CITY OF OREGON CITY
URBAN RENEWAL COMMISSION - REVISED AGENDA

Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Wednesday, April 06, 2022 at 6:00 PM

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*

CALL TO ORDER

ROLL CALL

CITIZEN COMMENTS

DISCUSSION ITEM

1. Election of the Urban Renewal Commission Chair and Vice Chair for 2022
2. RestorCap Update and Six-Month Extension of the Existing Agreement to Secure through Lease or Purchase Property for the Purposes of Mitigation Banking or a Restoration Project at Clackamette Cove
3. Minutes of the October 20, 2021 URC Meeting
4. Minutes of the November 3, 2021 URC Meeting
5. Minutes of the November 16, 2021 Urban Renewal Commission Retreat

COMMUNICATIONS

6. Financial Report for the Fiscal Year Ended June 30, 2021

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

Staff Report

To: Urban Renewal Commission **Agenda Date:** 04/06/2022

From: City Recorder Jakob Wiley

SUBJECT:

Election of the Urban Renewal Commission Chair and Vice Chair for 2022

STAFF RECOMMENDATION:

Staff recommends the Urban Renewal Commission elect a Chair and Vice Chair for 2022.

EXECUTIVE SUMMARY:

The Urban Renewal Commission shall elect a Chair and Vice Chair at the first regular meeting each year to serve the entire year. At the Urban Renewal Commission meeting on January 26, 2021 the Commission elected Commissioner Denyse McGriff to serve as the Chair and at the October 21, 2020 meeting Commissioner Shawn Cross was elected as the Vice Chair for the remainder of 2020 and through 2021. The Commission now needs to elect a Chair and Vice Chair for 2022.

BACKGROUND:

Resolution No. UR12-03 sets guidelines for the Urban Renewal Commission related to the election of its chair and vice chair. Below are excerpts from the bylaws to provide guidance related to the election.

ARTICLE III -OFFICERS AND PERSONNEL

Section 1. Officers: The officers of the Urban Renewal Commission shall be a chair and vice chair. Officers, who may be members of the City Commission except that the Mayor may not be an officer. At least one of these officers during any given term should not be a City Commissioner.

Section 2. Chair: The chair shall be elected by the Board members of the Urban Renewal Commission and shall preside at all meetings of the Agency Board. Except as otherwise authorized by Board Members, the chair shall sign all contracts, deeds, and other instruments made by the Agency.

Section 3. Vice Chair: The vice chair shall be elected by the Board members of the Urban Renewal Commission and shall perform the duties of the chair in the absence or incapacity of the chair; and in case of resignation or death of the chair, the vice chair shall perform such duties as are imposed on the chair until such time as the Board shall elect a new chair.

Section 4. Executive Committee: The Mayor, the Chair and Vice Chair shall comprise the Executive Committee of the Urban Renewal Commission. They shall assist and advise the City Manager where requested in Urban Renewal Commission business matters, Urban Renewal Commission briefings, project review and agenda preparation. The Executive Committee shall perform such other duties and functions as may from time to time be required by the Urban Renewal Commission or by the by-laws or rules and regulations of the Agency.

Section 5: Election or Appointment: The chair and vice chair shall be elected annually by the Board members at the first regular meeting of the Urban Renewal Commission each year, and shall hold office for one year or until their successors are elected and qualified.

OPTIONS:

1. Elect a Chair and Vice Chair for 2022.

Urban Renewal Commission Resolution No. UR12-03

Resolution of the Oregon City Urban Renewal Commission
Approving and Adopting Urban Renewal Commission By-Laws

WHEREAS, the Oregon City Urban Renewal Commission acting by and through the City of Oregon City, Oregon, pursuant to the provisions of Chapter 457 of the Oregon Revised Statues is the duly appointed Urban Renewal Commission of the City of Oregon City, Oregon:

WHEREAS, the Urban Renewal Commission wishes to adopt a set of by-laws to govern the conduct and business of the Urban Renewal Commission;

NOW, THEREFORE, BE IT RESOLVED by the Oregon City Urban Renewal Commission that:

ARTICLE I -AUTHORITY

Section 1. Name: The name of the Urban Renewal Agency shall be the Oregon City Urban Renewal Commission hereinafter referred to as "Urban Renewal Commission."

Section 2. Office: The office of the Urban Renewal Commission shall be the City Hall of the City of Oregon City, Oregon, or as mutually agreed to by the City Commission of Oregon City and the Oregon City Urban Renewal Commission.

Section 3. Powers and Duties of the Commission: The powers and duties of the Urban Renewal Commission shall be as provided by Chapter 457 of the Oregon Revised Statues and Oregon City Charter and as authorized by the Oregon City Commission in accordance with Ordinance No. 08-1005, adopted by the City Commission of Oregon City as amended on March 19, 2008, and as further amended by Ordinance No. 12-1005 on July 18, 2012.

ARTICLE II -BOARD MEMBERS

Section 1. Urban Renewal Commission Membership: The Board of the Urban Renewal Commission will be composed of (7) voting Urban Renewal Commission members. Five (5) Urban Renewal Commission members shall be members of the City Commission of Oregon City and two (2) Urban Renewal Commission members shall be citizen representatives appointed by the City Commission from the electors of the City on an at-large basis:

Section 2. Terms of Citizen Members: Citizen members of the Urban Renewal Commission will serve a term of four years, except that the term of the first citizen member appointed to the seven member Urban Renewal Commission shall be for two years to ensure that terms will be staggered. Any board member, with the exception of a City Commission member, may be removed by a majority vote of all members of the Urban Renewal Commission.

Section 3. Lack of Participation: Any Board member, with the exception of a City Commission member, may be removed by a majority vote of all members of the Urban Renewal Commission for non-participation, which shall be defined as absence from three consecutive meetings without notice to the chair or vice-chair.

ARTICLE III -OFFICERS AND PERSONNEL

Section 1. Officers: The officers of the Urban Renewal Commission shall be a chair and vice chair. Officers, who may be members of the City Commission except that the Mayor may not be an officer. At least one of these officers during any given term should not be a City Commissioner.

Section 2. Chair: The chair shall be elected by the Board members of the Urban Renewal Commission and shall preside at all meetings of the Agency Board. Except as otherwise authorized by Board Members, the chair shall sign all contracts, deeds, and other instruments made by the Agency.

Section 3. Vice Chair: The vice chair shall be elected by the Board members of the Urban Renewal Commission and shall perform the duties of the chair in the absence or incapacity of the chair; and in case of resignation or death of the chair, the vice chair shall perform such duties as are imposed on the chair until such time as the Board shall elect a new chair.

Section 4. Executive Committee: The Mayor, the Chair and Vice Chair shall comprise the Executive Committee of the Urban Renewal Commission. They shall assist and advise the City Manager where requested in Urban Renewal Commission business matters, Urban Renewal Commission briefings, project review and agenda preparation. The Executive Committee shall perform such other duties and functions as may from time to time be required by the Urban Renewal Commission or by the by-laws or rules and regulations of the Agency.

Section 5: Election or Appointment: The chair and vice chair shall be elected annually by the Board members at the first regular meeting of the Urban Renewal Commission each year, and shall hold office for one year or until their successors are elected and qualified.

Section 6. Vacancies in Office: Should the offices of the chair or vice chair become vacant, the Board shall elect a successor from its members at the next regular meeting and such election shall be for the unexpired term of such office.

Section 7. Personnel: The City Manager of Oregon City will be the executive director for the Urban Renewal Commission. The Executive Director or appointed designate shall keep the records of the Agency, record all votes, keep a record of the proceedings of the Commission, and perform all duties incident to the office and other duties and functions as may from time to time be required by the Commission, by-laws or rules and regulations of the Agency.

ARTICLE IV -MEETINGS

Section 1. Regular Meetings: Regular meetings shall be in accordance with ORS Chapter 192. All meetings shall be held in the City Commission Chambers in Oregon City, or at such other place as the chair shall determine. The Urban Renewal Commission shall meet on the first Wednesday of each month beginning at 5:00 p.m., when necessary. The Executive Director shall determine whether sufficient business exists for a meeting and notify each member through email of the meeting as well as arrange for official public notice of the meeting.

Section 2. Special Meetings: The Executive Director or Executive Committee of the Urban Renewal Commission may call a special meeting of the Commission to be held between regular meetings if a need exists for Commission action. Special Meetings may also be held at any time by the unanimous consent of all members of the Urban Renewal Commission.

Section 3. Quorum: A quorum of the Urban Renewal Commission will consist of four (4) members. Except as otherwise provided by law or in these bylaws, all decisions of the Urban Renewal Commission will require a simple majority of a Commission quorum.

Section 4. Open Meetings: All Meetings shall be open to the public, except that any portion of a meeting may be held in Executive Session if such session is in conformity with ORS Chapter 192.

Section 5. Decorum: All rules of order not herein provided for or provided for by resolution shall be determined in accordance with Roberts Rules of Order, Newly Revised.

ARTICLE V -FINANCIAL

Section 1. Separate Fund: A separate fund or funds of the City of Oregon City shall be established for the Commission. All disbursements from these funds shall follow the regular disbursements procedures of the City of Oregon City.

Section 2. Budget: Budget procedures shall be in compliance with state budget laws.

Section 3. Audit: An annual audit of the fund or funds of the Urban Renewal Commission shall be performed by the auditor of the City of Oregon City using the same procedures as are used for all other funds of the City and in accordance with state audit laws.

ARTICLE - AMENDMENTS

Section 1. Amendment to By-Laws: The by-laws of the Urban Renewal Commission shall be amended only with the approval of a majority of all members of the Urban Renewal Commission at a regular or special meeting.

Adopted, signed and approved this 1st day of August 2012.

Chair of the Urban Renewal Commission

Attested to this 1st day of August 2012:

Kelly Burgoyne asst. City Recorder

for Nancy Ide, City Recorder

Approved as to legal sufficiency:

City Attorney

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

CITY OF OREGON CITY

Staff Report

To: Urban Renewal Commission **Agenda Date:** 4/6/2022

From: Urban Renewal Executive Director Tony Konkol

SUBJECT:

RestorCap Update and Six-Month Extension of the Existing Agreement to Secure through Lease or Purchase Property for the Purposes of Mitigation Banking or a Restoration Project at Clackamette Cove

STAFF RECOMMENDATION:

Staff recommends that the Urban Renewal Commission approve a six-month extension with RestorCap as outlined in the Exclusivity section of the current agreement.

EXECUTIVE SUMMARY:

RestorCap will provide the Urban Renewal Commission an update on the work that has occurred. Staff is recommending approval of a six-month extension as outlined in the Exclusivity section of the current agreement, which will allow for the continued due diligence to determine the feasibility of mitigation banking or a habitat restoration project that will improve the water quality of the Cove.

BACKGROUND:

On October 20, 2021 the Urban Renewal Commission approved an agreement with RestorCap to develop restoration projects for the Cove that will improve water quality and habitat through improved water circulation, reduced stagnation, mobilizing sand deposits at the mouth of the Cove and assessing the nutrient load that may be contributing to algae blooms. RestorCap is also assessing the possibility of creating mitigation credits or a specific restoration project that is incorporated into future development of the property or as a stand-alone mitigation project. Providing public access and recreational opportunities within and around the Cove raises challenges to the viability of creating a project that will qualify as mitigation credits, therefore a stand-alone mitigation project is being explored as part of this proposal.

RestorCap will by creating comprehensive restoration plan options, meeting with state and federal regulatory agencies and commercial real estate developers to assure best practices for the future upland development is maintained and will develop financial pro formas to support mitigation banking and stand-alone projects.

The approved LOI allows RestorCap to enter the property and prohibits the URC from selling or leasing the properties lots 1-11 to any other party or to accept any offers related to the properties without prior consent of RestorCap for 6-months. This term may be extended an additional 6-months by mutual agreement of both parties. There is no monetary investment required for the URA other than the staff time from multiple departments necessary to support, inform and review the work of RestorCap.

The Urban Renewal Commission approved a similar LOI in conjunction with the Cove DDA on December 19, 2018 which initiated RestorCap's due diligence work in the area.

OPTIONS:

1. Approve the 6-month extension to the existing RestorCap agreement.
2. Propose amendments to the agreement.
3. Deny the 6-month extension to the existing RestorCap agreement.

RESTORCAP

RestorCap LLC/Clackamette Cove
Proposal

Background

RestorCap, LLC ("RestorCap") is pleased to present this Letter of Interest (LOI) to secure through lease or purchase Oregon City (City) owned land adjacent to Clackamette Cove (Cove) for the purposes of creating a federal, state, and/or locally approved mitigation bank or turnkey restoration project. RestorCap intends to consider the restoration of parcels 1-10 (Attachment A) comprehensively.

RestorCap is in the business of developing properties to create, enhance, and/or preserve habitat, and to incorporate resulting ecological enhancements into urban infill development projects. RestorCap obtains approvals from appropriate governing bodies to develop these habitat and species mitigation projects, which may generate mitigation credits that can be sold to third parties. RestorCap also finances these and the related projects and works directly with developers on "turnkey" projects.

RestorCap has been in ongoing discussions with the City to develop restoration projects for the Cove. Our understanding is that the Redevelopment Agency considers a mixed-use development that incorporates a revived Cove and other recreational amenities to be the highest and best use of this property. However, an ongoing challenge to enhancing this public benefit are the periodic algae blooms caused by the Cove's poor water circulation, the persistence of a sand bar at the mouth of the Cove, and possible introduction of excess water nutrients into the Cove's waters through runoff and stormwater outfalls. These ongoing water quality issues negatively affect the value of the Cove as a natural resource and recreational amenity.

RestorCap has been exploring alternatives to improve Cove water circulation, reduce stagnation, mobilize sand deposits at the mouth of the Cove, and assess and the nutrient load that may also be contributing to the algae blooms. RestorCap is also assessing the possibility of creating mitigation credits, either as a stand-alone mitigation bank, or a turn-key project customized to accommodate a mixed-use development.

Due Diligence

RestorCap's ongoing due diligence efforts include

- Review of existing environmental reports
- 3 site visits
- Review of proposed development plans
- Review of existing geotechnical reports
- Review of exiting US Army Corps of Engineers ("USACE") permits
- Preliminary hydraulic modeling to assess Cove surface flow patterns, and management of sand bar
- Soil suitability review
- Review of mitigation market

Before moving forward to definitive documentation for the transaction, RestorCap needs additional time to complete due diligence on the Property which will include, but not be limited to:

- Meet with the City to report comprehensive restoration plan options
- Meet with the USACE and other permitting/oversight agencies
- Meet with commercial real estate developers to assure highest and best use standards are met
- Review zoning and entitlement policies
- Develop financial pro formas to support mitigation banking and turnkey alternatives
- Continued review physical, engineering, environmental, geological, financial and other audits, studies, reports, permits, physical inspections and investigations of the Property

Exclusivity

From and after acceptance of this letter, and until six (6) months following the date of this letter, City will not offer to sell or lease the Property, which consists of lots 1-11 as shown on Exhibit A, to any other party or accept any offers related to the Property without the prior written consent of RestorCap. This term may be extended for six (6) additional months by mutual agreement between the parties.

Non-Binding Proposal; Preparation of Transaction Documents

This proposal is contingent upon, among other things, an opportunity to perform significant due diligence of the proposed project and the negotiation and execution of satisfactory definitive documentation.

October 12, 2021

Except for the Exclusivity and Access paragraphs herein, these terms do not constitute any form of binding contract but rather are solely for the purpose of developing terms pursuant to which a definitive agreement may ultimately be entered into. Notwithstanding the foregoing, the parties agree to negotiate the definitive transaction documents in good faith and use their commercially reasonable efforts to enter into agreements as soon as reasonably possible. The definitive transaction documents will incorporate all terms set forth in this proposal and such additional terms as RestorCap or the City may reasonably require.

Access The City hereby provides permission to RestorCap to: (a) enter the Property to conduct due diligence, subject to 24-hour prior notice provided by RestorCap; (b) discuss the potential use of the Property as a turn-key project with governmental agencies.

ACKNOWLEDGED AND AGREED:

Dated: 10/13/21

RESTORCAP LLC

By: ____________________

Name: ROBERT MARINAI

Title: PRESIDENT

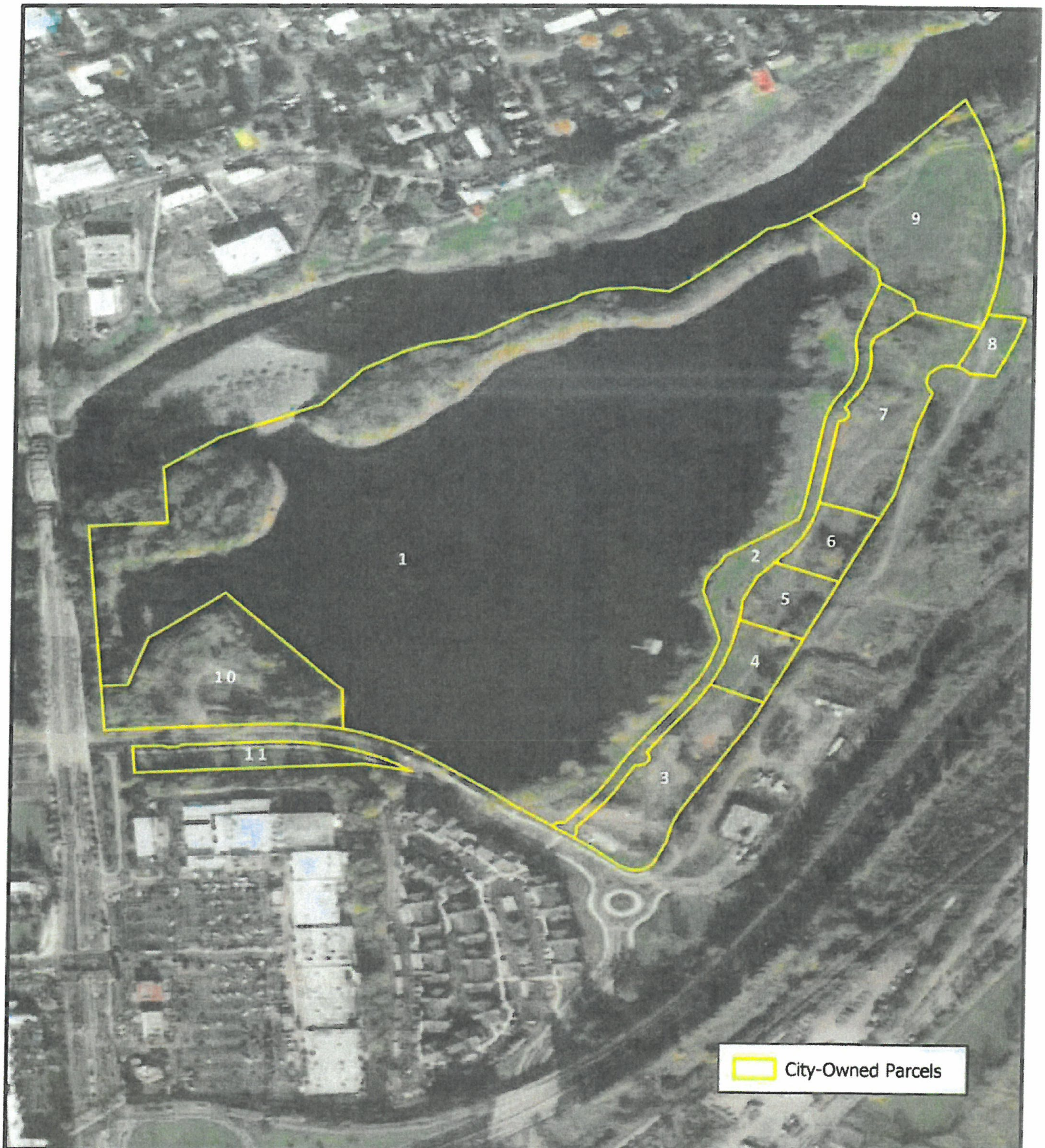
City of Oregon City Urban Renewal Agency

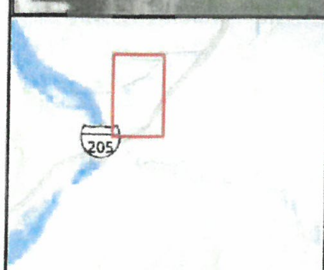
By: ____________________

Name: Anthony J. Konkol III

Title: 10/20/21

October 12, 2021





Clackamette Cove
Oregon City, OR

Esri, NASA, NGA, USGS, Esri, NASA, NGA, USGS, FEMA, Esri Community Maps Contributors, Oregon Metro, State of Oregon GEO, Esri Canada, Esri, HERE, Garmin, SafeGraph, INCREMENT P, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, US Census Bureau, USDA, Maxar, Oregon Metro, State of Oregon GEO, Esri Canada, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, Bureau of Land Management, EPA, NPS, USDA

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RESTORCAP

CITY OF OREGON CITY
URBAN RENEWAL COMMISSION
DRAFT MINUTES

Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Wednesday, October 20, 2021 at 6:00 PM

CALL TO ORDER

ROLL CALL

Chair McGriff called the meeting to order at 6:00 PM.

PRESENT: 6 - Commissioner Denyse McGriff, Commissioner Adam Marl, Commissioner Rachel Lyles Smith, Commissioner Rocky Smith, Commissioner Doug Neeley, and Commissioner Shawn Cross

ABSENT: 1 - Commissioner Frank O'Donnell

STAFFERS: 4 - City Manager Tony Konkol, Assistant City Recorder Jakob Wiley, Assistant to the City Manager Lisa Oreskovich, Economic Development Manager James Graham, Finance Director Matt Zook

CITIZEN COMMENTS

There were no citizen comments.

DISCUSSION ITEM

1. North End Wetlands Cleanup

Jerry Herrmann, resident of Oregon City, introduced members of the cleanup crew. He presented on the North End District and Washington Street Gateway cleanup effort. He summarized the challenges and the final results of the work that they did. He then gave suggestions for future improvements.

The Commission thanked the group for their work.

2. Fourth Amendment to Purchase and Sale Agreement (922 Main Street)

James Graham, Economic Development Manager, said at the last meeting the Commission considered a third amendment to the purchase and sale agreement for 922 Main Street. The Commission wanted to see a clean, complete agreement that had all the terms and conditions in one place and that what the developer was presenting would be the project that would be built going forward. This fourth amendment was a 30 day extension to November 30 to give the applicant time to review the revised agreement.

Motion made by Commissioner Lyles Smith, seconded by Commissioner Neeley, to approve the fourth amendment to the Purchase and Sale Agreement. The motion passed by the following vote:

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

Nay: 2 - Commissioner Marl and Commissioner Smith

3. RestorCap Letter of Interest to Secure Property for the Purposes of Mitigation Banking or a Restoration Project at Clackamette Cove

Tony Konkol, City Manager, said RestorCap had been in ongoing discussions with staff to secure property for a restoration project at Clackamette Cove and creating mitigation credits. Acceptance of the letter of interest would allow RestorCap to enter the property and prohibit the Urban Renewal Commission from selling or leasing the properties identified as Lots 1-11 to any other party or accept any offers related to the properties without prior consent of RestorCap for six months. The term could be extended for an additional six months by mutual agreement of both parties. No monetary investment was required other than staff time from multiple departments.

Rob Marinai and Kari Dupler, RestorCap, discussed the work that had been done to date and upcoming work to meet the goals of the Urban Renewal Commission for recreational opportunities and public access to the Cove.

There was discussion regarding why all 11 lots were included and future use of those lots.

Motion made by Commissioner Neeley, seconded by Commissioner Marl, to approve the Letter of Interest from RestorCap. The motion passed by the following vote:

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

Nay: 1 - Commissioner Smith

COMMUNICATIONS

There were no communications.

ADJOURNMENT

Chair McGriff adjourned the meeting at 6:35 PM.

Respectfully submitted,

____

Jakob S. Wiley, City Recorder

CITY OF OREGON CITY
URBAN RENEWAL COMMISSION
DRAFT MINUTES

Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Wednesday, November 03, 2021 at 6:00 PM

CALL TO ORDER

Chair McGriff convened the meeting at 6:03 PM.

ROLL CALL

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

STAFFERS: 5 - City Manager Tony Konkol, City Attorney Bill Kabeiseman, Assistant City Recorder Jakob Wiley, Assistant to the City Manager Lisa Oreskovich, and Economic Development Manager James Graham

CITIZEN COMMENTS

Marilyn Fergus, resident of Oregon City, thought they should close the current Urban Renewal District and start a new one that had boundaries more appropriate for today, especially to include land north of 10th Street downtown.

DISCUSSION ITEM

1. New Purchase and Sale Agreement - Final Draft for 922 Main Street Property

James Graham, Economic Development Manager, said this was the new purchase and sale agreement with all of the changes that had been discussed previously. He explained the terms in the agreement.

There was confirmation that the agreement would come back to the Commission if there were any changes to the use of the property.

Motion made by Commissioner Lyles Smith, seconded by Commissioner Neeley, to approve the new Purchase and Sale Agreement as presented. The motion passed by the following vote:

Aye: 6 - Commissioner Lyles Smith, Commissioner McGriff, Commissioner Cross, Commissioner Neeley, Commissioner Marl, and Commissioner O'Donnell

Nay: 1 - Commissioner Smith

COMMUNICATIONS

Tony Konkol, City Manager, said the Urban Renewal Commission Retreat would be on November 16, 2021.

ADJOURNMENT

Chair McGriff adjourned the meeting at 6:15 PM.

Respectfully submitted,

____
Jakob S. Wiley, City Recorder

CITY OF OREGON CITY
URBAN RENEWAL COMMISSION - RETREAT
DRAFT MINUTES

Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Tuesday, November 16, 2021 at 6:00 PM

CALL TO ORDER AND ROLL CALL

Chair McGriff called the meeting to order at 6:00 PM.

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

ABSENT: 1 - Commissioner Shawn Cross

STAFFERS: 4 - City Manager Tony Konkol, Asst. City Recorder Jakob Wiley, Asst. to the City Manager Lisa Oreskovich and Economic Development Manager James Graham

CITIZEN COMMENTS

There were no citizen comments.

DISCUSSION ITEM

1. Vision Statement and Framework for Decision-Making

James Graham, Economic Development Manager, provided a brief introductory summary and led the discussion with the Urban Renewal Commissioners.

The commissioners discussed each section and revisions to the text as needed. There were no changes to the "livability" section.

The Commission discussed replacing "river transportation and utilization" with "ferries" in the "tourism opportunities" section. The commission suggested adding "walking" was added to "recreational opportunities".

There was discussion regarding redevelopment of the courthouse location and it was agreed to include "the courthouse" to the line, "adaptive reuse of existing buildings" and listing additional examples.

Mr. Graham presented a flowchart of the general process of project approval "framework for decision-making," including fitting into the vision and goals, investment in public infrastructure, review by a full due diligence team, review of investments and expenditures and sources and uses of funds, and utilization of the "but for" test.

There was discussion regarding complimentary projects that may be done by developers in order to complete primary projects and also verbiage revisions to the section.

There was discussion regarding developers that have not been in existence for three years or less will be subject to additional reference checking and the proper verbiage for this section.

On the Disposition and Development Agreement section, there was discussion on the project funding regarding the specifications of general obligation bonds, pay-as-you-go tax increment financing, loans and grants. There was consensus to focus on general obligation bonds as the funding source.

The Commission reviewed the Tax Increment Financing Application and Procedure Diagram discussed how the application and process would work.

Mr. Graham discussed the scoring sheet and the weighted score of different elements, based on the four goals of livability, tourism opportunities, recreational opportunities and infrastructure investments.

There was discussion on whether scoring criteria was necessary and there was consensus to revise the scoring format and make other revision suggestions and bring back to Commission at another session.

COMMUNICATIONS

There were no additional communications.

ADJOURNMENT

Chair McGriff adjourned the meeting at 7:27 PM.

Respectfully submitted,

____

Jakob S. Wiley, City Recorder

CITY OF OREGON CITY

Staff Report

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

To: Urban Renewal Commission **Agenda Date:** 4/6/2022

From: Finance Director Matt Zook

SUBJECT:

Financial Report for the Fiscal Year Ended June 30, 2021

STAFF RECOMMENDATION:

Information Only

EXECUTIVE SUMMARY:

The Urban Renewal Agency (URA) staff prepares the Annual Financial Report (AFR) each year and invites a qualified municipal audit firm to perform an annual audit of the financial report. Included with this staff report is the AFR for the fiscal year ended June 30, 2021. In addition, there is a letter from the audit firm, Merina & Co, LLP, to the Commission that is required by the firm's auditing standards.

The auditors issued an unmodified or "clean" opinion, which means that the financial statements present fairly, in all material respects, the financial position and activities of the Agency for the year. The attached report was submitted to the Secretary of State in accordance with municipal audit law by December 31, 2021.

The Management's Discussion and Analysis on pages 4-6 of the attached AFR provides a brief, three-page summary of the financial status, activity, and highlights of the Urban Renewal Agency. In summary, the net financial position of the URA improved by nearly $1.9 million over the previous year, primarily due the reduction of total liabilities, expressly long-term debt. The URA financial position is primarily comprised of one year of property tax receipts (cash on hand) and capital assets.

OPTIONS:

None for consideration

BUDGET IMPACT:

None

7624 SW Mohawk Street
Tualatin, OR 97062
www.merina.com
503.723.0300

MERINA+CO

December 23, 2021

To the Agency Officials
City of Oregon City Urban Renewal Agency
Oregon City, Oregon

We have audited the financial statements of the governmental activities and each major fund of the City of Oregon City Urban Renewal Agency, a component unit of the City of Oregon City, Oregon as of and for the year ended June 30, 2021, and have issued our report thereon dated December 23, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 7, 2021, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Oregon City Urban Renewal Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Oregon City Urban Renewal Agency is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during fiscal year 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements is accumulated depreciation.

> Management's estimate of the accumulated depreciation is based on historical cost or estimated historical cost and straight-line depreciation.

We evaluated the key factors and assumptions used to develop this estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Oregon City Urban Renewal Agency's financial statements relate to:

> The disclosure of Capital Assets and Long-Term Debt in the notes to the financial statements summarizes the changes in capital assets and long-term debt for the year ended June 30, 2021.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant unusual transactions were identified during the audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. No misstatement were noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Oregon City Urban Renewal Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No circumstances exist that would affect the form and content of our auditor's report.

Representations Requested from Management

We have requested certain written representations from management, in a separate letter dated December 23, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Oregon City Urban Renewal Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Oregon City Urban Renewal Agency's auditors.

Other Matters

We applied certain limited procedures to the management's discussion and analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit management's discussion and analysis and do not express an opinion or provide any assurance on this information.

We were engaged to report on the schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under RSI. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

We were not engaged to report on the agency officials or other supplementary information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Agency Officials, and management of the City of Oregon City Urban Renewal Agency and is not intended to be and should not be used by anyone other than these specified parties.

If you should have any questions or comments, we would be pleased to discuss this report with you at your convenience.

Respectfully,

Merina + Co

Merina+Co
Tualatin, Oregon
Focused on Your Wants and Understanding Your Need

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A component unit of the City of Oregon City, Oregon)
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2021

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AGENCY OFFICIALS

(as of June 30, 2021)

Name	Term Expires
Rachel Lyles Smith	December 31, 2022
Doug Neeley	December 31, 2021
Adam Marl	December 31, 2022
Rocky Smith, Jr.	December 31, 2022
Shawn Cross	December 31, 2023
Denyse McGriff	December 31, 2024
Frank O'Donnell	December 31, 2024

Agency members may be contacted at:
625 Center Street
Oregon City, Oregon 97045

Tony Konkol, City Manager
City Hall
625 Center Street
Oregon City, Oregon 97045

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CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
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INDEPENDENT AUDITOR'S REPORT

The Agency Officials
City of Oregon City Urban Renewal Agency
Oregon City, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the City of Oregon City Urban Renewal Agency, a component unit of the City of Oregon City, Oregon, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Oregon City Urban Renewal Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City of Oregon City Urban Renewal Agency, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Oregon City Urban Renewal Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City of Oregon City Urban Renewal Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Oregon City Urban Renewal Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Oregon City Urban Renewal Agency's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Oregon City Urban Renewal Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management’s discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management’s discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the agency officials and other supplementary information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 23, 2021, on our consideration of the City of Oregon City Urban Renewal Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

For Merina+Co
Tualatin, Oregon
December 23, 2021

As management of the Oregon City Urban Renewal Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial position and activities of the Agency for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the basic financial statements.

Overview of the Financial Statements

The Agency provides for rehabilitation of blighted and deteriorated areas within the City of Oregon City's designated urban renewal boundary. The Agency is a component unit of the City of Oregon City, Oregon. The governing body of the Agency is the Mayor and City Commission, plus two additional appointed members. The Agency's financial statements consist of agency-wide statements, fund financial statements, notes to the statements, and supplementary information. The agency-wide statements include the Statement of Net Position and the Statement of Activities.

Statement of Net Position – The Statement of Net Position presents all the Agency's assets and liabilities with the difference reported as net position. Unrestricted net position represents the Agency's resources that are generally available to finance operations.

Statement of Activities – The Statement of Activities focuses on program costs and matching resources. It provides information on the changes to net position. Property taxes are the primary resource for funding urban renewal programs.

Fund Statements – Following the agency-wide statements is a section containing fund financial statements (including the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance) for the Agency's sole fund.

Notes to the Statements - The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

Financial Highlights

	2021	2020	Change
Net position	$ 29,120,384	$ 27,250,903	$ 1,869,481
Change in net position	$ 1,869,481	$ 1,002,932	$ 866,549

- The Agency's assets exceeded its liabilities by $29.12 million (reported as net position). Within the net position, $26.07 million is invested in capital assets. The remaining balance, $3.05 million, is unrestricted net position and may be used to meet the Agency's obligations to citizens and creditors.
- Total assets decreased by $4.33 million, while liabilities decreased by $6.20 million; this results in an increase in net position of $1.87 million.

Financial Summary

The following table shows a summary of the statement of net position at fiscal year end and for the previous year end.

Statements of Net Position at June 30

	2021	2020
Assets:		
Current and other assets	$ 3,071,206	$ 6,518,573
Capital assets, net of depreciation	26,065,666	26,953,169
Total Assets	29,136,872	33,471,742
Liabilities:		
Current liabilities	16,488	46,919
Long-term debt	-	6,173,920
Total Liabilities	16,488	6,220,839
Net Position:		
Net investment in capital assets	26,065,666	20,779,249
Restricted for debt service	-	1,180,570
Unrestricted	3,054,718	5,291,084
Total Net Position	$ 29,120,384	$ 27,250,903

- Net capital assets decreased by $887,503 due to depreciation.
- The Agency paid $6.17 million during the year to retire all its outstanding bonded indebtedness.

The following table presents a summary of revenues, expenses and changes in net position for the Agency during the current year and prior year.

Statements of Activities
For the Years Ended June 30

	2021	2020
Revenues:		
Property taxes	$ 3,076,609	$ 3,173,432
Charges for services	107,652	100,545
Interest income	42,068	139,475
Miscellaneous	126	-
Total Revenues	3,226,455	3,413,452
Expenses:		
Programs	1,356,974	2,410,520
Change in Net Position	1,869,481	1,002,932
Beginning Net Position	27,250,903	26,247,971
Ending Net Position	$ 29,120,384	$ 27,250,903

- The Agency generated approximately $3.08 million in tax increment property taxes. This was a decrease of $96,823, or 3.05% less than the prior year. The decrease was due to Clackamas Community College and the Oregon City School District retiring their pre-2001 bonds, which in turn impacts the division of tax calculation.
- Expenses decreased by approximately $1.05 million, or 43.71%. The Agency continues to defer projects while awaiting the outcome of a lawsuit related to a measure restricting the use of tax increment revenues. Further information on this is found below under Economic Factors and in the Notes to the Financial Statements.

Budget Variances

The budget for the Agency was adopted on a biennial basis for the period beginning July 1, 2019 and ending June 30, 2021. There was one budget amendment during the year to appropriate funds to pay off all the Agency's outstanding bonded indebtedness. There are no significant budget variances.

Capital Assets

At June 30, 2021, the Agency had $26.07 million invested in capital assets including land, land improvements and street projects. There was no capital spending during the year. See notes to the financial statements for additional information on capital assets.

Debt Administration

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"). During the year, the Commission retired all outstanding bonded indebtedness of the Agency. The Agency had no outstanding bonded indebtedness at year end. See notes to the financial statements for additional information on long-term debt.

Economic Factors and Next Year's Budget and Rates

The Urban Renewal Agency's goals include the elimination of blight within the Area and implementation of the objectives of Oregon City's Comprehensive Plan, including designation of the City as a "Regional Center" within the State's largest metropolitan area. The Area continues to thrive with infrastructure and surface enhancements and community programs like farmers markets, special events, and holiday celebrations. The assessed value of the area is projected to grow by 4.5% in fiscal year 2021-22.

The area has been limited in its capacity to complete capital projects to the extent that property tax increment revenue has been used to pay debt incurred to build existing improvements. The Clackamette Cove Project generated a significant increase in tax increment revenue to support enhanced activities within the Urban Renewal Area. Completion of the Cove Project included the construction of 244 units of garden-style apartments, approximately 8,000 square feet of office space and a 3,000 square feet recreational building along with infrastructure improvements.

In November 2016, voters approved to amend the City Charter to restrict the use of tax increment revenues to the payment of existing debt. The Circuit Court determined that the amendment is inconsistent with State Law and that the Agency's expenditures are not restricted. The decision is currently under appeal. As a result of the litigation, the Agency has not budgeted for any new projects; appropriations have only been authorized for pre-existing obligations, management of the Agency, debt service, and property management obligations paid for by sources other than tax increment revenues.

Requests for Information

This financial report is designed to provide a general overview of the Oregon City Urban Renewal Agency's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance Director, P.O. Box 3040, Oregon City, Oregon 97045.

BASIC FINANCIAL STATEMENTS

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Cash and investments	$ 2,969,299
Accounts receivable	2,094
Property taxes receivable	98,893
Deposits & prepaids	920
Nondepreciable capital assets	5,084,459
Depreciable capital assets, net	20,981,207
TOTAL ASSETS	29,136,872
LIABILITIES	
Accounts payable	10,843
Deposits	1,800
Unearned revenue	3,845
TOTAL LIABILITIES	16,488
NET POSITION	
Net investment in capital assets	26,065,666
Unrestricted	3,054,718
TOTAL NET POSITION	$ 29,120,384

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

REVENUES	
Property taxes	$ 3,076,609
Charges for services	107,652
Interest income	42,068
Miscellaneous	126
TOTAL REVENUES	3,226,455
EXPENSES	
Oregon City Urban Renewal Agency	350,202
Depreciation	887,503
Interest on long-term debt	119,269
TOTAL EXPENSES	1,356,974
CHANGE IN NET POSITION	1,869,481
BEGINNING NET POSITION	27,250,903
NET POSITION, END OF YEAR	$ 29,120,384

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
BALANCE SHEET – URBAN RENEWAL AGENCY
JUNE 30, 2021

ASSETS	
Cash and investments	$ 2,969,299
Accounts receivable	2,094
Property taxes receivable	98,893
Deposits & prepaids	920
TOTAL ASSETS	$ 3,071,206
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
LIABILITIES	
Accounts payable	$ 10,843
Unearned revenue	3,845
Deposits	1,800
TOTAL LIABILITIES	16,488
DEFERRED INFLOWS OF RESOURCES:	
Unavailable revenue	82,007
FUND BALANCE	
Committed for urban renewal capital projects	2,972,711
TOTAL FUND BALANCE	2,972,711
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 3,071,206

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

FUND BALANCE	$ 2,972,711
The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.	82,007
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.	
Cost	40,584,568
Accumulated depreciation	(14,518,902)
NET POSITION	$ 29,120,384

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
URBAN RENEWAL AGENCY
YEAR ENDED JUNE 30, 2021

REVENUES	
Property taxes	$ 3,074,306
Charges for services	107,652
Interest income	42,068
Miscellaneous	126
TOTAL REVENUES	3,224,152
EXPENSES	
Economic development	350,202
Debt service	
Principal	6,173,920
Interest	157,763
TOTAL EXPENDITURES	6,681,885
NET CHANGE IN FUND BALANCE	(3,457,733)
FUND BALANCE, BEGINNING OF YEAR	6,430,444
FUND BALANCE, END OF YEAR	$ 2,972,711

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

NET CHANGE IN FUND BALANCE	$ (3,457,733)
Amounts reported in the Statement of Activities are different because:	
Governmental funds consider revenues that do not provide current financial resources to be unearned revenue. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	2,303
Governmental funds do not report expenditures for unpaid interest expense since they do not require the use of current financial resources. However the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	38,494
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.	
Depreciation	(887,503)
Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, the payment of debt principal does not affect the Statement of Activities. It is reported as a decrease in noncurrent liabilities in the Statement of Net Position.	
Debt principal paid	6,173,920
CHANGE IN NET POSITION	$ 1,869,481

The notes to the financial statements are an integral part of this statement

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Urban Renewal Agency (Agency) of the City of Oregon City, Oregon (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the Agency's accounting policies are described below.

Reporting Entity

The Agency, a component unit of the City of Oregon City, was created on October 5, 1983 to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. The Agency is governed by a seven-member board of directors that include the City's mayor and other commission members.

The Agency is a legally separate entity governed by the Agency's Board. The City Commission has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria of the Governmental Accounting Standards Board, the Agency is considered a component unit of the City and the Agency's financial activities are included as a blended component unit (a special revenue fund) in the financial statements of the City.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial levels. All of the Agency's activities are categorized as governmental activities.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the Agency has one governmental fund.

Basis of Presentation

The financial transactions of the Agency are recorded in a single individual fund accounted for by providing a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenses.

GAAP set forth minimum criteria (percentage of the assets, liabilities, revenues or expenses of either fund category or the government and enterprise combined) for the determination of major funds. The Agency's sole fund is considered a major fund. The Downtown Urban Renewal Agency Fund accounts for property taxes collected to improve the Downtown District.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt are reported as other financing sources.

The accounts of the Agency are organized and operated as a single fund. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the agency-wide statements, reconciliations are provided to explain the differences between the fund financial statements and the agency-wide statements.

Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Agency maintains cash and investments in a common pool, maintained by the City.

Oregon Revised Statutes authorize the Agency to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon Municipalities and the State Treasurer's Local Government Investment Pool, among other options. Investments are stated at fair value.

Receivables and Deferred Inflows/Outflows of Resources

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments of equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current and prior years are recorded as a receivable at year-end. The Agency's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

In the fund financial statements, property taxes receivable that have been collected within 60 days of fiscal year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as a deferred inflow of resources as it is deemed unavailable to finance operations of the current period. In the government-wide financial statements, property taxes receivable are recognized as revenue when earned.

Capital Assets

Capital assets (items costing more than $5,000 and lasting more than one year) are valued at estimated historical cost or actual historical cost. Capital assets are recorded as expenditures in the fund financial statements and capitalized on the Statement of Net Position. Maintenance and repairs of fixed assets are charged to expenditures in the fund as incurred and are not capitalized. Upon disposal, the capital asset records are relieved of the related cost. Depreciation is computed on capital assets on the straight-line basis of their estimated useful lives up to 40 years. Interest is not capitalized as a cost of construction of capital assets.

Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental Fund type fund balances are required to be reported in the following classifications, when applicable.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Agency takes formal action that places specific constraints on how the resources may be used. The Agency can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the Agency's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Agency approves which resources should be "reserved" during the adoption of the annual budget. The Agency's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the Agency's Annual Financial Report.

Unassigned fund balance is the residual classification for the fund. This classification represents fund balance that has not been restricted, committed, or assigned within the fund.

Budget and Budgetary Accounting

A biennial budget is prepared for the Agency's fund in accordance with the modified accrual basis of accounting. Appropriations are made at the organizational unit and object levels (Oregon City Urban Renewal Agency, Debt Service and Contingency). Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each biennium. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the Agency. After budget approval, the Agency may approve supplemental appropriations through the use of appropriation resolutions and require supplemental budget procedures in some cases if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Agency Board.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2021:

Deposits with financial institutions	$ 19,754
Local Government Investment Pool	2,949,545
Total cash and investments	$ 2,969,299

Deposits

The book balance and bank balance of the Agency's bank deposits (checking accounts) was $19,754 at year end. Bank deposits are secured to legal limits by federal deposit insurance. Any remaining amount is secured in accordance with ORS 295 under the collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions for up to $250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are held with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2021, none of the Agency's bank balances were exposed to custodial credit risk.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2021, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the Agency manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments, specifically by maintaining funds in the Local Government Investment Pool.

Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the Agency will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. Currently the Agency's investments are limited to the Local Government Investment Pool.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Agency. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CAPITAL ASSETS

The changes in the capital assets for governmental activities for the year ended June 30, 2021 are as follows:

	Balance June 30, 2020	Additions	Retirements	Reclasses	Balance June 30, 2021
Nondepreciable capital assets					
Land	$ 5,084,459	$ -	$ -	$ -	$ 5,084,459
Construction in progress	442,905	-	-	(442,905)	-
Total non-depreciable	5,527,364	-	-	(442,905)	5,084,459
Depreciable capital assets					
General improvements	35,057,204	-	-	442,905	35,500,109
Total depreciable	35,057,204	-	-	442,905	35,500,109
Accumulated depreciation					
General improvements	(13,631,399)	(887,503)	-	-	(14,518,902)
Total accumulated depreciation	(13,631,399)	(887,503)	-	-	(14,518,902)
Depreciable capital assets, net	21,425,805	(887,503)	-	442,905	20,981,207
Total capital assets, net	$ 26,953,169	$ (887,503)	$ -	$ -	$ 26,065,666

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	Outstanding June 30, 2020	Issued	Matured / Redeemed	Outstanding June 30, 2021	Due Within One Year
Tax Increment Revenue Bonds					
Urban Renewal Commission Revenue Bonds, Series 2008A, issued July 18, 2008, interest rate at 4.95%	$ 5,140,000	$ -	$ (5,140,000)	$ -	$ -
Direct Placement Debt					
Urban Renewal Commission Revenue Bonds, Series 2013, issued January 31, 2013, Tax Exempt, interest at 3.05%	369,592	-	(369,592)	-	-
Urban Renewal Commission Revenue Bonds, Series 2013, issued January 31, 2013, Taxable, interest at 4.55%	664,328	-	(664,328)	-	-
Total long-term debt	$ 6,173,920	$ -	$ (6,173,920)	$ -	$ -

Tax Increment Revenue Bonds

Urban Renewal Commission Revenue Bonds, Series 2008: On July 1, 2000, the Oregon City Urban Renewal Agency issued $10,000,000 of Urban Renewal Tax Increment Revenue Bonds to provide financing for projects within the Oregon City Downtown Urban Renewal area. The bonds bore interest at 4.95%. Semiannual payments of interest were due on December 1 and June 1 of each year, and annual payments of principal were due on June 1 of each year.

Direct Placement Debt

Urban Renewal Commission Revenue Bonds, Series 2013: On January 31, 2013, the URC issued $3,446,400 of Urban Renewal Tax Increment Revenue Bonds to refinance the URC's Line of Credit. Part of the bonds issued were tax exempt while part were taxable.

During the year, the Commission decided to retire all outstanding bonded indebtedness of the Urban Renewal Agency. As of December 1, 2020, the Urban Renewal Agency had retired all of its outstanding bonded indebtedness. At the end of the year, the Agency had no outstanding bonded indebtedness.

NEW ACCOUNTING PRONOUNCEMENTS

The Agency will implement new GASB pronouncements no later than the required fiscal year. During the fiscal year ended June 30, 2021, the Agency implemented no new GASB pronouncements.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 23, 2021, the date on which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - URBAN RENEWAL AGENCY
YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual			
	Original	Final	FY 2020	FY 2021	Biennial	Variance
REVENUES						
Property taxes	$ 5,759,000	$ 5,759,000	$ 3,163,683	$ 3,074,306	$ 6,237,989	$ 478,989
Charges for services	207,000	207,000	100,545	107,652	208,197	1,197
Interest income	180,000	180,000	139,475	42,068	181,543	1,543
Miscellaneous	-	-	-	126	126	126
Total Revenues	6,146,000	6,146,000	3,403,703	3,224,152	6,627,855	481,855
EXPENSES						
Oregon City Urban Renewal Agency	1,807,490	1,807,490	1,247,173	350,202	1,597,375	210,115
Debt service						
Principal	1,744,280	7,918,200	859,640	6,173,920	7,033,560	884,640
Interest	631,186	631,186	335,255	157,763	493,018	138,168
Contingency	127,000	127,000	-	-	-	127,000
Total Expenditures	4,309,956	10,483,876	2,442,068	6,681,885	9,123,953	1,359,923
NET CHANGE IN FUND BALANCE	1,836,044	(4,337,876)	961,635	(3,457,733)	(2,496,098)	1,841,778
FUND BALANCE, BEGINNING OF YEAR	5,403,980	5,403,980	5,468,809	6,430,444	5,468,809	64,829
FUND BALANCE, END OF YEAR	$ 7,240,024	$ 1,066,104	$ 6,430,444	$ 2,972,711	$ 2,972,711	$ 1,906,607

OTHER SUPPLEMENTARY INFORMATION

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2021

Tax Year	Uncollected Balances June 30, 2020	2020-2021 Levy	Interest, Discounts & Adjustments	Turnovers	Uncollected Balances June 30, 2021
2020-21	$ -	$ 3,165,603	$ (87,475)	$ (3,018,580)	$ 59,548
2019-20	67,283	-	(958)	(43,031)	23,294
2018-19	17,244	-	271	(9,651)	7,864
2017-18	9,381	-	669	(6,927)	3,123
2016-17	3,569	-	602	(3,153)	1,018
2015-16 and prior	4,839	-	(302)	(491)	4,046
Total	$ 102,316	$ 3,165,603	$ (87,193)	$ (3,081,833)	$ 98,893

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2021

	Interest Rate	Year of Issue	Maturity	Outstanding June 30, 2020	Debt Issued	Principal Paid	Outstanding June 30, 2021
PRINCIPAL TRANSACTIONS							
2008 Urban Renewal Revenue Bonds	4.95%	2008	2023	$ 5,140,000	$ -	$ (5,140,000)	$ -
2013 Urban Renewal Revenue Bonds - Exempt	3.05%	2013	2023	369,592	-	(369,592)	-
2013 Urban Renewal Revenue Bonds - Taxable	4.55%	2013	2023	664,328	-	(664,328)	-
				$ 6,173,920	$ -	$ (6,173,920)	$ -

	Interest Rate	Year of Issue	Maturity	Outstanding June 30, 2020	Interest Avoided	Interest Paid	Outstanding June 30, 2021
INTEREST TRANSACTIONS							
2008 Urban Renewal Revenue Bonds	4.95%	2008	2023	$ 681,863	$ (554,648)	$ (127,215)	$ -
2013 Urban Renewal Revenue Bonds - Exempt	3.05%	2013	2023	22,544	(14,246)	(8,298)	-
2013 Urban Renewal Revenue Bonds - Taxable	4.55%	2013	2023	60,454	(38,204)	(22,250)	-
				$ 764,861	$ (607,098)	$ (157,763)	$ -

During the year, the Commission decided to retire all outstanding bonded indebtedness of the Urban Renewal Agency. As of December 1, 2020, the Urban Renewal Agency had retired all of its outstanding bonded indebtedness. At the end of the year, the Agency had no outstanding bonded indebtedness.

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *OREGON STATE REGULATION***

The Agency Officials
City of Oregon City Urban Renewal Agency
Oregon City, Oregon

We have audited the basic financial statements of the City of Oregon City Urban Renewal Agency, a component unit of the City of Oregon City, Oregon, as of and for the year ended June 30, 2021 and have issued our report thereon dated December 23, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

<u>Report on Compliance</u>

As part of obtaining reasonable assurance about whether the City of Oregon City Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-0000 through 162-10-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The City of Oregon City Urban Renewal Agency does not receive highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City of Oregon City Urban Renewal Agency does not have any elected officials collecting or receiving money

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*.

Internal Control Over OAR 162-10-0230

In planning and performing our audit of the financial statements, we considered the City of Oregon City Urban Renewal Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Oregon City Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Oregon City Urban Renewal Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

For Merina+Co
Tualatin, Oregon
December 23, 2021