CITY OF OREGON CITY
URBAN RENEWAL COMMISSION RETREAT
AGENDA

Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Tuesday, April 05, 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. The Process of Updating the Urban Renewal Plan
2. Financial Update of the Oregon City Urban Renewal Agency

COMMUNICATIONS

ADJOURNMENT

PUBLIC COMMENT GUIDELINES

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

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

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

ADA NOTICE

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

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

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

CITY OF OREGON CITY

Staff Report

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

To: Urban Renewal Commission **Agenda Date:** 4/5/2021

From: City Manager Tony Konkol

SUBJECT:

The Process of Updating the Urban Renewal Plan

STAFF RECOMMENDATION:

Staff recommends that the Urban Renewal Commission continue with the process toward ultimately developing a revised Urban Renewal Plan

EXECUTIVE SUMMARY:

The Urban Renewal Commission met on August 16, 2021, to review a draft "Vision Statement and Framework for Decision-Making" provided by staff. Commissioners proceeded to further develop and refine their vision statement and associated goals. The commissioners agreed that the next step after crafting the vision statement is to review the framework for decision-making or program criteria.

BACKGROUND:

During its meeting held on July 7, 2021, The Urban Renewal Commissioners began reviewing a draft "Vision Statement and Framework for Decision-Making" provided by staff. The Commissioners contributed their own insights and ideas with regard to the vision statement. Due to time constraints, they were unable to complete their review of the second part of the draft document, "Framework for Decision-Making."

Members of the Urban Renewal Commission agreed to host a retreat to further develop the vision statement. Meanwhile, it was acknowledged that the Leland Consulting Group submitted a memo that highlighted vision statements from other communities.

On August 16, 2021, The Urban Renewal Commission held its first retreat to further draft a vision statement. The commissioners expressed their preferences as to what should be included in the vision statement. After much discussion about the structure and content of the statement, commissioners turned their attention to identifying the goals. It was agreed that the goal categories should be the following:

- Livability
- Tourism Opportunities
- Recreational Opportunities
- Infrastructure Investments

The Urban Renewal Commissioners finished its meeting with further detailing the goals.

At its retreat held on November 16, 2021, the commissioners commenced with a discussion on a framework for decision-making. Staff provided a draft document that was utilized to further aid the commissioners to home in on specific steps and elements of the decision-making process. There were a few revisions and adjustments discussed during the retreat and staff was directed to make them.

At this point moving forward, it is important that the Commission focus on the following topics:

- Finishing the Model Process, "Framework for Decision-Making"
- Updating the Financial Component of the Plan
- Project Costing Analysis
- Discussion and Identification of Projects to be Included in the Plan
- Discuss and Review the Complete Draft Plan
- Approve the URD Plan
- The Nature of the Question to be put Before the Voters
- The Schedule for a Potential Ballot Question

Included with this staff report are the following documents:

- **"THE VISION STATEMENT OF THE URBAN RENEWAL COMMISSION OF THE CITY OF OREGON CITY"**
- "**URBAN RENEWAL PLAN REPORT DOWNTOWN/NORTH END, 10TH AMENDMENT 2007**"

The projects included in the 2007 Urban Renewal Plan are:

1. Rossman Landfill
2. Clackamette Cove
3. Metro Transfer Station
4. Amtrak Station
5. County Shops Property
6. City-owned Property on McLoughlin Blvd.
7. Stimson Property
8. Oregon City Shopping Center
9. Krueger Lumber Building
10. End of the Oregon Trail
11. Historic Downtown
12. Willamette Falls

13. 7th Street Corridor
14. Civic Complex

OPTIONS:

1. Continue with the process toward developing a revised draft Urban Renewal Plan

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

INTRODUCTION:

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

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

The Hilltop Urban Renewal District was closed in 2005 and saw a 1,100% increase in assessed value. In 2007, a new plan named the Downtown Oregon City/North End Urban Renewal Plan was developed. It is the only Urban Renewal District designated in Oregon City as of 2007.

Regional Center

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

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

THE VISION STATEMENT OF THE URBAN RENEWAL COMMISSION OF THE CITY OF OREGON CITY

Oregon City is a historically, culturally, and geographically unique place in the Portland Metro Region. It was established in 1829 and in 1844 was the first incorporated city west of the Missouri River. The community's history establishes it as the State's original hometown. In Oregon City there are historic houses, museums, and Willamette Falls situated within the community that stand as testament to the City's historical significance to the State of Oregon and to the United States.

Oregon City is one of the hubs of the Portland Metro Area. It seeks to attract visitors, new residents who appreciate the community's commitment to quality of life. The City's core is a recognizable, vibrant destination with public and private investment in small-scale shops, a mix of restaurants, and cultural amenities that reflect the area's diversity.

Within the Urban Renewal District ("**the District**") residents live, work, and play while having access to various amenities including vibrant visitor experiences that attract the public during both the day and night; well-presented historical venues that provide visitors different vantage points of the community's past; enjoyable recreational opportunities of various types and venues; livable environs that enhance one's quality of life, efficient transportation options that move people in and around the District; and sound investments in public infrastructure that complement and support private investment.

Overall, the District's project expenditures are fiscally conservative and do not saddle future generations with long term environmental or economic burdens. For-profit business operations provide long-term employment, helps broaden the tax base, and provides a positive rate of return to the District.

The District is an important economic development tool that contributes to the realization of the Urban Renewal Commission's vision by accomplishing the following goals:

LIVABILITY

Livability is about building community amenities that enhance the quality of life through action to improve local environments and provide safe conditions in places where people live. It includes:

- Protection of community neighborhoods' unique identities, locating tourism amenities in appropriate places except neighborhoods
- Provision of various housing options with different price points
- Presence of unique shopping amenities
- Existence of recreational opportunities
- Offering of varied dining options
- Establishment of quality childcare services
- Provision of good water quality
- Development of good job opportunities
- Creation of efficient multi-modal transportation services
- Presence of safe living conditions
- Existence of a quiet zone along the railroad route downtown

TOURISM OPPORTUNITIES

Creating an environment that offers amenities that establish a sense of vitality, excitement and wonder attracts visitors during the day and the night. The District will offer the following amenities that are designed to solidify the City's brand as being Oregon's Hometown:

- Enhanced and upgraded End of the Oregon Trail Interpretive Center
- Increased use and improved Amtrak Train Station
- Increased use of the Clackamette Park RV area
- Projects that complement and enhance the downtown
- Hotels and convention meeting space
- Visitor parking
- Transportation options including shuttles and/or trolleys
- River transportation and recreational opportunities
- Public restrooms
- Transportation linkage(s) between tourism destination assets
- Good water quality (Cove, Clackamas, and Willamette Rivers)
- Willamette Falls Legacy Project

RECREATIONAL OPPORTUNITIES

The ability to establish recreational opportunities offering various types of outdoor and indoor amenities, man-made and/or natural, can contribute to a higher quality of life for residents. Investments in establishing the type of recreational investments supported by the Urban Renewal Commission include:

- Trails, Biking, Walking
- Good water quality (Cove, Willamette, and Clackamas Rivers)
- Accessible recreation at Clackamette Park and Jon Storm
- Increased accessibility to the Cove, Willamette, and Clackamas Rivers

INFRASTRUCTURE INVESTMENTS

New investments in a variety of infrastructure projects are designed to helped mitigate the challenges of growth in the district to allow visitors to enjoy all of the amenities that the District has to offer. As visitors drive into Oregon City, the provision of the following assets will assist them to efficiently move in and around the District from one end to the other and to engage in various events and activities taking place.

- Public restrooms
- Lighting enhancements downtown
- Quiet Zone along the railroad route downtown
- Adaptive reuse of existing properties
- Walking and Biking Trails

- Adaptive reuse of existing buildings (i.e., seismic, ADA, etc.)
- Visitor parking structure(s)
- Multi-modal transportation

The attributes of livability, infrastructure improvements, recreational and tourism opportunities are interdependent and serve to enable the District to provide a positive rate of return and helps Oregon City solidify its status as a regional center within the Portland Metro Region.

THE URBAN RENEWAL DISTRICT'S FRAMEWORK FOR DECISION-MAKING UTILIZING TAX INCREMENT FINANCING

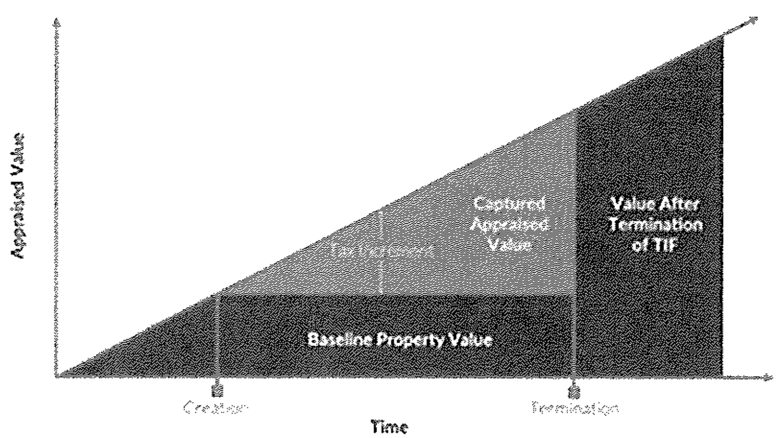
Tax increment financing is an economic development tool used by municipalities to allocate all or a portion of the new, additional taxes generated by a development over a limited period of time to pay for public infrastructure, contribute toward business investment projects, and fund economic development programs.

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

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

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

Figure 1: Diagram of a Conceptual Tax Increment Financing Plan



The benefits of TIF transactions include the following:

1. TIF transactions can be effective as "off balance sheet" financing of components of public infrastructure such as utilities and road and traffic improvements. TIF bonds and notes are not included in Oregon City's general debt obligations. The structure of these transactions allow Oregon City to benefit from the impact of new incremental revenue streams generated from the Urban Renewal District.

2. TIFs provide financing for projects that are not otherwise economically feasible. For instance, TIF transactions may contribute to the redevelopment of blighted and under-utilized property selected by the Urban Renewal District.

3. Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated properties often increases, which produces even greater benefits for the District and the community at large.

4. TIF projects are financed from increases in tax revenues that the development itself generates and not from tax subsidies from other areas of Oregon City Municipality.

5. TIF projects may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses, that otherwise would be missed or lost without the investment made possible through tax increment financing.

Voters' Approval of Bond Indebtedness

PLEASE NOTE: Based on the current City Charter, the Urban Renewal Commission of the City of Oregon City shall not issue bonded indebtedness longer than one year without voters' approval.

TIF GUIDELINES, AND PROJECT EVALUATION CRITERIA

The purpose of this section is to serve as a guide for the Urban Renewal Commission ("URC") to offer tax increment financing assistance for development activities within the District.

As a matter of policy, the URC will consider using tax increment financing to assist private developments only in those circumstances in which proposed private projects fit the vision and goals of the Urban Renewal Commission and show a demonstrated financing gap, ("But for Test"). In addition, investments in public infrastructure serve to complement other projects and implement urban renewal district goals. This policy shall be utilized in processing and reviewing applications requesting tax increment financing assistance.

The Urban Renewal District shall have the option of amending or waiving sections of this policy when determined necessary or appropriate. The provision of financial assistance is at the sole discretion of the Urban Renewal Commission. The URC reserves the right to reject or approve projects on a case-by-case basis, considering established policies, specific project criteria and the demand on District services in relation to the potential benefits to be received from proposed projects. Meeting policy guidelines or other criteria does not guarantee the award of tax increment financing assistance. Furthermore, the approval or denial of one project is not intended to set precedent for approval or denial of another project.

Due Diligence Team

The Urban Renewal Commission's Due Diligence Team is established to conduct a thorough review of applications seeking assistance under the program. The team's responsibility includes:

- examine the financial and operational background of the applicant company, its affiliations, and subsidiaries
- ensuring that applications are complete;
- adherence to State and local guidelines for TIF assistance;
- ensuring that projects complement or fit the vision of the Urban Renewal Commission;
- vetting investors/developers associated with potential project;
- analyzing project revenue expectations;
- determining financial shortfalls and debt service limitations;
- examining the project's sustainability; and
- recommending strategies to the Commission to mitigate risks.

The Urban Renewal Commission will make all final determinations regarding application approval or rejection.

The Full Due Diligence Team will consist of the following professionals:

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

Tax Increment Program Guidelines

Developers/Investors must provide information on the ownership, decision-making structure of the main business investor associated with the proposed project. Developers/investors should state why TIF funding is needed to make the project successful. It is important for the developers/investors to reveal any plans to "flip" the project to other future owners.

Applications are subject to program eligibility criteria and project guidelines listed below.

Eligible Investments

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

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

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

Eligible Expenditures

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

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

Sources and Uses of Funds

Documentation must be provided detailing how the project will be funded. The applicant shall submit financial information that reveal all sources of financial commitment including a list of investors that have provided 10% or more financial commitment to the project.

It is expected that the applicant includes sources of funding such as:

- equity (describe source of equity);
- lender financing (financing term sheet);
- mezzanine financing; and
- other forms of public financing.

With regard to the use of funds, the applicant should identify general categories including:

- acquisition and related site costs;
- hard construction costs; and
- a breakdown of soft costs.

Further, the applicant should provide the following financial and feasibility documents:

- a proforma statement of the project itself;
- historical profit and loss for the past three years; *
- balance sheet statements for the past three years; *
- latest year profit and loss statement;
- latest year balance sheet statement;
- interim profit and loss statement;
- market and financial feasibility studies; and
- appraisals.

**In the event the applicant company is younger than three years, the Due Diligence Team will request additional information from the applicant that demonstrates that the applicant has sufficient experience and financial wherewithal to carry the project to its successful completion.*

The "But For" Test

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

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

Return On Investment

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

DISPOSITION AND DEVELOPMENT AGREEMENT

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

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

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

Forms Of Project/Program Financing

General Obligations Bond ("GOB")

With approval from the voters to issue general obligation bonds, the proceeds from the sale of these bonds may be used to provide loans and grants. The tax increment generated by projects or TIF, pays back the general obligation bonds.

Loans

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

Grants

Grants may be issued to businesses to fund special projects that enhances the community's economic viability including but not limited to a building façade program or second floor renovation for second floor residences in the downtown area, just to name a few initiatives.

THE PROCESS

This section of the document refers to the process utilized to introduce the project to the staff of the Urban Renewal Commission ("URC") and, of course, to the URC itself. The process is designed to initially give the URC a preliminary review of the project to ascertain whether there is interest based on the vision and Urban Renewal Plan. This saves the applicant from having to pay for its entitlement approvals prior to knowing whether the project is of interest to the URC. (See Process Diagram, Exhibit B)

Conditions for Applying

If the project seeks tax increment financing or if the project is expected to be developed on URC-owned land, a preliminary review starts with the submission of an application together with exhibits, supplements, schedules, and financial information.

On its own, the URC may distribute "requests for proposals (RFP)" associated with URC-owned property to determine a quality use of a property in question.

The Application or RFP

When an application or a response from an RFP is received, the documents are distributed to certain members of the Due Diligence Team. Simultaneously, the applicant shall tender an administrative fee to the URC in an amount approved by the URC to cover the cost of conducting a preliminary review of the application.

No action will be taken with respect to the application until URC staff has determined that it has received all information which may be relevant or necessary in determining the qualifications of the applicant and the project.

Acceptance of the application does not imply, evidence, or confirm the URC's support for, or recommendation of, the Project.

Preliminary Review (Only Partial Due Diligence Team Activated)

Not all members of the "Due Diligence Team" will be needed to conduct a ***preliminary review*** of the application. A partial due diligence team will only include:

- City's Economic Development Manager
- City's Finance Director
- Financial Review Firm
- Community Development Director or Designee

The objective of the preliminary review will be to determine whether the proposed project addresses the following questions:

- Does the proposed project fit the stated vision and goals of the URC?
- Does the project complement or fit with other existing business investments and/or envisioned projects and plans of the URC?
- Is the applicant capable of implementing and finishing the proposed project as depicted?
- Is there a feasibility study and does it address major issues impacting the success of the project?
- What important questions or issues are raised based on the review of the project's pro forma statement, its sources and uses of funds, and other financial documentation?
- How do answers to questions raised by the financial review and feasibility study review match up against similar projects within the same industry?
- Does the investor/developer either have existing financial and technical resource commitments in place or do they have a plan to access the financial and technical resources required to implement the project?
- Is the developer/investor in good financial standing?
- Does the application fully reveal the full decision-making structure impacting the project including the controlling interest of the parent company and other affiliations?
- What new infrastructure demands are required as a result of the project's completion?

The Due Diligence Team will develop a preliminary analysis of the proposed project to be submitted to the Urban Renewal Commission. With the applicant present, the Due Diligence will submit its findings to the URC with a recommendation to proceed or not.

During this preliminary the applicant will fill out a questionnaire that highlights each of the four subcategories comprised of the URC's vision:
- Livability
- Tourism Opportunities
- Recreational Opportunities
- Infrastructure Investments

The applicant's completed questionnaire will be utilized as part of the decision-making process.

If the URC decides not to proceed with the project, no further consideration will be entertained.
If the URC decides to continue with the review of the project, the applicant will proceed with obtaining all necessary technical entitlements and endorsements from other City departments. With the continuous review of the proposal, the developer(s) will be charged additional fees by

other City departments as it moves through the entitlement process. If the proposal does not receive certain entitlement approvals, the applicant could appeal to the URC. If the URC upholds entitlement denials, further consideration of the project will conclude.

In the event that the applicant receives its entitlement approvals, the project will be referred back to the full "Due Diligence Team" for a more in-depth examination of the proposal and the crafting of a draft Development & Disposition Agreement ("DDA"). The team's findings may include recommendations to include specific sureties or guarantees for the URC to consider.

URC Review & Public Hearing

The Due Diligence Team, with the applicant present, will submit the draft DDA to the URC for further discussion. A public hearing will be conducted by the URC prior to deciding on the project.

Closing on the Deal

If after the public hearing and the project is approved, a closing is conducted by legal counsel to collect fees associated with the work of bond counsel, other legal counsel, and financial review firm. The execution of the DDA is finalized.

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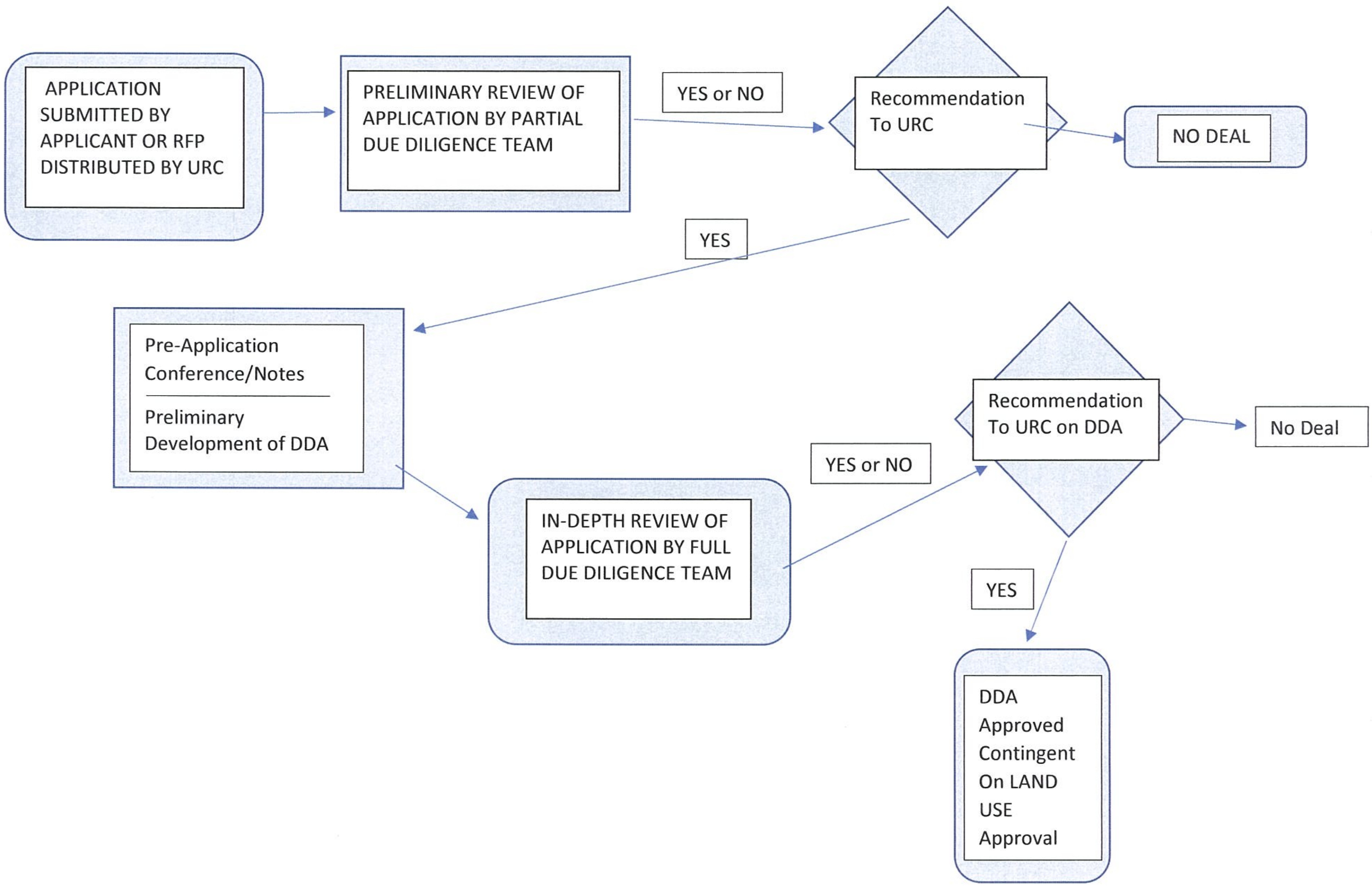
Framework for Decision-Making
Urban Renewal Project Procedures Diagram



Urban Renewal Plan Report

Downtown / North End

THROUGH PROPOSED 10TH PLAN AMENDMENT

CITY OF OREGON CITY, OREGON
OREGON CITY URBAN RENEWAL AGENCY
September 2007

City of Oregon City Staff

Consultant Team:

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The Area includes approximately 198 acres of unproductive vacant land, undevelopable land, right-of-way and water. The remaining land is used for industrial, commercial and residential purposes. Unproductive space comprises over 23% of the Urban Renewal Area. The vast majority of unproductive land is used for street, railroad, freeway right-of-way, and a landfill.

The Landfill Redevelopment Site contains the landfill, I-205 and Oregon City by-pass freeway right-of way, the Clackamas County complex along Abernethy Road, and the vacant Stimson Lumber Mill site located along Washington Street. Metro's transfer station and solid waste trucking fleet parking area are located near the I-205/By-pass interchange.

The Clackamette Cove (the "Cove") is located along both the Willamette and Clackamas Rivers. The Willamette River frontage is a narrow band of land between the river and McLoughlin Boulevard. Clackamette Park is located at the confluence of the two rivers, with a motor hotel and marina located to the south. A site once occupied by the old Oregon City sewage treatment plant and a fire district training facility is currently being cleared for development. This area suffers from poor access from McLoughlin Boulevard and from other sub-districts in the Urban Renewal Project Area. In spite of its riverfront location, existing developments do not take full advantage of the location's amenity, though Oregon City has taken some steps toward doing so with the creation of a trail running along the Cove.

The area has good visibility from arterials and the freeway, with access via two interchanges off of Interstate 205 and McLoughlin Boulevard (Highway 99E). The Cove area offers the potential for high quality office, commercial, recreation, and housing development that could eventually tie into the redevelopment of the Oregon City Shopping Center (a community center that has already undergone some remodeling), and, in a greater sense, the process by which Oregon City will take up the mantle of Regional Center.

The existing industrial uses located on the Cove and adjacent to the shopping center were rezoned in 2004 to Mixed Use Downtown and are now considered to be utilized for non-conforming uses. Relatively small parcels in multiple ownerships are also a deterrent to redevelopment. Transportation improvements are needed to serve this area, and link the area to the freeway system. Soils and floodplain problems also present constraints to development. The Urban Renewal Plan supports the redevelopment of the Clackamette Cove area for mixed use at a relatively high density that could eventually support increased mass transit including an expansion of the Tri-Met Light Rail System.

The downtown core area south of 11th Street includes much of the original plat for Oregon City, and has served as a commercial and cultural center since the 1840's. Economic changes during the 1960's through the 1990's resulted in a district that has lost businesses and investment, and suffered from deteriorating structures and infrastructure, becoming a concentration of poverty. Recent investments have increased in areas such as around 9th and Main Street. These characteristics are discussed in detail in section 400.B of this document.

The north end section of downtown between 11th Street and the Main Street Extension is dominated by highway commercial uses, primarily auto sales, service and repair. These uses require large areas for vehicle storage and parking. The use of this area by pedestrians is discouraged by the existing auto uses because street-level activities are not continuous, and are oriented to drivers rather than pedestrians. This north end area lies between the downtown core and the planned Landfill redevelopment site, and is zoned primarily mixed use downtown, as is much of the Downtown Urban Renewal District. If the downtown is to take advantage of the Landfill Redevelopment and Regional Center, attractive pedestrian linkages through the north end will be needed as will availability of transportation modes such as trolley or light rail.

Downtown Oregon City is adjacent to the Willamette River. There has already been significant recent investment in Jon Storm Park and a floating dock funded by the State Marine Board. Further improvements are needed to provide for public walkway and viewing areas, public assembly spaces, and a dock capable of accommodating large tourist boats.

The End of the Oregon Trail area is made up of a mix of commercial, industrial and older residential uses located between Abernethy Creek, I-205, and Highway 213. The area is dominated by the Rossman Landfill (a brownfield), and Clackamas County facilities (including unused office buildings and road maintenance operations). There is considerable vacant land in this sub-district. The I-205/Highway 213 interchange will provide prime regional access to the Landfill Redevelopment Site.

Visibility of the area is good, but the generally poor quality of the residential and industrial areas creates a deteriorating visual impact on the area. There has been little private investment in the area, and the roadway capacity and transportation network are deficient and in poor condition.

The Urban Renewal Plan provides for a development and redevelopment assistance program for this area to encourage land uses that take advantage of proximity to I-205 and Oregon City's historic and geographic context. Such developments within this area will act as an attractive gateway to the rest of Oregon City's regional center.

The Washington/7th Street Corridor sub-district lies east of the downtown, and connects the lower downtown area to the Hilltop area further to the east. The Washington Street corridor is primarily commercial and residential, including historic homes, redeveloped businesses such as the Abernethy Center, several churches, and the Willamette Falls Hospital Education Center. The 7th Street corridor has a mix of neighborhood commercial, office and public uses along 7th Street, with single-family residential uses along 8th and 6th Streets.

The City is now considering the 10th amendment to the Urban Renewal Plan. This amendment is necessary to implement the economic development strategy developed as a result of the renewed efforts toward revitalizing Oregon City. This strategy is necessary to allow the City to take advantage of new opportunities and new development interests that have resulted from the City's strategic emphasis on economic development.

The City considers this in the light of the changes in opportunity and strategy over the past few years. When the City Commission adopted the Oregon City Futures Plan in the fall of 2004, the strategy focused on implementing Oregon City's Regional Center designation, as defined in Metro's 2040 Growth Concept Plan issued in 1992. As one of seven regional centers named by Metro in 1992, Oregon City had not previously elevated the designation to a level of importance. However, the inherent benefits of doing so soon became clear in terms of positioning the City for economic success.

The Oregon City Regional Center refers to a designation in Metro's 2040 Growth Plan that describes a concentration of activity and investment that serves an area of multiple cities and towns. Oregon City is defined as the central hub for surrounding satellite communities. The City provides goods and services not readily available in individual smaller communities and ultimately serves more than 150,000 people. The districts and sub-districts defined in the larger Regional Center are the districts of the Seventh Street Corridor, Hilltop District, Willamette Falls Hospital district, Red Soils Governmental and Industrial campus, and Clackamas Community College. These districts that compose the Regional Center recognize that the geography, history, character and conditions within the Center are not consistent. The districts and sub-districts connect to form a whole.

The sub-areas of the larger downtown district include the Blue Heron site at the southernmost end, Historic Old Town, the Rossman Landfill area, Clackamette Cove, the Oregon City Shopping Center, the Waterfronts, and the Seventh Street Corridor connecting the Regional Center area to Hilltop and the rest of Oregon City up on the bluff and beyond.

The strategy for the Oregon City Regional Center was carefully crafted in October 2004. Leland Consulting Group (LCG), Urban Strategists, was retained by Oregon City to define that strategy and the necessary steps to achieve implementation. LCG, working with City staff and StastnyBrun Architects, reviewed many previous plans and studies prepared for the city, met with the City Commission and the City's regional and state governmental partners, and prepared a strategy to guide future development in the area defined as the Regional Center. The City Commission adopted the resulting document titled: "Oregon City Futures: A Strategy for Economic Development: Phase I: Summary and Recommendations."

The Oregon City Futures Report is available for review at City Hall.

Oregon City's Urban Renewal Plan intends to take full advantage of the City's role as a designated 2040 Regional Center status as laid out in "OC Futures" in 2004 and make fully attain said status along with the associated implications the number one development priority for the City. The projects in Section 400 of this report feature a number of elements that will be located on the landfill, along 7th Street, at the Clackamette Cove, and in the established downtown area of Oregon City.

Oregon City will, by these means, prepare for logical staged development planning. At each stage of action, the City is positioned to take advantage of all the resources available, building on previous work. The end goal is a revitalized Oregon City that fulfills its mission and vision: To build a sustainable community that promotes public health and safety, economic growth, diversification, parks and recreation, library services, efficient utilities, appropriate and fair land use administration, and protects the livability, environment and uniqueness in this historic place.

The list of major recent additional accomplishments associated with the City's urban renewal efforts consists of the following:

- Development of a comprehensive economic development strategy. The Urban Renewal Commission engaged Leland Consulting Group and StasnyBrun Architects to bring over twenty plans into a comprehensive economic development strategy. That strategy is the Oregon City Futures Report (2004).
- Many transportation and infrastructure improvements. The major projects are the Amtrak Platform, which help bring Amtrak service to Oregon City, Beavercreek Road improvements, Washington Street improvements from 12th to 16th, the Highway 213/Beavercreek intersection, and the 7th Street enhancement. The District is now engaged in the McLoughlin Blvd. Enhancement project.
- Development of several community amenities such as the Clackamas River Trail, Carnegie Center remodeling and historic restoration, assistance to the construction of Liberty Plaza, improvements to the City's elevator, and the ongoing restoration of the bluff promenade.
- Assistance to several businesses through loans and grants for business startup and facade improvements.
- Environmental improvements, which include bank stabilization on the Clackamas River at the Cove, along with two hazard waste cleanup actions in the district.
- Leveraging Urban Renewal dollars to gain federal and state matching funds totaling over $9.3 million.
- Creating an environment that has allowed considerable jobs creation.

3 Comprehensive Plan and Zoning Designations

The Oregon City Comprehensive Plan designates the Renewal Project Area for a mix of land uses. Exhibits 4 and 5 in the Urban Renewal Plan show the existing Comprehensive Plan and Zoning designations for the Area. In 2004, the City approved citywide Comp Plan update and rezone. The majority of the area designations (primarily industrial, tourist, and commercial uses) were converted to mixed use/downtown uses.

The primary designation in the downtown district is, as of 2007, mixed use/downtown with an overlay design district. A mix of high-density residential, office and retail uses are encouraged in this district, with retail and service uses on the ground floor and office and residential uses on the upper floors. The emphasis is on those uses that encourage pedestrian and transit use. This district includes a downtown design district overlay for the historic downtown area. Retail and service uses on the ground floor and office and residential uses on the upper floors are encouraged in this district. The design standards for this sub-district require a continuous storefront façade featuring streetscape amenities to enhance the active and attractive pedestrian environment. The north end of the Main Street Corridor area is zoned for medium density residential uses. This residential district allows single-family attached and detached residential units and two-family dwellings.

In general, comprehensive plan and zoning designations reflect the existing land uses throughout the Urban Renewal Area. New development and redevelopment will be consistent with these designations. There is a need to develop more specific design and development plans within the sub-districts to establish specific guidelines for public improvements and private developments. Preparation of these design plans are authorized by the Urban Renewal Plan.

4 Building Use and Condition.

A 1990 survey was compared with an analysis of building conditions prepared for the Report on the Oregon City Downtown Renewal Plan, 1983, and with 2007 data as well. Table 2 updates this information with data available as of 2007.

Table 2: 2007 Existing Building Inventory

Comp Plan	Developed Acres	Vacant Acres	Total Acres	% Developed in UR	% of Vacant in UR
Commercial	6.678	2.599	9.277	71.98%	28.02%
High Density Residential	2.312	2.983	5.295	43.66%	56.34%
Industrial	55.245	10.316	65.561	84.27%	15.74%
Low Density Residential	71.227	25.413	96.64	73.70%	26.30%
Medium Density Residential	40.416	0.62	41.036	98.49%	1.51%
Mixed Use- Corridor	36.228	0.288	36.516	99.21%	0.79%
Mixed Use- Downtown	288.166	119.567	407.733	70.68%	29.32%
Parks	58.531	0.552	59.083	99.07%	0.93%
Public/Quasi Public	99.042	35.283	134.325	73.73%	26.27%
Grand Total	**657.845**	**197.621**	**855.466**	**76.90%**	**23.10%**

Building conditions were evaluated in 1990 by identifying structures suffering from deferred maintenance or substandard/dilapidated. The survey evaluation was compared to an analysis of fire/life safety code concerns for the downtown area prepared in 1983. A total of 59 structures were found to suffer from deferred maintenance, or were substandard and dilapidated in 1990. Twelve commercial buildings in the downtown and 7 commercial buildings along 7th Street were in poor condition. Of the 33 residential structures found to be in poor condition, 7 were in the End of the Oregon Trail area, 16 within the Washington/ 7th Street Corridor, and 10 in the Heritage Center district (area around the Museum of the Oregon Territory), including an apartment complex located on 99E. Approximately 17 of the structures found vacant during the assessment were located in the downtown.

In 2007, there is a relatively lower incidence of vacancy, but underuse and blight are still indicated by the data available, presented in Table 2. A significant amount of residential and mixed use/downtown space remains vacant.

5 Transportation and Parking

a) Transportation

A Transportation Master Plan prepared in 1989 evaluated the transportation problems throughout the City when the urban renewal district in downtown was established. A new Transportation System Plan (TSP), adopted In 2001, updated transportation improvements required to correct existing deficiencies, and improvements, which will be needed in the future as the City of Oregon City continues to grow. In addition, the 7th Street Corridor Plan was created in 1996 and was intended to guide improvements along this important corridor at the heart of the McLoughlin District.

The 2001 TSP analyzed traffic volumes and intersection levels of service for the major streets and intersections in the downtown Urban Renewal Area. Deficiencies were found and improvements identified for the Washington Street, and McLoughlin Boulevard corridors; Highway 213 between I-205 and Redland Road; and a new connection to downtown from McLoughlin Boulevard at 12th Street.

The improvements identified in the TSP address intersection level of service and operations, congestion, safety, multi-modal needs (lack of adequate pedestrian and bicycle facilities), and boulevard/river access goals.

Many transportation improvement projects have been completed in the downtown Urban Renewal Area, including:

- Portions of the Washington Street Corridor
- The 7th Street Corridor
- Two phases of the Promenade/Bluff restoration
- Planning and design work for the McLoughlin Boulevard corridor

Remaining transportation needs include:

- Construction of the Phase 1 McLoughlin Boulevard improvements
- Design and construction of the McLoughlin Boulevard improvements, Phases 2 and 3
- Washington Street improvements between Abernethy Road and Highway 213
- Capacity and operational needs on Highway 213 between I-205 and Redland Road
- Main Street streetscape improvements
- Safety and restoration needs along the Promenade (Bluff)

These transportation improvements are included as project activities in the Urban Renewal Plan. These improvements are needed in the Urban Renewal Area in order to adequately serve existing development and to provide access and traffic capacity to serve future development and redevelopment.

b) Parking

Both on and off-street parking is available throughout the Renewal Area, with the largest concentration of parking located in the downtown. Public parking is managed by the Oregon City Public Works Code Enforcement group. The parking program includes one public parking lot, meters, monthly permit zones, and time-limited zones, and business validations.

There is a need to expand the public parking program in the downtown Urban Renewal Area. Such expansion may include acquiring additional parking lots for off-street parking in the Main Street, Railroad, Washington, and 7th Street corridors; developing a shuttle system to connect outlying public parking areas; develop a standard sign system for public parking. The Urban Renewal Plan activities include participation in expanded parking lot opportunities.

c) Other Modes

Five public transit lines serve Oregon City and the Renewal Area. Buses stop at the

Oregon City Transit Center between Main Street and McLoughlin before heading out to the rest of the city.

Southern Pacific Railroad operates freight rail services on a main line track which bisects the Renewal Area. Spur lines also serve the newsprint mill south of McLoughlin
Boulevard. Five grade separations and one at-grade crossing are located in the Renewal Area.

Amtrak passenger rail (Cascades service) stops in Oregon City on its route between Eugene and Seattle.

There are three public marina/boat ramp facilities in the Area, one at the end of Clackamette Park Drive under the I-205 bridge (Sportcraft Marina), a boat ramp in Clackamette Park, and a transient tie up dock at Jon Storm Park.

Future extension of high-capacity transit along McLoughlin Boulevard and I-205 to Oregon City is expected. Alignments have not been determined but likely will follow existing rights-of-way. Right-of-way should consider transit requirements.

Improvements to the "streetscape" in commercial districts is an important element in
commercial area revitalization. An attractive environment will help attract retail customers and office workers. Streetscape improvements in the Urban Renewal Area are needed to improve the local environment for pedestrians.

6 Parks and Open Space

Two existing regional parks are located in the Renewal Area. Both parks are considered regional parks in the City's Park Master Plan because they serve the specific needs of an entire region. Clackamette Park is a 21.8 acre riverfront park located at the confluence of the Willamette and Clackamas Rivers. This park includes a boat launch, picnic areas and large open spaces, a skate park, RV park, and many other popular amenities. The second park is the End of the Oregon Trail Interpretive Center site, totaling 8.4 acres located near the intersection of Abernethy Road and Washington Street. This site was formerly home to the Kelly Field ballpark.

The other parks and open spaces located in the Renewal Area include Carnegie Library Park, a 1.3 acre neighborhood park located on 7th Street; the 0.8 acre McLoughlin House (historic); the 5.1 acre McLoughlin Promenade (scenic walkway corridor); the recently completed 1-mile Clackamas River Trail totaling 3 developed acres; the 2 acre Sportcraft Landing Park and boat ramp site; and the 1.5 acre Jon Storm Park and Transient Boat Dock located on the Willamette River just north of the I-205 Abernethy Bridge (development of the Jon Storm Park site is in progress and expected to be completed in summer 2008).

The Oregon City Parks and Recreation Master Plan Update is currently being revised, with adoption expected in late 2007/early 2008. The "standards," "inventory" and "projected needs" elements of the plan are in the process of being finalized. This Parks and Recreation Master Plan is intended to help the City in meeting the needs of current and future residents by positioning Oregon City to build on the community's unique parks and recreation assets and identify new opportunities. The citizen driven plan establishes a clear direction to guide City staff, advisory committees, and the City Commission in their efforts to enhance the community's parks, recreation and open space opportunities. There are currently 252.4 acres of parks and open space in Oregon City. The recommended standards in the updated Parks and Recreation Master Plan will address parks and open space needs to serve the current and future needs of the growing community. These recommendations have yet to be completed as of this writing, and may be referred to upon adoption of the Parks and Recreation Master Plan Update. There are likely to be several specific recommendations tied to this Urban Renewal plan area, and these should be considered as part of future improvements. These will include the proposed parks and recreation open spaces addressed In the Clackamette Cove development, among others within the Urban Renewal plan area.

7 Public Facilities and Services

a) Economic Conditions

There had been little or no improvement in general economic conditions in the project area after Oregon City's first attempt at urban renewal efforts in 1983, though between 1990 and 2000, and certainly between 2000 and 2007, some positive changes have been perceptible. Oregon City's population and building value growth during the 1980's was concentrated almost entirely in the newer residential and commercial areas in the southern and Hilltop areas of Oregon City. The project area, comprising the historic downtown, Willamette and Clackamas River frontages, and the area surrounding the I-205/Highway 213 interchange, was bypassed by this economic growth. As a result, many of the economic conditions cited in the report on the 1983 renewal plan did not change and in fact worsened. For example, as evidence of economic deterioration in downtown Oregon City, the 1983 report cited business closures and move outs, demolition of buildings for parking uses, loss of residential uses, and a growing number of building vacancies, especially on upper floors of commercial properties. These findings were excerpted from a 1978 study of downtown Oregon City by Lord and Associates, an economic consulting firm. In 1989, Lord and Associates produced another study on economic conditions in Oregon City, "Redevelopment Outlook and Strategies: City of Oregon City Central Area." In discussing general market conditions in the Oregon City Central Area, the 1989 study found that,

Its role as a retail and office center has diminished in the past 11 years, however. Jereds Outdoor Store has closed, ...Considerably more storefront spaces on Main are vacant or underutilized, and vacancies on second floor office space have increased.

The bulk of the project area is located within Census Tract 224. General economic conditions in that Census tract ranked it among the poorest in the urbanized areas of Clackamas County, and the Portland metropolitan region. With an unemployment rate of 8.6% (compared with Clackamas County's 3.4%), the area is still struggling. In general, the tract is characterized as low household incomes and a large percentage of elderly population.

"The Regional Factbook", published by the Metropolitan Service District in June 1988, and current information from the US Decennial Census illustrate the area's economic condition:

Table 3: Clackamas County and Oregon City Income and Poverty

Clackamas County and OC Census Tracts Median Income and Poverty						
	1985		1990		2000	
	Median Household income	Median Household income in 2007 dollars	Median Household income	Median Household Income in 2007 dollars	Median Household income	Median Household Income in 2007 dollars
Clackamas County	$28,505	$54,444	$35,419	$55,607	$52,080	$61,975
Oregon City Census Tract 224	$19,535	$37,311	$25,567	$40,140	$38,090	$45,327
Oregon City Census Tract 225	X	X	$29,340	$46,063	$43,876	$52,212

Information from the Regional Factbook and the US Census. Data for 1985 not available for Census Tract 225.

Table 4: Oregon City Census Tract 224 Income vs Clackamas County Income

Census tract 224 vs Clackamas County						
	1960	1970	1980	1985	1990	2000
Median income of tract relative to county	96%	82%	70%	68%	72%	73%
Tract 224 population	4,152	4,121	3,838	3,767	3,898	4,124

Information from the Regional Factbook and the US Census.

The data shows that Census Tract 224 experienced further population loss and income slippage in the period 1980-1985. While it seems that the situation has taken a turn for the better since, in a move that correlates to the timing of Urban Renewal investment in the area, the difference between the median income in Tract 224 and that of Clackamas County as a whole has remained relatively constant since 1990, and no great changes have been made. As demonstrated on Table 3, median household income in Tract 224 and Tract 225 have increased in a real way, but, as Tables 3 and 4 demonstrate, this increase only keeps pace with the County and does not describe significant change within the timeframe for which data is available. Among the factors influencing economic conditions in the project area and those areas surrounding it are the age characteristics of the population. Census tract 224 contains a high percentage of persons over 65 comprising 22% of the tract's population in 1985, as against only 10.5% of Clackamas County population.

The Regional Factbook shows that there were only 21 housing starts in Census Tract 224 in the period 1980-1986. By contrast, Oregon City's other principal Census Tract, 225, had 182 starts in the same period. While the 65-and-over population of Census Tract 224 comprised 15% of the total population in 1990 (as compared to the 11% reported by the county), in 2000 the elderly population of the Tract was down to 12.6%, showing a marked decline. The county, on the other hand, is demonstrating a slight (.1%) increase in the percentage of elderly population paired with an approximate 20% increase in population. The Project Area contains approximately $218 million in true cash values (assessed) as of 2007.

Total assessed value per acre in the project area is well below the average value per acre for the City as of 1991. Assessed value in the project area was slightly less than $70,000 per acre then, while the City average was well over $100,000.

Assessed building value is at more than $312,000 per acre in 2007. Total true cash values for Oregon City for the 1990-91 tax year were estimated to be $475 million, and have reached more than $2.5 billion in 2007. True cash values in Oregon City's renewal area is well within ORS 457's limit which dictates that values within a city's Urban Renewal areas can total no more than 25% of its total assessed value.

While economic conditions in the area currently are poor but improving, recent market studies have indicated that Oregon City can expect to benefit from long-term growth in Clackamas County, and that City efforts to assist development in the project area can produce results as Oregon City negotiates with the demands put upon it not only by its own growth and possibility as a Regional Center but also by the unavoidable demands of the surrounding areas. Excerpts from three of those studies are contained in Appendix C of this report.

200 - Fiscal, Service, and Population Impacts

The projects made possible by the 10th Amendment to the Urban Renewal Plan may cause significant changes in Oregon City.

A. Oregon City Needs

Metro Title 1 Functional Plan target for the City of Oregon City is to add 8,185 new jobs within the city limits between 1996 and 2017 to the roughly 16,690 jobs that existed in 1996. In addition, Clackamas County has assigned 2,987 new jobs in the area between the 1996 city limits and the Urban Growth Boundary, and is asking the City to accept that number. The combined targets equal 11,172 new jobs. The Oregon City Economic Development and Technical Report found that the City did not have the capacity to meet more than 75% of the Metro Target.

It is projected, based on area growth, Oregon City's population will grow dramatically in the coming years. The large proportion of condos and smaller units proposed and the staging of current development plans indicate urban services provided by Oregon City will not be overburdened; rather, with this Urban Renewal plan, growth will happen at a pace consistent with the City's ability to support it.

B. Projected Impact

a) Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area is described in section 500 of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

Increases in commercial and residential occupancies within the Urban Renewal Project Area will generally result in higher demand for fire, life safety and public safety services. However, older buildings not currently meeting building and fire codes will be brought into code compliance, reducing the service demand from those buildings. Similarly, street improvements identified in the Plan will make downtown safer and more accessible to fire and other emergency service vehicles, as well as act as a detriment to dangerous/ illegal activities.

New landscaping features and public space improvements within the Urban Renewal Project Area will increase the need for maintenance. However, sidewalk improvements will reduce the need for repairs of existing sidewalks. Population growth resulting from new residential development within the Urban Renewal Project Area will increase the demand for municipal and social services; however, as illustrated in section 500.E.2 of this report, the income taxes and revenue from other fees and charges that the City and other agencies will gain from additional residents will assist in paying for these services.

b) Projected Impact on Employment

The two largest planned development efforts have provided data about the timelines associated with their construction as well as the jobs that both construction and final open stages will necessitate. With the US Department of Labor Statistics' detailed information on industry average wages, some information about the financial impact on Oregon City can be projected.

Evaluation of employment creation and staging information and utilization of 2003 IMPLAN employment multiplier information for these industries in Oregon and Clackamas County, provided by Oregon State economists, results in information illustrating not only the direct employment that these projects may provide over the coming years, but also those indirect jobs in associated fields such as shipping and janitorial that will be necessitated at each stage. IMPLAN multipliers also predict the impact of the economic change inherent in job creation such that induced labor (in retail, food service, and so forth) where the employed spend money can be projected.

In 2009, the Landfill Project (The Rivers Development) will begin construction. 305.2 full time construction professionals will be employed there, and more than 20 of those jobs will be new. After the development opens, an estimated 2,500 new jobs will be created. The repercussions of this employment will be felt countywide and statewide.

Table 5: Landfill Development employment in Oregon City, Clackamas County, and Oregon State

Landfill Development employment in Oregon City, Clackamas County, and Oregon								
	Total Jobs	Relocated Jobs	New Jobs	ave. annual salary	total salary created	total salary of new jobs	County indirect and induced jobs	State indirect and induced jobs
Construction	305.2	283.836	21.364	$62,400	$19,044,480	$1,333,114	213.64	244.16
Operation	2,500		2,500	$29,707	$74,267,500	$74,267,500	825	875

Table 5 Notes:

The Landfill Development (Rivers 950,000 SF of retail development, 100,000 SF of office, and 250 residential dwelling units. Doors to open in 2009 with 75% capacity at that point, 95% in 2010, and 100% by the end of 2011.

Rivers average computed: 9/10 Bureau of Employment Department of Labor and Statistics annual income for sales professionals (27,590) and 1/10 business and financial professionals (48,760). Rivers construction average computed based on low number of $30 per hour.

While an increment on the property taxes within the Urban Renewal Area will be utilized to pay for the City's costs in development (as per Tax Increment Financing), income tax generated by new employment will go to state and other governmental bodies.

While up to 50 jobs may be lost in the process of Urban Renewal, half of that number will be made up in new hires at greater salaries in the first year, and more new jobs will be created thereafter (see Table 8).

300 - Reasons for Selection of the Area

The urban renewal area was selected based on Comprehensive Plan policies, Capital Improvement Plan priorities, Reports and on the existence of blighting conditions within the area. Those conditions include:

- Streets, transportation, and access in the area and surrounding environs are insufficient to service existing and proposed development.
- A large number of properties in the area are in substandard condition, including historic properties located on 7th Street and Main Street.
- Water service, sanitary sewer and drainage systems are inadequate to support proposed development and redevelopment of the area.
- Existing parking opportunities in the downtown, End of Trail area, and along other commercial streets are inadequate, and parking improvements are needed to support existing businesses and new developments.
- Existing parks and open space are inadequate. There is a need for over 200 acres of parks and open space in the community, and the riverfront areas located in the Renewal Area are desirable locations for regional recreational activities.
- Inefficient lotting patterns, and parcelization of land deter development consistent with the Oregon City Comprehensive Plan.
- A high percentage of land in the area is vacant and under-utilized.
- Underutilization of land, and lack of development severely impair the project area's ability to generate property taxes and other revenues sufficient to pay for urban services used within the area.

Average values per acre in the area are well below the overall City average, and the ratio of improvement values to land values is far below that which might be expected in an area planned for commercial and industrial development.

400 – Projects, and Relationship between Each Project Activity to be Undertaken and Existing Conditions

All project activities described in the Urban Renewal Plan are intended to correct the conditions described in this Report.

A. Conditions

- Streets, Transportation and Public Access Improvements will improve access and circulation throughout the Urban Renewal Project Area for autos, transit, pedestrians and bicyclists, and will support new development and redevelopment throughout the urban renewal area.

- Streetscape and parking improvements will improve the visual appearance and pedestrian environment in commercial areas, and will provide additional parking facilities needed to serve shoppers, workers and residents.
- Parks and Recreation Improvements will provide for additional park and open space needed by the community, will enhance the redevelopment of the Clackamette Cove area, and will implement a component of the "Oregon City Futures" strategy.
- Development Assistance programs will support the rehabilitation of existing commercial buildings in the Renewal Plan Area, and will assist in the development of additional medium and high density housing in the Area.
- Property Acquisition will assist in the implementation of required streets and transportation improvements, eliminate incompatible uses, remove blighting conditions, assemble marketable parcels of land for public and private redevelopments and thereby encourage new investment in the urban renewal area.
- Administration and Planning will assure the effective administration of the urban renewal plan and the various activities contained therein.

B. Projects

To re-establish Oregon City's historic role as a regional hub for business, commerce, transportation, innovation, tourism and livability, Oregon City's proposed amendment to its Downtown/North End Urban Renewal Plan to increase the maximum indebtedness of the district will allow for a staged plan. The projects targeted for this plan are described below:

North End Regional Center Development Projects under the Urban Renewal Plan as of the 10th Amendment:

1. Rossman Landfill

Description of Project: Mixed-use Lifestyle center consisting of approximately 950,000 square feet of retail space, 100,000 square feet of office space and 250 residential dwelling units. The anticipated urban renewal investment is approximately $30 million. The anticipated private investment is approximately $240 million.

Relationship to Existing Conditions: The Rossman Landfill Project will be constructed on a brownfield, and the project will take significant steps toward the rehabilitation of the land on which it is to be built. The increase in value of this property, if the proposed project is successful, is expected to generate tax increment revenues that would allow the Agency to finance other projects identified in the Urban Renewal Plan and Report to the Plan. Development Assistance programs will support the rehabilitation of existing commercial buildings in the Renewal Plan Area, and will assist in the development of additional medium and high density housing in the Area. It will not only address development assistance issues, but also assist with funding for transportation projects including the I-205/Highway Interchange Phase 1, Washington Street and Abernethy Road improvements, and the creation of through-streets. Streets, Transportation and Public Access Improvements will improve access and circulation throughout the Urban Renewal Project Area for autos, transit, pedestrians and bicyclists, and will support new development and redevelopment throughout the urban renewal area.

2. Clackamette Cove

Description of Project: Mixed use housing and commercial development consisting of approximately 180 condominiums, 86 town homes, 43,000 square feet of office space and restaurant space. Additionally the development will feature approximately 40.07 acres of parkland and open space along with approximately 36.38 acres of water recreation with two docks and space for the Sheriff's marine patrol and a canoe launch. The anticipated urban renewal investment is $8 million. The anticipated private investment is approximately $160 million.

Relationship to Existing Conditions: Like the Rossman Landfill Project, the development at Clackamette Cove will create increment that will allow the City to offer greater development assistance to other projects. The increase in value of this property, if the proposed project is successful, is expected to generate tax increment revenues that would allow the Agency to finance other projects identified in the Urban Renewal Plan and Report to the Plan. The Cove faces many environmental problems which this development will take steps toward ameliorating. Parks and Recreation Improvements will provide for additional park and open space needed by the community, will enhance the redevelopment of the Clackamette Cove area, and will implement a component of the "Oregon City Futures" strategy.

3. Metro Transfer Station

Description of Project: Major commercial use complementing development of landfill and consistent with Oregon City's regional center development. This could be a site for a major lodging property. No Urban Renewal revenues are expected to be invested. Private sector investment has not been estimated.

Relationship to Existing Conditions: Streets, Transportation and Public Access Improvements will improve access and circulation throughout the Urban Renewal Project Area for autos, transit, pedestrians and bicyclists, and will support new development and redevelopment throughout the urban renewal area. The Metro Transfer Station redevelopment will help strengthen Oregon City's status as a Regional Center, promoting general accessibility as well as allowing easier public access to the region.

4. Amtrak Station

Description of Project: The City has constructed the first phase of the project, which consisted of an entry drive, limited parking, and train platform for loading and unloading passengers. Phase II consists of acquiring and moving a historic depot to the project site, building additional parking, and landscaping the area. This Urban Renewal Agency has committed $1 million in Urban Renewal funding to complete Phase II. The depot can be leased as office, restaurant, or shopping space or used as a public train station.

Relationship to Existing Conditions: The Amtrak Station will allow for improved parking and strengthen Oregon City's status as a Regional Center, promoting general accessibility as well as allowing easier public access to the region. Parking improvements will improve the visual appearance and attract more passengers from throughout the southern Metro region. Streets, Transportation and Public Access

Improvements will improve access and circulation throughout the Urban Renewal Project Area for autos, transit, pedestrians and bicyclists, and will support new development and redevelopment throughout the urban renewal area.

5. County Shops Property

Description of Project: Housing and mixed-use development consistent with development of area and Oregon City's Regional Center development. The County has indicated a price of $5.1 million for this purchase. Should the Urban Renewal Agency purchase this property to facilitate this development the Agency anticipates a return of a portion of this investment to match its purchase price. Additionally, the Agency anticipates a private investment of approximately $40 million.

Relationship to Existing Conditions: Property acquisition will assemble marketable parcels of land for public and private redevelopments and thereby encourage new investment in the urban renewal area. Development here will support the rehabilitation of existing commercial buildings in the Urban Renewal Project Area, and will assist in the development of additional medium and high density housing in the Area.

6. City Owned Property on McLoughlin Blvd.

Description of Project: Conceptually the Agency is seeking opportunities for commercial/mixed-use development that is consistent with Oregon City regional center development. The Agency is prepared to invest approximately $2 million to create a private investment of approximately $15 million.

Relationship to Existing Conditions: Development of this property will support the rehabilitation of existing commercial buildings in the Urban Renewal Project Area, and will assist in the development of additional medium and high density housing in the Area.

7. Stimson Property

Description of Project: Conceptually this property, which is located between the City's Amtrak Station and Metro's transfer station (Project 3), is discussed as a site for a major Class A office development with lower levels of parking consistent with Oregon City's regional center development. The Agency is prepared to invest approximately $10 million in urban renewal funds with an anticipated private sector investment of approximately $60 million. Associated employment will improve the jobs balance in Clackamas County and Oregon City. Development will complement what occurs on the landfill site. Proximity to I-205 provides excellent visibility and access.

Relationship to Existing Conditions: Development of this property will support the rehabilitation of existing commercial buildings in the Renewal Plan Area, and will assist in attracting medium and high density housing to the Area. Parking improvements will improve the visual appearance and pedestrian environment in commercial areas, and will provide additional parking facilities needed to serve shoppers, workers and residents.

8. Oregon City Shopping Center

Description of Project: Subsequent to development of the Clackamette Cove, the City-owned property along Highway 99 and the development of the landfill area, the Agency anticipates that the owners of this property may modernize the Oregon City Shopping Center. This plan would like to see additional transit-oriented buildings along the McLoughlin Boulevard corridor with parking more centralized and perhaps a connecting roadway or ped/bike pathway through the center to the Cove development. In the event that the owners of the Oregon City Shopping Center property were interested in these types of improvements, the Agency is prepared to invest approximately $2 million. The Agency would anticipate a private sector investment of $5 million.

Relationship to Existing Conditions: Improvements to this property will support the rehabilitation of existing commercial buildings in the Area.

9. Krueger Lumber Building

Description of Project: The Agency understands development interest in the Krueger Lumber Building is increasing in anticipation of the development of the landfill. The Agency has allocated an investment of approximately $1 million to assist a commercial development consistent with our Regional Center development. The Agency anticipates a private sector investment of approximately $5 million.

Relationship to Existing Conditions: Improvements to this property will support the rehabilitation of existing commercial buildings in the Renewal Plan Area.

10. End of Oregon Trail Interpretive Center

Description of Project: The facility at the Interpretive Center is in need of major renovation. The Agency has allocates $1 million to improve this facility to complement the City's Regional Center development.

Relationship to Existing Conditions: Improvements to this property will support the rehabilitation of existing commercial buildings in the Area.

11. Historic Downtown

Description of Project: The City has had considerable interest in developing its historic downtown, with possible mixed-use developments, historic preservation, and streetscape renovation. See Table 6 for possible project list and funding allocations. These improvements will provide improved pedestrian and traffic safety, landscaping, and streetscape, and improved riverfront aesthetics and access. The Agency has allocated $37.5 million, with expected private investment totaling $140 million.

Relationship to Existing Conditions: Streetscape and parking improvements will improve the visual appearance and pedestrian environment in commercial areas, and will provide additional parking facilities needed to serve shoppers, workers and residents. Streets, Transportation and Public Access Improvements will improve access and circulation throughout the Area for autos, transit, pedestrians and bicyclists, and will support new development and redevelopment throughout the Area. Development Assistance programs will support the rehabilitation of existing commercial buildings in the Area, and will assist in the development of additional medium and high density housing in the Area.

Table 6: Possible Projects in Historic Downtown

(amounts in millions)

Project	Total Urban Renewal
12 Street Lot	3
Mixed Use Commercial/Retail	
Railroad Ave	15
Infrastructure Improvements	
Court House Renovation	5
Public/possible private redevelopment	
Downtown Streetscape	5
Public improvements	
McLoughlin Blvd.	9.5
Public improvements	
Total:	**37.5**

Willamette Falls

12. Falls Access and Viewing

Description of Project: Development of tourism destination by providing greater access to Willamette Falls and development of a viewing platform with improved parking in the Area is being discussed as part of a larger regional or state project. The Agency has allocated $3 million for the City's contribution to this project, and private sector investment in this project is anticipated to total approximately $15 million.

Relationship to Existing Conditions: Parks and Recreation Improvements will provide for additional park and open space needed by the community, will enhance the redevelopment of the Clackamette Cove area, and will implement a component of the "Oregon City Futures" strategy.

7th Street Corridor

13. 7th Street Projects

Description of Project: This project will include development of 7th Street and the Bluff nearby. Within this area is the Oregon City Plumbing Block, part of which has been privately developed, the larger portion of which remains underdeveloped. The 7th Street and Bluff area would include a portion of the Bluff from 7th Street to the Elevator: an unknown and significant area for a destination public facility or private commercial development. The Agency plans to continue its investment in the renovation and restoration of the entire length of the bluff promenade. It is also examining the Antique Mall Block, a mixed-use commercial/residential or office with parking, as a likely site for further development, as well as the McLean Clinic, a commercial/retail or office development with parking. The Agency has allocated approximately $5.5 million for this project, and expects roughly $27.5 million in private investment.

Relationship to Existing Conditions: Streetscape and parking improvements in areas surrounding 7th Street will improve the visual appearance and pedestrian environment in commercial areas, and will provide additional parking facilities needed to serve shoppers, workers and residents. Streets, transportation and public access improvements will improve access and circulation throughout this area for autos, transit, pedestrians and bicyclists, and will support new development and redevelopment throughout the Urban Renewal Area. Development Assistance programs will support the rehabilitation of existing commercial buildings in the Area, and will assist in the development of additional medium and high density housing in the Area.

Other (Site TBD)

14. Civic Complex

Description of Project: Modernization of City-owned facilities or new construction to house municipal offices and bring a governmental office component into one of the Agency's major commercial areas within the urban renewal district. The Agency has allocated approximately $10 million in this plan amendment for this investment.

Relationship to Existing Conditions: Public Improvements will support new development and redevelopment throughout the Area.

Total Maximum Indebtedness, including administrative costs and bond issuance related costs: $130,100,000

All projects reflect the City's intent at this time, and estimates are subject to change.

500 - Financial Analysis

ORS 457.190(3)(c)(B) states that the maximum amount of indebtedness that may be issued or incurred under the plan, as determined for the purposes of meeting the requirements of this paragraph, shall be based upon good faith estimates of the scope and costs of projects, included, but not limited to increases in the costs due to reasonably anticipated inflation.

The Agency has reviewed the anticipated scope and cost of projects included in the Plan as of August 22, 2007. The Agency has estimated the maximum amount of indebtedness to be incurred needed to complete the projects, provide administrative and project oversight and pay bond issuance related costs. "Maximum Indebtedness" means the amount of the principal indebtedness included in the Plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance indebtedness.

The maximum amount of indebtedness in the Plan is reflected in August 2007 dollars.

The Agency understands this amount is not adjusted for likely inflationary impacts on project costs and fully understands that it will be necessary for the Agency to consider a subsequent increase in the maximum amount of indebtedness in order to complete the projects as provided. The basis for not utilizing an inflation-adjusted maximum amount of indebtedness is that the timing of the projects is subject to considerable speculation as is the inflation rate over a twenty-year period. The Agency determined that it would be able to complete projects during the foreseeable future and a subsequent board could review and update the Plan, the scope of remaining and or desired projects and the maximum amount of indebtedness at a subsequent date, if desired.

A. Current Estimated Cost (August 2007 dollars) to Complete Projects

Agency staff, with assistance from consultants, reviewed the scope of the all projects desired and deemed necessary and appropriate to fulfill the objectives of the Plan. Cost estimates and allowances for the various projects were determined. Additionally, anticipated private sector development was reviewed, including discussions with private sector investors/developers that have significant projects in the district boundary that are in the planning process as of August 2007.

Table 7: Estimated Project Costs – August 2007 dollars

(amounts in millions)

Project	Total Urban Renewal	Total Private Investment
1. Rossman Landfill	30.0	
Lifestyle Center Retail Office Housing		240.0
2. Clackamette Cove	8.0	
Mixed Use Housing and Commercial		160.0
3. Metro Transfer Station	-	
Lodging commercial		-
4. Amtrak Station	1.0	
Government infrastructure improvement		-
5. County Shops	5.1	
Housing		40.0
6. City Property McLoughlin	2.0	
Commercial		15.0
7. Stimson Property Redevelopment	10.0	
Commercial retail		50.0
8. Oregon City Shopping Center	2.0	
Commercial redevelopment		10.0
9. Krueger Lumber	1.0	
Commercial retail		5.0
10. End of Oregon Trail	1.0	
Museum other public improvements		-
11. Historic Downtown	37.5	
Mixed Use Commercial Retail		140.0
12. Falls Access & Viewing	3.0	
Public improvements		15.0
13. 7th Street Projects	5.5	
Mixed Use Commercial residential public		27.5
14. Civc Complex	10.0	
Public improvements		-
Project Administration and related costs	11.4	
Debt issuance costs (2%)	2.5	
Totals - Urban Renewal	130.1	
Totals - Private Sector Projects		712.5
Percentage Urban Renewal Private Investment	18%	

Table 7 Notes:
(1) The estimated total cost of project activities is the same as the total cost used in the August 2007 calculation of maximum indebtedness for the Downtown Renewal Area. All costs in Table 7 are shown in August 2007 dollars, again to remain consistent with the cost figures used to establish the maximum amount of indebtedness.

B. Estimated Project Cost and Revenue Sources

The costs shown in Table 8 of this Tenth Amendment are August 2007 costs. Anticipated annual tax increment revenues, and anticipated revenues from other sources will not be sufficient to carry out all project activities in 2007. Project activities instead will be undertaken as revenues become available, either through short or longer-term borrowing. The need to phase project activities will lead to further inflation of project costs. Recent construction cost increases shown in the Engineering News Record are in the 2.5 -4.0% range.

The project costs shown in Table 8 of this Tenth Amendment reflect inflationary impacts and timing impacts of project activities. Annual inflation was assumed at 3.0% over the twenty-year period. The inflation-adjusted costs were not included in the maximum amount of indebtedness due to the substantial variation in project timing and actual inflation. The inflation adjusted estimated costs were utilized to determine financial feasibility of the various projects.

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Table 8: City of Oregon City- Downtown Area Cost of Projects and Anticipated Year

(amounts in thousands)

Fiscal Year	Beginning Balance	Debt Proceeds	Project Costs	Debt Reserve	Ending Balance	Cumulative Debt Service Reserve
				1,190		1,190
2008		4,588	4,202	385	0	1,575
2009	0	10,042	9,198	844	1	2,419
2010	1	19,530	17,889	1,641	1	2,869
2011	1	41,078	37,626	3,451	3	6,320
2012	3	27,982	25,630	2,350	4	8,670
2013	4	3,944	3,613	331	4	9,002
2014	4	4,063	3,722	341	4	9,343
2015	4	4,185	3,833	352	5	9,695
2016	5	4,310	3,948	362	5	10,057
2017	5	4,440	4,067	373	5	10,430
2018	5	4,573	4,189	384	5	10,814
2019	5	4,710	4,314	396	5	11,209
2020	5	4,852	4,444	408	5	11,617
2021	5	4,997	4,577	420	6	12,037
2022	6	5,147	4,714	432	6	12,469
2023	6	5,302	4,856	445	6	12,914
2024	6	5,461	5,002	459	6	13,373
2025	6	5,625	5,152	472	6	13,846
2026	6	5,793	5,306	487	7	14,332
2027	7	5,966	5,465	501	7	14,833
2028	7	6,145	5,629	516	7	-
		182,733	167,376			

Table 8notes

(a) Outlays on Project Activities

Annual outlays on project activities are based upon the anticipated timing of the project, private sector investment, resulting annual tax increment revenues over the life of the project, interest earnings, proceeds from borrowing, and other resources available to the Agency. Anticipated annual tax increment revenues are shown in Table 8, in Section F of this Report.

(b) Costs of debt and principal on existing debt

Oregon City's Downtown Urban Renewal Area currently has an outstanding principal balance of $3,390,000 as of June 30, 2007 on long-term indebtedness. It is anticipated that the Agency will issue short and long-term debt or other form of borrowing to carry out project activities. The actual principal amount and timing of debt issues will be driven by project financing needs, interest rates, and the ability of the Agency to repay the debt issues. A financing analysis for the planned projects based on anticipated timing, with annual estimated project cost allocations made in fiscal years 2008-2012, and equal allocations of estimated project costs over the subsequent fifteen year period (years 6-20 of the Plan) was prepared. The estimated project costs were adjusted for inflation, although the maximum amount of indebtedness did not reflect inflationary adjustments. The principal amount and debt service are based upon on the assumptions that each borrowing will be amortized for a twenty-year term, at 5.5% interest, and will require a 1.25 to 1 debt service coverage ratio. A debt service reserve of one-years debt service (approximately $84,000 per $1,000,000 of debt issued), and 2.0 % for costs of issuance are expected to be funded from bond proceeds. The net amount of debt reserves and costs of issuance is available for carrying out project activities.

(c) Cash on hand

It is assumed that cash on hand as of July 1, 2007 is $1,190,000 (the amount of the required debt service reserve on the existing debt issue). This cash will be applied to pay existing debt as it matures.

(d) Other resources

No additional resources are anticipated to be available for carrying out project activities.

C. Anticipated Start and Finish Dates of Project Activities

Tables 8 and 9 anticipate that revenues will be sufficient to carry out all project activities by the year 2027-28. It is possible that debt service on debt issued during this period will extend beyond that year. When all debt service has been retired, the tax increment collections for this plan are expected to be terminated. These dates depend on assumptions regarding the level and timing of increases in values in values within the urban renewal area, and upon the assumption that there will be no adverse changes to Oregon's property tax system, or urban renewal statutes. If these assumptions prove incorrect, the anticipated dates for completion will change.

Table 9: Projects, Costs, and Projected Timelines (Also submitted as Exhibit 8 to Urban Renewal Plan Amendment 10)

(amounts in millions)

Project	Fiscal year 2008	2009	2010	2011	2012	Beyond 2012	Total Urban Renewal	Total Private Investment
1. Rossman Landfill				30.0			30.0	
Lifestyle Center/Retail/Office/Housing		60.0	108.0	48.0	24.0			240.0
2. Clackametre Cove	2.0	3.0	3.0				8.0	
Mixed Use Housing and Commercial		40.0	60.0	40.0	20.0			160.0
3. Metro Transfer Station							-	
Lodging/commercial								-
4. Amtrak Station	0.5	0.5					1.0	
Government infrastructure improvement								-
5. County Shops			2.6	2.5			5.1	
Housing				20.0	20.0			40.0
6. City Property McLoughlin			2.0				2.0	
Commercial			5.0	10.0				15.0
7. Stinson Property Redevelopment						10.0	10.0	
Commercial/retail						60.0		60.0
8. Oregon City Shopping Center				2.0			2.0	
Commercial redevelopment				10.0				10.0
9. Krueger Lumber				1.0			1.0	
Commercial/retail				5.0				5.0
10. End of Oregon Trail			1.0				1.0	
Museum other public improvements								-
11. Historic Downtown	5.0	2.5	5.0			25.0	37.5	
Mixed Use Commercial/Retail				5.0	10.0	125.0		140.0
12. Falls Access & Viewing			1.5	1.5			3.0	
Public improvements					15.0			15.0
13. 7th Street Projects			2.5	2.5		0.5	5.5	
Mixed Use Commercial/residential/public				12.5	12.5	2.5		27.5
14. Civic Complex		2.5	5.0	2.5			10.0	
Public improvements								-
Project Administration and related costs	0.5	0.5	0.5	0.5	0.5	9.0	11.4	-
Debt issuance costs (2%)	0.2	0.2	0.5	0.8	0.0	0.9	2.6	
Totals - Urban Renewal	8.2	9.2	25.6	43.5	0.5	45.4	130.1	
Totals - Private Sector Projects	-	100.0	173.0	150.5	101.5	187.5		712.5
Percentage Urban Renewal/Private Investment	-	9%	14%	29%	0%	24%	18%	

Note: Urban renewal activity
Developer activity

Note to Table 9: all costs and timelines are approximate, and based on 2007 dollars. Those projects not finished by 2013 are projected to be complete no later than 2027.

D. (Section 500 D deleted by 4th Amendment)

E. Impact On Other Taxing Jurisdictions

1 Estimated Effect

The estimated financial effect on the overlapping taxing jurisdictions has been forecasted based upon the respective permanent property tax rates, existing special levy rates, and bonded debt rates in existence for fiscal year 2006-07. The potential effects of tax rate compression were determined to be insignificant and were omitted from the analysis. The total amount of estimated property taxes to be levied during the period anticipated necessary to complete the projects and repay the incurred indebtedness (fiscal years ending June 30, 2008 through June 30, 2028) is $224.8 million. Approximately $1 million will be raised in fiscal year 2008 by a special levy. The remaining amount ($223.8 million) are projected to be raised through the "divide the taxes" methodology.

The estimated property taxes to be redirected to the Agency, in total and by range on a fiscal year basis, through the "divide the taxes" methodology from the overlapping taxing jurisdictions are as follows:

Table 10: Tax information for various jurisdictions

		Fiscal Year Ending June 30,	
Taxing Jurisdiction	Total	2008	2027
City of Oregon City	72,523,353	452,304	6,815,667
Clackamas County	34,478,386	215,030	3,240,242
Metro	1,385,331	8,640	130,192
Port of Portland	1,005,297	6,270	94,477
County Vector Control	93,216	581	8,760
Metro - zoo	1,297,851	8,094	121,971
Government sub-total	110,783,433	690,920	10,411,308
Oregon City School District	71,172,440	443,879	6,688,709
Clackamas Community College	8,005,089	49,925	752,310
Clackamas ESD	5,287,489	32,976	496,913
Education sub-total	84,465,018	526,781	7,937,932
Bonds	28,534,084	177,958	2,681,603
Total	223,782,536	1,395,659	21,030,842

Proportionally, the City, Oregon City School District, and Clackamas County are projected to have approximately 32.4%, 31.8% and 15.4% (total of 79.6%) respectively of the total amount of property taxes estimated to be redirected to the Agency. The remaining amount includes voter-approved bonds (12.8%) and all other taxing entities less than 4% each.

2 Estimated Financial Effect on Schools

The estimated effects to the School District are currently offset by the State school funding allocation, which provides funding on a per enrolled student basis. The State provides school funding from its general fund and other resources. Presently, the State receives a majority of its general fund revenue that is used for school support from personal income taxes. The anticipated jobs created in the urban renewal area will create additional personal income tax paid to the state providing an offset to the amount of property taxes that are redirected. Based on estimated jobs created in the urban renewal plan area estimated additional personal income taxes resulting from total employment during calendar years 2008 through 2013 ranges from $1,160,965 to $6,031,275 annually and new/non-relocated employment during 2008 through 2013 is estimated to result in a reduction of $34,552 in 2008 to an increase of $4,762,403 in 2013. Personal income taxes after year 2013 are anticipated to increase by no less than the rate of inflation. However, any changes to the Oregon personal income tax rates can significantly change the estimate.

Table 11: Employment Timeline for Oregon City and Clackamas County

Total employment timeline							
		2008	2009	2010	2011	2012	2013
Landfill Project	total jobs	305.2	1875	2375	2500	2500	2500
	total salaries	$19,044,480	$55,700,625	$70,554,125	$74,267,500	$74,267,500	$74,267,500
Clackamette Cove	total jobs			153	153	153	292
	total salaries			$9,547,200	$9,547,200	$9,547,200	$15,084,720
Displaced Business	total jobs	-50					
	total salaries	-$1,845,000					
Indirect/Induced	Countywide	199.64	618.75	890.85	932.1	932.1	1058.6
Total Jobs Countywide		454.84	2493.75	3418.85	3585.1	3585.1	3850.6
Total Salaries Predictable (Direct employment only)		$17,199,480	$55,700,625	$80,101,325	$83,814,700	$83,814,700	$89,352,220
Estimated Personal Income Taxes		$1,160,965	$3,759,752	$5,406,839	$5,657,492	$5,657,492	$6,031,275
New/non-relocated employment timeline							
		2008	2009	2010	2011	2012	2013
Landfill Project	Jobs	21.364	1875	2375	2500	2500	2500
	salaries	$1,333,114	$55,700,625	$70,554,125	$70,554,125	$70,554,125	$70,554,125
Clackamette Cove	Jobs						292
	salaries						
Displaced Business	Jobs	-50					
	Salaries	-$1,845,000					
Indirect/Induced	Countywide	199.64	618.75	890.85	932.1	932.1	1137.8
Total Jobs Countywide		171.004	2493.75	3265.85	3432.1	3432.1	3929.8
Total Salaries Predictable (Direct employment only)		-$511,886	$55,700,625	$70,554,125	$70,554,125	$70,554,125	$70,554,125
Estimated Personal Income Taxes		-$34,552	$3,759,792	$4,762,403	$4,762,403	$4,762,403	$4,762,403

Table 11 Notes:
The current landfill development project plan calls for close to 90% retail and 10% office use, with some residential as well. Construction will begin in 2009, and doors will to open in late 2009 with 75% capacity at that point, 95% in 2010, and 100% by the end of 2011. The Clackamette Cove project will begin construction in 2010. "New Jobs" are those jobs that will not be simply transferred from elsewhere, and every effort has been taken to be very conservative in this estimate. Personal income tax rate of nine percent (9%) used and taxable earnings equal to seventy-five percent of salaries (75%). The twenty-five percent (25%) reduction reflects adjustments resulting from personal deductions and exemptions.

3 Estimated Financial Effect on Local Governments

The net fiscal impacts to local government jurisdictions, excluding the City and Clackamas County, noted above represent the total amount of property taxes estimated to be redirected from within the boundaries of the City. When considered on the taxing districts overall boundary the percentage impacts to each of the districts is less than .01%.

The County's amount of redirected property taxes when considered on an overall basis represents approximately .27% of total property taxes. The effect on the recently approved Sheriff's special levy will be similar as that of the County (approximately .27% of total property taxes).

Within the City, the word "redirected" must be used in context, for those revenues will not be lost to the City, but will instead be dedicated to capital improvements or public improvements within the urban renewal area.

Finally, these calculations are based on several assumptions, any of which could be changed by future interpretations of the tax limitation measure. Full detail of the calculations made here is on file with the City.

This section provides estimates of impacts, based upon the best information available at this time. ORS 457.460 requires that a renewal agency shall, by August 1 of each year, prepare a statement that contains, among other things, an analysis of the impact of carrying out the renewal plan. While that provision of ORS Chapter 457 currently relates to an analysis of tax rate impacts, it can be expected that the Agency will use that annual statement to evaluate other renewal impacts as they become better defined through future legal and legislative interpretation.

(The 4th Amendment added the following wording to Section E of the Report on the Urban Renewal Plan for the Oregon City Downtown Urban Renewal Area): Section E of the original Report on the Urban Renewal Plan addresses increases in property tax rates which result from carrying out the Urban Renewal Program.

The permanent Ballot Measure 50 tax rates for overlapping taxing bodies have been increased as a result of being calculated without the 1997-98 level of incremental values in the Oregon City Urban Renewal Area. Under Ballot Measure 50, the choice of tax increment revenue certification method can affect the potential property tax revenues received by overlapping tax bodies. A Table 8 hereby is added to Section E of the report on the Fourth Amendment to the Urban Renewal Plan. Table 8 shows the anticipated cumulative incremental values in the Renewal Area over the life of the Plan, and the anticipated property tax revenues foregone as a result of taxing bodies not being able to apply their permanent BM50 tax rates to those values. The dollars foregone in each year also are shown as a percentage of the total potential property tax revenues for that body would increase if it had access to the renewal area values.

The urban renewal program also may impact educational units of government. Property tax revenues foregone as a result of the choice of Agency's certification option will be taken into consideration in the State's formula for allocation and equalization of school revenues. The presence of the urban renewal program could impact the tax rates for future special levies, or bond issues by educational bodies. Table 10 is shown on the following page.

a) Compression

With the increase in the maximum amount of indebtedness the Agency is no longer able to levy a special levy to carry out the Downtown Urban Renewal Plan. The special levy tax rate in fiscal year 2006-07 is $.5342 and a like amount is anticipated in fiscal year 2008, the last year a special levy will be levied. The combined BM50 local government tax rate in the City was $8.6829 in fiscal year 2006-07. Without the urban renewal special levy the local government tax rate in the City would have been $8.147. This rate is calculated using taxable assessed values, and thus is considerably higher than the rate that would be calculated using true cash values as specified in Ballot Measure 5. Ballot Measure 5 rates in the City would be approximately 61.4% of the Measure 50 rate, or roughly $5.3313. It is the Ballot Measure 5 rate that is used to calculate whether the $10.00 limit on governmental rates is exceeded.

There was no compression of revenue for the City in 2006-07. Under Ballot Measure 50, compression effects will vary from tax code to tax code and even from property to property. Since the special levy for the Downtown Urban Renewal Area will no longer exist there are not expected to be any compression losses of revenue for units of general government in Clackamas County resulting from the urban renewal district.

Subsequent voter-approved special levies or the addition of other new or existing taxing entities within the taxing boundaries of the City may affect compression of general government revenues in the future. The possibility of compression impacts could increase if the permanent or special levy rates of these respective entities increases. The financial analysis did not project any change to the current levy rates, permanent or special during the life of the plan.

b) Effect on Bond Rates

The presence of the Downtown Urban Renewal Area has had limited impact on the tax rate for bonds issued by overlapping taxing bodies. Based upon past development trends within and outside the Urban Renewal Area, and two significant proposed projects, looking forward development within the Urban Renewal Area will be considerably greater than previously experienced. However, if the maximum indebtedness of the plan was not increased to provide public participation to address significant public infrastructure requirements it is likely these developments would not occur. This development in and of itself would result in reductions in tax rates to existing and future voter approved bonds. However, without the increase in the maximum indebtedness and public funding of some of the infrastructure costs, these projects would not materialize, and therefore there would be no reduction in the tax rates on existing or future voter approved bonded debt.

With development activity around the City and anticipated annexations, it is assumed that the proportion of total taxable values represented by the Downtown, incremental values will remain relatively stable throughout the life of the Downtown plan, and so too would bond tax rate impacts, i.e., there would be minor rate reductions to existing and future debt if the taxable assessed value of property within the Plan Area were available to determine the tax rates.

Table 12: Downtown Urban Renewal Plan Impacts on Bond Rates

	Current	Projected
City Oregon City	0.1883	0.1797
Clackamas Community College	0.1708	0.1630
Oregon City School District	1.3695	1.3069
Metro	0.1700	0.1622
Trimet Service District	0.0911	0.0869
Total Bonds	1.9897	1.8987

Table 12 Notes:
Assumptions are that current proportion of tax increment value to Oregon City's overall taxable assessed value will remain consistent.

F. Financial Feasibility of Plan

Tables to be found in Section 500 of the Report on the Tenth Amendment to the Plan show the anticipated costs of project activities, and the estimated time required to carry out all project activities, and pay off indebtedness. The principal source of revenue to carry out project activities will be annual tax increment revenues of the Renewal Agency that will be used to repay debt issued to fund projects. Anticipated tax increment revenues are shown in Table 13.

Table 13: Projected Tax Increment Revenues

Fiscal Year	Excess TAV (000's)	Maximum Taxing Authority	Division of Taxes	Special Levy	Total Taxes
2008	89,439	2,444,205	1,395,659	1,048,547	2,444,205
2009	94,806	2,590,858	1,479,398	-	1,479,398
2010	165,633	4,526,437	2,584,627	-	2,584,627
2011	291,643	7,970,033	4,550,945	-	4,550,945
2012	413,147	11,290,484	6,446,946	-	6,446,946
2013	510,183	13,942,284	7,961,143	-	7,961,143
2014	550,612	15,047,154	8,592,032	-	8,592,032
2015	593,763	16,226,366	9,265,370	-	9,265,370
2016	639,805	17,484,622	9,983,843	-	9,983,843
2017	688,923	18,826,913	10,750,301	-	10,750,301
2018	741,310	20,258,539	11,567,769	-	11,567,769
2019	797,171	21,785,122	12,439,459	-	12,439,459
2020	856,726	23,412,632	13,368,779	-	13,368,779
2021	920,205	25,147,405	14,359,347	-	14,359,347
2022	987,856	26,996,165	15,415,002	-	15,415,002
2023	1,059,939	28,966,048	16,539,819	-	16,539,819
2024	1,126,132	30,774,967	17,572,724	-	17,572,724
2025	1,196,030	32,685,150	18,663,452	-	18,663,452
2026	1,269,831	34,701,986	19,815,080	-	19,815,080
2027	1,347,742	36,831,141	21,030,842	-	21,030,842
					224,831,082

Table 13 Notes:
The tax increment revenues shown in Table 13 are based on the following assumptions:
1. It is assumed that option 1 will be selected as the tax increment revenue certification method.
2. It is assumed that the renewal agency will certify 100% of its maximum revenue in each year of the projection period.
3. It is assumed that total assessed value within the urban renewal area number will increase 3% annually each year through the projection period.
4. In addition, it is assumed that direct new construction will add $712,500,000 of value during the projection period, with amounts during fiscal years 2008-2012 consistent with exhibit 8 in the plan and the total amount for fiscal years 2013-2028 allocated equally throughout that fifteen-year period. Also, additional indirect new construction equal to three percent (3%) per year through fiscal year 2023 and two percent (2%) thereafter will result and be added to the assessed value.
5. These revenue projections are consistent with ballot measure 50 provisions on value increases, and produce annual growth and renewal values consistent with growth patterns in the recent past for Oregon City Downtown Renewal Area together with proposed projects in the Area.
The revenues shown in Table 6 are expected to be sufficient to carry out all project activities currently shown on the Urban Renewal Plan for the Downtown area, and to retire project indebtedness within a reasonable period of time. It is financially feasible to carry out the Urban Renewal Plan for the Oregon City Downtown area.

A. Analysis of Residents and Businesses Requiring Relocation

Acquisition activities contemplated in this plan do not require the relocation of any residents or businesses.

B. Description of Relocation Methods

The Plan does not anticipate the acquisition of property, which may result in the displacement of residents and businesses. Should relocation activity subsequently become required by this plan, the Urban Renewal Agency will establish a Relocation Policy, which will call for assistance to those residents and businesses displaced. Such assistance will include providing information regarding suitable locations, payment of moving expenses, housing referral, and other relocation assistance and payments as deemed necessary. All relocation activities will be undertaken and payments made in accordance with the requirements of ORS 281.045 - 281.105 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 281.060.

C. Housing Cost Enumeration

This plan does not contemplate the removal of any existing housing units. It is estimated that plan activities will result in the construction of approximately 600 – 1,200 additional multi-family dwelling units. The estimated cost range for these multifamily housing units is $200,000 to $1,500,000 per unit.

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CITY OF OREGON CITY

Staff Report

To: Urban Renewal Commission **Agenda Date:** 4/5/2022

From: Finance Director Matt Zook

SUBJECT:

Financial Update of the Oregon City Urban Renewal Agency

STAFF RECOMMENDATION:

This staff report is intended to inform the Oregon City Urban Renewal Commission (URC) of the current financial status of the Oregon City Urban Renewal Agency (URA) and relevant financial information to consider as it determines the future direction of the URA.

EXECUTIVE SUMMARY:

The financial position of the URA is presented below as of two points in time – June 30, 2021 and March 28, 2022. The June 30, 2021 date represents the position of the agency at the traditional fiscal year-end point in time. Activity in the current fiscal year is presented through March 28, 2022, which is comprised primarily of additional property tax revenue.

The second financial topic addresses the following question – How much remaining margin of legal spending limit does the Agency have in 2022 dollars considering the time value of money? The answer to this question is intended to provide the URC with a more realistic and narrow scope of financial planning for future projects. The explanation in this report is intended to provide a better understanding of the current financial landscape of the URA rather than a precise or exact answer.

BACKGROUND:

Current Financial Position

The financial position of the URA is traditionally recognized at the end of each fiscal year, which is July 1 – June 30. The financial position of the URA as of June 30, 2021 is reflected in the first numerical column of the table below. These numbers are reflected in the audited financial statements of the URA, which will be formally presented to the URC at the April 6, 2022 regular meeting.

The second numerical column of the table below reflects the additional activity of the current fiscal year (2021-22) through March 28, 2022. The primary activity reflects the collection of property tax revenue. Note that the URA current position is comprised of cash and capital assets, with a minor amount of current liabilities. The URA has no outstanding long-term debt.

Statement of Net Position

	2021	3/28/2022
Assets:		
Current and other assets	$ 3,071,206	$ 6,097,507
Capital assets, net of depreciation	26,065,666	25,473,997
Total Assets	29,136,872	31,571,504
Liabilities:		
Current liabilities	16,488	3,965
Long-term debt	-	-
Total Liabilities	16,488	3,965
Net Position:		
Net investment in capital assets	26,065,666	25,473,997
Restricted for debt service	-	-
Unrestricted	3,054,718	6,093,542
Total Net Position	$ 29,120,384	$ 31,567,539

Remaining spending limit of URA in 2022 dollars

How much remaining margin of legal spending limit (maximum indebtedness) does the Agency have in 2022 dollars considering the time value of money?

The answer to the question highlights the concept that the cost of a project will cost more in the future than it will today (with all other variables remaining fixed). A detailed explanation of this concept is found in the Urban Renewal Plan Report, Downtown/North End Through Proposed 10th Plan Amendment, September 2007 (“the Plan Report”), as stated below:

> ## 500 - Financial Analysis
> ORS 457.190(3)(c)(B) states that the maximum amount of indebtedness that may be issued or incurred under the plan, as determined for the purposes of meeting the requirements of this paragraph, shall be based upon good faith estimates of the scope and costs of projects, included, but not limited to increases in the costs due to reasonably anticipated inflation.

> The Agency has reviewed the anticipated scope and cost of projects included in the Plan as of August 22, 2007. The Agency has estimated the maximum amount of indebtedness to be incurred needed to complete the projects, provide administrative and project oversight and pay bond issuance related costs. "Maximum Indebtedness" means the amount of the principal indebtedness included in the Plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance indebtedness.
>
> The maximum amount of indebtedness in the Plan is reflected in August 2007 dollars. The Agency understands this amount is not adjusted for likely inflationary impacts on project costs and fully understands that it will be necessary for the Agency to consider a subsequent increase in the maximum amount of indebtedness in order to complete the projects as provided. The basis for not utilizing an inflation-adjusted maximum amount of indebtedness is that the timing of the projects is subject to considerable speculation as is the inflation rate over a twenty-year period. The Agency determined that it would be able to complete projects during the foreseeable future and a subsequent board could review and update the Plan, the scope of remaining and or desired projects and the maximum amount of indebtedness at a subsequent date, if desired.

In other words, the 2007 Plan Report recognized that the maximum indebtedness of $130.1 million intentionally excluded the impact of inflation on the estimated costs of the projects included in the Plan Report. Further, subsequent boards were expected to review and update the Plan, the project list, and the maximum amount of indebtedness if necessary. It is important to note that the maximum indebtedness of $130.1 million is a legally fixed number that does not get adjusted by inflation.

Since 2007 when the maximum indebtedness was established at $130.1 million, the URA has spent $23.9 million, leaving $106.2 million margin. Keep in mind that this is *margin* of what the plan can spend, not a cash balance. The URA can spend property tax revenue directly on projects on a pay-as-you-go basis, toward the repayment of debt, or a mix of both. In 2022 dollars, the URC can create a list of projects totaling between $75 million and $83 million to be accomplished over the next 20 years assuming an average annual inflation rate of just over 3%. The range is attributable to whether the URA funds projects on a pay-as-you-go basis (lower limit) or incurs debt to accelerate projects (the upper limit). While this is a wide range, based on multiple assumptions, the point is that due to the time value of money and the fixed limit of remaining maximum indebtedness ($106.2 million), the spending capacity of the URA in 2022 dollars is less that the original 2007 amount. The spending capacity shrinks over time unless invested in projects that will provide a greater return than inflation, and ideally, much, much higher.

OPTIONS:

The information provided in this staff report is intended to assist the URC in the process of determining the direction of the URA by narrowing the scope of the financial capacity in terms of present value and demonstrating the impact of inflation and time on the decisions made today. I can provide more specific scenarios to the URC in the future. Primary options for the URC to determine include:

1. Updated project list
2. Updated timeline for projects
3. Use of debt and borrowing timelines

BUDGET IMPACT:

Amount:	$0
FY(s):	2021-22
Funding Source(s):	N/A