CITY OF OREGON CITY
URBAN RENEWAL BUDGET COMMITTEE MEETING
AGENDA

Virtual Meeting

Monday, May 17, 2021 at 6:00 PM

(If needed, the Budget Committee will reconvene for the remaining discussion on Thursday, May 20, 2021 at 6:00 p.m. virtually via Zoom.)

VIRTUAL MEETING INFORMATION:

This meeting will be held online via Zoom 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 Commission in one of three ways:

- *Email at any time up to 12 p.m. the day of the meeting to recorderteam@orcity.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*

CONVENE URBAN RENEWAL BUDGET COMMITTEE MEETING

ROLL CALL

ELECTIONS

1. Elect Chairperson per ORS 294.905 (7)
2. Elect Vice Chairperson
3. Elect Secretary per ORS 294.905 (7)

APPROVAL OF THE MINUTES

4. Minutes of the May 13, 2019 Urban Renewal Budget Committee Meeting

PUBLIC COMMENTS

BUDGET MESSAGE

5. Budget Message from the Budget Officer

GENERAL BUSINESS

6. Budget Review and Discussion

7. 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

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

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

City of Oregon City

Meeting Minutes - Draft

Urban Renewal Budget Committee

Monday, May 13, 2019 **5:30 PM** **Pioneer Comm. Center, 615 5th St, Oregon City**

1. Convene Urban Renewal Budget Committee Meeting

The meeting was called to order at 5:30 PM by Chair Frank O'Donnell.

2. Roll Call and Introductions

Present: 10 - Joanne McCall, Frank O'Donnell, William Gifford, Stephen VanHaverbeke, Rae Gordon, Christopher Cook, Josh Planton, Rachel Lyles Smith, Rocky Smith Jr. and Denyse McGriff

Absent: 4 - Corri Ellis, Mike Mitchell, Dan Holladay and Timothy Christopher

Staffers: 5 - Tony Konkol, Wyatt Parno, Kattie Riggs, Mireya McIlveen and Erin Wilkie

3. Elect Chairperson

A motion was made by Committee Member Rachel Lyles Smith, seconded by Committee Member Joanne McCall, to elect Frank O'Donnell as Chair. The motion carried with the following vote:

Aye: 10 - Joanne McCall, Frank O'Donnell, William Gifford, Stephen VanHaverbeke, Rae Gordon, Christopher Cook, Josh Planton, Rachel Lyles Smith, Rocky Smith Jr. and Denyse McGriff

4. Elect Secretary

A motion was made by Chair Frank O'Donnell, seconded by Committee Member Joanne McCall to nominate Denyse McGriff as Secretary. The motion carried by the following vote:

Aye: 10 - Joanne McCall, Frank O'Donnell, William Gifford, Stephen VanHaverbeke, Rae Gordon, Christopher Cook, Josh Planton, Rachel Lyles Smith, Rocky Smith Jr. and Denyse McGriff

5. Public Comments

There were no citizen comments.

6. Approval of the Minutes

6a. Minutes of May 10, 2017 Urban Renewal Budget Committee Meeting

A motion was made by Committee Member William Gifford, seconded by Committee Member Denyse McGriff to approve the minutes of May 10, 2017

Urban Renewal Budget Committee Meeting. The motion carried by the following vote:

Aye: 10 - Joanne McCall, Frank O'Donnell, William Gifford, Stephen VanHaverbeke, Rae Gordon, Christopher Cook, Josh Planton, Rachel Lyles Smith, Rocky Smith Jr. and Denyse McGriff

7. Budget Message from the Budget Officer

7a. Budget Message

Tony Konkol, City Manager, began the budget message presentation with thanking staff and committee members for their hard work and time to review this budget. He said the proposed budget was balanced and prepared according to Oregon Budget Law. For the period of July 1, 2019 through June 30, 2021 the total proposed budget is about $11,549,980. Mr. Konkol provided some background that the Urban Renewal Agency is a separate legal entity from the City of Oregon City. He described the State laws ORS 457.035(1) that governs the Agency and the membership make-up. He continued by explaining that on November 8, 2016 Oregon City voters approved measure 3-514, amending the Oregon City Charter by prohibiting the use of existing tax increment revenues for any purpose other than retiring existing Agency debt. He continued that in July 18, 2017 the Circuit Court determined the measure was preempted by Oregon State Statue Chapter 457 and the Urban Renewal Agency's expenditures are not restricted. That decision is currently is on appeal to the Court of Appeals. Mr. Konkol explained that over the prior three years, Oregon City's General Fund had paid the Agency's bills including minimum staff time and contracts to operate. Following equitable financial practices, the proposed budget includes repayment of these costs. However, the budget does not include funding for any new urban renewal projects. The Commission had clearly stated their intent to comprehensively review the value of urban renewal as a tool to eliminate blight and enhance the downtown area. It is very important to the Commission to engage residents to determine acceptable uses for the Agency.

The proposed budget is funded by total biennial revenues of $6.1 million (excluding beginning fund balance), 94% of which are from property taxes. Revenues increased by $938,000, or 18%, over the previous budget. Tax increment increases are budgeted at 4.5% for each year of the biennium. Other revenue sources include income from property rentals and investment income. Projected spending for the biennium totals $4.2 million and is comprised of debt repayments, the loan repayment to Oregon City, minimum operating and legal costs and the Agency's remaining obligation to the Cove project (a carryover of the prior budget capital outlay amount). Finally, the budget includes costs to operate Agency owned rental properties. A reserve for future expenditure of $7.2 million is available for appropriation to projects or debt payoff 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"). Debt outstanding on July 1, 2019 will be approximately $7.0 million.

Committee Member Smith had major concerns about the budget message because the Urban Renewal Commission hadn't had the opportunity to address the topics that needed to be addressed prior to spending $11 million. There was no process for the Urban Renewal Commission to talk about the proposed expenditures. He pointed out that the Urban Renewal is currently in a lawsuit and the future of Urban Renewal hadn't been determined. It bothers him that the Urban Renewal Budget Committee and the

City are moving forward to with a "work-around" from what the voters voted for. He will be voting against the City budget when it comes before the City Commission if it has the ties to the Urban Renewal budget. He is questioning the transparency.

Chair O'Donnell agreed with Committee Member Smith, but also made the point that the budget hearing was a point in time and that this could move forward and the conversations are coming. This is subject to change if the Urban Renewal Commission agrees in the future.

Mr. Konkol explained why he had called the budget a holding budget and the items listed in the budget and why they were included. He explained the staff time, the obligations already under agreement by a DDA (Disposition and Development Agreement), and cost for property management.

8. Review Budget

8a. Budget Review

Committee Member Lyles Smith clarified that any amount of money to be spent on new projects would need to come before the Urban Renewal Commission for approval. She asked if the City's proposed budget reviewed the week prior by the City Budget Committee reflected the revenue from the Urban Renewal Budget for reimbursements.

Wyatt Parno, Finance Director, responded that the City's proposed budget did reflect the reimbursement revenue to the General Fund that was reviewed and approved by the City Budget Committee the week prior. Mr. Parno discussed the legal requirements of holding a public hearing even if the proposed budget is in a hold with bare minimum. The hearing will allow the tax income to be accepted into the budget. He discussed the payment of staffing and that one agency should not be paid by another agency. This budget would be rectifying the previous years of staffing. He discussed the ending reserved balance and how it could be used, along with the legal ways of spending funds.

Committee Member Lyles Smith asked a clarifying question about numbers not adding up. Mr. Parno clarified by explaining that the ending balance reserves will not add across because they are an established point of time and the second year in the biennium.

Mr. Parno walked through the budget line by line.

There was clarification on the increase in rental income due to the agreement with Coasters Crossing at the Amtrak Station and effort to collect market rates. There was also discussion about the rental houses generally located near the Museum of the Oregon Territory.

There was discussion about the $867,490 cost reimbursement line is an Agency Administration and Legal Services added together for the last four years. There was an explanation regarding the $300,000 listed under Capital Outlay for the pre-existing agreement for the Cove Project.

Committee Member Smith had concerns about the Cove Project and the commitments wouldn't be followed through.

There was further discussion about the Cove Project and vertical housing credits.

Mr. Parno continued and assured the Committee there was a lot of flexibility in the budget to complete the wishes of the Urban Renewal Commission once that is determined.

Committee Member Lyles Smith asked about the process for the City Budget and the Urban Renewal Budget and the next steps for moving forward. The order of the approvals of the Budgets so that if the Urban Renewal Budget is not approved then how that would effect the City Budget.

9. Approve the 2019-2021 Urban Renewal Biennial Budget of $11,549,980 and Establish that the Maximum Amount of Tax from the Division of Taxes Shall be Levied

A motion was made by Committee Member William Gifford, seconded by Committee Member Denyse McGriff to approve the 2019-2021 Urban Renewal Biennial Budget of $11,549,980 and establish that the maximum amount of tax from the division of taxes shall be levied. The motion carried by the following vote:

Aye: 9 - Joanne McCall, Frank O'Donnell, William Gifford, Stephen VanHaverbeke, Rae Gordon, Christopher Cook, Josh Planton, Rachel Lyles Smith and Denyse McGriff

Nay: 1 - Rocky Smith Jr.

10. Adjournment

Chair O'Donnell adjourned the meeting at 6:35 PM.

Respectfully Submitted,

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Kattie Riggs, City Recorder

CITY OF OREGON CITY

Staff Report

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

To: Urban Renewal Budget Committee **Agenda Date:** 05/17/2021

From: City Manager Tony Konkol

SUBJECT:

Budget Message from the Budget Officer

STAFF RECOMMENDATION:

Staff recommends the Urban Renewal Budget Committee receive the budget message from the Budget Officer, City Manager Tony Konkol as required by ORS 294.403.

There is no motion needed for this item.

EXECUTIVE SUMMARY:

The Budget Officer, City Manager Tony Konkol, will present the budget message to the Urban Renewal Budget Committee.

Oregon City Urban Renewal Agency
Proposed Biennial Budget
July 1, 2021 through June 30, 2023

Introduction

The Oregon City Urban Renewal Agency's 2021-2023 Proposed Biennial Budget is balanced and has been prepared in accordance with Oregon Budget Law. For the period July 1, 2021 through June 30, 2023, the total budget is $9,701,811.

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 appeal to the Oregon Court of Appeals. The City is awaiting a decision from the Court of Appeals.

At a meeting of the Urban Renewal Commission on August 19, 2020, the Commission decided to retire all outstanding bonded indebtedness of the Urban Renewal Agency as soon as practicable. As of December 1, 2020, the Urban Renewal Agency had retired all its outstanding bonded indebtedness.

The budget does not include funding for any new urban renewal projects. The Commission has clearly stated their intent to comprehensively review the value of urban renewal as a tool to eliminate blight and enhance the downtown area. It is very important to the Commission to engage residents to determine acceptable uses for the Agency.

Budget Highlights

The proposed budget is funded by total biennial revenues of $6.6 million (excluding beginning fund balance), 95% of which are from property taxes. Revenues increased by $482,500, or 8%, over the previous budget. Tax increment increases are budgeted at 4.5% for each year of the biennium. Other revenue sources include income from property rentals and investment income.

Projected spending for the biennium totals $792,000 and is comprised of minimum operating and legal costs. Finally, the budget includes costs to operate Agency owned rental properties. A reserve for future expenditure of $8.9 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

Anthony J. Konkol III
Executive Director, OCURA

CITY OF OREGON CITY

Staff Report

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

To: Urban Renewal Budget Committee **Agenda Date:** 05/17/2021

From: City Manager Tony Konkol

SUBJECT:

Budget Review and Discussion

STAFF RECOMMENDATION:

Staff recommends the Urban Renewal Budget Committee allow the Budget Officer to walk through the budget as per ORS 294.426.

There is no motion needed for this item.

EXECUTIVE SUMMARY:

The Budget Officer, City Manager Tony Konkol, will walk through the budget and this is a time for the Committee to ask questions. If there are suggested edits or changes, the majority of the Committee would need to agree.

Oregon City Urban Renewal Agency
Proposed Biennial Budget
July 1, 2021 through June 30, 2023

Urban Renewal	2015-2017 Actual	2017-2019 Actual	2019-2021 Amended Budget	2021-2022 Proposed Budget	2022-2023 Proposed Budget	2021-2023 Proposed Biennium
Resources						
Beginning Fund Balance	$ 3,378,071	$ 3,399,456	$ 5,403,980	$ 3,073,311	$ 5,928,311	$ 3,073,311
Property Taxes	4,589,259	5,390,098	5,759,000	3,096,000	3,191,500	6,287,500
Rental Income	144,669	164,347	207,000	110,000	111,000	221,000
Interest Income	73,794	217,125	180,000	30,000	60,000	90,000
Other Income	-	95,000	-	15,000	15,000	30,000
Total Resources	**$ 8,185,793**	**$ 9,266,026**	**$ 11,549,980**	**$ 6,324,311**	**$ 9,305,811**	**$ 9,701,811**
Requirements						
Agency Administration	$ 372,473	$ -	$ 440,000	$ 220,000	$ 220,000	$ 440,000
Legal & Consultant Services	120,679	5,537	120,000	120,000	120,000	240,000
Rental Expenses	59,465	49,628	80,000	50,000	50,000	100,000
Cost Reimbursement	-	-	867,490	-	-	-
Operating Materials and Supplies	19,860	7,856	-	6,000	6,000	12,000
Administrative Supplies	335	-	-	-	-	-
Community Programs and Grants	397,450	120,000	-	-	-	-
Capital Outlay	515,256	395,038	300,000	-	-	-
Principal and Interest	3,300,819	3,219,159	8,549,386	-	-	-
Operating Contingency	1,464,635	59,718	127,000	5,928,311	8,909,811	8,909,811
Reserved for Future Expenditure	1,934,821	5,409,090	1,066,104	-	-	-
Total Requirements	**$ 8,185,793**	**$ 9,266,026**	**$ 11,549,980**	**$ 6,324,311**	**$ 9,305,811**	**$ 9,701,811**

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.
- All outstanding bonded indebtedness was retired in the current biennium. There are no anticipated Principal and Interest costs in the next biennium.

Note - 2021-2023 Proposed Biennium column amounts for Beginning Fund Balance, Operating Contingency and Reserved for Future Expenditure do not add across. This is intentional as they represent balances at a specific point in time (beginning or ending of the budget period).

CITY OF OREGON CITY

Staff Report

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

To: Urban Renewal Budget Committee **Agenda Date:** 05/17/2021

From: City Manager Tony Konkol

SUBJECT:

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

STAFF RECOMMENDATION:

Staff recommends the Urban Renewal Budget Committee make a motion.

Motion: 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.

BACKGROUND:

The Budget Officer, City Manager Tony Konkol, has presented to the Committee the Budget Message and the 2021-2023 Urban Renewal Biennial Budget of $9,701,811. The Committee has reviewed the budget and discussed any questions, changes, etc. prior to this agenda item. This is now the time for the Committee 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.

OPTIONS:

1. Approve the 2021-2023 Urban Renewal Biennial Budget of $9,701,811 to be Forwarded to the Urban Renewal Commission for Adoption as is presented.
2. Approve the 2021-2023 Urban Renewal Biennial Budget of $9,701,811 to be Forwarded to the Urban Renewal Commission for Adoption with amendments.
3. Provide staff direction for future budget committee meetings.

BUDGET IMPACT:

Amount:	$9,701,811
FY(s):	2021-2023
Funding Source(s):	Urban Renewal