms reflecting the characteristics of the Prepaid Installment from the date the Series 2010 Bond began bearing interest at its interest rate through the maturity date for the Prepaid Installment.

"Original Payment Dates" mean the dates on which the prepaid or redeemed principal would have been paid if there had been no prepayment or redemption.

"Prepaid Installment" means the amount of the prepaid or redeemed principal which would have been paid on a single Original Payment Date.

"Treasury Rate" means the yield on the Treasury Constant Maturity Series with maturity equal to the Original Payment Date of the Prepaid Installment which are principal payments (calculated as of the prepayment in accordance with accepted financial practice and rounded to the nearest quarter-year), as reported in Federal Reserve Statistical Release H. 15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication. If no maturity exactly corresponding to such Original Payment Date appears in Release H.15, the Treasury Rate will be determined by linear interpolation between the yields reported in Release H.15. If for any reason Release H. 15 is no longer published, the Bank shall select a comparable publication to determine the Treasury Rate.

Appendix E. Frog Pond Project Descriptions

Description of Frog Pond projects from Wilsonville Capital Improvement Plans

UU-01 Boeckman Road Dip Improvements

Upgrade at vertical curve east of Canyon Creek Road to meet applicable cross-section standards (i.e., 3 lanes with bike lanes, sidewalks, and transit stop improvements); options should also be considered to make connections to the regional trail system and to remove the culvert and install a bridge

Cost: \$5,850,000

UU-02 Boeckman Road Urban Upgrade

Upgrade to meet applicable cross-section standards (i.e., 3 lanes with bike lanes, sidewalks, and transit stop improvements); project includes a traffic signal or roundabout at the Boeckman Road-Advance Road/Stafford Road-Wilsonville Road Intersection

Cost: \$2,100,000

UU-06 Stafford Road Urban Upgrade

Upgrade to meet applicable cross-section standards (i.e., 3 lanes with bike lanes, sidewalks, and transit stop improvements)

Cost: \$3,900,000

RT-02 Frog Pond Trail

Construct shared-use path through Frog Pond area (from Boeckman Creek Dip to Stafford Road) as part of development to provide an off-street alternative to Boeckman Road and link neighborhoods, schools, parks, and transit stops

Cost: \$290,000

Parks Projects from Chapter 3 Recommended Park System:

P15 Frog Pond Community Park

P15 is a proposed community park that will serve the Frog Pond area and future development areas to the north. The City should prepare to require developers to plan for useable land that can provide adequate park space in this future development. This park should connect to the planned regional trail in this area, providing convenient access to recreation opportunities and an enhancement to neighborhood identity.

Recommendations for this site include:

1. Target acquisition or dedication of a site of approximately 10 acres in size when this future residential area is planned. A site adjacent to the planned regional trail is preferred.

Cost: \$10,600,000

P16 Frog Pond Neighborhood Park and P17 Frog Pond Neighborhood Park

P16 and P17 are two proposed neighborhood parks that will serve the Frog Pond neighborhood, providing convenient access to recreation opportunities and an enhancement to neighborhood identity.

Recommendations for these two sites include:

1. Target land acquisition for Frog Pond neighborhood parks through development agreements for two suitable sites that meet the City's design and development guidelines for neighborhood parks. Sites approximately 2 acres in size are recommended.
2. Act as advocates for future residents in the planning and design of these sites as neighborhood parks. As with the planned Villebois parks, the Frog Pond parks will likely be designed and built before residents are living in the neighborhood. City staff and review bodies will need to ensure that appropriate amenities and facilities are included to meet neighborhood needs.
3. Pursue opportunities for having the residential developers build the neighborhood parks and seek agreements with the new Homeowners Association for maintenance funding.

Cost P16: \$2,650,000

Cost P17: \$2,650,000

#2045 – Sewer Repair/Replacement & Maintenance Access Along Boeckman Creek

[Based on email from City of Wilsonville staff Aug 6.]

Priority/Justification: Medium / City Growth. The High School Interceptor line running along Boeckman Creek has both capacity and maintenance access issues. Large sections of this line will need to be replaced in order to provide capacity for future development in Frog Pond and school facilities on Advance Road. Funds budgeted for 13/14 from the Sewer Fund and Sewer SDCs will allow staff to continue design and analysis for resolving these issues and position the City to be prepared with solid cost estimates and construction documents so that as future partnerships with developers occur, sewer line construction can occur in conjunction with development needs. This project will also reestablish a vehicle maintenance access to the High School Interceptor manholes adjacent to Boeckman Creek. High project costs are due to the size of the sewer line, the depth of the line and amount excavation that will be required, and environmental permitting issues as the project is located in a fish passage and natural resource area.

Cost: \$7,126,650

Appendix F. Initial List: Potential Infrastructure Funding Tools

This appendix provides an initial list of some other sources of funding for infrastructure that might be applicable in Wilsonville. The project team will add to it as more is known about the projects that might need to be funded with sources other than urban renewal. At this point, it is preliminary.

Economic Improvement District (EID)	An EID is for <u>commercial property owners</u> and is authorized by ORS 223.112. An EID is a funding mechanism to enable an area to fulfill its commercial revitalization plans including beautification and property improvements: business development recruitment and retention efforts, marketing commercial districts and other commercial activities. An EID may be an assessment on the value of the property (commercial property only) or it may be a fee paid by the property owner.
Business Improvement District (BID)	A BID is for <u>business owners</u> within a specified area and is authorized by ORS 223.112. A BID is enacted through a business license fee imposed by the City Council after receiving a petition for the formation of the BID signed by 33 percent or more of persons conducting business with the proposed district. A BID is for a maximum of five years, which can be extended, and provides for a hearing of the impacted businesses. If more than 33 percent of the persons conducting business within the district oppose the district in writing, the district and the projects it funds will be terminated. It generally takes nine months to establish a BID.
Local Improvement District	LIDs are authorized by ORS 371.605 – 371.660. A LID is an area determined to be specifically benefitted by a local improvement which properties are assessed to pay for the cost of the local improvement.
Local Improvement District (LID Clackamas County)	LIDs are authorized by ORS 371.605 – 371.660 and Title 4, Chapter 4.02 of the Clackamas County Code. This program is designed to assist county residents in improving their roadways, providing a safer, cleaner access to their homes. It may be initiated by the County or by property owners. ⁸ A LID petition of property owners must be signed by at least 60% of the property owners, representing at least 60% of the land area. After a study by the County, the property owners have a chance to review the financial impact and if 50 percent or more of the property owners representing 50 percent or more of the total assessment request in writing that the project be stopped, the County will discontinue the process.
Zone of Benefit Recovery Charge Clackamas County	Authorized by ORS 368.016 and ORS 203.035(1). The Zone of Benefit Recovery Charges are intended to be charged upon approval of the act of development that increases, or is likely to increase, the impact on road facilities. Such charges are fees for service because they contemplate a development's receipt of essential services based upon the nature of that development. The timing and extent of any development are within the control and discretion of the property owner. The Zone of Benefit Recovery Charges provide a method for more specifically adjusting the improvement requirements imposed on a property owner according to the benefit received by new development. This also serves the purpose of providing reasonable compensation to the requester who finances or causes to be constructed the beneficial road improvements, and thus assists in avoiding disputes over property rights. While Clackamas County may require a person to construct and install necessary road improvements as a condition of development approval, a request to establish a Zone of Benefit Recovery Charge is voluntary, and cannot be made a condition of development approval.
Metro MTIP	Some transportation funding is available through federal transportation funds, which flow through Metro. (MTIP) Metro receives approximately \$20 million every two years, and the funding cycles are every two years. Approximately 75% of the funding is allocated to active transportation: pedestrian and bicycle improvements and 25% for freight efficiency mobility. Funding is for the Clackamas, Washington and Multnomah counties. Clackamas County will typically receive \$4 million of the \$20 million allocation, with 75% of that allocated to pedestrian and bicycle improvements. A large match overmatch of local dollars may improve chances for funding, especially if all of the other tools are in place.
State of Oregon Transportation funding	Some grants or matching funds are available through the State of Oregon to support transportation enhancements. In general, they are competitive and fairly limited in application and scope. The Oregon Transportation Enhancements Program is an example. Through this program, communities can obtain funds to carry out a variety of pedestrian, bicycle, streetscape and other improvements that enhance the cultural, aesthetic, or environmental value of transportation systems. Transportation Enhancement or "TE" projects are selected through a competitive process. The funds are provided through reimbursement, not grants. Participation requires matching funds from the project sponsor, at a minimum of 10.27%. Applications are accepted only from public agencies, and all projects must have a direct relationship to

⁸ The county governing body may designate any public road improved under ORS 371.605 to 371.660 as a county road without invalidating the assessments levied for the purpose of the improvements. Except as otherwise provided in this section, a county may supersede any provision in ORS 371.605 to 371.660 by enacting an ordinance under ORS 203.030 to 203.065 authorizing the use of assessments to finance local improvements, as defined in ORS 223.001, and providing a procedure for levying such assessments.

	<p>surface transportation. Eligible projects include: pedestrian and bicycle facilities, pedestrian and bicycle safety education, acquisition of scenic or historic sites, scenic or historic highway programs, landscaping, historic preservation, rehabilitation of historic transportation facilities (e.g., railroad stations), rail-trails, archaeological planning and research, and transportation museums. By law, enhancement projects "must have a direct relationship to the intermodal surface transportation system."</p>
Program income	<p>Program income is a funding resource specific to urban renewal areas. It is income that accrues to urban renewal agencies from their programmatic activities (as opposed to from tax increment). A common example is income from a loan repayment program, which may include interest.</p>

Appendix D. Meeting Summary Notes – September 25, 2013

DATE: October 2, 2013
TO: Wilsonville Urban Renewal Strategic Plan Task Force
CC: Kristin Retherford, Bryan Cosgrove, Nancy Kraushaar, Joanne Ossanna, Mike Kohlhoff
FROM: Nick Popenuk/Elaine Howard
SUBJECT: SUMMARY NOTES FROM TASK FORCE MEETING SEPTEMBER 25, 2013

Attendance

Committee Members: Bill Bach, Torie Bischopink, Mary Closson, Kathy Connell, Brenner Daniels, Stacey Dukes, Chief Mike Duyck, Amy Dvorak, Lonnie Gieber, Gale Lasko, Doug Middlestetter, Susan Myers, Craig Olson, Ray Phelps, Christine Reynolds, Larry Remmers, Fred Robinson, Dr. Bill Rhoades, Dick Spence, Alan Steiger, Doris Wehler, Scott Starr

Committee Members attending: Mary Closson, Brenner Daniels, Chief Mike Duyck, Gale Lasko, Susan Myers, Ray Phelps, Christine Reynolds, Larry Remmers, Fred Robinson, Dr. Bill Rhoades, Dick Spence, Alan Steiger, Doris Wehler

Consultants and City Staff: Bryan Cosgrove, Mike Kohlhoff, Nancy Kraushaar, Joanne Ossanna, Kristin Retherford, Lorelei Juntunen, Nick Popenuk, Elaine Howard

Introduction

Bryan Cosgrove presided over the meeting of the Urban Renewal Strategy Task Force (Task Force) in place of Councilor Scott Starr, who was unable to attend. Bryan gave a brief project history.

The impetus for this Task Force stems back to Solo-Power. Many lessons were learned from that proposed project, and most have been addressed. First, the city was lacking an economic development strategy. Over the last year and a half, the city has developed both an Economic Development Strategy and convened a task force that gave recommendations on incentives for economic development that included the use of urban renewal. The city is presently working on a tourism and marketing strategy. To tie these all together, we need a strategy on the use of urban renewal and the implications for our present, and future urban renewal areas.

Lorelei Juntunen presented a power point covering the purpose of the Task Force. The main goal is to generate an urban renewal strategy. The variables to discuss are timing, geography and financial capacity.

Some background on key issues:

- Statutory limitations on acreage and assessed value (AV) within a city the size of Wilsonville is 25% of AV and acreage. Wilsonville is pretty close to hitting that right now, at above 24% if the TIF Zones are adopted. Adding in new ones becomes a challenge.

- If the TIF Zones are adopted, the city will have 41.44 acres that can be added to urban renewal.
- The potential areas of Coffee Creek and Frog Pond bring the number to a deficit of 229.31 acres. (this includes annexing both Coffee Creek and Frog Pond)
- Can't do all of the existing areas and proposed areas at once, but that doesn't mean you can't do it all, if you phase it over time.
- Closing portions of or entire existing districts needs to be assessed. This will impact the overall timeline.
- Maximum Indebtedness limits will need to be assessed.
- An analysis of remaining projects and potential new projects will need to be completed.
- Looking at potential for new URAs: is there sufficient revenue capacity to cover project costs.
- All in context of City policies and goals.

Council adoption is slated for end of December. The Task Force will meet three times at a minimum. This meeting, we're presenting information. 2nd meeting is input, and 3rd meeting is decision making.

Lorelei presented a Gant chart that is not yet exactly right. The Task Force will have decisions to make about when these areas will retire or be created. Something like this will be part of the output of this project.

General Questions:

Ray: Is the project sheet a compilation of printed material in a different format?

Elaine: The project sheet shows all the projects in each plan, and whether it's completed, anticipated to be completed, and what we no longer anticipate will be completed with urban renewal plans.

Larry: If you put acreage under the 25% back into play then it frees up that like amount of acreage for new URAs?

Lorelei: Yes, but the question is, can you remove that acreage without impacting the ability of existing URAs to meet their objectives?

Christine: Reference to Plan amendments to reduce Year 2000 Plan to 567 acres, is that factored into the acreage calculations?

Kristin: We're taking the existing high school property out of the URA next month, to add the TIF zones, and that's figured into the charts that you have.

Paul: What are the three colors on the Gant chart for the West Side Plan?

Lorelei: They show different levels of certainty.

Ray: Slide on key issues. One of the takeaways from the first task force. Making these URAs of a short duration with a specific deadline or closure is a goal. I am probably not going to be disposed to continue on these URAs for a very long time.

Bryan Cosgrove: When we look at the existing plans, you'll decide whether the projects are worth funding and continuing or not.

Mike D.: I'll ask Rays' question a little different. You've been very clear about what's allowed under statute. In the first task force, we did adopt some overriding principals.

Bryan Cosgrove: That's for new plans. Very specific, sunset clause, projects are well defined, and limited to infrastructure only.

Mike D.: Even if it was for new plans, I think they apply to amendments to existing plans too.

Bryan Cosgrove: The West Side Plan is when we'll have some issues.

Analysis of the existing and proposed urban renewal areas:

Year 2000 UR Plan.

Sometime that's called the East Side Plan, but we'll refer to the Year 2000 Plan (the formal name of it). The data on the handout was described.

City decided to only collect \$4,000,000 in tax increment annually starting in 2007, and the way they achieved it was by removing acreage every year to limit their collections. Once 2009 legislation passed, cities were allowed to do underlevy, and that's how they do the \$4,000,000 annual limit.

Bryan Cosgrove: I think that's a good point, not every city has done what we've done to be conscientious to the other taxing districts.

Larry: Is a cherry stem a euphemism for road?

Elaine: yes. Or a portion of a road. It is a way to keep an urban renewal area contiguous, which our attorney's advise us to do.

Total cost of projects identified is \$8.5 million. The area has capacity through your maximum indebtedness to do more projects if you wanted. A question to you: are there other projects on the board that people think should be done in that area before the area is terminated?

Bryan Cosgrove: One dataset is missing. Do we have the value of the district in today's terms?

Elaine: We can get that. And we can also get how much assessed value has been released.

Mike D.: So you reduced acreage. Was a portion of the acreage transferred to the West Side Plan?

Kristin: Yes. That was the last time that we pulled property out. The Fred Meyer site was added to the West Side Plan.

Doris: So the \$10 million is what we still owe. The amount of outstanding debt.

Larry: City has the ability and cash flow to accelerate the debt payments. But it may be penalized by bond covenants.

Kristin: But if City chose to change the policy on the \$4M cap, then it could be repaid.

Christine and Susan: Want to know more about the scheduled debt service, and the prepayment penalties.

Kristin: Livability projects are written in the Plan as various kinds of improvements on private property. If there was a decision to do a loan program or storefront improvement grant, that would fall under storefront improvement category. Right now we don't have any plans to do that, but it is a topic for discussion.

Ray: Raised a question on the maximum indebtedness remaining: \$75 issued, remaining \$17, projects \$8.5, is the \$8.5 part of the \$17. If we drop the \$8.5 M in projects, then we would still have \$17M in debt limitation. So, we should see a scenario where we aren't incurring any new debt.

Kristin: The Canyon Creek project is budgeted for design work this year.

Elaine: Old Town streets, however, isn't included in this year's budget.

Issues in this plan really are: Should new projects be added? Should you do loan programs? Should acreage be removed now? And when should the district be closed out? And are there planned projects that should be deleted?

Ray: Not showing the arbitrage amounts.

Joanne: At this points with the low interest rates, I don't plan on any arbitrage.

Susan: if we consider deleting acreage, will give you us info on the acreage?

Elaine: When the assessor's office releases the new tax information, we'll put on a map the AV of different parcels, and where you get the biggest impact on removing acreage.

Mike D.: You mentioned when we started. We have to look at everything in totality. I think what I've found is that the West Side Plan needs some help. At what point do you start to contemplate that?

Elaine: You're right that the West Side Plan does drive a lot of these choices, because it has the biggest issues.

Susan: Are you looking for general statements about need in this Plan now? Or is that for later?

Elaine: if there's something you want to share now, I think it's helpful.

Susan: My company developed within the Town Center Loop over many years. And as we look at it ripen and mature and age, and the way we buy, Fry's has extremely diminished sales, and I know that Regal Cinemas was cannibalized for Bridgeport, and that's in Wilsonville's Town Center and ripe for redevelopment. And I'm not sure the City is interested in making investment in private development. I just see that we have two big box things that would be hard to develop, and would require them being torn down (Regal sells cinemas with a clause that they cannot be used as a theater, so they have to be torn down).

West Side Urban Renewal Area

Restating the facts on the handout.

Remaining Maximum Indebtedness: \$8M

Remaining projects: \$40M

That's the big issue.

Kristin: A number of these projects are City commitments in development agreements. We'll point out which ones are or are not. Kinsman Road project, applied for STIP funding from the State, to get \$2.5M, and we received it. So that will lessen that cost. The STIP funding goes to the State Transportation Commission in the spring.

Elaine: facts about amending maximum indebtedness.

Mike D.: I have no idea what the Council would do, but the Council has a track record of asking for concurrence anyway.

Elaine: Old Town Escape has two options, one of those numbers will go away: either or. And it's not one of the projects required by contract with a development agreement. But the ones above it on the list are required by development agreements. Old Town Escape and Brown Road are not required.

Bryan Cosgrove: What happens if we say we don't have the money for the projects we're contractually obligated to do?

Mike Kohloff: Obviously not a simple answer, because the contracts have the ability to be amended if there's an economic downturn. So that's a possibility.

Bryan Cosgrove: So it may not be an absolute requirement that we have to do them.

Mike K.: The one that jumps out is the Barber Street, which is already in design and will go to construction and is key for the Villebois development.

Kristin: Tooze Rd. is a timing issue, and may have some flexibility.

Bryan: We need to show what's hard and fast and we need to do, and stuff that's more flexible, and in play for this group to decide what to do with.

Christine Reynolds: Clarifying question: Sheet with numbers goes to map that projects 5a and 5b.

Nick: There are different scenarios for when you pay off your indebtedness: (1) what's scheduled now, (2) how fast could you pay off outstanding, (3) how fast could you pay it off if you used up all of your MI? (4) how fast could you pay it off if you increased MI to do all of the projects?

Ray: Gas tax for example? Boeckman Rd. repair for example.

Kristin: Boeckman Road repair is paid out of program income that comes from leasing property or sale of property or repayment of loans or litigation settlement. We paid for it out of UR program income, because it was a project resulting from an original UR project.

Elaine: The Agency does own some other property that it's going to sell, and that's not factored in here.

Larry: Program income is derived from loan proceeds?

Kristin: Program income is derived from loans that the Agency makes to others (like store front improvements), not the loans that URA takes out from a bank.

Elaine: Explained revenue sharing provisions from 2009 legislation. If a plan has a substantial amendment, it becomes subject to revenue sharing as defined in the statute.

Mike D.: But revenue sharing can be waived if taxing districts concurs.

Christine: Do we have details of maximum indebtedness limits, and how revenue sharing would impact the repayment of debt if you did do all the projects?

Nick: I can share those numbers with you.

Larry: How rare is an increase in maximum amendment?

Elaine: It's not rare, but an amendment of this magnitude would be. Part of the problem is that this plan was loaded up with infrastructure projects, which are harder to estimate project costs, and more prone to cost overruns.

Mike D.: How confident are we in these infrastructure bids?

Kristin: Barber Street is well down the path of design, and the same with Kinsman. We're looking to go to bid in the near future. The Tooze Rd. numbers are less solid right now, but starting design efforts there. Over the next six months we'll have a better estimate. Sprinkler systems are pretty solid, because they're based on buildout at Villebois. Parks are a solid number. Then final projects on the list are all pretty squishy numbers.

Susan: What are the sprinklers?

Kristin: We require developers to sprinkle every single family unit, in order to not put the burden on developers, we're reimbursing that portion from urban renewal.

Mike D.: Parks is just property acquisition?

Kristin: The West Side Plan just calls for a \$2 million contribution to parks for Villebois.

Elaine: Other big issues: Do you want to ask for concurrence to increase MI? Should all the projects be completed? Or completed with urban renewal money? Should you add more projects and extend the life? Should you reduce acreage to allow for creation of new districts, and when and how can you do that?

Larry: When making decisions about these projects, how are these decisions influenced by various constituents in town?

Bryan: I think that's a part that we need to get a handle on ourselves. No one has made any promises to constituents.

Kristin: You're making a recommendation to Council, and Council might decide to do something different for constituents or other policy reasons.

TIF Zones

Elaine: Explanation of what TIF Zones are: individual property urban renewal areas.

Doris: on TIF zones, what's the soonest we can close one down if they're not used.

Kristin: if they're not used, they close down in five years.

Larry: Explain it to me?

Bryan: They're empty because they're underutilized. We're trying to get high value, manufacturing, and employment, and the rebate is to help offset the costs and attract this development.

Larry: So the Hollywood warehouse is still empty?

Kristin: Yes.

Alan: And one of the reasons we want the TIF Zones is because we're not allowed to set up enterprise zones.

Elaine: and the levels of investment were modeled after an E Zone.

Christine: are you seeing any benefit of having OIT?

Kristin: Yes.

Doris: I think you should turn down the Xerox building so they can donate it to the school district for the robotics team.

Elaine: We're not anticipating anything will change with the TIF Zones since they are just about to be adopted and have strong support.

Coffee Creek

Intent is that it's an industrial area that needs infrastructure and needs to be annexed. Reviewed fact sheet.

Big issue: Money comes in after new development, but if development can't happen until infrastructure, then how will the City fund the infrastructure to get the whole process going? The other issue is: you don't have enough acreage until you delete acreage from an existing area. Also a fundamental question about whether or not this should be a URA at all.

Larry: Driving around, it seems like there's a lot of work going on there?

Bryan: That's a street improvement for Washington County.

Kristin: That's a project to improve Boones Ferry Road which is NE of the Coffee Creek Area, that's part of the Basalt Creek Concept Plan Area.

Susan: We want to see the total amount of TIF needed to pay for projects, not just the maximum indebtedness portion.

Nick: We can share that with you

Susan: We did have some conclusions in our last meeting that we didn't want to incur a lot of debt. Would like to see those echoed here.

Mike D.: I thought the issue with this area was that we wanted to assemble all the parcels, and that was the need for urban renewal.

Susan: I thought we said City should stay out of that, and just provide infrastructure.

Mike D.: If we did assemble all of it as one parcel, then this could be a candidate for Strategic Investment Program, then you say forget about urban renewal, you can pay for your own infrastructure.

Bryan: That's an option.

Kristin: The minimum investment in Coffee Creek would be \$100M to be SIP eligible. But we do have one area that has a limit of \$25M.

Mike D.: It sets a maximum level of taxation (\$100M), even if the AV is \$1 billion. So if you're following the gain-share conversation in Hillboro, that would happen here.

Ray: This is all infrastructure and we just commented on how hard it is to forecast infrastructure costs.

Kristin: This was done in 2011 with a study with more scrutiny than the numbers that went into the West Side Plan, but still no engineering work done.

Ray: But as an outsider, I would have no confidence in the West Side Plan. So if we're taking the same approach with Coffee Creek, then we want to make absolutely certain that we have the right numbers here. We should learn our lessons.

Bryan: I have way more confidence in these numbers than the West Side Plan.

Kristin: We're also using a higher inflation rate assumption for these costs.

Ray: Coffee Creek has been concept planned and master planned and is ready to go, and I don't believe Frog Pond has been planned.

Frog Pond

Described the statistics of the area from the fact sheet.

Bryan: We've received a grant from Metro, and will be issuing an RFP in a couple of weeks.

Bryan: Frog Pond costs are the total value from CIP, and TIF isn't going to need to cover all of these costs. SDCs and developer contributions will cover a portion of these costs.

Lorelei: If this group decides to proceed with a URA, then later down the road we would study the specific project costs and funding sources in greater detail.

Susan: General question: Frog Pond is residential?

Elaine: Yes.

Mike D.: this doesn't feel like classic urban renewal, but looking at public policy across the region, they have used LIDs. And with the parks, it seems like a classic GO bond, or development agreement.

Elaine: and you also have parks SDCs

Larry: Didn't it used to be that Wilsonville had more people working here than living here. Is that a good situation?

Bryan: We're trying to do a jobs/housing balance, but there's only so much you can do to break that trend.

General Discussion

Dr. Rhoades: Anything you might need from school district. If you can give us those questions in advance that would be useful. For example, we've got plans for future GO bonds, and that might be important.

Fred: List of things to come back with: you'll come back with options for infrastructure funding. Beyond urban renewal, how else can we fund infrastructure.

Mike D.: Did you say you would come back on scenarios for projects, or maximum indebtedness?

Mike D.: We'd like a ROI focus for projects. You want to get an exponential return on investment for your urban renewal dollars. For example, your Year 2000 Plan has been very successful, and can we learn any lessons from that to apply to future urban renewal plans.

Larry: Can we model changes in scenarios live, at the next meeting?

Nick: Yes.

Doris: If we decide not to do either Old Town Escape option. What impact would it have to remove that acreage and the projects?

Elaine: We will assess this if that decision is made.

There was also discussion on the next meetings, Kristin will send a Doodle Poll for our input.

Appendix E. Meeting Summary Notes – October 17, 2013

DATE: October 20, 2013
TO: Wilsonville Urban Renewal Strategic Plan Task Force
CC: Kristin Retherford, Bryan Cosgrove, Nancy Kraushaar, Joanne Ossanna, Mike Kohlhoff
FROM: Nick Popenuk/Elaine Howard
SUBJECT: SUMMARY NOTES FROM TASK FORCE MEETING OCTOBER 17, 2013

Attendance

Committee Members: Bill Bach, Torie Bischopink, Mary Closson, Kathy Connell, Brenner Daniels, Stacey Dukes, Chief Mike Duyck, Amy Dvorak, Lonnie Gieber, Gale Lasko, Doug Middlestetter, Susan Myers, Craig Olson, Ray Phelps, Christine Reynolds, Larry Remmers, Fred Robinson, Dr. Bill Rhoades, Dick Spence, Alan Steiger, Doris Wehler, Scott Starr

Committee Members attending: Chief Mike Duyck, Lonnie Gieber, Susan Myers, Ray Phelps, Christine Reynolds, Larry Remmers, Dr. Bill Rhoades, Dick Spence, Scott Starr, Alan Steiger, Doris Wehler

Consultants and City Staff: Mayor Tim Knapp, Bryan Cosgrove, Mike Kohlhoff, Nancy Kraushaar, Joanne Ossanna, Kristin Retherford, Lorelei Juntunen, Nick Popenuk, Elaine Howard

Introduction

Scott Starr presided over the second meeting of the Urban Renewal Strategy Task Force (Task Force).

Lorelei Juntunen from ECONorthwest (ECONW) reviewed the purpose of the task force. The main goal is to generate an urban renewal strategy. The variables to discuss are timing, geography and financial capacity. She also presented a power point covering the materials to be reviewed during this meeting.

(1) List of projects to be completed. These tables show which projects are completed and on what schedule for each of the urban renewal areas (see Exhibit A). City staff convened between the last task force and this task force to allocate portions of project funding to other sources and to re-check project cost estimates. Exhibit A reflects those changes. Summary:

- Boeckman Rd: paid for with program income
- Barber St: refined estimates, lower
- Kinsman Rd: state funding and SDC contributions remove from project from UR list
- Tooze Rd: more refined cost estimate
- Parks: phasing changed
- Old Town Escape: showing lower cost option as cost ceiling
- Brown Rd: cost estimate reduced by engineers

(2) Review of chart on contractually obligated projects (Exhibit B).

Kristin: Tooze Road is needed earlier than anticipated due to traffic volumes.

(3) Summary of scenarios evaluated. The ECO team developed three scenarios for the Task Force to consider, attached to this memorandum and summarized as Gantt charts that show timing and other key variables that change from scenario to scenario.

These scenarios are not meant to be the only options available to the Task Force. The scenarios represent three possible alternatives that highlight some of the big issues and trade-offs under consideration to support a conversation among the Task Force. Additional trade-offs will be discussed at the meeting. These scenarios hold several important factors constant:

- List of projects to complete (though which projects are completed in which urban renewal area changes from scenario to scenario)
- Cost of the projects and assumptions regarding inflation, bonding (interest rates and terms)
- Amount of project costs funded with TIF revenue (versus other sources)
- Timing for funding projects

The key assumption that varies between the scenarios is the maximum indebtedness of the West Side URA Plan. By modeling different assumptions for increasing maximum indebtedness of the West Side Plan, we see a range of implications for the West Side and Year 2000 urban renewal plans.

Scenario A: Keeps all projects presently in West Side Plan, increases maximum indebtedness (MI) and requires concurrence from taxing jurisdictions. No Increase in MI needed for Year 2000 Plan.

Scenario B: Do as many projects as you can without having to go for concurrence in West Side Plan. Other projects moved to Year 2000 Plan. Requires increase in MI in both areas, but no statutory requirement for concurrence.

Scenario C: Don't increase West Side MI at all, move projects to Year 2000. Increase MI in Year 2000, no statutory requirement for concurrence.

See chart below.

URA Plan	Scenario A	Scenario B	Scenario C
West Side Plan			
Maximum Indebtedness	\$ 58,000,000	\$ 49,000,000	\$ 40,000,000
Required increase in MI	\$ 18,000,000	\$ 9,000,000	\$ -
Requires Concurrence?	Yes	No	No
Year Debt Could be Repaid	2023/24	2021/22	2018/19
Project Costs moved to Year 2000 Plan	\$ -	\$ 8,600,000	\$ 18,200,000
Projects moved to Year 2000 Plan	None	Old Town Escape	Old Town Escape Brown Road Barber Extension
Year 2000 Plan			
Maximum Indebtedness	\$ 85,200,000	\$ 93,900,000	\$ 103,600,000
Required Increase in MI	\$ -	\$ 1,200,000	\$ 10,900,000
Requires Concurrence?	No	No	No
Year Debt Could be Repaid	2018/19	2021/22	2025/26

General Questions:

Ray: lack of concurrence for \$11million MI increase in Year 2000. How close are we to the need for concurrence?

Nick: Close, we will be better able to answer this at the next meeting. ?

Lonnie: What criteria was used to place projects in which urban renewal areas?

Nick: cost of the project and project location

Larry: Was the West Side underfunded by \$40 million ... from last Task Force information?

Nick: Yes, but that was using former project cost numbers, the city has put other funding sources on the table and adjusted some cost estimates.

Kristin: These scenarios do not account for new projects being added to either existing district.

Larry: there is \$8.5 million left to do projects in Year 2000

Do you want to burden Year 2000 with other projects from West Side ... maybe look at the potential additional projects for Year 2000 first.

Scott: There are financial consequences of early payoffs.

Nick: We are starting to look at those implications and the prepayment penalties.

Larry: This issue is substantial.

Susan: Is there any penalty consequence of removing acreage?

Nick: No penalty, need to be able to make payments on bonds.

Christine: Can you remove acreage? (do bond covenants prohibit?)

Nick: We are researching this issue.

Elaine: Sometimes restrictions on removing acreage can be re-negotiated.

Lonnie: Is there a minimum prepayment penalty?

Nick: We are researching this issue.

Susan: What is the benefit of loading projects onto one urban renewal area over the other?

Nick: These scenarios start conversations, not anticipating picking one over the other.

Question from visitor in back: Do Coffee Creek (CC) or Frog Pond (FP) depend on any of these scenarios?

Lorelei: A little bit, impacts timing. The earliest these scenarios show is 2019 or 2020 for FP and CC unless other changes, selectively remove areas that don't have a large AV,

Doris: If you pay off the debt for Year 2000, where does the money come from?

Nick: Present tax increment limit for Year 2000 \$4,000,000 a year. Could use surplus revenues to pay off debt early, could do this by 2017.

Susan: what are we using surplus funds for now?

Nick: projects, debt service

Joanne: The City had excess funding over debt service requirements on both urban renewal areas. We needed additional financing, so we did overnight borrowings to allow us to do projects.

Nick: Most future projects are shown in my spreadsheets using overnight lending (du jour bonds).

Lorelai: Questions on scenarios... What do you like/ don't like?

Alan: Little elephant is Old Town Escape...what is in it for Wilsonville residents?

Nancy: Alternate route out of old town, provides two egresses, will relieve congestion east of Brown Road. The area is impacted by traffic on I-5, provides alternate routes.

Susan: Barber will provide some relief, does it make the need for the Old Town Escape as necessary??

Nancy: Barber will help a lot, doesn't do so much at Kinsman, doesn't provide alternate route out of the area.

Mike D: Fire Dept likes streets, connections, has impacts on response times. Fire District can not meet required times due to traffic. Concurrence: it is one thing to say what the concurrence is, but he thinks the record in Wilsonville is to be more conservative and that the city council has shown their desire to get concurrence anyway, despite whether or not the need to meet statutory requirements .

What are issues with concurrence: Elaine talks about the need to get to 75% and the question about how the County will respond to concurrence.

Lonnie: Can this task force prioritize relative to transportation?

Scott: Yes, but this is ultimately a City Council decision. We look for your input.

Larry: How much of Villebois is built out? 50%, population at build out will be over 5,000, 2700 dwelling units. Tremendous impact on roads those projects become more important due to ingress and egress issues. Road improvements are of value to community, parks are enhancements.

Nancy: Brown Road presently exists, it is just not up to standards.

Larry: Smaller projects be paid with other funds

Kristin: within 5 year CIP looking at the, range of \$1-2.5 M additional capacity for new projects, however, we must look all city projects when establishing priorities.

Larry: A key issue is **need to have** versus **like to have**...differentiate

Lonnie: With Villebois build out ...asking traffic capacity issues and issues for the area and also for Charbonneau.

Kristin: Charbonneau is not in an urban renewal district, there is tremendous acreage in Charbonneau. Is UR a potential funding source? This is a policy and city council decision.

Kristin: Charbonneau is a fully developed area, which makes it less conducive for urban renewal, because it can't generate the same jumps in increment.

Mike D: The group here might think that the projects make sense, but not necessarily when you use TIF to do. For example, some of the park facilities are great, but not a great use of TIF. Is it really going to spur a big private investment for the community?

Mike Kohloff: Parks are economic: they provide economic activity. Support from business community near Murase is a tourism factor. Recent parks survey shows the parks bring tourists and spending.

Mike D: Taxing Jurisdiction concurrence will differ between infrastructure and amenities. If you are going to use TIF, use it to spur on private investment

Kristin: We have an asset in Villebois, 10 acre school property. Can sell and use for projects. Comes in as program income, can be used for other projects; we could use program income to pay for one of the projects: timing issue.

Lonnie: UR Agency decision?

Kristin: Agency and CC

Scott Starr: We want your input. The entire question is less about projects, more about what gives best return on dollar, do we want to end one and when, look at grander questions.

Lorelei: What is the philosophical bent of group?

Scott Starr: Coffee Creek is a huge opportunity...how do we get there?

Ray: Coffee Creek: how do we get the 216 acres? 1500-700 jobs, high annual payroll. Put jobs up against park anytime, must assemble acreage. 3-4 years out Coffee Creek Master Plan is done.

Doris: Scenario A, pay off Year 2000 to free up acreage to work other places.

Lonnie: Agree if we can get a definitive answer on compression to school district.

Kristin: County will look at potential compression impacts, we will review with School District.

Susan: Agrees with Mike on parks, concerned about prepayment penalty in Year 2000. What are consequences of reducing acreage.. Is there a way to avoid prepayment penalty, but reduce acreage. There are issues with Town Center needing help with redevelopment. Theater, econ stimulator. Murase improvements have significant econ stimulator, not a minor thing

Alan: If you close Year 2000 early, don't get concurrence in West Side, voters don't approve GO bond... then what?

Mike D: The last Task Force defined a philosophy on when use urban renewal ...a lot of value to guide this discussion. He think Coffee Creek has potential of being a short term urban renewal plan: this will drive more economic development.

Mike D: There is a scarce supply of industrial land in the metro area.

Christine: Figure the acreage to pull Coffee Creek in and maximize both existing plans, accomplish those things that are important for public infrastructure standpoint and for public safety.

Doris: Likes UR when it is well defined, limited scope, Year 2000 decision based on that; keep faith with people, close out when you say you are going to.

Larry: Coffee Creek and Frog Pond should be linked: huge draw in Coffee Creek, have a weird imbalance, need to create the housing. Do not want to just have jobs and no housing to support the community.

Joanne: Year 2000 Plan has \$11M in outstanding debt, compared to the West Side Plan that has \$25M in outstanding debt, so it seems like it makes more sense to pay off the Year 2000 Plan early (could accomplish it sooner).

Nick: Revenue sharing in West Side is key issue,

Mike D: Could ask for concurrence...could shorten time frame overall for urban renewal.

Lonnie: can you waive rev sharing for some districts

General Answer: no

Susan: Also look at ability to release 218 acres

Nick: will do.

Susan: I know we use urban renewal for Villebois, generally more favorable for jobs versus residential. Can you get infrastructure in Frog Pond using other sources of revenue other than urban renewal?

Kristin: yes, there are other tools

Doris: If you shut down Year 2000, maybe concurrence would be easier to sell

Christine: compression issue; what are the strategies.

Kristin: trying to assess resent potential impact. We don't have a handle on it.

Mike D: There are efforts being undertaken to try to take local option out of \$5 cap. This would help deal with the schools issue.

Ray: Economy is improving. By the time you get Coffee Creek along to the point that it's desirable for industrial use, maybe economy would be better for Frog Pond.

Mayor: I want to ask a question: what is the future of our town center commercial area? In some senses, redevelopment of town center is on the horizon. The model I keep looking at is Lake Oswego. They spent \$5 million building a parking garage in the middle of a block, and that block is now assessed at \$100M in private development. Do we want to keep the Year 2000 Plan around to help fund these redevelopment efforts in the future?

Lonnie: I would agree with Susan, that you can pay for new infrastructure for residential development through SDCs and development agreements.

Any responses to the Mayor's comment on the Town Center?

Lonnie: I don't disagree with Ray about timing of Coffee Creek. If we're going to spend money, let's do it where Wilsonville is: right here. Why are those pads sitting empty? They need to be incentivized. I agree with Tim and Susan, that that's the added project. That could be an added project.

Larry: To the point about Lake Oswego, it's a fabulously successful project, because it creates place. You can replicate that. Look at Bridgeport. I think you could do the same thing here, but you don't have enough population. There's not enough bodies to support it. So if you're not creating residential development, you'll have long term problems.

Susan: The situation that's different here. The town is divided down the middle by the freeway. You have a funnel effect from Newberg and Sherwood. When you start doing residential, then you start adding more cars on the street. Because we're on the edge of the UGB, retailers can't draw population from the south. So we may need to provide incentives, like a parking structure, to stimulate more dense commercial in the core. It's a challenge.

Kristin: I just want to clarify the types of projects we're talking about in Frog Pond. Not the internal projects, but ones that are on the periphery of Frog Pond.

Lorelei: Developers would still be paying SDCs and local roads. It does include large parks that are in your master plan.

Christine: It's hard to predict what's going to happen in the Town Center with Fry's and the movie theater. So managing your projects now, and leaving the year 2000 plan around for future considerations makes some sense.

Christine: I think Frog Pond is lower on the priority list for me, because it is residential.

Mike K: To Larry: You have a tremendous background in commercial lending. You suggested that we need to look at Frog Pond and Coffee Creek in tandem.

Larry: Industrial is a little bit different. If you want to develop the Town Center further, then you need a population base. If you don't create residential development, then you will never convince a lender to build a major retail center. Big banks won't finance it.

Frog Pond?

Mike D. Hillsboro has had tons of growth, and 80% of the people who work there, don't live there. I have curiosity on whether you need TIF to build residential development.

Councilor Starr. This could be reliving the 1990s. 90% of the people left at 5:00. Now it's filled in a little bit. We know that gig. With our history, we should be able to plan better for future phases of development.

Ray: My point about Coffee Creek, and my desire to delay Frog Pond, is so that we have the financial resources to provide and support the infrastructure from our taxes that we'll receive from those heavy industrial undertakings. So that as you add residents you'll already have money for police and fire. More importantly, Villebois is only half built out. So we have capacity. If there is a need for housing, we have an ability to do that.

Ray: Lake Oswego and Bridgeport are smack in the middle of a million people. We're way out on the edge. We've got 19,000 people. Not the same situation.

Lorelei: recapping consensus:

1. Coffee Creek is a high priority
2. Uncertain what to do with Town Center. It has challenges. Might want to invest in it. Questions about whether we want to keep Year 2000 Plan open for a while to preserve the ability to fund improvements in Town Center.
3. Focus on infrastructure instead of amenities.
4. We will need to come back with multiple scenarios.
5. We need to look at the acreage question. How much acreage can we remove?
6. Need to look at any impact to school districts of closing down URAs.
7. If we're looking at Frog Pond, we don't want to fund the parks projects from TIF.

Appendix F. Meeting Summary Notes – January 30, 2014

DATE: January 30, 2014
TO: Wilsonville Urban Renewal Strategic Plan Task Force
CC: Kristin Retherford, Bryan Bryan C, Nancy Kraushaar, Joanne Ossanna, Mike Kohlhoff
FROM: Nick Popenuk/Elaine Howard/Lorelei Juntunen
SUBJECT: SUMMARY NOTES FROM TASK FORCE MEETING JANUARY 30, 2014

Attendance

Committee Members: Bill Bach, Torie Bischopink, Mary Closson, Kathy Connell, Brenner Daniels, Stacey Dukes, Chief Mike Duyck, Amy Dvorak, Lonnie Gieber, Gale Lasko, Doug Middlestetter, Susan Myers, Craig Olson, Ray Phelps, Christine Reynolds, Larry Remmers, Fred Robinson, Dr. Bill Rhoades, Dick Spence, Alan Steiger, Doris Wehler, Scott Starr

Committee Members Attending: Bill Bach, Chief Mike Duyck, Lonnie Gieber, Gale Lasko, Doug Middlestetter, Ray Phelps, Christine Reynolds, Fred Robinson, Dick Spence, Scott Starr, Doris Wehler

Consultants and City Staff: Bryan Cosgrove, Mike Kohlhoff, Nancy Kraushaar, Joanne Ossanna, Kristin Retherford, Lorelei Juntunen, Nick Popenuk, Elaine Howard

Introduction

Scott Starr presided over the third meeting of the Urban Renewal Strategy Task Force (Task Force). Kristin Retherford provided an overview of the agenda.

Findings from interviews

Elaine Howard presented results from a series of stakeholder interviews conducted as part of the Urban Renewal Strategy process. A written summary was provided in meeting materials. Questions / responses and discussion follows.

Mike D: Why was Washington County part of the interview list? Elaine: Coffee Creek is in Washington County. Kristin: Sherwood Schools is the same situation.

Mike D (re: Old Town Escape project): Generally supportive of any connectivity. Asked for data layer, and analyzed improvements based on response times. Reality is, it doesn't hurt us to have the Old Town Escape, but it isn't a dramatic improvement for fire and EMS. We deploy in static setting from a single location; police respond dynamically, so they may see greater improvements.

Ray: Concurrence. I think I heard you say that people supported concurrence. My attitude is to ask other taxing districts to support it. Bryan C / Kristin: We are required to meet (consult) with them regardless; concurrence is an official vote. Ray: I'm looking for the discussion, so that taxing districts have at least some input in a public process. Kristin: For smaller districts, with

small staff and small total percentages, they prefer not to be bothered for a formal vote. Elaine: in TIF zones project, we found that to be true. Smaller districts did not want to have to take an issue to their board and analysis and write a staff report. They indicated that if you've got your 75%, don't bother us. Retherford: Other taxing districts, there's a greater value for concurrence requirement. Mike D: Speaking as one taxing district, they'd rather have the public discussion than not, even if you don't have official concurrence. Ray: Arguably, if the roads and infrastructure is there, and you start adding on ornaments (amenities), they should have a say about it. Elaine: Everyone agreed that we need a healthy discussion with the taxing districts. Mike D: Most said that raising it to where you have to have concurrence is a bad idea? Elaine: Concerns about whether you'd be successful in achieving concurrence. Then what? How much animosity do you want to bring to the process? Bryan C: Especially in an election year. Mike D: Do we need the County? Elaine: We need everyone but the County – every one – if they don't vote for it. Including the little ones that don't want to address it. Kristin: Timing also plays in, relative to the election timeline.

Compression

Nick provided a summary of compression and why it is important to understand the ramifications of compression when dealing with urban renewal. Urban renewal actually moves compression impacts away from schools by placing some of that burden in the general government category. As districts close out, the schools feel impacts as the schools tax rate that was being divided for urban renewal now goes back to the schools category.

Doug M.: He is coming to the Task Force with an education bias. This community is an exceptional community in terms of its commitment to education. The local option helped meet the needs for more teachers in the classrooms. During the recent recession, the trend of growth in local option receipts declined dramatically, resulting in a need to cut staffing.

Shutting down urban renewal will increase compression impacts. If Year 2000 would close this year, it would cause a decrease of approximately \$1.4 million in local option dollars. The school district would prefer to phase any close out of a district so the impact to them is not so dramatic. 20% a year would be more doable. The school district would prefer any close out of a district to occur in the future, after real market values have increased (hopefully).

Lonnie: How much of a discretionary portion of the general fund is there?

Doug: The addition of 300 students makes for improvement in their budget in the current year. Next years may be difficult, as there is never enough to do what we would really like to do with education. There is not a surplus.

Doris: when is Year 2000 slated to be over? Nick: bonds are scheduled to 2030, could actually shut in 2019.

Mike D: There are some legislative changes being looked at that would make the local option exempt from the Measure 5 caps. This legislation could be a help not only for the school district but for any district with local options.

Scenarios

Lorelei: Reviewed the 4 scenarios described in the handouts.

Doris: When you remove acreage for Coffee Creek is it from both urban renewal areas? Lorelei: Yes, mostly Year 2000.

Ray: Frog Pond is too far out and not yet planned.

Mike D.: Not that Frog pond is not a priority, but use of TIF not priority for it.

Lonnie: Question on the contractual obligations of West Side, which projects are obligated?
Kristin: all projects except Old Town Escape.

Lonnie: Can we change the contractual obligations by a vote of public? Mike K: No.

Nancy: Is Boeckman dip presently a project? Kristin: that project is in the urban renewal plan, but not on list to be completed. It might be completed with the development of Frog Pond (a potential future urban renewal area).

Nancy: Boeckman Bridge will be a huge cost. It may be of the magnitude that may need some help for financing.

Lonnie: When is the presumed start time for scenarios? Lorelei: 2015 to allow time for amendments to be completed.

Does Scenario B exacerbate school district situation? Nick: Scenario B it goes longer, so it would be better for the school district in terms of giving more time for RMV to increase.

Discussion

Doris: Don't have to use just one scenario, we could make a new scenario, a B1: Don't do Old Town Escape at all.

Lonnie: Biased in favor of school district. District has a lot of expenses coming up.

Doug M: School district would like to amend their preferences to longer than 5 years – B goes longer. Kristin: Can assume we'll work with school district in any scenario.

Mike D: Is Old Town Escape going to happen whether or not we use TIF? Kristin: Yes. We would need to do this, using SDCs, GO bond, some other source. If we do not use TIF, it could delay the funding of it. It will need to be done when development occurs in that area.

The Task Force decided to vote on the scenarios presented:

All scenarios assumed sufficient acreage could be released to do Coffee Creek.

Scenario A: Increase MI to do all projects remaining in West Side Plan. Would require concurrence for increase in MI and for declining revenue sharing. Complete Year 2000 as soon as possible, completing all projects.

Informal vote: None in support.

Scenario A1: Increase MI to do all projects remaining in West Side Plan. Would require concurrence for increase in MI but NOT FOR declining revenue sharing. Complete Year 2000 as soon as possible, completing all projects.

Informal vote: None in support.

Scenario B: Move Old Town Escape to Year 2000, MI of West Side Plan is increased, but does not require concurrence.

Informal vote: None in support.

Scenario B1: Same as Scenario B except Old Town Escape is NOT funded with TIF. MI increased in West Side, but does not require concurrence.

Informal vote: Unanimous support.

Did not vote on Scenario C as Scenario B1 was chosen unanimously.

The Task Force then proceeded to deal with some of the follow up issues in each of the districts:

Christine: Is there a reason to keep Y2000 plan open? Elaine: Received input that storefront loans may not make sense. Bryan C: Not set up very well – strip retail – doesn't make as much sense. More typical in smaller communities.

Vote on storefront loans in Year 2000 Plan

Informal vote: None in support.

Elaine: Question: What about redevelopment of Frye's and cinema area? Is it worth keeping the Year 2000 plan open for that?

Ray: Could you just start a new one? Why not close it down and re-start? Bryan C: Downside is that you are starting with nothing, and don't have the ability to frontload the project. Ray: I'd rather rely on the developer. It's a temptation to have this money sitting around. Bryan C: If you let the developer lead, you'll get what the developer wants to produce, without having the City with leverage. Phelps: leaving yourself open to the criticism that you're not using UR in the way it's required. Bach: From developers point of view – that parcel won't need incentives to redevelop. It's already in demand, if the current user moves on, it will go. The key is, do you want to get something out of it for the public? Are there public improvements that are needed

that suggest the need for a partnership? This site seems like it might not need it. Don't really care one way or the other, that's just one way to think about it. Elaine: Do you have an opportunity on that site to create a Main Street for your City? Other cities have done that. That site is big enough that you could create it there. Mike D: What would be wrong with waiting until later? Not an apples-to-apples comparison. Sounds like you're saying, let's just sign a check, and we'll leave it on the table, and we might spend it or might now. Sounds foul. Bach: Not "blighted". Just obsolete. No need for assemblage. Bryan C: big items would be open space or public plazas. No vision from the City. Mike K: keeping a toe-hold gives you the ability to set the stage and do some planning. Not going to mess up the timing on closing. Perhaps use the urban renewal area to do some planning and visioning on the properties.

Leave it open and let City council deal with it later as it come up in the future: NO

Vote on whether to consider the redevelopment of Fry's and cinema as a future project?
Informal vote: None in support.

Vote on whether we have an advisory public vote on the MI increase for West Side:
Informal vote: mixed, majority say no. 3 say Yes, minority opinion. All agree that robust public process is required, whether it goes to a vote or not.

Christine: How much does it cost the City? Bryan C: It depends – time with others and it's free. City has historically done an advisory vote. Mike D: How historic? How many years? Bryan C: Over last several votes.

Gene L: What happens if we have a no vote and we have contractual obligations? That puts the City in a bad place. Substantial amendments have not gone to vote. Lonnie: This is an opportunity to get even new residents up to speed on the issue, and for City Council to keep faith on a promise to bring to a vote. Fred: How does the City end up obligated to fund projects legally? Answer: Cost estimates were terrible, and we entered into a development agreement that legally obligated us in exchange for developer contributions. Christine: As a lawyer and a resident, putting an advisory vote out to people on projects that are contractually obligated seems like a bad idea. If they vote no, it puts the Council in a bad position. Lonnie: A continuing PR issue with credibility with the City. We were very happy to get the Council to agree to an advisory vote. Would hate to see opportunity wasted. Worth the effort and expense to take the temperature of the community. Let's have complete transparency.

The thinking is that all advisory votes have been on new districts. Don't believe there was a vote on previous increase in MI. Both messages (need for vote and preference to not vote) will be heard on this issue – Consultant will include both sides in the final report. Starr: People do trust the City. They don't trust urban renewal, but we don't get ourselves anywhere with credibility to change positions relative to an advisory process. Retherford: There is outreach associated with the amendment – that is a public process.

Joanne: The city will work with the school district to decide how to proceed with under levies and shutting down, based on the changing dynamic.

Discussion on School District compression issues: All agree that it should be reviewed annually, but need to also review potential legislation, work with district to address issues, but close it down asap.

Vote on Coffee Creek URA.

Informal vote: All but one agree to pursue urban renewal in Coffee Creek.

Mike D: Can use other tools besides TIF. Elaine: Yes, TIF can be packaged with SDCs, LIDs and other funding sources.

Vote on whether to go for public advisory vote on Coffee Creek.

Informal vote: Unanimous in going for advisory vote to establish a new urban renewal area.

Vote on Concurrence for Coffee Creek?

Informal vote: Majority say yes, seek concurrence. (It was noted this would be Washington County)

Vote on types of projects to use for Coffee Creek?

Informal vote: 100% support for using adopted language from prior Task Force regarding use of TIF in urban renewal.

Mike D – same language regarding what’s generally acceptable from previous Task Force recommendation. Not for amenities. If you do this, you’ll get concurrence. Bach: Don’t use it for acquisition for consolidation of parcels.

Vote on Frog Pond: Do master planning and then come back to us. Use same language regarding use of TIF in urban renewal.

Informal vote: 100% voted to await the master planning and use adopted language from prior Task Force regarding use of TIF in urban renewal.

Recommendations of the Economic Development Strategy Task Force on Business Attributes and Incentives March 2013

Urban renewal district – The Task Force clarified that its support of urban renewal district creation was limited in scope to specific project funding necessary to make development viable and leverage significant private investment: for example, to bring needed infrastructure to the Coffee Creek Industrial Area to facilitate development, or to assemble small parcels into larger parcels for resale and development. The Task Force also recommended that the City continue to conduct advisory votes prior to establishing new urban renewal districts and that any new district should be of limited duration and have a well-defined project list and scope so that the district is closed down and property-tax revenue returned to the other taxing districts as quickly as possible after planned urban renewal projects are completed and paid for.

Appendix G. Financial summaries of the recommended scenario

Methods

TIF revenues are calculated as the product of the assessed value in the URA and the consolidated tax rate. Thus, the first step in the process is to identify the relevant tax rates for the URA. Step two is to forecast assessed value for the URA. Step three is to calculate total TIF revenues. The fourth and final step is to calculate the portion of total TIF revenues that are shared with other taxing districts and the portion that is received by the URA.

Tax Rates

The West Side and Year 2000 URAs only collect taxes from permanent rates, and general obligation bonds and local option levies approved before October of 2001. Permanent rates are, as the name implies, permanent, and therefore do not need to be “forecast” into the future. Local option levies are temporary in nature, and therefore none exist today that were approved prior to 2001. There are, however, some outstanding general obligation bonds approved prior to 2001 for taxing districts overlapping the URA. We used debt service schedules found in the jurisdictions’ annual Certified Annual Financial Reports (CAFRs), and assessed value information from the Clackamas County Assessor’s Office to forecast the future general obligation bond tax rates for these jurisdictions.

Figure 1: 2014 Tax Rates for Tax Codes in URAs, City of Wilsonville

District	Tax Code Areas: 003-033, 003-043 and 003-044	Tax Code Areas: 003-034 and 003- 045
Clackamas County City	2.4042	
Clackamas County Rural		2.9766
County 4-H	0.0500	0.0500
County Library	0.3974	0.3974
County Soil Cons	0.0500	0.0500
Wilsonville (Perm)	2.5206	
Wilsonville (GO)	0.1540	
Fire 64 Tualatin	1.5252	1.5252
Port of Portland	0.0701	0.0701
Metro (Perm)	0.0966	0.0966
Metro (GO)	0.0934	0.0934
Vector Control	0.0065	0.0065
General Government Subtotal	7.3680	5.2658
WL / WILS SD (Perm)	4.8684	4.8684
WL / WILS SD (GO)	0.7816	0.7816
Clack CC (Perm)	0.5582	0.5582
Clack CC (GO)	0.1501	0.1501

Clack ESD	0.3687	0.3687
Education Subtotal	6.7270	6.7270
Consolidated Rate	14.0950	11.9928

Source: Clackamas County 2013-14 Table 4a – Taxing District Detail

Note that Figure 1 shows two sets of tax rates. The first set, applies to tax code areas 003-033, 003-043, and 003-044. These tax code areas are all within Wilsonville city limits. These tax rates apply to all property in the Year 2000 Plan and 99% of the property value in the West Side Plan. The second set of tax rates apply to tax code areas that are outside of Wilsonville city limits. These tax rates are only used to calculate TIF for the small amount of property value in the West Side Plan that is outside of city limits.

Assessed Value

Change in assessed value is caused by two drivers: (1) appreciation or depreciation of existing property values, and (2) “exception” events, such as construction of new property, or appealing a previous valuation. In Oregon, appreciation for existing property is limited to 3% per year, which means that any growth above 3% is due to exception events.

Figure 2 shows the annual forecast of assessed value for both the West Side and Year 2000 plans. Note that the table shows assessed value projections through FYE 2030. Our analysis, however, suggests that each URA could be closed down prior to that time horizon.

Figure 2: Annual Growth Projections and Assessed Value, FYE 2014-2030

Fiscal Year Ending	West Side		Year 2000	
	Annual Growth	Assessed Value	Annual Growth	Assessed Value
2014	12.34%	\$264,441,504	2.17%	\$396,154,818
2015	3.00%	\$272,374,750	3.00%	\$408,039,463
2016	3.00%	\$280,545,992	3.00%	\$420,280,647
2017	21.63%	\$341,238,109	3.00%	\$432,889,066
2018	29.23%	\$440,969,384	3.00%	\$445,875,738
2019	15.26%	\$508,264,993	3.00%	\$459,252,010
2020	12.03%	\$569,420,078	3.00%	\$473,029,570
2021	12.79%	\$642,249,838	3.00%	\$487,220,457
2022	3.00%	\$661,517,333	3.00%	\$501,837,071
2023	3.00%	\$681,362,853	3.00%	\$516,892,183
2024	3.00%	\$701,803,739	3.00%	\$532,398,948
2025	3.00%	\$722,857,851	3.00%	\$548,370,916
2026	3.00%	\$744,543,586	3.00%	\$564,822,043
2027	3.00%	\$766,879,893	3.00%	\$581,766,704
2028	3.00%	\$789,886,290	3.00%	\$599,219,705
2029	3.00%	\$813,582,879	3.00%	\$617,196,296
2030	3.00%	\$837,990,365	3.00%	\$635,712,185

Sources: ECONorthwest and City of Wilsonville

The assessed value forecasts are driven by the following assumptions:

- **West Side:** Development of Villebois is ongoing, with additional housing units scheduled to be built over the next five years. City staff provided us with a detailed schedule of future Villebois construction, as stipulated in development agreements with the City. Our forecast of growth in assessed value for the West Side URA reflects this development schedule.
- **Year 2000:** Although the area may experience new development in future years, this development would be speculative, and therefore is not included in our forecast. Future growth in assessed value of the Year 2000 Plan is somewhat irrelevant, as City policy limits annual TIF collection to \$4 million. Therefore growth in assessed value in the Year 2000 Plan does not correlate into increased TIF revenues for the urban renewal agency.

Total TIF

Multiplying the consolidated tax rate by the assessed value tells us the total TIF to be raised in the URA. In FY 2012-13 the West Side URA raised \$3,108,892 in TIF revenues, and the Year 2000 Plan raised \$4,000,000.¹ Figure 3 shows the total amount of TIF that each URA would raise in future years. Note that for the Year 2000 Plan, we show the maximum amount of TIF that could be raised. City policy, however, limits TIF collections to \$4,000,000 per year.

Figure 3: TIF Projections, FYE 2014-2030

Fiscal Year Ending	West Side	Year 2000
2014	3,494,170	\$4,962,385
2015	3,609,262	\$5,134,703
2016	3,708,703	\$5,284,983
2017	4,520,906	\$5,413,785
2018	5,545,360	\$5,249,922
2019	6,424,612	\$5,424,743
2020	7,223,583	\$5,604,768
2021	8,080,864	\$5,723,457
2022	8,329,603	\$5,912,244
2023	8,585,804	\$6,106,694
2024	8,849,690	\$6,306,978
2025	9,121,494	\$6,513,270
2026	9,401,452	\$6,725,751
2027	9,689,809	\$6,944,607
2028	9,986,815	\$7,170,028
2029	10,292,732	\$7,402,212
2030	10,607,827	\$7,641,361

Source: Calculated by ECONorthwest, with data from Clackamas County Assessor

¹ Clackamas County Table 4c – Estimation of Urban Renewal Revenue from Increment Value

Impacts of revenue sharing

Not all of the TIF generated in URAs is received by URAs. In some situations, “revenue sharing” occurs, and a portion of TIF revenues are distributed to overlapping taxing districts. The Year 2000 Plan shares all TIF revenue above \$4,000,000, per City policy. The West Side Plan is not currently subject to any revenue sharing provisions, but if the Plan were amended to increase its maximum indebtedness, then it would be subject to State revenue sharing requirements. Our analysis assumes that the West Side Plan would be amended to increase maximum indebtedness, and therefore the following State revenue sharing requirements would apply.

Oregon Statutes require that when TIF revenues for the URA exceed the “transition amount”, then the amount of TIF received by the URA is limited to the transition amount, plus 25% of the TIF that exceeds the transition amount. The remaining TIF is shared with overlapping taxing districts. The transition amount is defined as the amount that the URA was eligible to receive in the first year in which the URA Plan was amended.

Note that when TIF received by the URA reaches a second, higher threshold, of 12.5% of the maximum indebtedness of the Plan immediately prior to the amendment, then TIF revenues received by the URA are capped at 12.5% of the original maximum indebtedness, and any increase in TIF above that threshold is shared with overlapping taxing districts. We forecast the West Side Plan would hit that 12.5% threshold in FYE 2018, and that TIF collections for the URA would be limited to \$5,000,000 in all subsequent years.

Figure 4: TIF for URA, FYE 2014-2030

Fiscal Year Ending	West Side	Year 2000
2014	\$3,494,170	\$4,000,000
2015	\$3,609,262	\$4,000,000
2016	\$3,708,703	\$4,000,000
2017	\$4,520,906	\$4,000,000
2018	\$5,545,360	\$4,000,000
2019	\$5,000,000	\$3,479,100
2020	\$5,000,000	-
2021	\$5,000,000	-
2022	\$5,000,000	-
2023	\$5,000,000	-
2024	\$5,000,000	-
2025	\$5,000,000	-
2026	\$5,000,000	-
2027	\$5,000,000	-
2028	-	-

2029	-	-
2030	-	-

Error! Reference source not found. shows a detailed table with the TIF revenue received by the URA in each year of our forecast period.

Source: Calculated by ECONorthwest, with data from Clackamas County Assessor

Finance Plan

Figure 5 and Figure 7 show how the tax increment revenues and other resources will be used to fund projects and debt service for both the West Side and Year 2000 plans. Figure 4 and Figure 6 show the Debt Service Funds, including annual TIF revenues and anticipated debt service payments.

West Side Plan

- It is anticipated that TIF revenues each year will achieve a minimum coverage ratio of 1.25 times debt service².
- All projects are expected to be completed no later than FY 2017-18. Total project costs including URA admin and financing fees, in nominal dollars is \$17,732,581.
- It is anticipated that all debt will be retired by the end of FY 2026-27.

Year 2000 Plan

- It is anticipated that TIF revenues each year will achieve a minimum coverage ratio of 1.3 times debt service.
- All projects are expected to be completed no later than FY 2017-18. Total project costs, including URA admin and financing fees, in nominal dollars is \$19,529,505.
- It is anticipated that all debt could be retired by the end of FY 2019-20.
- The City will work with the School District to explore different options for underlevying TIF revenues that could result in extending the year that all debt would be retired. This would potentially allow for a less dramatic impact on School District local option levy compression losses when the Year 2000 Plan expires.

² FYE 2024 does have a ratio of 0.8, due to an irregularly large payment scheduled for that year, but has sufficient resources from prior years to cover debt service in that year.

Figure 4: West Side Debt Service Fund

	FYE	2014	2015	2016	2017	2018	2019	2020
TIF Revenue		\$3,494,170	\$3,609,262	\$3,708,703	\$4,520,906	\$5,545,360	\$5,000,000	\$5,000,000
Debt Service								
Outstanding Loans		\$2,209,198	\$2,210,523	\$2,213,548	\$2,214,528	\$2,213,408	\$2,210,188	\$2,204,745
Loan 2015			\$330,223	\$330,223	\$330,223	\$330,223	\$330,223	\$330,223
Loan 2016				\$283,642	\$283,642	\$283,642	\$283,642	\$283,642
Loan 2017					\$289,993	\$289,993	\$289,993	\$289,993
Total Debt Service Remaining		\$2,209,198	\$2,540,746	\$2,827,413	\$3,118,386	\$3,117,266	\$3,114,046	\$3,108,603
Coverage Ratio		1.58	1.42	1.31	1.45	1.78	1.61	1.61
TIF Revenue After D/S								
Interest Earnings							\$21,788	\$74,608
Annual		\$1,284,973	\$1,068,517	\$881,291	\$1,402,521	\$2,428,095	\$1,885,955	\$1,891,397
Cumulative		\$1,284,973	\$2,353,489	\$3,234,780	\$4,637,300	\$7,065,395	\$8,951,349	\$10,842,746

Figure 5: West Side Debt Service Fund, cont.

FYE	2021	2022	2023	2024	2025	2026	2027
TIF Revenue	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Debt Service							
Outstanding Loans	\$2,207,178	\$2,207,100	\$2,209,503	\$5,374,428	\$1,427,320	\$3,103,200	\$3,568,875
Loan 2015	\$330,223	\$330,223	\$330,223	\$330,223	\$330,223	\$330,223	\$330,223
Loan 2016	\$283,642	\$283,642	\$283,642	\$283,642	\$283,642	\$283,642	\$283,642
Loan 2017	\$289,993	\$289,993	\$289,993	\$289,993	\$289,993	\$289,993	\$289,993
Total Debt Service Remaining	\$3,111,036	\$3,110,958	\$3,113,361	\$6,278,286	\$2,331,178	\$4,007,058	\$4,472,733
Coverage Ratio	1.61	1.61	1.61	0.80	2.14	1.25	1.12
TIF Revenue After D/S							
Interest Earnings	\$123,424	\$173,381	\$224,571	\$276,964	\$251,524	\$324,105	\$356,581
Annual	\$1,888,965	\$1,889,042	\$1,886,640	(\$1,278,286)	\$2,668,822	\$992,942	\$527,267
Cumulative	\$12,731,711	\$14,620,753	\$16,507,392	\$15,229,107	\$17,897,929	\$18,890,871	\$19,418,138

Figure 5: West Side Project Fund

FYE	2014	2015	2016	2017	2018	2019	2020
Resources							
Beginning Fund Balance	\$414,907	\$985,755					
Transfer from D/S	\$1,284,973	\$1,068,517	\$881,291	\$1,402,521	\$1,338,700	\$12,800	\$13,400
Bonds		\$4,115,306	\$3,534,806	\$3,613,959			
Interest Earnings	\$2,075	\$4,929					
Total Resources	\$1,701,955	\$6,174,506	\$4,416,096	\$5,016,479	\$1,338,700	\$12,800	\$13,400
Expenditures							
Barber St.		\$4,908,800					
Tooze Road			\$2,811,400				
Sprinklers	\$360,000	\$388,800	\$100,500	\$363,500	\$1,164,100		
Parks	\$262,800		\$866,700				
Brown Road				\$3,935,800			
URA Admin	\$93,400	\$794,600	\$566,800	\$644,900	\$174,600	\$12,800	\$13,400
Financing Fees		\$82,306	\$70,696	\$72,279			
Total Expenditures	\$716,200	\$6,174,506	\$4,416,096	\$5,016,479	\$1,338,700	\$12,800	\$13,400
Ending Fund Balance	\$985,755	-	-	-	-	-	-

Figure 6: West Side Project Fund, cont.

	FYE	2021	2022	2023	2024	2025	2026	2027
Resources								
Beginning Fund Balance								
Transfer from D/S		\$14,100	\$14,800	\$15,500	\$16,300	\$17,100	\$18,000	\$18,900
Bonds								
Interest Earnings								
Total Resources		\$14,100	\$14,800	\$15,500	\$16,300	\$17,100	\$18,000	\$18,900
Expenditures								
Barber St.								
Tooze Road								
Sprinklers								
Parks								
Brown Road								
URA Admin		\$14,100	\$14,800	\$15,500	\$16,300	\$17,100	\$18,000	\$18,900
Financing Fees								
Total Expenditures		\$14,100	\$14,800	\$15,500	\$16,300	\$17,100	\$18,000	\$18,900
Ending Fund Balance		-	-	-	-	-	-	-

Figure 6: Year 2000 Debt Service Fund

	FYE	2014	2015	2016	2017	2018	2019
TIF Revenue		\$4,125,000	\$4,125,000	\$4,125,000	\$4,125,000	\$4,125,000	\$3,604,100
Debt Service							
Outstanding Loans		\$3,073,832	\$1,876,700	\$591,463	\$593,075	\$594,050	\$594,388
Total Debt Service		\$3,073,832	\$1,876,700	\$591,463	\$593,075	\$594,050	\$594,388
Coverage Ratio		1.34	2.20	6.97	6.96	6.94	6.94
TIF Revenue After D/S							
Interest Earnings		\$31,500	\$29,343	\$12,587	\$57,466	\$135,049	\$49,415
Annual		\$1,051,168	\$2,248,300	\$3,533,538	\$3,531,925	\$3,530,950	\$3,530,613
Cumulative		\$1,051,168	\$3,299,468	\$6,833,006	\$10,364,931	\$13,895,881	\$17,426,493

Figure 7: Year 2000 Project Fund

	FYE	2014	2015	2016	2017	2018	2019
Resources							
Beginning Fund Balance		\$2,308,920	\$1,151,690				
Interim Loan							
Transfer from D/S			\$5,628,752	\$316,900	\$332,800	\$10,198,500	\$12,800
Bonds							
Interest Earnings		\$11,675	\$5,758				
Total Resources		\$2,320,595	\$7,486,200	\$316,900	\$332,800	\$10,198,500	\$12,800
Expenditures							
Canyon Creek		\$665,250	\$5,460,000				
Old Town Streets						\$1,868,300	
Town Center Planning				\$275,600			
Landover Medians					\$289,400		
Park Improvements			\$441,000				
Old Town Escape						\$7,000,000	
Project Mgmt and Admin.		\$503,655	\$885,200	\$41,300	\$43,400	\$1,330,200	\$12,800
Total Expenditures		\$1,168,905	\$6,786,200	\$316,900	\$332,800	\$10,198,500	\$12,800

Appendix H. Interview Summary

Wilsonville Urban Renewal Strategy Interview Overview

Summary of input of all interviews through January 8, 2013

January 15, 2013

The following is a summary of responses to the interviews conducted for the Wilsonville Urban Renewal Strategy. Answers are shown in italics at the end of each question. The list of interviewees is shown in Attachment A.

Interview:

The City of Wilsonville has two existing urban renewal areas, the Year 2000 Plan on the east side of Wilsonville and the West Side Plan in the Villebois area of Wilsonville. The City is completing an urban renewal strategy to determine how best to complete the two existing urban renewal areas, and how best to use urban renewal in the future. A task force has been convened and we have identified the following issues. We value your input on these issues.

Year 2000 Plan

1. The Year 2000 Plan has one project underway, the extension of Canyon Creek south of Boeckman Road, which will be constructed in 2014/15. There is one other project in the Plan, the improvement of the Old Town Streets.

Extend Canyon Creek South of Boeckman	\$4,354,800	2014/15
Old Town Streets	\$3,180,600	2015/16

Are you supportive of completing the Old Town Streets project?

The connector street within this project was strongly supported.

The majority of responses for the rest of the project were positive, with the caveat that this project should only be completed if desired by the Old Town community. There was some input that completing the streets may be beneficial in adding value to the area, turning it more into a mixed-use area.

2. Are there other projects in the Year 2000 Plan Area or in close proximity that you feel should be added to the project list?

The majority of responders did not feel there were projects to be added. A few talked about the need for storefront loans and redevelopment assistance in the area where the Fry's Electronics store and the Cinema are located. (Note this question was asked before the next question that dealt specifically with these two issues)

The only addition here was the need to correct the dip in Boeckman Road.

3. What is your position on the possibility of including storefront loans or grants in the Year 2000 Plan Area and in the business district in close proximity to the existing boundary? Support/Oppose

Loans were supported more strongly than grants. While there was some support for a storefront loan or grant program, the need for this type of a program was questioned by many respondents and it was indicated that storefront or façade improvement programs would be more appropriate for a traditional main street area. It was pointed out that many of the businesses in these areas are in strip malls where individual businesses do not own their space. This is a different condition than what exists for many storefront loan or grant programs. There were a couple of comments that these types of buildings are typically upgraded by owners as economic conditions warrant, and that storefront loans/grants are not a good fit for many of these businesses. There was also the question of whether these types of loans/grants resulted in new development in the area.

4. What is your opinion about keeping a portion of the Year 2000 Plan active to provide funding to leverage private sector redevelopment in the Town Center area? Do you think it presents opportunities for future redevelopment? Yes/No

There was moderate support for this concept. There was some input that this would be acceptable as long as some acreage is reduced from the area. There are questions regarding the need to know more about the impact of the development and the potential impact of public sector involvement. Is it necessary, what would it produce? What's a financially sustainable plan for the area? Will we have to come back in the future and throw more money at it?

5. Do you think the urban renewal agency should be involved in this redevelopment? Yes/No/Maybe

There was moderate support for the agency using urban renewal funds to assist in the redevelopment of the Fry's/Cinema area. There was input that there should be adequate private business interest in this project that would not need urban renewal assistance. There was also some input that if the city wanted a product that was different than what the market might produce, using redevelopment funds could help steer the development to produce the desired results. There was also the comment that if you want to be innovative, you might need to use urban renewal. There was some support for multi-level parking here.

There is some support for maintaining flexibility for the future.

The West Side Urban Renewal Plan has contractual obligations to complete projects that exceed the present maximum indebtedness capacity of the district. These projects are mainly

infrastructure projects including the construction of a number of streets to serve the Villebois development. The maximum indebtedness is the total amount of funds the agency may allocate in the urban renewal area on projects, programs and administration during the life of the plan. Increasing the maximum indebtedness will lengthen the time frame of urban renewal in the area.

1. Are you open to increasing the maximum indebtedness of the West Side Plan in order to meet these contractual obligations? Yes/No

There was a high level of support for increasing the maximum indebtedness to meet contractual obligations. There was significant discussion about whether the city should ask for concurrence from impacted taxing districts. The majority of the responders stated they felt it was a political hot button, and not asking for concurrence was the best way to proceed.

If no, what source of funds do you think should be used?

- General fund
- Systems Development Charges
- General Obligation Bonds
- Other: specify

Since there was a high level of support for increasing the MI, this follow up question was typically not answered. One responder wanted the MI to be assisted with the use of SDCs. A responder who did not support increasing the MI indicated preference for a vote of the people to determine how to fund the contractually obligated projects.

2. The following is a list of projects to be completed in the West Side Plan, and which are contractually obligated. Are there any on this list that you feel should be completed using funding other than tax increment through urban renewal? If so, what source of funds? The Old Town Escape is an either/or option, not both.

The answers above cover a portion of this question. The only dissent was the responder who wanted a vote. In addition, there was some questions about whether urban renewal should be used for parks. The question is: Can you demonstrate that parks increase value in the area? A follow-up comment was: Maybe parks should be funded with GO Bonds, then people get to vote.

Project	Anticipated Completion Date	2013 URA Budget	Year of Completion URA Budget
Boeckman Rd. Repair	13/14	\$1,400,000	
Barber St. (Kinsman Rd. to Coffee Lake Dr.)	13/14	\$4,820,113	\$4,820,113
Kinsman Rd. (Barber to Boeckman Rd.)	15/16	\$4,788,000	\$5,079,589

Tooze Rd. (110th to Grahams Ferry Rd.)	16/17	\$8,268,700	\$9,035,431
Sprinklers	13/14	\$2,093,184	\$2,093,184
Parks	13/14	\$880,507	\$880,507
Other Transportation/Brown Road	17/18	\$3,990,000	\$4,490,780
Old Town Escape (Kinsman Option)	18/19	\$7,410,000	\$8,590,220

3. Are there other projects in the West Side Area or in close proximity that you feel should be added to the project list?

The City may want to use SDCs or GO bonds on projects such as sprinklers and parks.

4. Increasing maximum indebtedness can occur in two ways. The first way would be to increase maximum indebtedness to cover all outstanding project needs. This requires that the Agency receive 75% concurrency from the affected taxing districts. The second way would be to seek a lower level of maximum indebtedness, which would fund all but the Old Town Escape project, which would need to be funded from other sources or transferred to the Year 2000 District. The lower increase in maximum indebtedness does not require 75% concurrency, although the Agency could still seek to receive concurrency. In this scenario, if the Agency received slightly less than 75% concurrency, the projects could still be completed using urban renewal funding.

The following points were made in response to this question:

Pulling acreage out is important. While most responders were supportive of increasing maximum indebtedness, it was suggested that increasing MI at a lower level would avoid a number of political issues and reduce risk, and was thus the preferred alternative.

Other responders were proponents of concurrence and felt the case could be made for increasing maximum indebtedness by showing the results of increased response times for service providers, since many of the projects were streets.

There is limited support for the Old Town Escape project. Most responders wanted to leave that decision to the city in determining the level of need for this project.

New urban renewal areas:

There has been discussion about forming two other urban renewal areas in the future: the Coffee Creek industrial area and Frog Pond, an area designated for residential development.

1. Are you aware of either of these areas and their development visions?

Most responders were aware of these areas and of their potential.

2. Are you supportive of efforts to use urban renewal to assist in infrastructure development to encourage development of either of these areas?

yes/no. Which one or both?

There was nearly unanimous support for the development of Coffee Creek, and the use of urban renewal to help with infrastructure development. Responders were mixed on whether property assemblage by the public sector was needed. The developers interviewed expressed that constructing the major infrastructure framework was a much greater priority than property assemblage.

Most responders were unsure about the need for urban renewal in Frog Pond. There was not opposition, but questions about the need and timing. There is a lot of sentiment that Frog Pond could develop on its own without the need for urban renewal. Some of the questions asked were: What was the business case for using urban renewal for Villebois? Can you make the same case for Frog Pond? Would it lead to higher quality development?

3. If forming urban renewal areas in these locations means releasing acreage from other urban renewal areas, recognizing the need to meet all financial obligations, would you be supportive of that? yes/no

There was support for removal of acreage from other areas to do Coffee Creek. Frog Pond is more of a "wait and see" issue.

Other topics:

1. Are there specific types of projects that you would, or would not support funding with urban renewal, such as:

- A. Infrastructure for industrial development.

Yes, strong support

- B. Infrastructure for residential development.

Varied levels of support, mostly comments to wait and see what the needs will be after further planning efforts are completed.

- C. Amenities, such as parks.

Low levels of support for parks unless they support tourism. The responders who did support parks felt parks were an attribute of livability and therefore added value.

- D. Public facilities (offices, recreation center, etc.).

There was limited support for funding public facilities. The responders who did support public facilities felt they were an attribute of livability and therefore added value.

- E. Leveraging private sector redevelopment of specific areas.

There was moderate support for leveraging private sector redevelopment. The main point is to be able to show return on investment and that new assessed value will be generated.

- F. Loans or grants for storefront or façade improvements. Yes

There was support for storefront loans, with the caveat that they be used outside of where there are strip malls where the building is owned by an investor and little can be done to individualize the spaces.

G. Partial property-tax rebates (TIF Zones).

There was strong support for the TIF Zones, however some respondents expressed that the public sector should not be subsidizing the private sector.

2. Please rank which parameters are most important to you in establishing new urban renewal areas.

- A. ___ Type of projects to be funded.
- B. ___ Level of maximum indebtedness.
- C. ___ Duration of the urban renewal area (a clearly defined termination date).
- D. ___ Public process (vote).
- E. ___ Support from other taxing districts.
- F. ___ Sharing new TIF revenue with other taxing districts.
- G. ___ Other _____

Responders approached this section differently. The following issues received high levels of support:

Types of projects to be funded

Duration of URA

Support from other Taxing Districts

Although a public process is important, the majority did not feel a vote was necessary.

Sharing TIF was not ranked highly, the stronger comment was to specify a duration and end on time.

Level of Maximum Indebtedness received varied levels of rankings for importance.

3. Do you have other comments or considerations for the City regarding its use of urban renewal as it continues this process?

Comments are listed below.

The Wilsonville community is in strong support of using urban renewal in the right way. Educate them on what you are doing, and then ask for support.

For the next 10 years, most of the urban renewal dollars should be spent on the development of potential industrial sites, providing access and utilities.

May need to do property assemblage in Coffee Creek.

City facilities should not be considered for urban renewal for at least the next 10 years: need to get the existing UR areas off the record before consider any public facilities.

The best UR at this time is one that attracts business that will develop in an area and to get the urban renewal area back on the tax rolls as soon as possible.

Coffee Creek is a prime example of this: it is a great industrial site that needs infrastructure to allow it to develop.

.....

City should do all it its power to minimize subsidizing development costs and not socialize the costs of development and dilute the tax base. City has an obligation to make sure that developers pay the most they can and not give away the farm or put the burden on the tax payers.

.....

Wilsonville has misused urban renewal and it is time for the districts to be terminated. Although the responder generally stated that urban renewal should be used for infrastructure, the responder was quite clear that Wilsonville should not use urban renewal.

.....

Supportive of Coffee Creek. There is a regional push to get more industrial land to develop. Look for regional sources of funds.

Be stingy on the project list: only do those projects absolutely necessary, don't put in more roads than necessary, keep to the basic spine of the transportation network. Make sure any infrastructure improvements do not just help adjacent property owners, but also provide a general benefit.. like a major spine road.

Keep exactions down. Maybe get help in dealing with other governmental agencies like ODOT.

Make sure you get what you want out of developers, maybe some type of claw back provisions so they develop to the levels you want.

Not supportive of design overlay for entire Day Road. May work at the corners, but not the whole stretch.

Make developers sign redevelopment agreements.

.....

When used appropriately urban renewal can be a great tool. It is best when there is a clear beginning, middle and end. Having districts that go too long has been one of the issues in urban renewal. Try to make districts end on time.

Feels some public projects are legitimate such as libraries, public spaces, parks... they all add to the quality of life for residents.

.....

Re: Coffee Creek

Interested in the development of this area

It is a given that there is a lack of developable industrial land in close proximity to the freeway.

Infrastructure is the most important variable to development of the area.

Opposed to the design overlay along Day Road. It will be an impediment to development of those parcels. Industrial development does not call for more than a one story building, and there is not a market for office in that area. It is prime industrial property, but should not have to bear the burden of design standards (including height standards and the inability to double load a building) that produce no economic benefit for the developer).

To encourage this development, city should reduce the risks: construct the infrastructure, eliminate the design overlay, make the zoning code efficient for development, and eliminate barriers to cutting down trees.

Start with the parcels that are most desirable, work down from there. Provide infrastructure to those parcels, the momentum of developing those parcels will cause other development on less desirable parcels to occur.

Land assemblage is not high on priority list. There are developable parcels once infrastructure is in, developing those will put pressure on the smaller land owners to either combine interests or sell. It is politically difficult for a municipality to get in the land assemblage/development business. Best to leave that to the private developers.

Look at both zoning code and public process to make land development easier for the developer. Consider streamlining as much as possible. Waive public hearings for projects that meet predetermined standards. Maybe have a standardized design district, more of a form based code. Make the land ready for easy development.

A LID may be a viable way to help with the public cost of infrastructure.

.....

Re: the opportunities in the Fry's and Theater area. This represents a great opportunity for the city. There probably needs to be a plan crafted for the area. The city can use a performing arts center and a regional sports complex. Supports mixed use development

.....

Urban renewal is best used when there is a likelihood of it to be successful and to generate development. Is there a bird in hand to jump start investment so the district will be successful? Can you generate significant increment to be able to allow for a reasonable time frame of urban renewal? Likes UR areas that have good projects with a likelihood of success, then returns the AV to the property tax rolls.

.....

Would like to see information on the return on investment of the two existing urban renewal areas. There is going to need to be a lot of marketing done to accomplish the MI increase. Would like to see buy-in from the taxing jurisdiction partners.

Urban renewal is effective where you can demonstrate return on investment.

.....

Will there be new jobs or just relocated jobs?

Will there be an influx of people to serve the jobs?

Where might these people live?

.....

Regarding the duration of the URA, we understand that it can cause problems to put a hard and fast expiration date in a plan. One strategy that worked well in Beaverton was to say that they would come back in X years and revisit the plan, and evaluate how well the plan has performed. If the plan is not performing well, then they could have a go / no-go decision at that point in time. This could be a best practice for urban renewal areas.

.....

It is important to have a pretty clear description of benefits and disadvantages of the proposed course of action when it comes to strategic decisions regarding urban renewal.

.....

Exhibit A Interview List

Clackamas County Chair Ludlow

Clackamas County Commissioner Bernard

Clackamas County Commissioner Savas

Clackamas County Commissioner Schrader

Bill Bach, Trammell Crow

Susan Myer, Capital Realty

Greg Specht, The Specht Company

Rob Massar and Andrew Singelakis, Washington County

Dr. Bill Rhoades, Doug Middlestetter, West Linn/Wilsonville School District

Mike Duyck, Tualatin Valley Fire and Rescue

Klaus Gibson, Wilsonville resident

Dr. Heather Cordie, Phil Johanson, Sherwood School District

Appendix I: Summary of Acreage Evaluation

This Appendix describes the analysis that supports the consultant team’s conclusion that it is possible to remove sufficient acreage from existing urban renewal plans to create the proposed Coffee Creek urban renewal area, while still maintaining enough assessed value (AV) in the existing urban renewal areas to fund all projects as planned and to meet all outstanding financial obligations.

The analysis has three main steps:

1. Assessment of acreage needed
2. Assessment of financial capacity to remove acreage from existing urban renewal areas
3. Evaluation of low-AV parcels and acreage

Step 1: Assessment of Acreage Needed

The first step in assessing the feasibility of removing acreage from existing urban renewal areas to allow for a Coffee Creek urban renewal area is to determine how much acreage the City needs to be released from existing urban renewal areas. Two numbers drive that analysis:

1. **Acreage required for a Coffee Creek URA.** According to the 2007 Coffee Creek Master Plan, the acreage of Coffee Creek is 216 acres. This analysis assumes that the Coffee Creek urban renewal area would comprise 216 acres.
2. **Maximum acreage allowed in Wilsonville urban renewal areas.** Oregon Revised Statute (ORS) limits the total amount of acreage a city may have in urban renewal to 25% of a city’s total acreage.¹ Including the Year 2000 Plan, West Side, and TIF Zone urban renewal areas, 24.12% of Wilsonville is currently in urban renewal areas. The remaining area allowed under the cap is about 41 acres.

However, Wilsonville must annex Coffee Creek before an urban renewal area could be created. The annexation would increase Wilsonville’s total acreage, which increases the acreage allowed in urban renewal areas under the 25% ORS cap. If Coffee Creek is annexed but no other changes are made to Wilsonville’s urban renewal areas, the remaining area allowed under the cap is about 95 acres.

Comparing these two numbers (Table I-1) shows that about 121 acres must be released from Wilsonville’s existing urban renewal areas to allow for the creation of a Coffee Creek urban renewal area. Figure I-1 shows how existing and proposed urban renewal acreage is distributed among urban renewal areas.

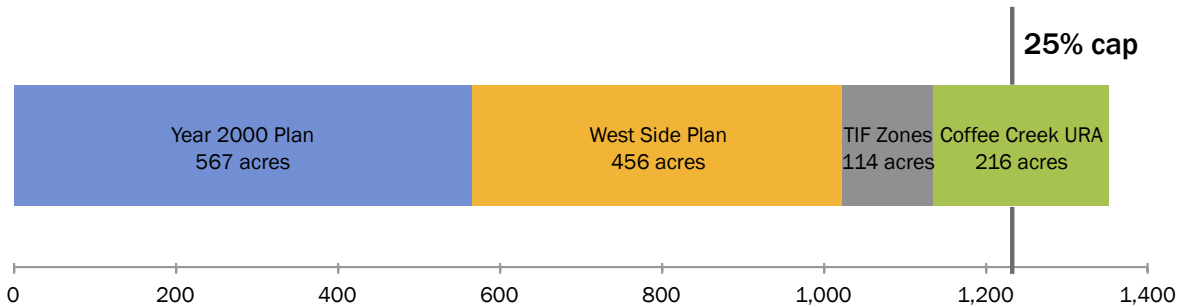
¹ ORS also limits urban renewal frozen base value to 25% of Wilsonville’s total AV. This limit does not present a constraint for Wilsonville. Currently, urban renewal frozen base (in West Side Plan, Year 2000 Plan, and TIF Zones) accounts for less than 5% of Wilsonville’s AV.

Table I-1. Wilsonville urban renewal areas and ORS acreage limits

	City of Wilsonville (current boundaries)		City of Wilsonville + Coffee Creek Annexation	
	Acres	% of City total	Acres	% of City total
City Total	4,712	100%	4,928	100%
Existing and planned URAs:	1,137	24.1%	1,137	23.1%
Year 2000 Plan	567	12.0%	567	11.5%
West Side Plan	456	9.7%	456	9.3%
TIF Zones	114	2.4%	114	2.3%
Proposed Coffee Creek URA	--	--	216	4.4%
Existing and proposed URAs	1,137	24.1%	1,353	27.4%
Maximum allowed in all URAs	1,178	25%	1,232	25%
Surplus / Deficit	41	0.9%	-121	-2.4%

Source: ECONorthwest and Elaine Howard, data from City of Wilsonville

Figure I-1. Acreage of Wilsonville’s existing, planned, and proposal urban renewal areas



Source: ECONorthwest and Elaine Howard, data from City of Wilsonville. 25% cap assumes that Wilsonville has annexed Coffee Creek and that total City acreage is 4,928 acres.

Step 2: Assessment of Financial Capacity to Remove Acreage from Existing Urban Renewal Areas

Any release of acreage must not compromise each urban renewal area’s ability to meet its outstanding financial obligations. This step of the analysis considered the financial capacity to remove acreage from the Year 2000 and West Side plans.

To calculate the amount of assessed value that can be removed from the existing urban renewal areas, we figured out how much assessed value is needed to generate enough tax revenue to make the debt service payment and fund projects. The difference between the amount of assessed value that is needed and the total AV in the area is the amount that can be removed from the district.

- \$208 million of AV can be removed from the Year 2000 Plan without compromising the urban renewal area’s ability to meet outstanding financial obligations.
- \$42 million of AV can be removed from the West Side Plan without compromising the urban renewal area’s ability to meet outstanding financial obligations.

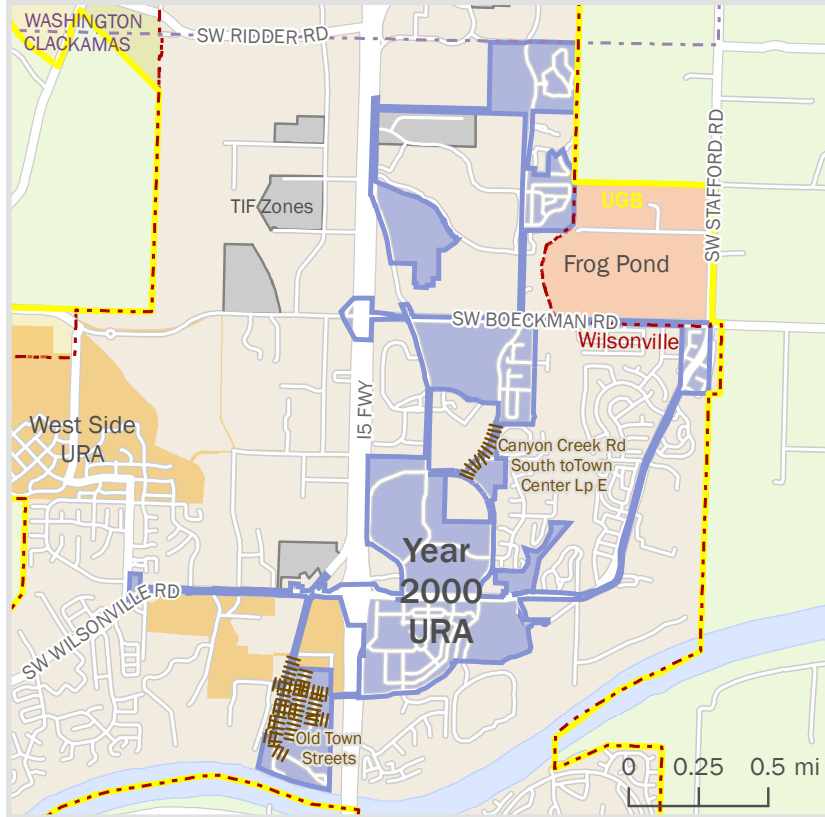
Step 3: Evaluation of low-AV parcels and acreage.

The previous step shows that of Wilsonville’s two existing urban renewal areas, Year 2000 Plan has the fewest outstanding financial obligations and so is the best candidate for release of acreage. This step examines parcels and acreage of the Year 2000 Plan to determine if 121 acres can be released that contain less than \$208 million in AV.

Any acreage released from the Year 2000 Plan must meet three criteria:

1. As discussed in Step 2, no more than \$208 million in AV can be removed.
2. Outstanding urban renewal projects must remain inside the urban renewal area. Figure I-2 shows the locations of projects in the Year 2000 Plan.²
3. An urban renewal area must be a single, contiguous area. Acreage cannot be released if it results in a non-contiguous urban renewal area.

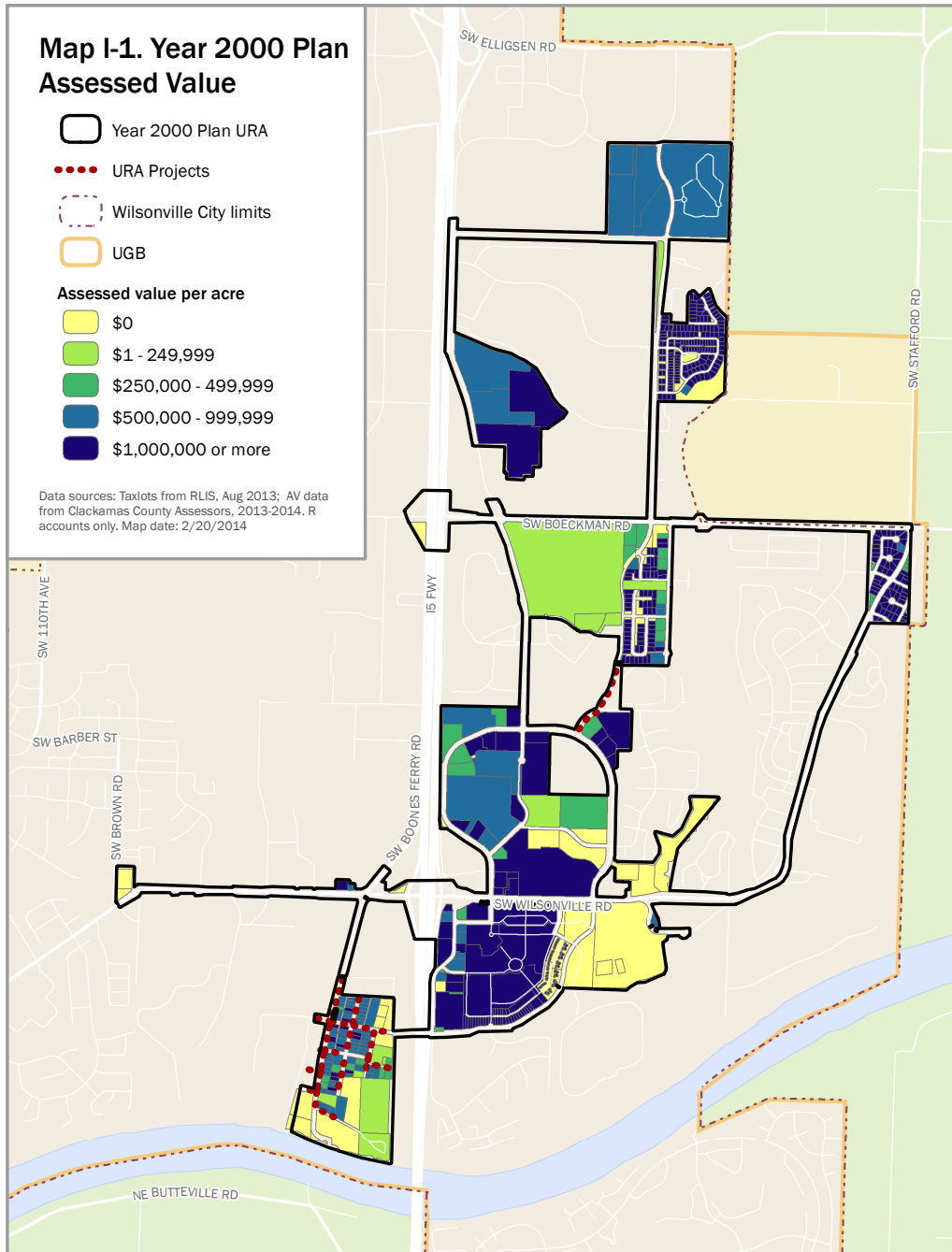
Figure I-2. Year 2000 Plan and Remaining Projects



Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS

² The analysis assumes that the projects shown in Figure I-2 are the only projects that need to be avoided. Several other projects plan to be completed in this area, but their exact locations are not yet identified.

In order to consider all three criteria, we joined real property AV data from Clackamas County Assessors 2013-2014 tax roll with RLIS August 2013 parcel data in GIS. For parcels with multiple tax accounts, AV was summed into one record. Map I-1 shows AV per acre for parcels in the Year 2000 Plan. Parcels with lower assessed value per acre are better candidates for removal from the urban renewal area.



The GIS analysis considered only AV from real property (R) accounts. Personal property (P), manufactured structures (M), and utility (U) accounts also include AV but were not joined to GIS parcel boundaries. In 2013-2014 in the Year 2000 Plan, AV from personal property, manufactured structures, and public utility accounts was \$38,437,331—about 10% of total AV. To account for AV from personal property, manufactured structures, and public utility accounts, the consultant team assumed that AV from these accounts would comprise 15% of total AV.³

Using Map I-1, the consultant team identified areas of low AV that could be candidates for release from the Year 2000 Plan. Map I-2 and Table I-2 show four areas where large amounts of acreage could be removed from relatively low-AV parcels and ROW. As Table I-2 shows, releasing Areas 1 and 2 provides sufficient acreage to allow for a Coffee Creek urban renewal area while remaining well below AV limits. Areas 3 and 4 provide additional options for removing acreage. Releasing all four areas would free up 192 acres while removing less than \$5 million in AV from the Year 2000 Plan.


Table I-2. Potential areas to release from Year 2000 Plan

Area	Description	Acres	AV (R accounts, 2013-2014)	Estimate of AV (non-R accounts)	Estimate of total AV
1	Murase Park, City Hall, Town Center Park, Boeckman Creek Natural Area, SW Wilsonville Rd ROW	77.1	\$325,419	\$48,813	\$374,232
2	Mentor Graphics, low AV parcels, ROW along SW Boeckman Rd and I-5	65.3	\$390,872	\$58,631	\$449,503
3	ROW and low AV parcels in Old Town (south of project area)	25.1	\$1,472,471	\$220,871	\$1,693,342
4	ROW along SW Wilsonville Rd, SW Boones Ferry Rd, and I-5	24.4	\$2,070,340	\$310,551	\$2,380,891
All Areas		191.9	\$4,259,102	\$638,865	\$4,897,967

Source: ECONorthwest. Data from City of Wilsonville GIS and Metro RLIS


³ Even if we assume that 100% of the P, U, and M values in the URA are in the parcels that are removed, the AV removed is still well below \$208 million.

Map I-2. Year 2000 Plan Potential Areas for Release

 Potential areas for release

 Year 2000 Plan URA


 URA Projects


 Wilsonville City limits


 UGB


Assessed value per acre

 \$0

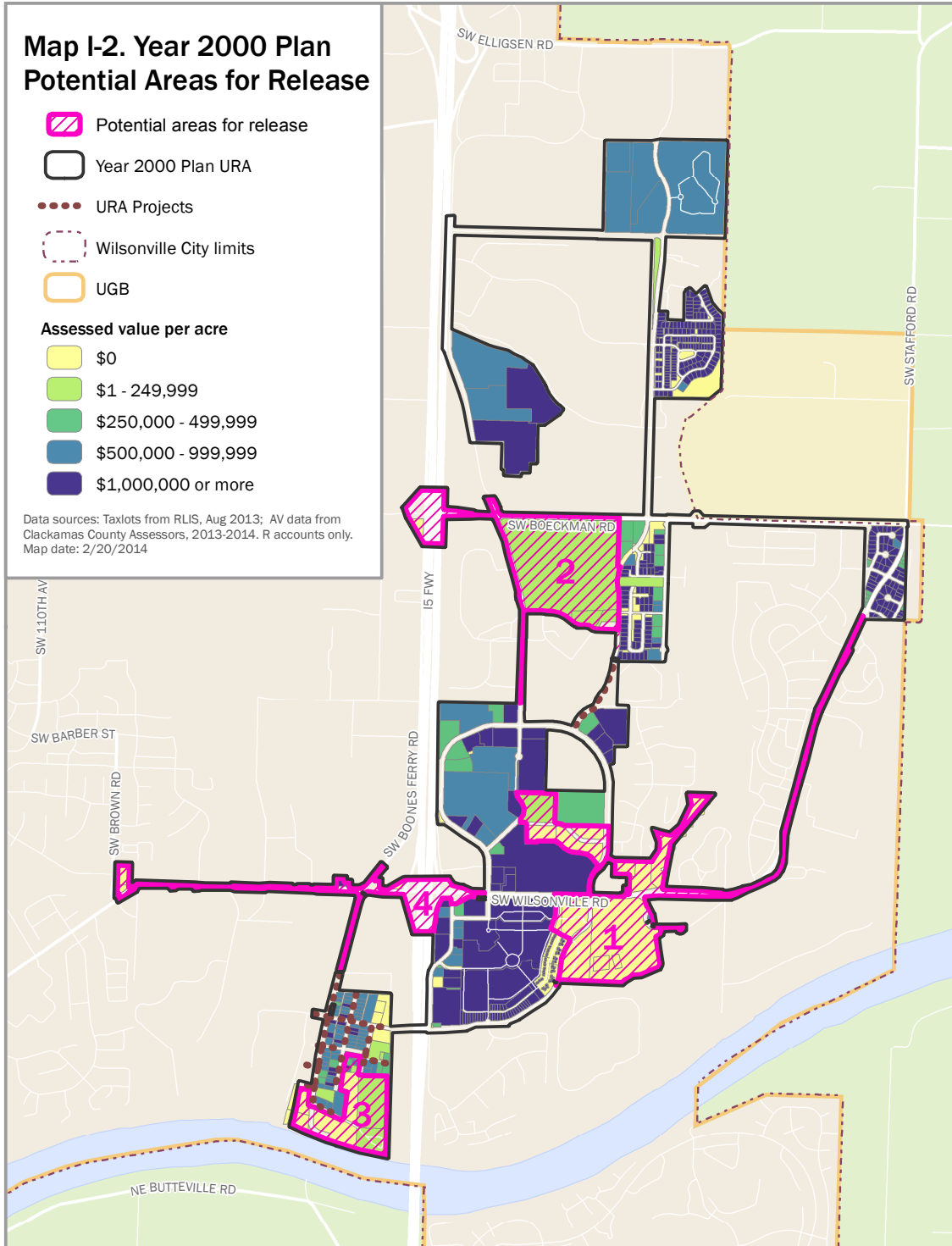
 \$1 - 249,999

 \$250,000 - 499,999

 \$500,000 - 999,999

 \$1,000,000 or more

Data sources: Taxlots from RLIS, Aug 2013; AV data from Clackamas County Assessors, 2013-2014. R accounts only. Map date: 2/20/2014



Conclusion

As Table I-2 shows, it is possible to remove more than 121 acres (the amount required for a Coffee Creek urban renewal area) with less than \$208 million in AV (the maximum that can be removed without compromising the Year 2000 Plan's ability to meet financial obligations).

Appendix J. Compression Impacts to the School District

Compression impacts to the West Linn-Wilsonville School District

Compression occurs as a result of the property tax rate limits enacted by Measure 5. Measure 5 limited the tax rate for any single property to \$5 per \$1,000 of real market value for education and \$10 per \$1,000 of real market value for general government. If taxes to be raised on an individual property exceed the Measure 5 limits on real market value, then the tax bill for that property is reduced or “compressed” by the assessor until the taxes equal the legal limits. When compression occurs for a property, all taxing districts get proportionately less revenue from that property than what the uncompressed rate would generate.

Urban renewal takes a portion of the tax rate for education, and re-categorizes it as general government, potentially reducing compression losses for education taxing districts in some situations. Wilsonville’s urban renewal districts positively impact the West Linn-Wilsonville school district (District) in this way; by re-categorizing a portion of the tax rate for education to general government and reducing compression losses.

Closure of the Year 2000 Urban Renewal Area (URA) in 2013 or 2014 would have a substantial impact on the school district’s local option tax revenue. We are continuing to evaluate these impacts and will be presenting the amount of estimated impact at the December 11th task force meeting. Estimates of compression impacts are based on current property tax data and based on growth or decrease in real market value, the impact could vary significantly in the future.

Regardless, certain steps can be taken to mitigate whatever financial impacts closing the URA might have on the District.

The issue of compression and its impact to local option levies can be addressed legislatively. The City, the Urban Renewal Agency, the District, and other taxing agencies could advocate for legislative changes that would nullify these impacts.

Secondly, closure of the URA could occur over a period of years. For example, twenty percent of the URA could be removed each year over a five year period so that the impact to the District is spread out over time.

Under Scenario A, this phase out would begin in 2019, under Scenario B it would begin in 2022 and under Scenario C it would begin in 2034. However, under any of these scenarios, legislative changes could occur that would nullify the impacts of compression and eliminate the need for phasing. If legislative changes do not occur, the passage of time could see increasing real market values that could relieve some compression pressure. The Urban Renewal Agency and the District would work together to accelerate closure as real market values increase.