



CITY OF OREGON CITY URBAN RENEWAL COMMISSION AGENDA

Virtual Meeting
Wednesday, July 07, 2021 at 6:00 PM

VIRTUAL MEETING OF THE URBAN RENEWAL COMMISSION

The public is strongly encouraged to relay concerns and comments to the Commission in one of three ways:

- *Email at any time up to 12 p.m. the day of the meeting to recorderteam@orccity.org.*
- *Phone call (Monday – Friday, 8 am – 5 pm) to 503-496-1505, all messages will be relayed and/or citizens can sign-up to be called during the meeting to provide over-the-phone testimony.*
- *Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045.*

CALL TO ORDER

ROLL CALL

CITIZEN COMMENTS

DISCUSSION ITEM

- [1.](#) Urban Renewal District Draft Vision Statement and Framework for Decision-Making
- [2.](#) Minutes of the June 1, 2021 Urban Renewal Commission Meeting
- [3.](#) Minutes of the June 2, 2021 Urban Renewal Commission Meeting

COMMUNICATIONS

ADJOURNMENT

PUBLIC COMMENT GUIDELINES

Complete a Comment Card prior to the meeting and submit it to the City Recorder. When the Mayor/Chair calls your name, proceed to the speaker table, and state your name and city of residence into the microphone. Each speaker is given three (3) minutes to speak. To assist in tracking your speaking time, refer to the timer on the table.

As a general practice, the City Commission does not engage in discussion with those making comments.

Electronic presentations are permitted but shall be delivered to the City Recorder 48 hours in advance of the meeting.

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the Oregon City's website at www.orcity.org and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WPMC at 503-650-0275 for a programming schedule.



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Commission **Agenda Date:** 07/07/2021
From: Economic Development Manager James Graham

SUBJECT:

Urban Renewal District Draft Vision Statement and Framework for Decision-Making

STAFF RECOMMENDATION:

Staff recommends that the Urban Renewal Commission draft a vision statement and framework for decision-making with regard to investing in Urban Renewal projects.

EXECUTIVE SUMMARY:

The Urban Renewal Executive Committee met on Friday, June 11, 2021, to establish a consensus on the scope and timing of recently discussed topics and the future progress of Urban Renewal. One of the topics included developing and adopting a vision statement and framework for decision-making with regard to investing in Urban Renewal projects.

During a meeting of the Urban Renewal Commission on June 16, 2021, it was agreed that the Urban Renewal Commission would proceed with developing such a document. Staff was asked to submit a draft document to help spur discussion.

BACKGROUND:

As a result of a discussion conducted on June 11, 2021, by members of the Executive Committee of the Urban Renewal Commission, it was decided to provide a summary of the topics discussed and to bring one item back to the full Urban Renewal Commission for further deliberation.

The Executive Committee discussed the recent decisions of the Urban Renewal Committee and provided guidance to staff on how these items could be structured and improved with work to be done by staff, the Executive Committee, and/or Leland Consulting:

- Creation of an intergovernmental agreement between the City of Oregon City and the Urban Renewal Commission.

- Development of a vision statement and framework for decision-making pertaining to new projects.
- Deliverables to be completed by the Leland Consulting Group by the contract deadline of August 3, 2021.

During its deliberations on June 16, 2021, the Urban Renewal Commission decided to proceed with developing a vision statement and framework for decision-making. Staff was asked to submit a draft document to help the Commission to commence discussion.

OPTIONS:

1. Develop a vision statement and framework for decision-making with regard to investing in Urban Renewal Projects.
2. Do not provide Develop a vision statement and framework for decision-making with regard to investing in Urban Renewal Projects.

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**THE URBAN RENEWAL DISTRICT
A VISION FOR THE FUTURE AND A FRAMEWORK FOR MAKING INVESTMENT
DECISIONS**

INTRODUCTION:

Originally adopted on December 19, 1990, an Urban Renewal Plan for the Downtown area came into being and was the only urban renewal plan for the Downtown area. In 1990, the Oregon City Commission amended the Oregon City Downtown Renewal Plan of 1983 to remove the downtown area from the plan, to add project activities, and to rename the 1983 plan the Hilltop Urban Renewal Plan. The Urban Renewal Advisory Committee and City Commission directed staff to prepare a new Urban Renewal Plan for downtown Oregon City, and to include additional areas adjacent to the downtown that suffer from blighting conditions.

In October of 2004, a report, *Oregon City Futures*, was prepared by Leland Consulting Group, Real Estate Strategists, and StastnyBrun Architects, Inc. that described a strategy to assist Oregon City in implementing its Metro 2040 designation. As a result of an extensive public involvement process initiated by the City in March 2004, The Futures Report gave considerable attention to the designation by Metro of Oregon City as a Regional Center in Metro's Region 2040 Growth Concept (one of seven such designations within the Portland Metro area). The report provided a series of recommendations on policy issues and development strategies to realize economic development success citywide and achieve the objectives of the Urban Renewal Plan.

The Hilltop Urban Renewal District was closed in 2005 and saw a 1.100% increase in assessed value. In 2007, a new plan named the Downtown Oregon City/North End Urban Renewal Plan was developed. It is the only Urban Renewal District designated in Oregon City as of 2007.

Regional Center

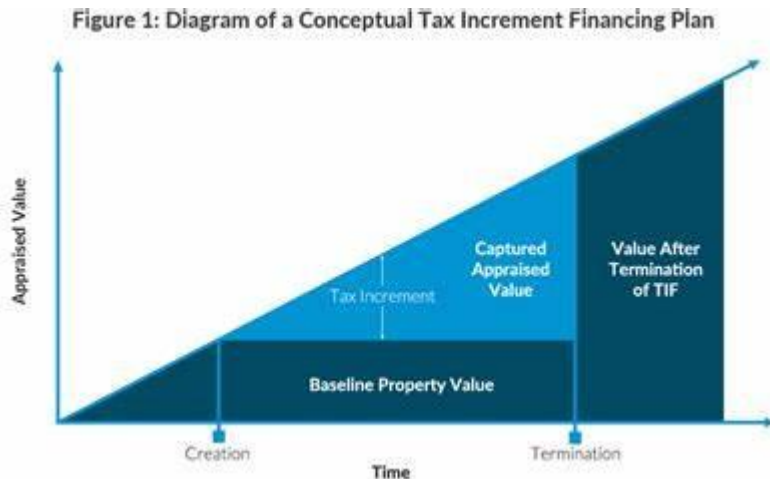
Oregon City is one of seven Regional Centers designated in the Metro Region 2040 Growth Concept, which covers the entire tri-county area of Clackamas, Multnomah, and Washington counties. The term Regional Center is described as a concentration of activity and investment that serves an area of activity and investment for several cities.

The Urban Renewal District plays a major role in helping transform Oregon City into a true Regional Center. The Urban Renewal District is not only a designated geographic area within Oregon City, but it is an economic development tool that provides an opportunity to attract and create real estate investments and develop programs that help to further its adopted vision.

THE URBAN RENEWAL DISTRICT'S TAX INCREMENT FINANCING PROGRAM

Urban Renewal is funded by tax increment financing (TIF). At the time the urban renewal plan was adopted, the county assessor calculated the total assessed value of the area and established this value as the “frozen base” for the area.

Taxes from that frozen base continue going to all the taxing jurisdictions. Growth above the base is called the “increment”. Taxes from the increment, called tax increment revenue, go to the urban renewal agency for projects within the urban renewal area.



VISION:

Physical investments and programming within the Urban Renewal District will result in:

- *creating an environment of livability;*
- *establishing opportunities that support safe and healthy recreation;*
- *generating investments that will provide rates of return on investments;*
- *broadening the tax base; and*
- *providing a good quality of life for all residents of Oregon City and the region regardless of race, creed, gender, sexual orientation, or disability.*

The attributes of livability, recreational opportunity, and a rate of return on investments are interdependent and serve as the foundational cornerstone to help Oregon City solidify its status as a regional center.

GOAL: LIVABILITY

Livability is about building community that enhances the quality of life through action to improve local environments and provide safe conditions in places where people live. Private single-family homes should not be constructed along the Clackamas and the Willamette River shorelines. This type of private investment along the shorelines garners lower rates of return per square foot than commercial enterprise. Private single-family residences along the river shoreline and along the

shoreline of the Clackamas River could potentially limit access to newly mitigated land and scenic waterway.

Therefore, it shall be the goal of the Urban Renewal Commission to support the development of housing away from the shoreline of the Cove and Willamette River. The creation of a variety of housing options with different price points will be encouraged.

GOAL: RECREATIONAL OPPORTUNITIES

The ability to establish recreational opportunities offering various types of outdoor amenities, man-made and/or natural, can result in many health benefits as well as enjoyment. The Cove, the surrounding landscape, and the nearby Willamette River Shoreline provides various opportunities for investment in private and publicly owned recreational-related facilities and infrastructure. The shorelines of the Clackamas River, the Willamette River, and the Cove could provide an opportunity for walking and biking paths.

For-profit businesses that provide outdoor recreational services should be allowed to operate in certain areas near the rivers and cove provided they meet code and permitting requirements. Businesses such as kayaking, and paddle boat services can offer outdoor enthusiasts with safe, healthy, and quality entertainment. To the extent that public amenities such as parking, signage and improved access features to the rivers and cove should be provided by the Urban Renewal District.

It shall be the goal of the Urban Renewal Commission to support privately owned recreational-related businesses to operate near the shorelines of the Clackamas River, the Willamette River, and the Cove. The Urban Renewal Commission will provide public infrastructure to compliment the operation of outdoor recreation-related private enterprise near the aquatic areas within the district.

GOAL: INCOME PRODUCING INVESTMENTS

Development should be responsive to the market and social needs of the region and City infrastructure and policies should accommodate development's responsiveness. City investments in projects should be fiscally conservative and equitable throughout the City. Growth should not saddle future generations with long term environmental or economic burdens.

For-profit business operations should provide long term employment, pay livable wages, broaden the tax base, and provide a rate of return to the district. To that end, income-producing investments including restaurants, state-of-the-art small convention/business meeting space, boutique hotel, an arts and entertainment venue are all appropriate considerations.

It shall be the goal of the Urban Renewal Commission to prioritize and support investments that provide a return on investment and broadens the tax base. Public investments should made to complement and support private investments.

TIF GUIDELINES AND PROJECT EVALUATION CRITERIA

Due Diligence Team

The Urban Renewal Commission's Due Diligence Team is established to conduct a thorough review of applications seeking assistance under the program. The team's responsibility includes ensuring that the application is complete and that it adheres to State and local guidelines for TIF assistance.

In addition, the Due Diligence Team will vet investors/developers associated with potential projects, analyze project revenue expectations, determine financial shortfalls and debt service limitations, examine the project's sustainability, and develop strategies to mitigate risks.

The Urban Renewal Commission will make all final determinations regarding application approvals.

The Due Diligence Team will consist of the following professionals:

- Bond Counsel
- Financial Review Firm ("Consultant")
- City Attorney or Redevelopment Attorney
- Economic Development Manager
- City Finance Director

Eligible Investments

The activities eligible for urban renewal funding are determined by ORS 457. Eligible activities include:

- Environmental rehabilitation or conservation work,
- real property acquisition,
- demolition, removal, or rehabilitation of buildings and improvements,
- installation, construction, or reconstruction of streets, utilities, and site improvements,
- assisting in the relocation of persons,
- disposition of property acquired in the urban renewal area, and
- undertaking and carrying out neighborhood development programs.

Ineligible activities include all other activities not listed by ORS 457, such as non-capital improvements, temporary improvements, and grants or loans for operating expenses.

Eligible Expenditures

Urban renewal can fund a range of activities, including capital projects and development assistance programs, and typically include:

- utility or infrastructure projects to support new development,
- infrastructure: streets and utilities,

- streetscape improvements and transportation enhancements, including new lighting, trees, sidewalks, pedestrian and bicycle amenities, and intersection improvements,
- catalyst redevelopment projects, such as mixed-use or infill housing developments,
- storefront improvement grants for improvements to existing properties,
- development assistance grants or incentives for specific desired development types,
- parks and plazas,
- clean up of brownfield sites,
- property acquisition to aggregate properties for desired development,
- public buildings, and
- historic preservation projects.

PROJECT EVALUATION

Description of Project Score and Structure

Developers/Investors should provide information on the ownership structure of the main business investor and specific project. Developers/investors should state why TIF funding is needed to make the project successful. It is important for the developers/investors to reveal any plans to “flip” the project to other future owners.

Sources and Uses of Funds

Documentation should be provided detailing how the project will be funded. The applicant shall submit financial information that reveals all sources of financial commitment including a list of investors that have provided 20% or more financial commitment to the project. Include typical sources such as equity, lender financing, mezzanine financing, government financing, other anticipated types of public assistance, excluding the Oregon City Urban Renewal District, and any other types or methods of financing. Describe the sources of equity. Include a term sheet for lender financing, if available.

Summarize the uses of funds. General categories to be identified include acquisition and related site costs, hard construction costs, and a breakdown of soft costs.

Further, the applicant should offer proforma analysis of the project along with financial statements, market and financial feasibility studies, and appraisals. The investor applicant should be prepared to provide the City with information and data that it may require in order to review the need for TIF assistance.

Funding Limitations

TIF Assistance is subject to availability of funds and how much increment will be generated from a proposed project. The County Tax Assessor will determine the level of increment that will be generated by the proposed project. Exactly how much tax increment to be provided to a project is also subject to negotiation and final review and approval of the Urban Renewal Commission.

The “But For” Test

TIF assistance should only be used to trigger projects that would not otherwise occur given prevailing market conditions. Specifically state the amount of TIF assistance that is necessary to make this project possible. Also specify the budget costs that will be funded using TIF assistance. TIF assistance will not be provided to projects that have the financial feasibility to proceed without the benefit of TIF assistance.

Assistance will not be provided solely to broaden an applicant's profit margin on the project. Prior to consideration of a TIF assistance request, the City will undertake an independent analysis of financials to ensure that the request for assistance is valid.

Return On Investment

The Due Diligence Team will compare and consider any incremental amounts of property tax anticipated to be generated by the project. If there is a clear history of decline in real estate property taxes and property conditions, the value of restoring the tax base and addressing a blighting influence of deteriorating property conditions shall be considered.

FORMS OF PROJECT/PROGRAM FINANCING

General Obligations Bond

Some TIF projects are financed through debt, generated via bond issuance by the Urban Renewal District. Increases in tax revenues that the development itself generates pays back bond debt and not from tax subsidies from other areas of the municipality.

Pay-As-You-Go TIF

In Pay-As-You-Go TIF (or Pay-Go TIF), the developer pays for upfront development cost and is reimbursed for TIF-eligible costs as the increment becomes available (when the tax base increases).

Loans

Funds may be advanced under a loan structure whereby the developer or business pays the Urban Renewal District back on a repayment schedule including principal and interest. The source of loan funding may come from existing cash generated by the Urban Renewal District or from funds raised through the issuance of general obligation bonds.

Grants

Grants may be issued to businesses to fund special projects that enhances the community's economic viability such as a building façade program, second floor renovation for second floor residences in the downtown area, and machinery and equipment loans to business to purchase large pieces of equipment used to produce/process material and goods.

DISPOSITION AND DEVELOPMENT AGREEMENT

A Disposition and Development Agreement (DDA) will be created if TIF funds are used, in whole or in part, to fund a developer or business for development project/program costs. The DDA is essentially a contract between the Urban Renewal District and developer or business. It is a mechanism to set the terms and conditions to assist with the development of a project and ensures that the City obtains the type and quality of investment that it expects.

The DDA will dictate whether all, or a percentage of, the incremental tax revenues generated by the new investment will be used to pay for certain authorized project costs with payment made directly to the developer or business or to a vendor. Terms shall be negotiated between the Urban Renewal District and the applicant on a case-by- case basis and will be consistent with programs guidelines and State statute.

The DDA may contain “claw back provisions” if the applicant does not meet compliance standards outlined in this document. This will also include any statements or representations made by the applicant, which have a bearing on the Urban Renewal Commission’s decision to participate in a TIF and at what level.

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CITY OF OREGON CITY URBAN RENEWAL COMMISSION DRAFT MINUTES

Virtual Meeting
Tuesday, June 01, 2021 at 6:00 PM

VIRTUAL MEETING INFORMATION

CALL TO ORDER

Chair Denyse McGriff called the meeting to order at 6:01 PM.

ROLL CALL

PRESENT: 6 - Chair Denyse McGriff, Commissioner Doug Neeley, Commissioner Frank O'Donnell, Commissioner Rachel Lyles Smith, and Commissioner Rocky Smith, Jr.

ABSENT: 1 - Vice Chair Shawn Cross.

STAFFERS: 5 - City Manager Tony Konkol, City Attorney Bill Kabeiseman, City Recorder Kattie Riggs, Economic Development Manager James Graham, and Finance Director Matt Zook.

CITIZEN COMMENTS

There were no citizen comments.

DISCUSSION ITEM

1. Study of Urban Renewal – Disposition of Urban Renewal District

Tony Konkol, City Manager, described the Commission's prior vote in support Urban Renewal as a useful tool. Mr. Konkol outlined the questions for the City Commission's discussion, including what the vote on the charter amendment meant, how the City Commission would like to respond to that vote, and the vision for Urban Renewal. The answers to these questions would inform the discussion on the Tax Increment Funding (TIF) to be decided on June 2, 2021.

Commissioner O'Donnell felt the Urban Renewal Commission should establish the vision for Urban Renewal, the projects, and the order of events before re-engaging Leland Consulting Group and suggested waiting to extend the contract.

Chair McGriff felt updates to the Urban Renewal Plan should be completed first and that a process for vetting developers could be established.

Commissioner Neeley felt the first discussion should be about the change in District boundaries to possibly include the former Blue Heron site as part of the Willamette Falls Legacy Project.

Commissioner Smith felt the Commission needed to have a dialog and respond to the voters who told Urban Renewal to close. He felt that moving forward would be difficult without responding to the criticism of the Urban Renewal District. Commissioner O'Donnell suggested that the TIF should be paused to allow the Urban Renewal Plan to be updated.

Commissioner Lyles Smith asked staff if there was a capacity issue and if that is why we have asked to keep Leland Consulting on for the remainder of time. She also asked Commissioner Smith what he thought the next steps would be.

Commissioner Smith thought listing out options or projects and ask for survey or voter feedback would be a good next step. Mr. Konkol said it was both an expertise and capacity issue that the City sought assistance from Leland Consulting.

Commissioner Marl mentioned that he understands both sides of the issues and is still unsure if he is ready to support the budget for Urban Renewal at this time. The Commission discussed the potential options for updating the Urban Renewal Plan. Commissioner Marl asked if updating the Urban Renewal Plan would require a public vote to remove the charter restrictions. Mr. Konkol said that there is already a court order that says the Charter language/restriction is not legal and there is a decision that should be coming from the Court of Appeals.

Commissioner O'Donnell would like to know if the Commission would like to levy the full tax increment, a percentage of the levy, or forego collecting tax for one year.

Commissioner Lyles Smith asked Commissioner O'Donnell why he thought there would be an additional lawsuit if the Commission continued to collect tax increment. She also thought there should not be a delay in the Leland contract.

Mr. Konkol clarified that all Urban Renewal Districts at some point collect money that is not being paid on debt.

Commissioner O'Donnell said he would like to make a motion to suspend collection of TIF for one year to see what the temperature of the Commission is.

The Commission discussed what, if any, questions could be put to a public vote. The Commission discussed holding a work session with public forum to gather public input.

Motion made by Commissioner O'Donnell, seconded by Commissioner Smith, Jr., to suspend the collection of TIF (tax increment financing) for one fiscal year. The motion failed by the following vote:

Yea: 2 - Commissioner O'Donnell and Commissioner Smith, Jr.

Nay: 4 - Commissioner Marl, Commissioner McGriff, Commissioner Neeley, and Commissioner Lyles Smith

Matt Zook, Finance Director, explained what contingency operating funds means and how those can be accessed or moved. The Commission discussed the next steps and process moving ahead.

Motion made by Commissioner Lyles Smith, seconded by Commissioner Neeley, to adjourn the meeting. The motion carried with the following vote:

Yea: 6 - Commissioner Marl, Commissioner McGriff, Commissioner Neeley, Commissioner O'Donnell, Commissioner Lyles Smith, and Commissioner Smith, Jr.

COMMUNICATIONS

There were no communications.

ADJOURNMENT

Chair McGriff adjourned the meeting at 7:41 PM.

Respectfully submitted,

Kattie Riggs, City Recorder



CITY OF OREGON CITY

URBAN RENEWAL COMMISSION

DRAFT MINUTES

Virtual Meeting
Wednesday, June 02, 2021 at 6:00 PM

CALL TO ORDER

Chair Denyse McGriff called the meeting to order at 6:02 PM.

ROLL CALL

PRESENT: 7 - Commissioner Adam Marl, Commissioner Frank O'Donnell, Commissioner Shawn Cross, Commissioner Denyse McGriff, Commissioner Doug Neeley, Commissioner Rachel Lyles Smith, and Commissioner Rocky Smith, Jr.

STAFFERS: 6 - City Manager Tony Konkol, City Attorney Carrie Richter, City Recorder Kattie Riggs, Economic Development Manager James Graham, Finance Director Matt Zook, Deputy Finance Director Ryan Bredehoeft, and Business Analysis Erin Wilkie.

CITIZEN COMMENTS

Liz Hannum, Executive Director of the Downtown Oregon City Association, provided public comment in support of continuing the Urban Renewal District and levying the Tax Increment Financing (TIF).

PUBLIC HEARING

1. Resolution No. UR 21-01, Adopting the Urban Renewal Budget, Making Appropriations and Declaring Tax Increment for the 2021-2023 Biennium

Chair McGriff opened the public hearing.

Tony Konkol, City Manager, provided a brief overview of the item asking for approval of Resolution No. UR 21-01, adopting the Urban Renewal Budget, making appropriations and declaring tax increment for the 2021-2023 biennium.

John Williams, resident of Oregon City, urged the Urban Renewal Commission to vote no and not pass the budget as is. He felt the Commission should suspend the collection of TIF (tax increment financing).

Chair McGriff closed the public hearing.

Commissioner Lyles Smith asked about carrying a balance in the TIF account rather than using it to pay indebtedness. Andy Parks, GEL Oregon, Inc. consultant, discussed the typical budget management practices in Oregon for urban renewal districts.

Commissioner Lyles Smith asked for clarification between "debt issued" and "debt incurred" under Oregon Law. Carrie Richter, Assistant City Attorney, indicated the distinction may be identified under ORS 457.455. Mr. Parks indicated that an intergovernmental agreement (IGA) between a city and an urban renewal agency is a best practice. Mr. Parks indicated that separate funds can be used to separate general funds from debt service funds.

Chair McGriff asked Commissioner Cross how the City of Lake Oswego managed its urban renewal funds. Commissioner Cross indicated Lake Oswego used an Intergovernmental Agreement (IGA) and that most cities collect TIF funds prior to issuing debt because they would have insufficient bonding capacity otherwise.

There was Commission support for developing an IGA between the City and the Urban Renewal Agency.

Mr. Parks clarified the correct citation for acquisition of TIF funds was ORS 457.190(3)(c)(B). Mr. Parks was not aware of any city that had not levied the maximum amount of TIF allowed.

The Commission discussed budget law requirements regarding supplemental budgets if a project were to be identified before the end of the budget cycle.

Motion made by Commissioner Lyles Smith, seconded by Commissioner Neeley, to adopt Resolution No. UR 21-01, adopting the Urban Renewal Budget, making appropriations and declaring tax increment for the 2021-203 Biennium. The motion carried by the following vote:

Yea: 4 - Commissioner Cross, Commissioner McGriff, Commissioner Neeley, and Commissioner Lyles Smith.

Nay: 3 - Commissioner Marl, Commissioner O'Donnell, and Commissioner Smith, Jr.

DISCUSSION ITEM

2. Contract Amendment with Leland Consulting Group

There was discussion regarding the remainder of the contract and if there was a current and continued need for Leland Consulting Group.

Motion made by Commissioner McGriff, seconded by Commissioner Cross, to approve the contract extension with Leland Consulting Group until August 3, 2021. The motion carried by the following vote:

Yea: 5 - Commissioner Cross, Commissioner Marl, Commissioner McGriff, Commissioner Neeley, and Commissioner Lyles Smith.

Nay: 2 - Commissioner O'Donnell and Commissioner Smith, Jr.

3. Minutes of the February 6, 2019 Regular Meeting

Motion made by Commissioner Lyles Smith, seconded by Commissioner Cross, to approve the minutes of the February 6, 2019 meeting as presented. The motion carried by the following vote:

Yea: 5 - Commissioner Cross, Commissioner Marl, Commissioner McGriff, Commissioner Neeley, and Commissioner Lyles Smith.

Abstaining: 2 - Commissioner O'Donnell, Commissioner Smith, Jr.

COMMUNICATIONS

Commissioner Lyles Smith requested a meeting of the Executive Committee of the Urban Renewal Commission to organize agendas and future discussions.

ADJOURNMENT

Chair McGriff adjourned the meeting at 6:58 PM.

Respectfully submitted,

Kattie Riggs, City Recorder