CITY OF OREGON CITY
URBAN RENEWAL BUDGET COMMITTEE
AGENDA

Pioneer Community Center, 615 5th Street, Oregon City
Thursday, May 25, 2023 at 6:00 PM

BUDGET COMMITTEE MEETING INFORMATION:

This meeting will be held in an in-person format (and hybrid upon request) and streamed live on the City's YouTube page: https://www.youtube.com/user/CityofOregonCity; please contact recorderteam@orcity.org with any questions.

The public is strongly encouraged to relay concerns and comments to the Committee.

Ways to participate in this public meeting:

• Attend in person, location listed above

• Register to provide electronic testimony (email recorderteam@orcity.org or call 503-496-1509 by 3:00 PM on the day of the meeting to register)

• Email recorderteam@orcity.org (deadline to submit written testimony via email is 3:00 PM on the day of the meeting)

• Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045

CONVENE URBAN RENEWAL BUDGET COMMITTEE MEETING

ROLL CALL AND INTRODUCTIONS

ELECTIONS

1. Election of the Chairperson

2. Election of the Vice Chairperson

3. Election of the Secretary

APPROVAL OF THE MINUTES

1. Draft Minutes of the May 20, 2021 Urban Renewal Budget Committee Meeting

PUBLIC COMMENTS

Citizens are allowed up to 3 minutes to present information relevant to the Urban Renewal Budget Committee. Prior to speaking, citizens shall complete a comment form and deliver it to the City Recorder. The Urban Renewal Budget Committee does not generally engage in dialog *with those making comments but may refer the issue to the City Manager. Complaints shall first be addressed at the department level prior to addressing the Urban Renewal Budget Committee.*

2. Public Comment Received Prior to the Meeting

BUDGET MESSAGE FROM THE BUDGET OFFICER

3. Proposed 2023-2025 Biennial Budget

BUDGET DELIBERATIONS

4. Review Proposed Budget by Section

APPROVE URBAN RENEWAL BUDGET AND APPROVE PROPERTY TAX RATES

APPROVE THE 2023 - 2025 BIENNIAL BUDGET IN THE AMOUNT OF $15,927,600 AS PROPSED AND AMENDED, TO BE FORWARDED TO THE URBAN RENEWAL COMMISSION FOR ADOPTION AND ESTABLISH THAT THE MAXIMUM AMOUNT OF TAX FROM THE DIVISION OF TAXES SHALL BE LEVIED FOR THE FISCAL YEARS ENDING 2024 AND 2025.

ADJOURNEMENT OR RECESS TO JUNE 1, 2023 AT 6:00 PM

5. Budget Committee Adjoun or Recess

   The Budget Committee will either approve and adjourn **or** recess to Thursday, June 1, 2023.

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 WFMC at 503-650-0275 for a programming schedule.

CITY OF OREGON CITY
URBAN RENEWAL BUDGET COMMITTEE MEETING #2 - REVISED
DRAFT MINUTES

Virtual Meeting

Thursday, May 20, 2021 at 6:00 PM

CONVENE URBAN RENEWAL BUDGET COMMITTEE MEETING

Chair Denyse McGriff convened the meeting at 6:01 PM.

ROLL CALL

PRESENT: 11 - Doug Neeley, Mike Mitchell, Shawn Cross, Emma Lugo, Rachel Lyles Smith, Timothy Christopher, Adam Marl, Frank O'Donnell, Kyle Arnhart, Rocky Smith, Jr., and Denyse McGriff

ABSENT: 1 - Casey Flesch

STAFFERS: 5 - City Manager Tony Konkol, City Recorder Kattie Riggs, Finance Director Matt Zook, Economic Development Manager James Graham, and Deputy Finance Director Ryan Bredehoeft

APPROVAL OF MEETING MINUTES

1. Minutes of the May 17, 2021 Urban Renewal Budget Committee Meeting

Motion made by Committee Member O'Donnell, seconded by Committee Member Neeley, to approve the May 17, 2021 Urban Renewal Budget Committee Meeting minutes as presented. The motion carried by the following vote:

Yea: 11 – Committee Members Neeley, Mitchell, Cross, Lugo, Lyles Smith, Christopher, Marl, O'Donnell, Arnhart, Smith, and McGriff

DISCUSSION ITEM

2. Budget Review and Discussion

Chair McGriff said the purpose of tonight's meeting was to continue discussion of agenda items two and three and asked if a third meeting had been scheduled.

Tony Konkol, City Manager, stated that not all committee members could attend proposed future meeting dates.

A scheduling discussion occurred with some members in favor of a June 1, 2021 meeting date.

Committee Member Cross and Matt Zook, Finance Director, confirmed that the Urban Renewal Commission and not the Urban Renewal Budget Committee must vote for or against the budget by June 30, 2021.

Committee Member Lugo asked if any substantive changes would occur between tonight's meeting and *a subsequent meeting that could affect the committee's vote.*

Committee Member Mitchell suggested that uncertainty and a lack of direction exist around urban renewal and that this would not change between tonight's meeting and a subsequent meeting.

Committee Member Lyles Smith commented on issues raised by Jesse Buss during the May 17, 2021 Urban Renewal Budget Committee meeting. She asked for more information on moving funds to an operating contingency bucket and asked if other budget options existed regarding the collection of revenue.

Chair McGriff stated that discussions regarding potential changes in tax increment funding (TIF) should take place within the Urban Renewal Commission (URC).

Mr. Konkol confirmed that per ORS 457.455 the URC can limit TIF per single fiscal year but must consult with voters before doing so and before the Urban Renewal Budget Committee can take final action.

Committee Member O'Donnell shared concerns about potential litigation if tonight's motion is adopted.

3. Approve the 2021-2023 Urban Renewal Biennial Budget of $9,701,811 to be Forwarded to the Urban Renewal Commission for Adoption and Establish that the Maximum Amount of Tax from the Division of Taxes Shall be Levied for the Fiscal Years Ending 2022 and 2023

Motion made by Committee Member Neeley, seconded by Committee Member Mitchell, to approve the 2021-2023 Urban Renewal Biennial Budget of $9,701,811 to be forwarded to the Urban Renewal Commission for adoption and establish that the maximum amount of tax from the division of taxes shall be levied for the fiscal years ending 2022 and 2023. The motion carried by the following vote:

Yea: 8 – Committee Members Neeley, Mitchell, Cross, Lugo, Lyles Smith, Marl, Arnhart, and McGriff

Nay: 3 – Committee Members Christopher, O'Donnell, and Smith

Chair McGriff requested an additional URC meeting to discuss budget concerns.

Committee Member Lyles Smith requested feedback from committee members who voted against tonight's motion.

Committee Member O'Donnell opined that the budget committee should listen to the will of the electorate regarding taxes and that revenue should not be collected in the absence of urban renewal projects. He reiterated his anticipation of a lawsuit if the budget is adopted as-is.

Committee Member Christopher opined that the motion was rushed considering nothing in the plan relates to pressing infrastructure needs and in light of a pending legal decision and electorate vote against TIF. He affirmed that he does see the benefits of urban renewal.

Commissioner McGriff said the committee's vote was a recommendation and that she does not want to reduce or suspend TIF without understanding the implications of doing so. Committee Member Christopher suggested that this information should have been provided to the committee beforehand.

Committee Member Lyles Smith asked if the URC could address TIF. Mr. Zook confirmed that a public hearing would be required if the URC chose to raise TIF but could that it could reduce TIF without a *public hearing.*

Committee Member Lyles Smith shared concerns regarding the value of the Urban Renewal Budget Committee if the URC is able to overturn their recommendations at a later date. Mr. Zook replied that the committee's approval is required to move forward in budgeting.

Committee Member Lyles Smith requested to change her vote from AYE to NAY. Her vote change was accepted.

Committee Member Neeley said that approval of the motion has not stopped the process of reviewing TIF.

Committee Member Neeley suggested a URC work session prior to the June 2, 2021 URC meeting. There was brief discussion of scheduling and future meeting dates.

ADJOURNMENT

Motion made by Committee Member Smith, seconded by Committee Member Mitchell, to adjourn the meeting. The motion carried by the following vote:

Yea: 10 - Committee Members Neeley, Mitchell, Cross, Lugo, Lyles Smith, Christopher, Marl, O'Donnell, Arnhart, Smith

Abstain: 1 - Committee Member McGriff

Chair McGriff adjourned the meeting at 6:51 PM.

Respectfully submitted,

____

Jakob S. Wiley, City Recorder

Oregon City Urban Renewal Agency
Proposed Biennial Budget
July 1, 2023, through June 30, 2025

Introduction

The Oregon City Urban Renewal Agency's 2023-2025 Proposed Biennial Budget is balanced and has been prepared in accordance with Oregon Budget Law. For the period July 1, 2023, through June 30, 2025, the total budget is $15,927,600.

The Agency is a separate legal entity from the City of Oregon City that is established under State law. Oregon Revised Statues Chapter 457.035(1) creates "a public body corporate and politic to be known as the urban renewal agency" for each municipality. The Oregon City Urban Renewal Commission is responsible for providing oversight for the District as specified in the Downtown/North End Urban Renewal Plan, amended in September 2007.

On November 8, 2016, voters approved Measure 3-514, which was intended to limit the use of urban renewal in Oregon City. On July 18, 2017, the Circuit Court determined that the measure is preempted by Oregon Revised Statutes Chapter 457. The Court found that the measure is inconsistent with State law and the Agency's expenditures are not restricted. This decision was appealed to the Oregon Court of Appeals. On November 15, 2022, the Court of Appeals declared that a portion of the measure, specifically part E of Section 59 in the Oregon City Municipal Code is unenforceable as preempted by state law.

The Urban Renewal Commission approved the 11th amendment to the Urban Renewal Plan on December 21, 2022. This amendment updated the project plan to three primary projects, which are the Rossman Landfill, Clackamette Cove, and the Stimson Property, and several secondary projects, including the County Courthouse on Main Street, Improvements to the End of the Oregon Trail Interpretive Center, and downtown railroad Quiet Zone, and development of the vacant 12th and Main Street property.

On May 16, 2023, voters rejected Measure 3-597, which requested the approval for the Urban Renewal Agency to borrow up to $44 million for projects in the Urban Renewal Plan. The proposed budget presented reflects a status quo budget while recognizing that the Urban Renewal Commission has yet to determine the future of the Urban Renewal Agency after learning the outcome of the election. In spite of this, the responsibility of the Urban Renewal Budget Committee is to review the proposed budget and determine the tax levy, the uses of all resources, and approve the budget. Subsequently, the Urban Renewal Commission has the responsibility to review the approved budget, revise if necessary, and adopt the budget. While the timing of the election in May, the requirement to adopt a budget by June 30, and the publication of mandatory newspaper notices for Budget Committee meetings all complicated the forward process, the Urban Renewal Agency must still meaningfully determine the future. At a minimum, the declaration of the tax increment for the 2023-24 and 2024-25 tax years will determine if the agency continues to collect new revenue (approximately $3.15 million per year) toward the projects identified above. The second key choice of the Urban Renewal Agency is the use of new tax increment revenue as well as existing funds on hand ($9.2 million). The future is in the hands of the Urban Renewal Agency.

Budget Highlights

The proposed budget is funded by total biennial revenues of $6.7 million (excluding beginning fund balance), 95% of which are from property taxes. Revenues increased by $68,000, or 1%, over the previous budget. Tax increment increases are budgeted at 2.0% for each year of the biennium. Other revenue sources include income from property rentals and investment income.

Projected spending for the biennium totals $15.86 million and is comprised of minimum operating and legal costs as well as capital projects. Finally, the budget includes costs to operate Agency owned rental properties. An operating contingency of $0.64 million is available for appropriation to projects pending the Urban Renewal Commission’s review.

The Downtown/North End Urban Renewal Plan includes an established debt limit of $130.1 million as a maximum for urban renewal investment (“maximum indebtedness”).

Respectfully,

Anthony J. Konkol III
Executive Director, OCURA

Item #3.

Oregon City Urban Renewal Agency
Proposed Biennial Budget
July 1, 2023, through June 30, 2025

Urban Renewal	2017-2019 Actual	2019-2021 Actual	2021-2023 Amended Budget	2023-2024 Proposed Budget	2024-2025 Proposed Budget	2023-2025 Proposed Biennium
Resources						
Beginning Fund Balance	$ 3,399,456	$ 5,468,808	$ 3,073,311	$ 9,230,800	$ 60,000	$ 9,230,800
Property Taxes	5,390,098	6,237,989	6,287,500	3,130,800	3,206,000	6,336,800
Rental Income	164,347	208,197	221,000	120,000	120,000	240,000
Interest Income	217,125	181,543	90,000	30,000	60,000	90,000
Other Income	95,000	126	30,000	15,000	15,000	30,000
Total Resources	**$ 9,266,026**	**$ 12,096,663**	**$ 9,701,811**	**$ 12,526,600**	**$ 3,461,000**	**$ 15,927,600**
Requirements						
Agency Administration	$ -	$ 440,000	$ 440,000	$ 220,000	$ 220,000	$ 440,000
Legal & Consultant Services	5,537	176,448	240,000	120,000	120,000	240,000
Rental Expenses	49,628	64,039	100,000	50,000	50,000	100,000
Cost Reimbursement	-	867,490	-	-	-	-
Operating Materials and Supplies	7,856	8,947	12,000	7,000	7,000	14,000
Community Programs and Grants	120,000	-	-	-	-	-
Capital Outlay	395,038	40,450	-	12,069,600	3,000,000	15,069,600
Principal and Interest	3,219,159	7,526,578	-	-	-	-
Operating Contingency	-	-	8,909,811	60,000	64,000	64,000
Unappropriated Fund Balance	5,468,808	2,972,711	-	-	-	-
Total Requirements	**$ 9,266,026**	**$ 12,096,663**	**$ 9,701,811**	**$ 12,526,600**	**$ 3,461,000**	**$ 15,927,600**

BUDGET HIGHLIGHTS

- Agency Administration includes minimum staff time/contracts to operate (policy meetings, contract management, investments, debt service, financial audits, impact reports, etc.).
- Legal & Consultant Services are costs to administer the future projects and support the Commission.
- Rental Expenses are costs to manage and maintain properties (Amtrak Station, Clackamas Landscape, two houses).
- Operating Materials and Services are costs for transcription and audit services.
- Capital Outlay represents the balance of available funds for capital projects as identified in the Urban Renewal Plan.

Note - 2023-2025 Proposed Biennium column amounts for Beginning Fund Balance and Operating Contingency do not add across. This is intentional as they represent balances at a specific point in time (beginning or end of the budget period).