

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 08/14/2024 **Approx. Start Time:** 10am **Approx. Length:** 30 min

Presentation Title: City of Gladstone Urban Renewal Plan Amendments

Department: County Administration

Presenters: Nancy Bush, County Operating Officer, Mayor Michael Milch, City of Gladstone
Jacque Betz, City of Gladstone, Elaine Howard, City of Gladstone

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff are seeking Board comment on the Gladstone Urban Renewal Agency's proposed substantial amendments to their Urban Renewal Plan.

EXECUTIVE SUMMARY:

The Gladstone Urban Renewal Agency is considering a substantial amendment to its Urban Renewal Plan. As required by ORS 457.089, the agency must notify affected taxing districts and seek their recommendations during a 45-day consultation period. The agency is not obligated to incorporate these recommendations but must consider them when adopting the amendment.

The proposed amendment would expand the plan to include properties along Portland Avenue, increase its maximum indebtedness, and add new projects such as the Trolley Bridge, improvements to infrastructure and incentivizing private development. It would also update the plan's text accordingly.

Affected taxing districts include the County, Extension & 4-H Service District, and the Library Service District. For those districts, the analysis projects the following tax revenues would be foregone over the next 10 years with the adoption of the amendments:

Clackamas County \$2,676,568
Extension & 4-H Service District \$55,660
Library Service District \$442,422

The agency's analysis notes that the North Clackamas Parks & Recreation District is also affected, though the financial impact is minor, estimated at about \$72 over 10 years and likely to be eliminated with upcoming tax coding changes.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO N/A

What is the cost? \$N/A

What is the funding source? N/A

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals?
 - N/A
- How does this item align with the County’s Performance Clackamas goals?
 - N/A

LEGAL/POLICY REQUIREMENTS:

ORS 457.089 requires urban renewal agencies to consult with affected taxing districts and ask for recommendations on amendments to urban renewal plans. The agency is not required to incorporate those recommendations, and the taxing districts are not required to approve of the amendments.

If the Board, in its capacity as the Board of County Commissioners or as the governing body of the Extension & 4-H Service District, Library Service District, or North Clackamas Parks & Recreation District, wishes to offer recommendations, staff would prepare a letter for the Board’s approval to submit to the Gladstone Urban Renewal Agency.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The Gladstone Urban Renewal Agency has notified all affected taxing districts as required by state law, including a request for acknowledgement of the notice, and has asked that all comments be received by September 7, 2024.

OPTIONS:

1. Support the Gladstone Urban Renewal amendment
2. Oppose the Gladstone Urban Renewal amendment
3. Take no position (stay neutral) on the Gladstone Urban Renewal amendment

RECOMMENDATION:

Staff recommends Option 3: Take no position (stay neutral) on the Gladstone Urban Renewal amendment.

ATTACHMENTS:

- Gladstone Urban Renewal Agency Presentation
- Gladstone Urban Renewal Agency Letter to Clackamas County
- Exhibit A – Projected Taxing District Impacts
- Exhibit B – Amendment #24 to the Gladstone Urban Renewal Plan
- Exhibit C – Report Accompanying the Gladstone Urban Renewal Plan Substantial Amendment 2024

SUBMITTED BY:

Division Director/Head Approval _____
 Department Director/Head Approval _____
 County Administrator Approval _____

For information on this issue or copies of attachments, please contact _____ @ 503-_____
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Gladstone Urban Renewal Substantial Amendment



Background

- Gladstone has had an urban renewal district since 1990, no sunset.
- In 2017 Gladstone Downtown Revitalization Plan completed.
- Opportunity to create a more vibrant downtown core, with a pedestrian friendly streetscape combine with new private investment.
- Proposing to add 21.5 acres to incorporate properties from the revitalization plan.
- Sunset the District in 2034.

Plan Amendment: Expand Boundary

- ORS determines allowable boundary expansion:
 - Original Area Acreage: **284.5 acres**
 - 20% of Original Acreage (Maximum Addition): **56.9 acres**
 - Previous Additions: **29.21 acres**
 - Remaining Capacity (Current): **27.69 acres**
 - Proposed 2024 Addition: **21.5 acres**
 - Remaining Capacity (Future): **6.19 acres**



Proposed 2024 Boundary Expansion



IMPACT ON TAXING DISTRICTS

FYE	City of Gladstone	Clackamas County City	County Extension & 4H	County Library	County Soil Conservation
2024	(390,336)	(194,804)	(4,051)	(32,200)	(4,051)
2025	(402,845)	(201,046)	(4,181)	(33,232)	(4,181)
2026	(420,434)	(209,824)	(4,364)	(34,683)	(4,364)
2027	(438,613)	(218,897)	(4,552)	(36,182)	(4,552)
2028	(457,338)	(228,242)	(4,747)	(37,727)	(4,747)
2029	(476,625)	(237,867)	(4,947)	(39,318)	(4,947)
2030	(512,419)	(255,731)	(5,318)	(42,271)	(5,318)
2031	(533,597)	(266,300)	(5,538)	(44,018)	(5,538)
2032	(555,171)	(277,067)	(5,762)	(45,798)	(5,762)
2033	(577,393)	(288,157)	(5,993)	(47,631)	(5,993)
2034	(598,384)	(298,633)	(6,211)	(49,362)	(6,211)
TOTAL:	(5,363,155)	(2,676,568)	(55,660)	(442,422)	(55,664)

Note: School Districts and ESD are not directly impacted



July 24, 2024

Gary Schmidt
Clackamas County Administrator
Clackamas County
2051 Kaen Road
Oregon City, Oregon 97045

Dear Gary:

The Gladstone Urban Renewal Agency (Agency) is notifying you it is considering adoption of a substantial amendment to the Gladstone Urban Renewal Plan (Plan). This letter conforms to the consult and confer requirements of ORS 457.089. The amendment would add property, projects and increase the maximum indebtedness of the Plan by \$10,174,550 from \$23,589,427 to \$33,763,977, extending the potential financial impacts of the urban renewal plan on overlapping taxing districts to fiscal year end 2034.

This amendment focuses on the downtown core of Gladstone, making improvements to Portland Avenue, upgrading infrastructure and allowing the Agency to offer assistance to promote development in the Urban Renewal Area (Area). The expansion area is shown in Figure 2 of Exhibit C, Report on Gladstone Urban Renewal Plan Substantial Amendment 2024. It is 21.5 acres and includes properties on either side of Portland Avenue from Abernethy Lane to just beyond East Arlington Street.

The maximum indebtedness of an urban renewal plan may be increased by the City Council through a substantial amendment by a formulaic amount as described in ORS 457.220 (4) - inflating the original MI annually by the index used in the urban renewal report to compute the future costs of projects that will be financed under the Plan (3%) and calculating twenty percent of that amount as shown in Figure 7 of Exhibit C.

The projects to be completed with the additional maximum indebtedness authority would support the downtown core of Gladstone, providing new mixed-use development that would include housing opportunities, jobs and retail services for Gladstone residents. The potential projects include:

- Improvements to Portland Avenue in accordance with the Downtown Revitalization Plan (2017), which call for a multi-modal street with bike lanes, curb extensions, street furnishings (Street lights, benches).
- Stormwater, sewer infrastructure.
- Funding for the Trolley Bridge.
- Private development assistance including a storefront program, technical assistance program, pre-development funding, and financial participation in new private development including fee off sets and gap funds.



GLADSTONE

Oregon

Pursuant to ORS 457, the City's Agency shall initiate the public review process for all proposed urban renewal plans and substantial plan amendments. Initiation of the public review processes for the attached draft Plan Amendment and accompanying Report require the following actions to be taken:

- Preparation of a Plan Amendment including opportunity for citizen involvement. All of the meetings below will be open public meetings where citizen input is allowed.
- Agency review of the proposed Plan Amendment and accompanying Report on July 23, 2024.
- Transmitting the proposed Plan Amendment and Report to the taxing districts. If you desire to comment in writing, please do so by September 7, 2024. This letter is the official notification and starts the 45 day consult and confer process.
- The Gladstone Planning Commission will hold a hearing on August 20, 2024 for their review of the draft. Plan's conformance to the Gladstone Comprehensive Plan.
- The Clackamas County Commission will be briefed on the draft Plan Amendment and Report in August 2024.
- The Gladstone City Council will hold a hearing on September 10, 2024 for the purpose of considering adoption of the draft Plan Amendment and Report. Staff will send out a notice advertising this hearing to all Gladstone utility customers pursuant to ORS 457. The City Council may adopt the ordinance at this meeting if the vote is unanimous.

There are three exhibits to this letter, Exhibit A, summary of the taxing districts' impacts, Exhibit B, the Gladstone Urban Renewal Plan Substantial Amendment 2024 and Exhibit C, the Report Accompanying the Gladstone Urban Renewal Plan Substantial Amendment 2024. The Gladstone Urban Renewal Plan Substantial Amendment 2024 just shows the deletions and additions to the Gladstone Urban Renewal Plan, not the full Plan. The Report provides the full analysis required by ORS 457.087.

If you would like to submit written input on this Plan Amendment, please do so prior to September 7, 2024. Any written correspondence will be shared with the City Council. If you have any questions, please contact Jacque Betz, City Administrator, 503.557.2767 or betz@ci.gladstone.or.us

Sincerely,

Jacque Betz

City Administrator

City of Gladstone

18505 Portland Avenue

Gladstone, Oregon 97027

Exhibit A Taxing District Impacts

Exhibit B Gladstone Urban Renewal Plan Substantial Amendment 2024

Exhibit C Report Accompanying the Gladstone Urban Renewal Plan Substantial Amendment 2024

Exhibit A

Gladstone Urban Renewal Projected Taxing District Impacts

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated through FYE 2034 and are shown in Figure 1 and 2 for the general government taxing districts and Figure 3 for the education taxing districts. The impacts to the North Clackamas School District, Oregon City School District, Clackamas Fire District 1 and North Clackamas Park District are due to two utility accounts within the Area showing as within the city of Gladstone but also impacting these taxing districts. The Clackamas County Assessor informed us that these tax codes will be changed next year and there will no longer be any impacts to these districts as a result of the Gladstone Urban Renewal Plan. Until that change is officially made, the taxing districts are still shown as impacted. The school districts and the Clackamas Education Service District are not directly affected by the tax increment financing, but the amounts of their taxes divided for the Plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level.

Figure 1. Projected Impact on Taxing District Permanent Rate Levies - General Government, page 1

FYE	City of Gladstone	Clackamas County	County Extension & 4H	County Library	County Soil Conservation
2024	(390,336)	(194,804)	(4,051)	(32,200)	(4,051)
2025	(402,845)	(201,046)	(4,181)	(33,232)	(4,181)
2026	(420,434)	(209,824)	(4,364)	(34,683)	(4,364)
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2033	(577,393)	(288,157)	(5,993)	(47,631)	(5,993)
2034	(598,384)	(298,633)	(6,211)	(49,362)	(6,211)
TOTAL:	(5,363,155)	(2,676,568)	(55,660)	(442,422)	(55,664)

Source: Tiberius Solutions

Figure 2. Projected Impact on Taxing District Permanent Rate Levies - General Government, page 2

FYE	Fire District 1 Clackamas County	Park North Clackamas	Port of Portland	Metro	Vector Control	Subtotal
2024	(25)	(6)	(5,680)	(7,827)	(527)	(639,508)
2025	(26)	(6)	(5,862)	(8,078)	(544)	(660,001)
2026	(27)	(6)	(6,118)	(8,431)	(567)	(688,817)
2027	(28)	(6)	(6,382)	(8,795)	(592)	(718,601)
2028	(29)	(6)	(6,655)	(9,171)	(617)	(749,278)
2029	(30)	(7)	(6,936)	(9,557)	(643)	(780,876)
2030	(30)	(7)	(7,456)	(10,275)	(691)	(839,518)
2031	(31)	(7)	(7,765)	(10,700)	(720)	(874,214)
2032	(32)	(7)	(8,079)	(11,132)	(749)	(909,560)
2033	(33)	(7)	(8,402)	(11,578)	(779)	(945,966)
2034	(33)	(7)	(8,707)	(11,999)	(807)	(980,355)
TOTAL:	(323)	(72)	(78,042)	(107,543)	(7,236)	(8,786,694)

Source: Tiberius Solutions

Figure 3. Projected Impact on Taxing District Permanent Rate Levies – Education

FYE	Clackamas Community College	Clackamas ESD	Gladstone School District	North Clackamas School District	Oregon City School District	Subtotal Education	Total All
2024	(45,229)	(29,874)	(393,928)	(52)	(218)	(469,301)	(1,108,808)
2025	(46,678)	(30,832)	(406,552)	(53)	(224)	(484,340)	(1,144,341)
2026	(48,716)	(32,178)	(424,307)	(55)	(231)	(505,487)	(1,194,304)
2027	(50,823)	(33,569)	(442,657)	(56)	(238)	(527,344)	(1,245,945)
2028	(52,993)	(35,002)	(461,559)	(58)	(245)	(549,857)	(1,299,135)
2029	(55,227)	(36,478)	(481,027)	(60)	(253)	(573,045)	(1,353,921)
2030	(59,375)	(39,218)	(517,166)	(62)	(260)	(616,080)	(1,455,599)
2031	(61,829)	(40,839)	(538,543)	(64)	(268)	(641,543)	(1,515,757)
2032	(64,329)	(42,490)	(560,321)	(65)	(276)	(667,481)	(1,577,041)
2033	(66,903)	(44,191)	(582,752)	(67)	(284)	(694,198)	(1,640,164)
2034	(69,336)	(45,797)	(603,951)	(67)	(284)	(719,435)	(1,699,790)
TOTAL:	(621,438)	(410,468)	(5,412,763)	(659)	(2,781)	(6,448,111)	(15,234,805)

Source: Tiberius Solutions

Exhibit B
Substantial Amendment to the Gladstone Urban Renewal Plan, Amendment #24

The following sections of the Gladstone Urban Renewal Plan are amended. The new language in the amendment is shown in *italics*, deletions are shown in ~~crossout~~.

Introduction

24th Amendment *Added property to the boundary, added and updated projects, increased maximum indebtedness from \$23,589,427 to \$33,763,977 and generally updated the Plan.*

B. Boundary Description

The boundary shown in Exhibit 1 is replaced with a new boundary map. The legal description is replaced in its entirety.

C. Outline of Development

With the addition of tax lots within the downtown of Gladstone, the focus of the urban renewal area after 2024 will be redevelopment of the downtown. This includes renovation of existing structures and encouraging new mixed-use development to occur in the Area. Providing assistance for new development and business development will help provide a stronger downtown for the residents of Gladstone. This added area does not change the Renewal Project Goal nor the Renewal Project Objectives.

E. Proposed Land Uses

a. CITY OF GLADSTONE COMPREHENSIVE PLAN CLASSIFICATIONS

Low Density Residential

This district permits single-family and two-family dwellings, churches, schools, day-care centers, community centers, nursing homes, home occupations, and similar uses. The density permitted ranges from 6.0 units per acre for single family uses, and 12 units per acre for two family dwellings. ~~Kraxburger Middle School, the SDA School, and a vacant parcel north of Cason Road are designated LDR within the Renewal Area.~~

Medium Density Residential

Appropriate uses include, but are not limited to, single family dwellings, two family dwellings and small three-to-eight unit apartments, mobile home parks, professional offices, schools, parks, community and day-care centers; churches, nursing homes, home occupations and similar uses.

High Density Residential

High density areas may offer the entire range of housing opportunities including single family dwellings. In some areas, especially along collectors and minor arterials, there may be a mixture of housing and commercial facilities within the same building. These areas should be located near shopping facilities, cultural centers, or location? having special amenities, a view, water access or permanent open space as well as mass transit, because these uses are intended to minimize the need for a car. High density residential should be located near, but not necessarily on, collectors and minor arterials.

General Commercial CC Plan District:

The Comprehensive Plan permits commercial retail, commercial service and office uses in the

~~General Commercial District. The existing commercial districts on both sides of 82nd Drive west of I-205 and on the west side of 82nd Drive east of the Freeway are designated GC.~~

Community Commercial CC

Industrial-I Plan District:

~~This district permits light manufacturing, light industrial and distribution uses. Buffering between industrial and less intensive uses is required. The Seventh Day Adventist property and an area along 82nd Drive east of I-205 are designated I within the Renewal Area.~~

Open Space-OS Plan District:

~~The Land Use Plan map designates natural resource areas, flood plains, wetlands, erodible slopes, unique areas, beaches, trails, and parks as open space. Within the Renewal Area, the area around Chautauqua Lake, High Rocks Park, Cross Park, City Park, and a small park at Clarendon Street and Oatfield Road are designated open space.~~

b. CITY OF GLADSTONE ZONING CLASSIFICATIONS

This section is removed in its entirety and replaced with information on the current zoning districts.

17.08 Zoning Districts Generally

17.10 R-7.2 Single-Household Residential District

The purpose of an R-7.2 district is to implement the comprehensive plan and to provide land for households desiring to live in an environment of single-household and middle housing dwellings.

17.12 R-5 Single-Household Residential District

The purpose of an R-5 district is to implement the Comprehensive Plan and to provide land for families and individuals desiring to live in an environment of mixed single-household and middle housing dwellings.

17.14 MR Multi-Household Residential District

The purpose of an MR district is to implement the comprehensive plan and to provide land for households desiring to live in an environment of high density residential development with proximity to mass transit, shopping and service facilities.

17.18 C2 Community Commercial District

The purpose of a C-2 district is to implement the comprehensive plan by: (1) providing for the establishment of a community shopping center serving most of the occasional retail and specialty shopping needs of area residents and thus service a much larger area and a much larger population than is served by the C-1, local commercial district; and (2) allowing a range of housing types to encourage more housing in the city's core and promote a greater mixture of uses.

17.20 C3 General Commercial District

The purpose of a C-3 district is to implement the comprehensive plan and to provide for general types of business and service establishments which would not likely be compatible with the

uses permitted in C-1 and C-2, local and community commercial districts, and which would likely be detrimental to the adjoining residential areas unless effectively controlled.

17.21 DC Downtown Core Overlay District

The purpose of the downtown core overlay district is to promote a walkable, mixed-use downtown main street along the four-block section of Portland Avenue from Exeter Street to Arlington Street. The overlay encourages higher density residential and mixed-use development where market demand is highest and where it is most compatible with existing development on properties facing Portland Avenue. The downtown core overlay district will help ensure that new development:

- (1) Enhances and protects the city's quality of life and community image through clearly articulated site and building design standards;
- (2) Protects and promotes the city's economic vitality by encouraging high-quality development;
- (3) Establishes a clear relationship between streets, pedestrian spaces, and buildings; and
- (4) Enhances and protects the security and health, safety, and welfare of the public.

17.22 OP Office Park District

This section is adopted to implement the policies of the Comprehensive Plan for industrial areas for high technology and other clean, light industry, research facilities, and office uses needing sites with high aesthetic standards. The provisions of this section are intended to:

- (1) Establish and maintain high aesthetic standards and preserve the natural beauty of the district.
- (2) Assure that improvements are appropriately related to their sites, and to surrounding developments.
- (3) Enhance the value of sites and developments located within each office park district.
- (4) Implement the policies and objectives of the city's comprehensive plan.
- (5) Encourage originality, flexibility, and innovation in site planning and development, including architecture, landscaping and graphic design.

17.24 LI—Light Industrial District

The purpose of a LI district is to implement the Comprehensive Plan and to provide for sufficient amounts of land for types of manufacturing or other industries which, because of their character, can be permitted in relative proximity to residential and commercial districts.

17.26 OS—Open Space District

The purpose of an OS district is to implement the comprehensive plan and to provide and preserve open space areas for use and enjoyment of the public.

F. Project Activities

(numbering in this section comes from the existing Gladstone Urban Renewal Plan)

1. Traffic and Circulation Improvements

- oo. Trolley Bridge Reconstruction: reconstruct the Trolley Bridge over the Clackamas River. Funding would be limited to that portion of the project within the Area.

4. Development Assistance

Intent: The City Council adopted the Downtown Revitalization Plan (DRP) in 2017. The DRP identifies a variety of initiatives to promote a more robust and economically vital downtown, with existing tenant space occupied by restaurants and retail uses, and with new medium mixed-use

development, typically consisting of several stories of new housing over ground floor commercial uses. The Plan allows for use of Urban Renewal funds to assist in the financial feasibility of private development that supports the Plan.

Projects and Programs.

The Urban Renewal Agency will assist in the following types of private development:

- a. *Storefront and tenant improvement grant programs to commercial space in the Downtown Corridor.*
- b. *Pre-Development grant program to assist in determining the feasibility of new private development in the Downtown Corridor.*
- c. *Funds necessary to assure the financial feasibility of new private mixed-use development, with urban renewal funds to be available for offsets of system development charges, permit fees, and/or gap financing or other methods as identified by the Agency.*

5. Infrastructure Improvements

Intent: To provide for infrastructure improvements throughout the Area.

Expected Activities: Infrastructure improvements to streets, sidewalks, water, sewer or stormwater facilities.

6. Administration and Planning (changed numbering only)

7. Property Acquisition

Intent: At the time of the 2024 Amendment adoption, it is anticipated that no acquisition of real property may will be necessary to carry out the objectives of this Plan. Further engineering study of traffic and circulation plans may, however, require acquisition of property for right-of-way improvements; and it may be necessary to acquire property for redevelopment as part of incentives for development. Land acquisition, therefore, is made a part of this Plan, if it is determined that such acquisition is necessary to carry out the Plan objectives.

~~a. Land Acquisition Without Renewal Plan Amendment. Land acquisitions for the following purposes may be undertaken without an Urban Renewal Plan amendment, but only after the City Council has determined that acquisition is necessary to carry out the objectives of this Plan and has approved the acquisition.~~

~~(1) no change~~

~~(2) no change~~

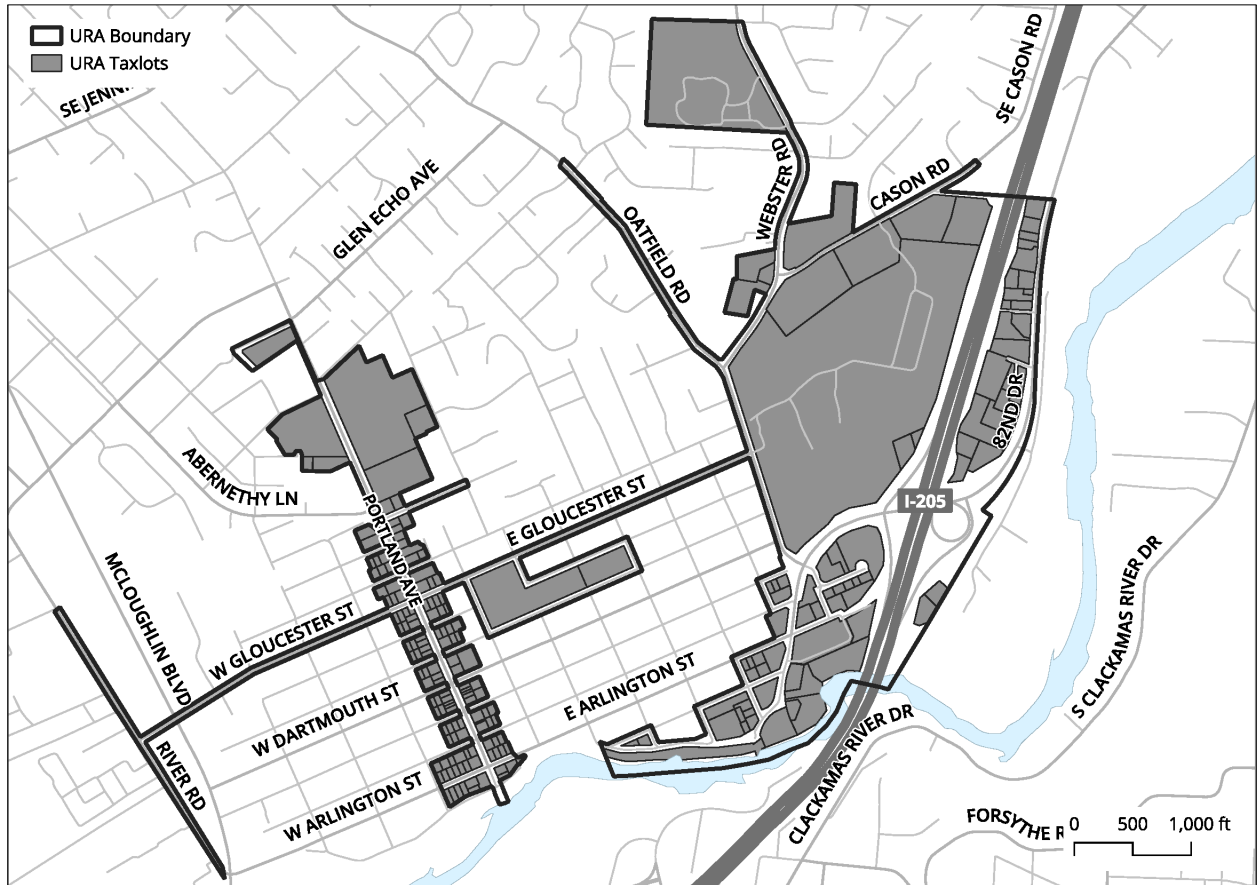
~~b. Land Acquisition Requiring Urban Renewal Plan Amendment. Acquisition for any purpose other than those identified in Section F.5.a. (1), and (2) and (3) above will require an amendment to this Plan to designate the property to be acquired. The listing of properties to be acquired will occur in this section of the Plan.~~

K. Financing Methods

4. Establishment of Maximum Debt

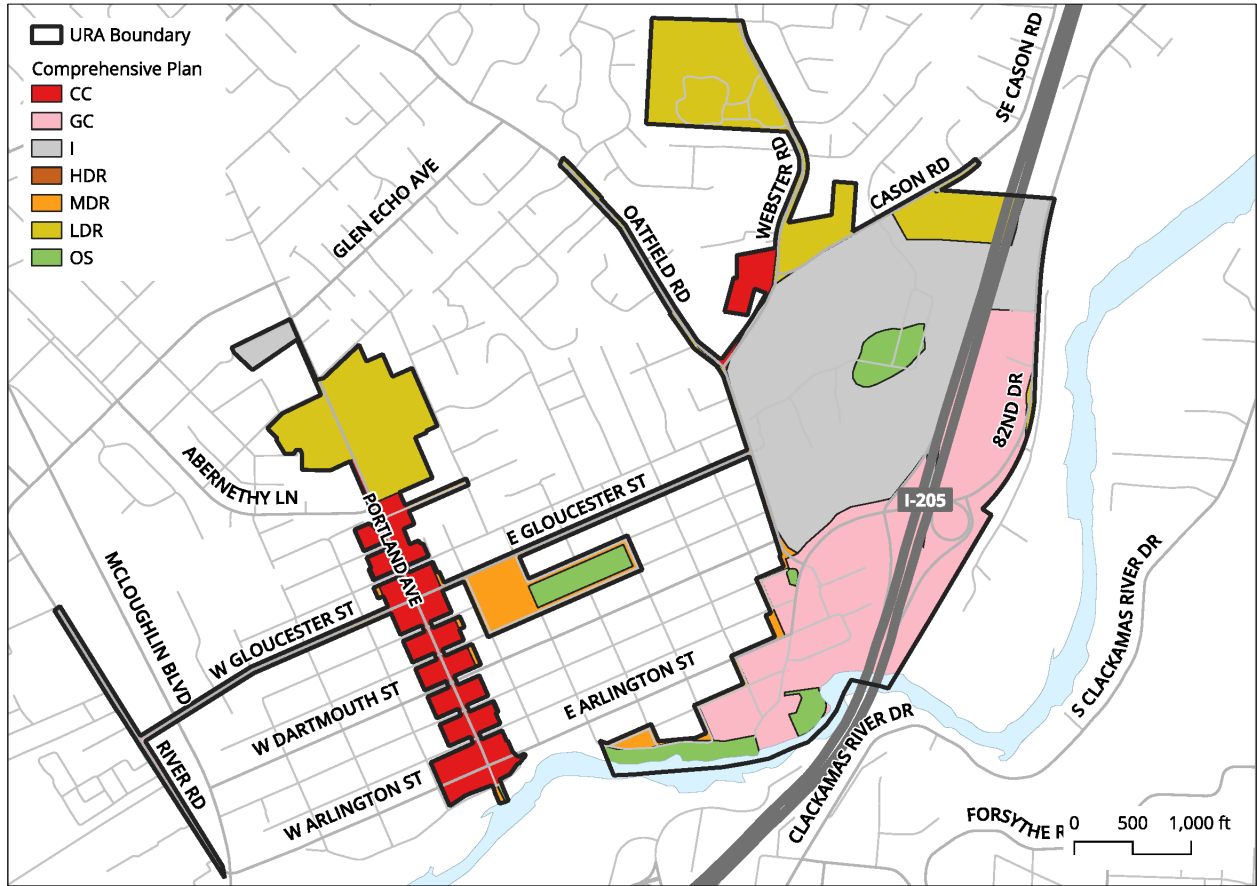
The maximum amount of indebtedness that may be issued or incurred under this Urban Renewal Plan is ~~\$23,589,427~~ \$33,763,977 (thirty-three million seven hundred-sixty-three thousand nine hundred seventy-seven dollars) .

Exhibit 1 Plan Boundary



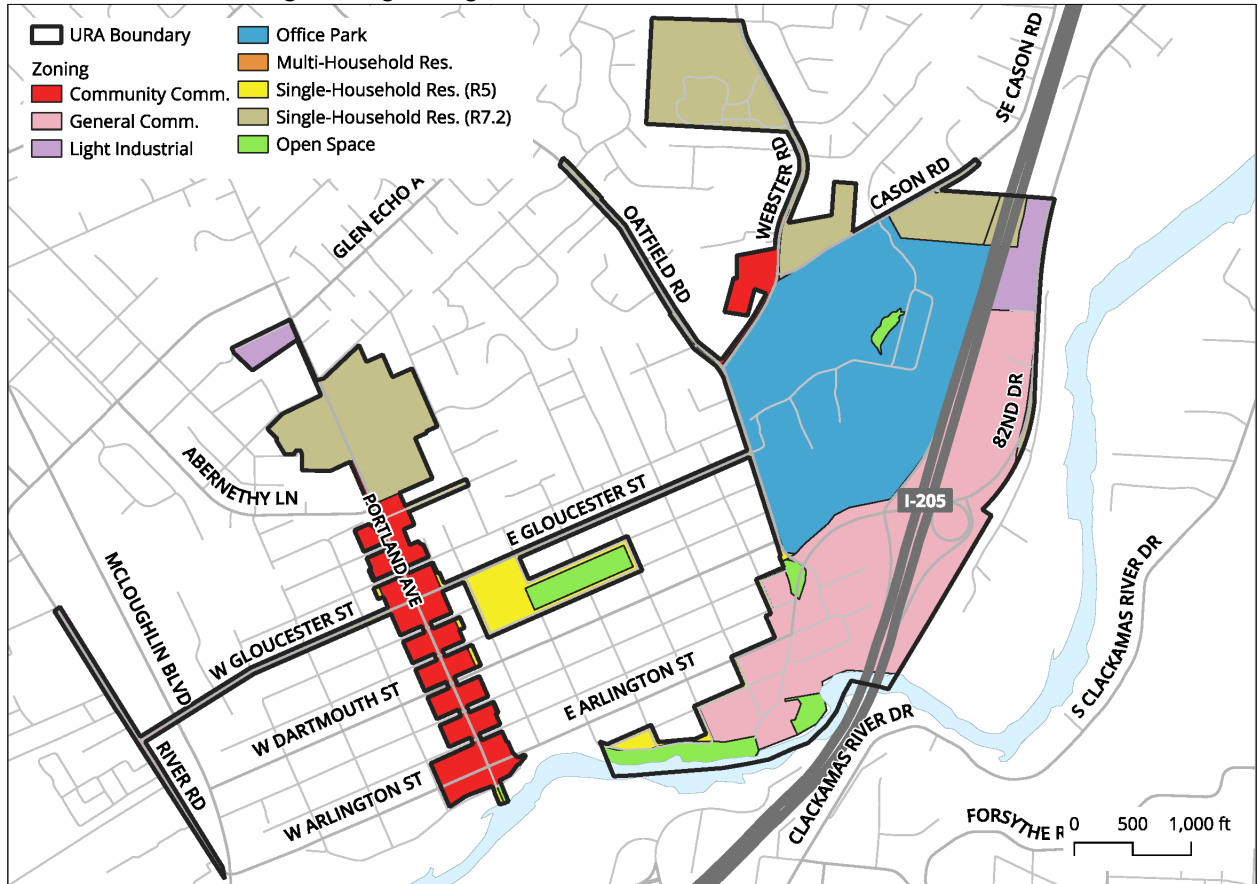
Source: Tiberius Solutions

Exhibit 2. Existing Land use Comprehensive Plan Designations



Source: Tiberius Solutions

Exhibit 3. Existing Zoning Designations



Source: Tiberius Solutions

Exhibit C

Report Accompanying the
Gladstone Urban Renewal Plan
Substantial Amendment 2024

This document remains in draft format until the City Council adoption of the Gladstone Urban Renewal Plan Substantial Amendment 2024

Gladstone Urban Renewal Plan Substantial Amendment 2024 adopted by the City of Gladstone by Ordinance No. ____ DATE

LIST OF PARTICIPANTS

City Council

Mayor Michael Milch
Council President Luke Roberts
Councilor Vanessa Huckaby
Councilor Greg Alexander
Councilor Gabrielle Blaug
Councilor Cierra Cook
Councilor Mindy Garlington

Gladstone Urban Renewal Agency

Michael Milch
Vanessa Huckaby
Greg Alexander
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Marci Jory, Economic Development Coordinator
Tami Bannick, City Recorder
Cathy Brucker, Finance Consultant
Hayley Kratz, Executive Assistant

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Definitions

This document makes references to ORS 457 as it exists in 2024.

“Agency” means the Gladstone Urban Renewal Agency

“Area” means the properties and rights-of-way located with the Gladstone Urban Renewal Area.

“Blight” is defined in ORS 457.010(1)(A-E) and identified in the ordinance adopting the urban renewal plan.

“Board of Commissioners” means the Clackamas County Board of Commissioners.

“City” means the City of Gladstone, Oregon.

“City Council” or “Council” means the Gladstone City Council.

“Comprehensive Plan” means the City of Gladstone comprehensive land use plan and its implementing ordinances, policies, and standards.

“County” means Clackamas County, Oregon.

“Fiscal year” means the year commencing on July 1 and closing on June 30.

“Frozen base” means the total assessed value including all real, personal, manufactured, and utility values within an urban renewal area at the time of adoption. The county assessor certifies the assessed value after the adoption of an urban renewal plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value specified in the certified statement.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan pursuant to ORS 457.190 and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon revised statutes and specifically Chapter 457, which relates to urban renewal.

“Planning Commission” means the Gladstone Planning Commission.

“Revenue sharing” means sharing tax increment proceeds as defined in ORS 457.470.

“Tax increment financing (TIF)” means the funds that are associated with the division of taxes accomplished through the adoption of an urban renewal plan.

“Tax increment revenues” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the area.

“UGB” means urban growth boundary.

“Urban renewal area” means a blighted area included in an urban renewal plan or an area included in an urban renewal plan under ORS 457.160.

“Urban renewal plan” or “Plan” means a plan, as it exists or is changed or modified from time to time, for one or more urban renewal areas, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135 and 457.220.

“Urban renewal project” or “Project” means any work or undertaking carried out under ORS 457.170 in an urban renewal area.

“Urban renewal report” or “Report” means the official report that accompanies the urban renewal plan pursuant to ORS 457.085(3).

I. INTRODUCTION

The Report Accompanying the Gladstone Urban Renewal Plan Amendment (Report) contains background information and project details that pertain to the Gladstone Urban Renewal Plan Amendment (Plan Amendment). The Report is not a legal part of the Plan Amendment but is intended to provide public information and support the findings made by the Gladstone City Council as part of the approval of the Plan Amendment.

The Report provides the analysis and contains the information required to meet the standards of ORS 457.087, including financial feasibility. These requirements include:

- A description of the physical, social, and economic conditions in the area and expected impact of the plan, including fiscal impact in light of increased services; (ORS 457.087(1))
- Reasons for selection of the plan Area; (ORS 457.087(2))
- The relationship between each project to be undertaken and the existing conditions; (ORS 457.087(3))
- The estimated total cost of each project and the source of funds to pay such costs; (ORS 457.087(4))
- The estimated completion date of each project; (ORS 457.087(5))
- The estimated amount of funds required in the Area and the anticipated year in which the debt will be retired; (ORS 457.087(6))
- A financial analysis of the plan; (ORS 457.087(7))
- A fiscal impact statement that estimates the impact of tax increment financing (TIF) upon all entities levying taxes upon property in the urban renewal area; (ORS 457.0857(8)) and
- A relocation report (ORS 457.087(9)).

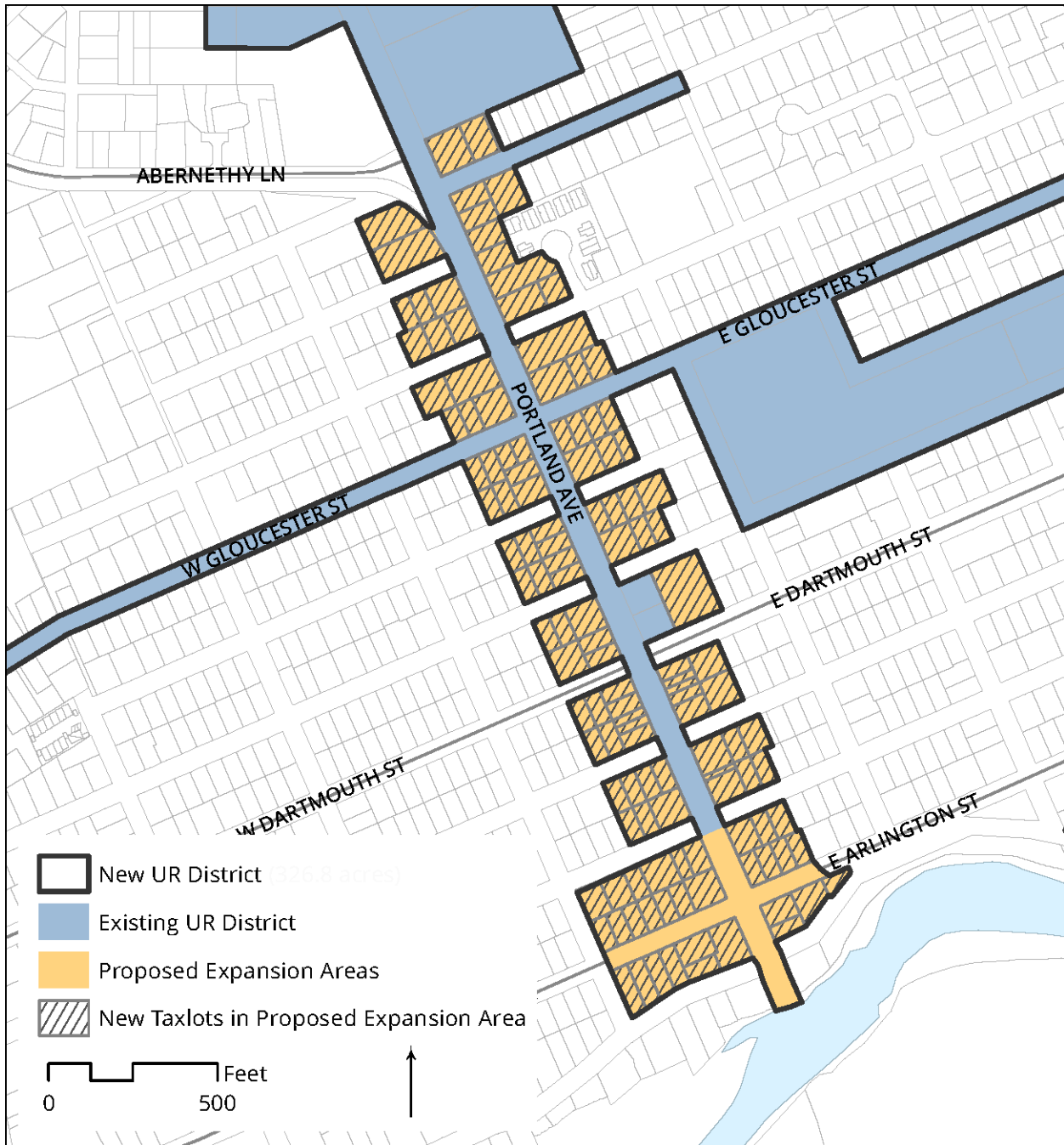
The relationship of the sections of the Report and the ORS 457.087 requirements is shown in Figure 1. The specific reference shown is the section of this Report that most addresses the statutory reference. There may be other sections of the Report that also address the statute.

Figure 1. Statutory References

Statutory Requirement	Report Section
ORS 457.087 (1)	X
ORS 457.087 (2)	XI
ORS 457.087 (3)	II
ORS 457.087 (4)	III
ORS 457.087 (5)	VI
ORS 457.087 (6)	IV,V
ORS 457.087 (7)	IV,V
ORS 457.087 (8)	VIII
ORS 457.087 (9)	XII

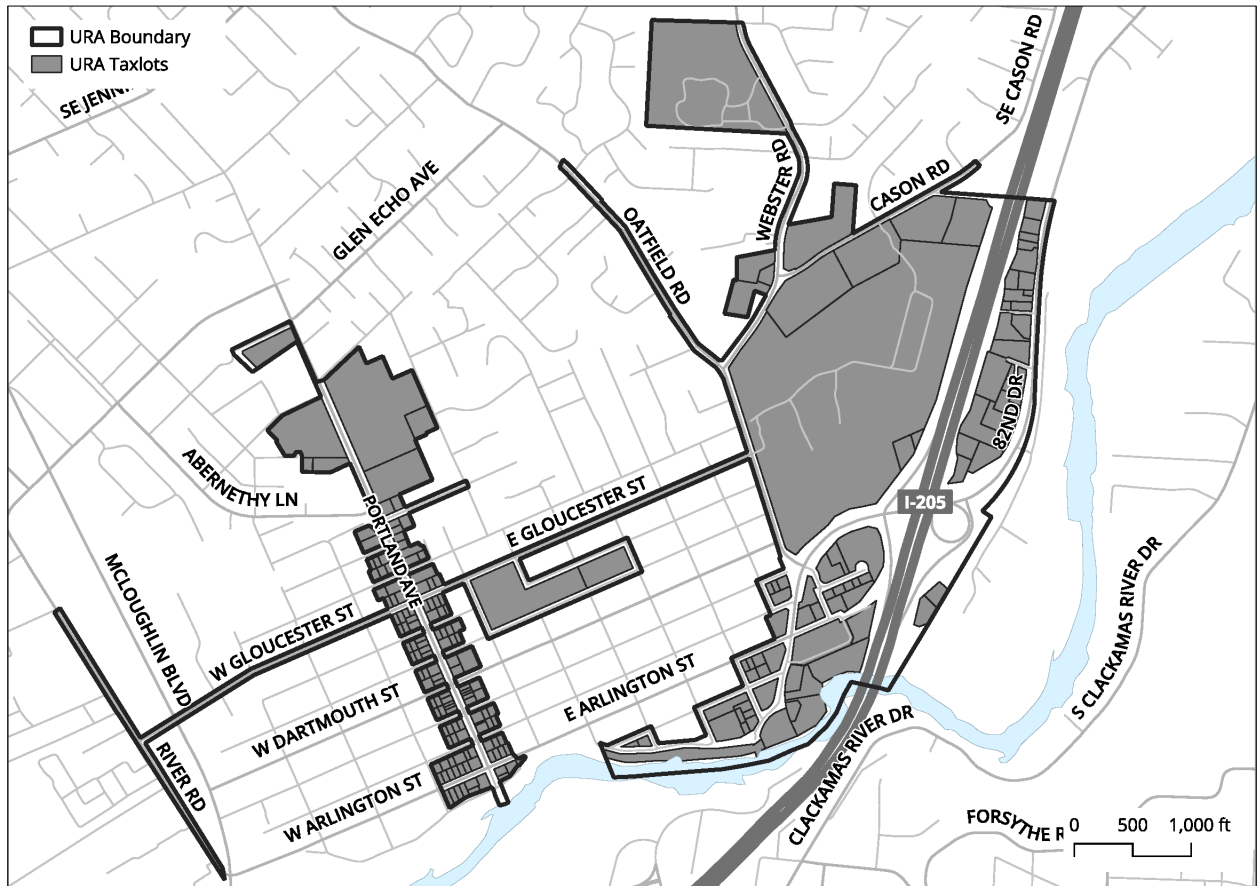
The Report provides guidance on how the Plan might be implemented. As the Gladstone Development Commission (Agency) reviews revenues and potential projects each year, it has the authority to adjust the implementation assumptions in this Report. The Agency may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different times than assumed in this Report, and make other adjustments to the financials as determined by the Agency. The Agency may also make changes as allowed in the Amendments section of the Plan.

Figure 2. Gladstone Urban Renewal Plan Boundary Additions



Source: Tiberius Solutions

Figure 3. Gladstone Urban Renewal Area Boundary After Additions



Source: Tiberius Solutions

II. THE PROJECTS IN THE AREA AND THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

This section details the new projects added to the Plan by the Amendment. Information on projects already within the Plan is not required in this section. The new projects identified for the Amendment are described below, including how they relate to the existing conditions in the Area.

F. Project Activities

1. Traffic and Circulation Improvements

oo. Trolley Bridge Reconstruction: reconstruct the Trolley Bridge over the Clackamas River. Funding would be limited to that portion of the project within the Area.

Existing Conditions:

The bridge would replace the recently demolished Portland Avenue Historic Trolley Bridge and connect the existing Trolley trail, a shared use path for bicyclists and pedestrians, to trails that exist along the Clackamas River on the Oregon City side of the river.

4. Development Assistance

Intent: The City Council adopted the Downtown Revitalization Plan (DRP) in 2017. The DRP identifies a variety of initiatives to promote a more robust and economically vital downtown, with existing tenant space occupied by restaurants and retail uses, and with new medium mixed-use development, typically consisting of several stories of new housing over ground floor commercial uses. The Plan allows for use of Urban Renewal funds to assist in the financial feasibility of private development that supports the Plan.

Projects and Programs.

The Urban Renewal Agency will assist in the following types of private development:

- a. Storefront and tenant improvement grant programs to commercial space in the Downtown Corridor.*
- b. Pre-Development grant program to assist in determining the feasibility of new private development in the Downtown Corridor.*
- c. Funds necessary to assure the financial feasibility of new private mixed-use development, with urban renewal funds to be available for offsets of system development charges, permit fees, and/or gap financing or other methods as identified by the Agency.*

Existing Conditions:

There is no development assistance program in this Area. There are many undeveloped properties and properties that need to be upgraded.

5. Infrastructure Improvements

Intent: To provide for infrastructure improvements throughout the Area.

Expected Activities: Infrastructure improvements to streets, sidewalks, water, sewer or stormwater facilities.

Existing Conditions:

There are infrastructure needs within the Area that can be addressed with urban renewal funding.

III. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Figure 4 shows the costs of the projects in FYE 2024 constant dollars and the estimated year of expenditure dollars. These costs are also shown in “year of expenditure” costs, which assumes inflation of 3.0% annually. City Staff provides cost estimates and are reviewed by City Council. These estimates are ballpark estimates and will be refined in the annual budgeting process with the acknowledgement of the limiting total cost factor of the maximum indebtedness. Different allocations may be made to different line items within the Plan.

The Plan assumes that the Agency will use other funds to assist in the completion of the projects within the Area. The Agency may pursue regional, county, state, and federal funding, private developer contributions, and any other sources of funding that may assist in the implementation of the programs.

Figure 4. Estimated Project Costs

Expenditures	Constant 2024\$	Year of Expenditure \$
Materials and Services (FYE 2024)	(\$65,996)	(\$65,996)
Pre-Development Grant Program	(\$272,177)	(\$318,453)
Storefront/Façade improvement Grant Program	(\$272,177)	(\$318,453)
Tenant Improvement Grant Program	(\$290,322)	(\$339,683)
Development Incentives	(\$1,360,884)	(\$1,592,264)
Downtown Transportation	(\$2,721,768)	(\$3,184,529)
Land Acquisition for Development Incentives	(\$1,814,512)	(\$2,123,019)
Other Infrastructure	(\$3,686,393)	(\$4,313,160)
Administration	(\$1,065,000)	(\$1,257,541)
TOTAL:	(\$11,549,228)	(\$13,513,098)

Source: Tiberius Solutions with input from the City of Gladstone staff

IV. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues through Fiscal Year Ending (FYE) 2034 are calculated based on projections of the assessed value within the Area and the consolidated tax rate that will apply in the Area.

The long-term projections for FYE 2025 and beyond assume an annual growth rate for assessed value in the Area of 3.0% plus anticipated new mixed-use development within the Area. These projections of growth are the basis for the projections in Figure 5 which shows the incremental assessed value, tax rates, and tax increment revenues each year, adjusted for discounts, delinquencies, and truncation loss.

If actual assessed value growth is less than forecast, then it would reduce the financial capacity of the Area to fund projects listed in the Plan over the anticipated duration of the Plan.

Gross tax increment financing revenue (TIF) is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times assessed value used divided by one thousand.” The consolidated tax rate includes only permanent tax rates. General obligation bonds and local option levies are excluded, and will not be impacted by this Plan.

Figure 6 shows expected TIF revenues over time and the projected tax revenues after termination of the Area.

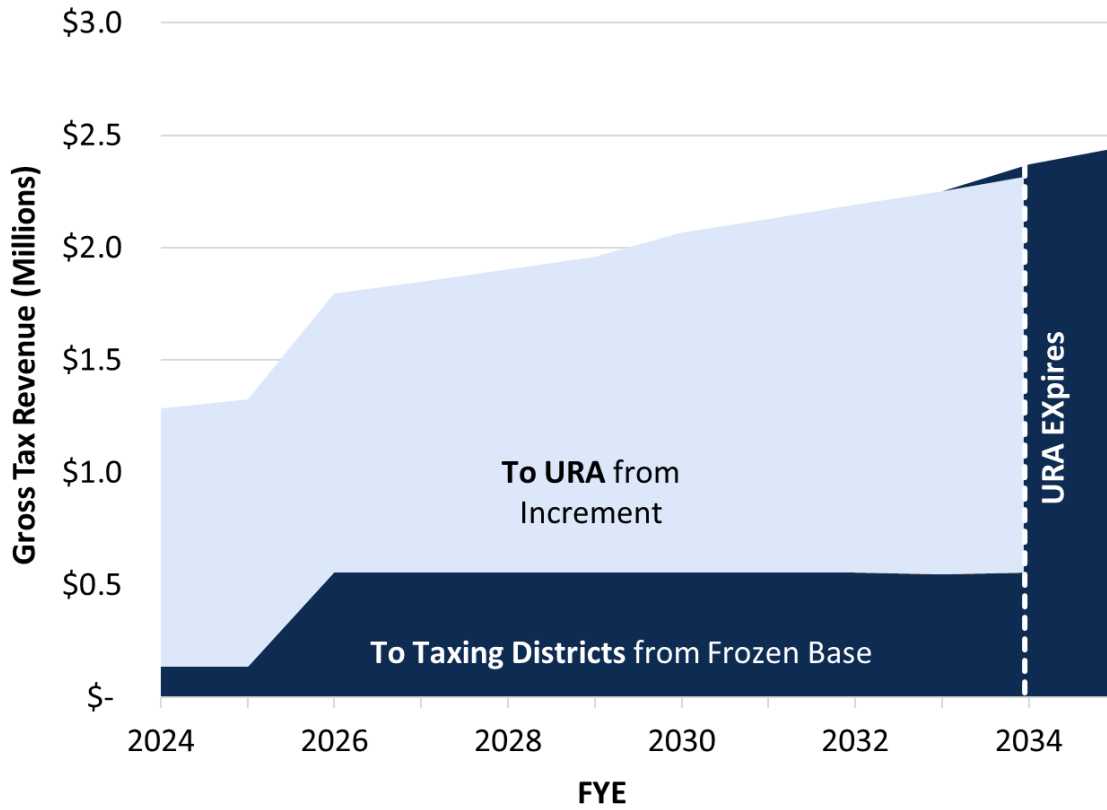
The narrative analysis for Figure 5 is shown below:

- Total AV is the estimated total assessed value of the Area on an annual basis.
- Frozen base is the estimate of the assessed value of the Area at its formation.
- Increment applied is the total assessed value minus the frozen base.
- Increment shared is the amount that will be distributed to all taxing Areas according to their permanent rate due to revenue sharing. In this Plan, there is no assumption for revenue sharing as the financial projections do not meet the statutory thresholds. See Section VIII for a definition of revenue sharing.
- Tax rate is the total permanent rate levy for the Area.
- Gross tax increment financing revenue (TIF) is calculated by multiplying the tax rate times the assessed value used. The tax rate is per thousand dollars of assessed value, so the calculation is “tax rate times assessed value used divided by one thousand.”
- Adjustments are calculated at 5% of the Gross TIF and are for discounts, delinquencies, and rate truncation.
- Current Year Net reflects subtracting the 5% adjustment factor from Gross TIF.
- Prior Year Net is the tax increment revenue that was delinquent the prior year and is paid by the assessor’s office once it is received. It is estimated that this amount is 1.5% of total TIF.
- Total TIF is the amount of tax increment revenues estimated to be received by the Agency.

Figure 5. Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Total AV	Frozen Base AV	Increment Applied	Increment Shared	Tax Rate	Gross TIF	Adjustments	Current Year Net	Prior Year Net	Total TIF
2024	93,374,355	10,050,413	83,965,145	(641,203)	13.6845	1,149,024	(57,451)	1,091,573	17,235	1,108,808
2025	96,175,586	10,050,413	86,764,669	(639,496)	13.6845	1,187,334	(59,367)	1,127,968	16,374	1,144,341
2026	130,570,269	40,642,079	90,565,929	(637,739)	13.6845	1,239,352	(61,968)	1,177,385	16,920	1,194,304
2027	134,487,378	40,642,079	94,481,228	(635,929)	13.6845	1,292,931	(64,647)	1,228,284	17,661	1,245,945
2028	138,522,001	40,642,079	98,513,986	(634,064)	13.6845	1,348,117	(67,406)	1,280,711	18,424	1,299,135
2029	142,677,660	40,642,079	102,667,725	(632,144)	13.6845	1,404,958	(70,248)	1,334,710	19,211	1,353,921
2030	150,438,653	40,642,079	110,426,740	(630,166)	13.6845	1,511,135	(75,557)	1,435,578	20,021	1,455,598
2031	154,951,814	40,642,079	114,937,863	(628,128)	13.6845	1,572,867	(78,643)	1,494,223	21,534	1,515,757
2032	159,600,368	40,642,079	119,584,319	(626,030)	13.6845	1,636,450	(81,823)	1,554,628	22,413	1,577,041
2033	164,388,380	40,642,079	124,370,169	(623,868)	13.6845	1,701,942	(85,097)	1,616,845	23,319	1,640,164
2034	173,237,546	40,642,079	128,884,993	3,710,474	13.6845	1,763,723	(88,186)	1,675,537	24,253	1,699,790
TOTAL:						15,807,833	(790,393)	15,017,442	217,365	15,234,804

Figure 6. TIF Projections Over Time



Source: Tiberius Solutions

Note: the increase in the amount to the taxing districts from the frozen base shown in FYE e2025 is due to the addition of properties in the 2024 Amendment.

V. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

The maximum indebtedness of the Plan is increased by \$10,174,550. Pursuant to ORS 457.220 the MI may be increased by 20% of the original MI as adjusted by the inflation factor used in the original urban renewal report. This annual inflation factor was 3%. The original MI was \$23,589,427. The overall inflation factor used was 2.15659127 for an inflated MI of \$50,872,752. Twenty percent of this amount is \$10,174,550 as shown in Figure 7. Figure 8 shows the calculation for the new Maximum Indebtedness.

Figure 7. Maximum Indebtedness Increase Calculation

Year	Inflation	Year	Inflation
1999	1.03	2012	1.51258972
2000	1.0609	2013	1.55796742
2001	1.092727	2014	1.60470644
2002	1.12550881	2015	1.65284763
2003	1.15927407	2016	1.70243306
2004	1.1940523	2017	1.75350605
2005	1.22987387	2018	1.80611123
2006	1.26677008	2019	1.86029457
2007	1.30477318	2020	1.91610341
2008	1.34391638	2021	1.97358651
2009	1.38423387	2022	2.03279411
2010	1.42576089	2023	2.09377793
2011	1.46853371	2024	2.15659127
		Original MI Inflated	\$50,872,752
		20% of Inflated	\$10,174,550

Source: Tiberius Solutions

Figure 8. Maximum Indebtedness Increase Amount

Maximum Indebtedness	
Original MI	\$23,589,427
Original MI Inflated	\$50,872,752
20% of Inflated MI	\$10,174,550
New MI	\$33,763,977

Source: Tiberius Solutions

Figure 9 shows a summary of the financial capacity of the Area, including how total TIF revenue translates to the ability to fund projects in constant 2024 dollars, in five-year increments. Figure 10 and Figure 11 show more detailed tables on the allocation of tax revenues to debt service. Figure 12 and Figure 13 show potential allocations to projects, programs, and administration over time.

The Area is anticipated to complete all projects and have sufficient tax increment finance revenue to terminate the urban renewal area in FYE 2034. If growth in assessed value is slower than projected, the Agency may not be able to complete all projects in the Plan. If growth in assessed value is more robust than the projections, it may take a shorter time period. These assumptions show one scenario for financing and that this scenario is financially feasible.

The remaining maximum indebtedness as of June 30, 2023 is \$3,338,548. As of July 1, 2024 there was a beginning fund balance of \$2,990,007.

The estimated total amount of TIF revenues required to pay debt service on the remaining maximum indebtedness (including the new maximum indebtedness) including principal and interest is \$15,234,805 and is from permanent rate tax levies. The additional TIF revenue required for debt service is greater than the maximum indebtedness remaining due to the projected cost of the interest on borrowings (loans). By definition in ORS 457.010, interest on debt is not counted against the maximum indebtedness.

Figure 9. TIF Capacity of the Area in FYE 2024 Constant Rounded Numbers

Net TIF	\$15,200,000
Maximum Indebtedness	\$33,800,000
Cumulative MI as of June 30, 2023	\$20,250,879
Capacity (2024\$) of remaining MI	\$11,500,000
Years 1-5	\$4,900,000
Years 6-10	\$5,400,000

Source: Tiberius Solutions

Figure 10. Projected Revenues and Allocations to Debt Service, page 1

	Total	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028
Resources						
Beginning Balance		2,990,007	3,264,233	-	-	-
Interest Earnings	31,271	14,950	16,321	-	-	-
TIF: Current Year	15,017,441	1,091,573	1,127,968	1,177,385	1,228,284	1,280,711
TIF: Prior Years	217,364	17,235	16,374	16,920	17,661	18,424
Total Resources	18,256,083	4,113,765	4,424,895	1,194,304	1,245,945	1,299,135
Expenditures						
Debt Service						
Scheduled Payments						
Fund 390 Urban Renewal District Fund - Civic Center Construction	(2,113,479)	(538,245)	(538,028)	(537,804)	(499,402)	-
Fund 100 General Fund - Civic Center Construction	(2,629,506)	(245,291)	(245,212)	(245,129)	(279,744)	(733,420)
Total Debt Service	(4,742,985)	(783,536)	(783,240)	(782,934)	(779,146)	(733,420)
Debt Service Coverage Ratio		1.42	1.46	1.53	1.60	1.77
Transfer to URA Projects Fund	(13,513,098)	(65,996)	(3,641,656)	(411,371)	(466,799)	(565,715)
Total Expenditures	(18,256,083)	(849,532)	(4,424,895)	(1,194,304)	(1,245,945)	(1,299,135)
Ending Balance		3,264,233	-	-	-	-

Source: Tiberius Solutions

Figure 11. Projected Revenues and Allocations to Debt Service, page 2

	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034
Resources						
Beginning Balance	-	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
TIF: Current Year	1,334,710	1,435,578	1,494,223	1,554,628	1,616,845	1,675,537
TIF: Prior Years	19,211	20,021	21,534	22,413	23,319	24,253
Total Resources	1,353,921	1,455,598	1,515,757	1,577,041	1,640,164	1,699,790
Expenditures						
Debt Service						
Scheduled Payments						
Fund 390 Urban Renewal District Fund - Civic Center Construction	-	-	-	-	-	-
Fund 100 General Fund - Civic Center Construction	(733,106)	(147,603)	-	-	-	-
Total Debt Service	(733,106)	(147,603)	-	-	-	-
Debt Service Coverage Ratio	1.85	9.86	-	-	-	-
Transfer to URA Projects Fund	(620,815)	(1,307,995)	(1,515,757)	(1,577,041)	(1,640,164)	(1,699,790)
Total Expenditures	(1,353,921)	(1,455,598)	(1,515,757)	(1,577,041)	(1,640,164)	(1,699,790)
Ending Balance	-	-	-	-	-	-

Source: Tiberius Solutions

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The schedule for construction of projects will be based on the availability of funding. The projects will be ongoing and will be completed as directed by the Agency. Annual expenditures for program administration are also included.

The amount of money available for projects in 2024 constant dollars for the Area is \$11,550,000. See Figure 4 for the individual project analysis. This \$11,550,000 is calculated by reflecting the remaining maximum indebtedness of \$13,514,098 in constant 2024 dollars. The Agency's cost estimates are typically shown in constant dollars, so understanding how these cost estimates relate to the overall maximum indebtedness over the ensuing years is important to help the Agency to make projections on the allocation of funds throughout the life of the Area.

Figure 12 and Figure 13 show the \$11,550,000 of 2024 project dollars inflated over the life of the Area, including administrative expenses. All costs shown in Figure 12 and Figure 13 are in year-of-expenditure dollars, which are adjusted by 3.0% annually to account for inflation. The year of expenditure total cost is \$13,513,098.

The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the Plan. The following tables are prepared to show that the Area is financially feasible as required by ORS 457. It assumes completion of projects as funding becomes available.

Figure 12. Programs and Costs in Year of Expenditure Dollars, Page 1

	Total	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028
Resources						
Beginning Balance		-	-	-	-	-
Transfer from TIF Fund	13,513,098	65,996	3,641,656	411,371	466,799	565,715
Total Resources	13,513,098	65,996	3,641,656	411,371	466,799	565,715
Expenditures (YOE \$)						
Materials and Services	(65,996)	(65,996)				
Pre-Development Grant Program	(318,453)		(92,273)	(7,795)	(9,155)	(11,648)
Storefront/Façade Improvement Grant Program	(318,453)		(92,273)	(7,795)	(9,155)	(11,648)
Tenant Improvement Grant Program	(339,683)		(98,424)	(8,315)	(9,765)	(12,424)
Public/Private Partnership Funding Assistance	(1,592,264)		(461,363)	(38,977)	(45,774)	(58,239)
Downtown Transportation Projects	(3,184,529)		(922,726)	(77,953)	(91,549)	(116,478)
Land Acquisition for Public-Private Partnership	(2,123,019)		(615,151)	(51,969)	(61,033)	(77,652)
Other Infrastructure	(4,313,160)		(1,249,751)	(105,581)	(123,995)	(157,760)
Administration	(1,257,541)		(109,695)	(112,986)	(116,373)	(119,866)
Total Expenditures	(13,513,098)	(65,996)	(3,641,656)	(411,371)	(466,799)	(565,715)
Ending Balance		-	-	-	-	-

Source: Tiberius Solutions

Figure 13. Programs and Costs in Year of Expenditure Dollars, Page 2

	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033	FYE 2034
Resources						
Beginning Balance	-	-	-	-	-	-
Transfer from TIF Fund	620,815	1,307,995	1,515,757	1,577,041	1,640,164	1,699,790
Total Resources	620,815	1,307,995	1,515,757	1,577,041	1,640,164	1,699,790
Expenditures (YOE \$)						
Materials and Services						
Pre-Development Grant Program	(12,993)	(30,849)	(36,177)	(37,676)	(39,219)	(40,668)
Storefront/Façade Improvement Grant Program	(12,993)	(30,849)	(36,177)	(37,676)	(39,219)	(40,668)
Tenant Improvement Grant Program	(13,860)	(32,906)	(38,589)	(40,187)	(41,834)	(43,379)
Public/Private Partnership Funding Assistance	(64,966)	(154,245)	(180,886)	(188,378)	(196,095)	(203,340)
Downtown Transportation Projects	(129,933)	(308,491)	(361,773)	(376,756)	(392,190)	(406,679)
Land Acquisition for Public-Private Partnership	(86,622)	(205,660)	(241,182)	(251,171)	(261,460)	(271,120)
Other Infrastructure	(175,982)	(417,823)	(489,989)	(510,283)	(531,186)	(550,811)
Administration	(123,465)	(127,172)	(130,984)	(134,914)	(138,961)	(143,125)
Total Expenditures	(620,815)	(1,307,995)	(1,515,757)	(1,577,041)	(1,640,164)	(1,699,790)
Ending Balance	-	-	-	-	-	-

Source: Tiberius Solutions

VII. REVENUE SHARING

Mandatory revenue sharing targets are not projected to be reached in this Plan, as the threshold set in ORS 457.470 (annual tax increment revenues in excess of 10 percent of the maximum indebtedness) is not met during the life of the Plan. The MI is expected to be reached in FYE 2034, meaning the Agency is not projected to take the full division of taxes that year, but to underlevy for voluntary revenue sharing in the amount that exceeds the MI.

Revenue sharing means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the Area. The first threshold is when annual tax increment finance revenues exceed 10% of the original maximum indebtedness of the Plan (\$23,589,427 x.10% is \$2,358,943). At the 10% threshold, the Agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold.

The second threshold is set at 12.5% of the maximum indebtedness is \$2,948,678 (23,589,427 x.12.5%). If this threshold is met, revenue for the Area would be capped at 12.5% of the maximum indebtedness, with all additional tax revenue being shared with affected taxing districts.

If assessed value in the Area grows more quickly than projected, the revenue sharing thresholds could be reached during the life of the Plan.

VIII. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the Area.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated through FYE 2034 and are shown in Figure 14 and Figure 15 for the general government taxing districts and Figure 16 for the education taxing districts.

The school districts and the Clackamas Education Service District are not directly affected by the tax increment financing, but the amounts of their taxes divided for the Plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. The impacts to the North Clackamas School District, Oregon City School District, Clackamas Fire District 1 and North Clackamas Park District are due to two utility accounts within the Area showing as within the city of Gladstone but also impacting these taxing districts. The assessor informed us that these tax codes will be changed next year and there will no longer be any impacts to these districts as a result of the Gladstone Urban Renewal Plan. Until that change is officially made, the taxing districts are still shown as impacted.

Figure 14. Projected Impact on Taxing District Permanent Rate Levies - General Government, page 1

FYE	City of Gladstone	Clackamas County City	County Extension & 4H	County Library	County Soil Conservation
2024	(390,336)	(194,804)	(4,051)	(32,200)	(4,051)
2025	(402,845)	(201,046)	(4,181)	(33,232)	(4,181)
2026	(420,434)	(209,824)	(4,364)	(34,683)	(4,364)
2027	(438,613)	(218,897)	(4,552)	(36,182)	(4,552)
2028	(457,338)	(228,242)	(4,747)	(37,727)	(4,747)
2029	(476,625)	(237,867)	(4,947)	(39,318)	(4,947)
2030	(512,419)	(255,731)	(5,318)	(42,271)	(5,318)
2031	(533,597)	(266,300)	(5,538)	(44,018)	(5,538)
2032	(555,171)	(277,067)	(5,762)	(45,798)	(5,762)
2033	(577,393)	(288,157)	(5,993)	(47,631)	(5,993)
2034	(598,384)	(298,633)	(6,211)	(49,362)	(6,211)
TOTAL:	(5,363,155)	(2,676,568)	(55,660)	(442,422)	(55,664)

Source: Tiberius Solutions

Figure 15. Projected Impact on Taxing District Permanent Rate Levies - General Government, page 2

FYE	Fire District 1 Clackamas County	Park North Clackamas	Port of Portland	Metro	Vector Control	Subtotal
2024	(25)	(6)	(5,680)	(7,827)	(527)	(639,508)
2025	(26)	(6)	(5,862)	(8,078)	(544)	(660,001)
2026	(27)	(6)	(6,118)	(8,431)	(567)	(688,817)
2027	(28)	(6)	(6,382)	(8,795)	(592)	(718,601)
2028	(29)	(6)	(6,655)	(9,171)	(617)	(749,278)
2029	(30)	(7)	(6,936)	(9,557)	(643)	(780,876)
2030	(30)	(7)	(7,456)	(10,275)	(691)	(839,518)
2031	(31)	(7)	(7,765)	(10,700)	(720)	(874,214)
2032	(32)	(7)	(8,079)	(11,132)	(749)	(909,560)
2033	(33)	(7)	(8,402)	(11,578)	(779)	(945,966)
2034	(33)	(7)	(8,707)	(11,999)	(807)	(980,355)
TOTAL:	(323)	(72)	(78,042)	(107,543)	(7,236)	(8,786,694)

Source: Tiberius Solutions

Figure 16. Projected Impact on Taxing District Permanent Rate Levies – Education

FYE	Clackamas Community College	Clackamas ESD	Gladstone School District	North Clackamas School District	Oregon City School District	Subtotal Education	Total All
2024	(45,229)	(29,874)	(393,928)	(52)	(218)	(469,301)	(1,108,808)
2025	(46,678)	(30,832)	(406,552)	(53)	(224)	(484,340)	(1,144,341)
2026	(48,716)	(32,178)	(424,307)	(55)	(231)	(505,487)	(1,194,304)
2027	(50,823)	(33,569)	(442,657)	(56)	(238)	(527,344)	(1,245,945)
2028	(52,993)	(35,002)	(461,559)	(58)	(245)	(549,857)	(1,299,135)
2029	(55,227)	(36,478)	(481,027)	(60)	(253)	(573,045)	(1,353,921)
2030	(59,375)	(39,218)	(517,166)	(62)	(260)	(616,080)	(1,455,599)
2031	(61,829)	(40,839)	(538,543)	(64)	(268)	(641,543)	(1,515,757)
2032	(64,329)	(42,490)	(560,321)	(65)	(276)	(667,481)	(1,577,041)
2033	(66,903)	(44,191)	(582,752)	(67)	(284)	(694,198)	(1,640,164)
2034	(69,336)	(45,797)	(603,951)	(67)	(284)	(719,435)	(1,699,790)
TOTAL:	(621,438)	(410,468)	(5,412,763)	(659)	(2,781)	(6,448,111)	(15,234,805)

Source: Tiberius Solutions

Figure 17 shows the projected increased revenue to the taxing jurisdictions after tax increment proceeds are projected to be terminated. These projections are for FYE 2035.

The Frozen Base is the assessed value of the Area established by the county assessor at the time the Area is established. Excess Value is the increased assessed value in the Area above the Frozen Base.

Figure 17. Additional Revenues Obtained after Termination of Tax Increment Financing – FYE 2035

Taxing District	Tax Rate	From Frozen Base	From Excess Value	Total
General Government				
City of Gladstone	4.8174	195,788	663,802	859,590
Clackamas County City	2.4042	97,712	331,282	428,994
County Extension & 4H	0.0500	2,033	6,890	8,923
County Library	0.3974	16,152	54,759	70,911
County Soil Conservation	0.0500	2,033	6,890	8,923
FD 1 Clackamas County	2.4012	0	37	37
Park North Clackamas	0.5382	0	8	8
Port of Portland	0.0701	2,849	9,658	12,507
Metro	0.0966	3,925	13,310	17,235
Vector Control	0.0065	265	895	1,160
Subtotal Gen. Govt.	10.8316	320,757	1,087,531	1,408,288
Education				
Clackamas Community College	0.5582	22,686	76,917	99,603
Clackamas ESD	0.3687	14,985	50,805	65,790
Gladstone School District	4.8650	197,724	669,980	867,704
North Clackamas School District	4.8701	0	74	74
Oregon City School District	4.9629	0	313	313
Subtotal Education	15.6249	235,395	798,089	1,033,484
TOTAL:	26.4565	556,152	1,885,620	2,441,772

Source: Tiberius Solutions

IX. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality’s total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base (assumed to be FYE 2024 values), including all real, personal, personal, manufactured, and utility properties in the Area, for the Area after the Amendment is projected to be \$40,642,079. The Clackamas County Assessor will certify the new frozen base of the new properties once the urban renewal plan amendment is adopted. This will be added to the existing frozen base.

The total assessed value of the City of Gladstone in FYE 2024 is \$1,144,599,002¹.

The percentage of total City assessed value in the urban renewal area is 3.83%, below the 25% threshold. ORS 457.160 (2)(b) states “For municipalities having a population of less than 50,000, according to the latest state census:

- A. The assessed value for the urban renewal areas of the plan, when added to the total assessed value previously certified by the assessor for other urban renewal plans of the municipality for which a division of ad valorem taxes is provided, exceeds a figure equal to 25 percent of the total assessed value of that municipality, exclusive of any increased assessed value for other urban renewal areas and without regard to adjustments made pursuant to [ORS 457.435](#).”

The Area contains 335.3 acres, including public rights-of-way. The City of Gladstone contains 2,560 acres. This puts 13.1% of the City’s acreage in an urban renewal area, which is below the 25% threshold.

Figure 18. Acreage calculations for the Gladstone Urban Renewal Area

	Acres		Acres
Original Area Acreage	284.535		
20% of Original Acreage	56.907		
Previous Additions			
8-Feb-05	2.8	9-Jun-09	1.05
12-Jul-05	2.28	12-Oct-10	10.55
13-Dec-05	1.585	Dec-16	2.95
10-Oct-06	1.73	Total Acres Added	29.215
13-Mar-07	2.62	2024 Amendment	21.5
10-Apr-07	2.21	Total Urban Renewal Acreage	335.5
8-May-07	1.44	Remaining Capacity	6.192

¹ Clackamas County Assessor FY 2023/2024 SAL 4a Report.

Figure 19. Urban Renewal Area Conformance with Assessed Value and Acreage Limits

	Acreage	Assessed Value
A. Gladstone Urban Renewal Area		\$10,050,413
B. Excess Value of Existing URA		\$83,965,145
C. Estimated Amendment Area Assessed Value		\$30,591,666*
D. Total Gladstone Urban Renewal Area	335.5	\$40,642,079
E. City of Gladstone	2,560	\$1,144,599,002
% of City Assessed Value =C/(E-B)	13.1%	3.83 %
% of City Acreage		

Source: Compiled by Elaine Howard Consulting, LLC with data from Tiberius Solutions LLC, City of Gladstone, and Clackamas County Department of Assessment and Taxation (FYE 2024)

*Estimated value, exact value will be set by the Clackamas County Assessor upon adoption of the Amendment

X. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

A. Physical Conditions

1. Land Use

The Area measures 335.25 total acres in size, which is composed of 216 individual parcels encompassing 216.07 acres, and an additional 119.18 acres in public rights-of-way. An analysis of FYE 2024 property classification data from the Clackamas County Department of Assessment and Taxation database was used to determine the land use designation of parcels in the Area. By acreage, Commercial (50.89%) accounts for the most prevalent land use within the Area. This was followed by Exempt (29.84%). Exempt properties do not produce property tax revenue and are owned by a governmental entity or a non-profit. Detailed land use designations in the Area can be seen in Figure 20.

Figure 20. Land Use in the Area

Land Use	Parcels	Acres	Percent of Acres
Commercial	88	109.97	50.89%
Exempt	23	64.48	29.84%
Residential	86	13.79	6.38%
Multi-Family	7	13.24	6.13%
Tract	3	11.52	5.33%
Industrial	9	3.08	1.42%
TOTAL:	216	216.07	100.00%

Source: Compiled by Elaine Howard Consulting with data from the City of Gladstone

2. Comprehensive Plan Designations

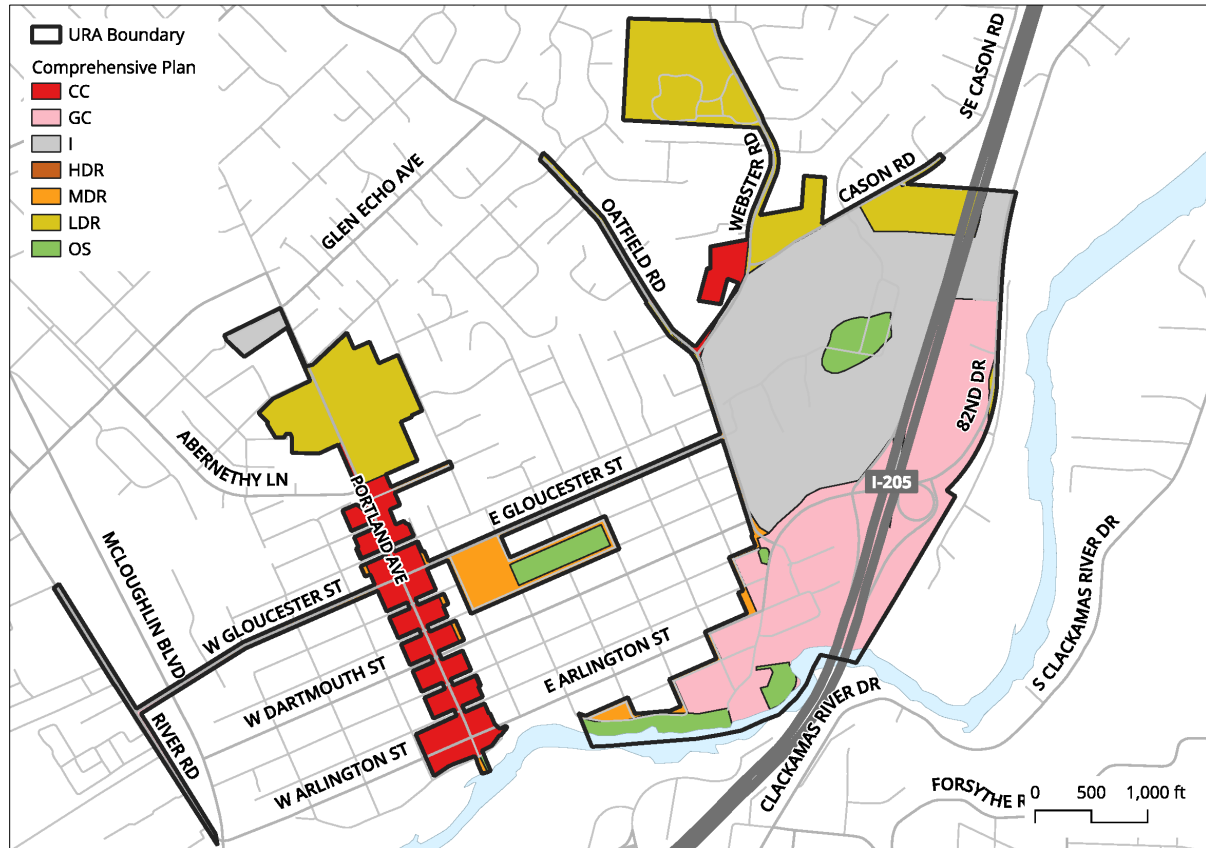
The most prevalent comprehensive plan designation by acreage in the Area is Industrial (40.96%). The second most prevalent comprehensive plan designation in the Area is Low Density Residential (25.19%). Detailed comprehensive plan designations in the Area can be seen in Figure 21 and Figure 22.

Figure 21. Comprehensive Plan Designations in the Area

Designation	Tax Lots	Acres	Percent of Acres
Industrial (I)	17	88.50	40.96%
Low Density Residential (LDR)	10	54.43	25.19%
General Commercial (GC)	52	35.98	16.65%
Community Commercial (CC)	123	21.32	9.86%
Multi Family Residential (HDR)	8	8.59	3.98%
Open Space (OS)	3	6.24	2.89%
Medium Density Residential (MDR)	3	1.01	0.47%
TOTAL:	216	216.07	100.00%

Source: Compiled by Elaine Howard Consulting, LLC with data from the City of Gladstone

Figure 22. Comprehensive Plan Designations



Source: Tiberius Solutions

3. Zoning Designations

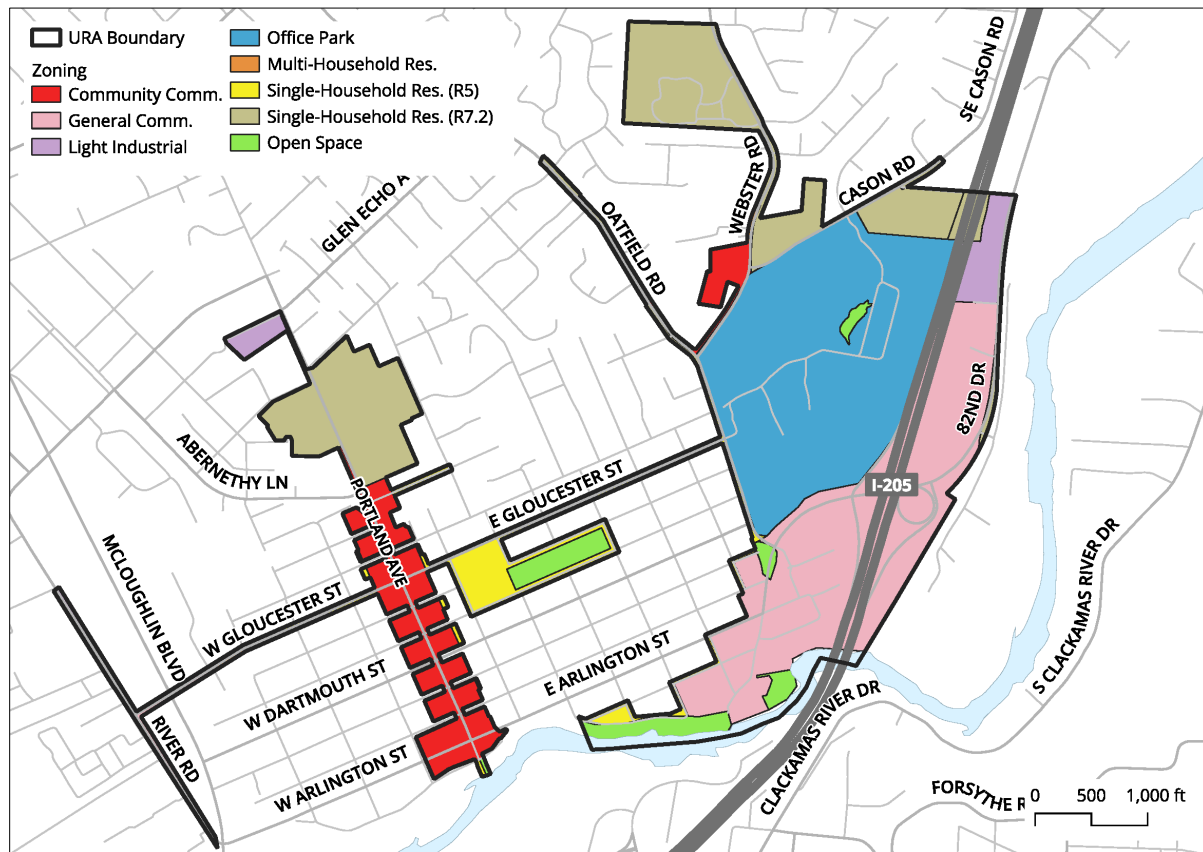
The most prevalent zoning designation by acreage in the Area is Office Park (38.15%). The second most prevalent zoning designation in the Area is Single Household Residential 2 (25.19%). Detailed zoning designations in the Area can be seen in Figure 23 and Figure 24.

Figure 23. Zoning Designations in the Area

Designations		Tax Lots	Acres	Percent of Acres
Office Park (OP)		5	82.43	38.15%
Single Household 2 (R-5)	SFR 2	10	54.43	25.19%
Commercial General (C-3)	CG	53	36.70	16.99%
Community Commercial (C-2)	CC	123	21.32	9.86%
Multi Household (MR)	MR	8	8.59	3.98%
Open Space (OS)	POS	3	6.24	2.89%
Light Industrial (LI)	LI	12	6.07	2.81%
Single Household 3 (R-7.5)	SFR 3	2	0.29	0.13%
TOTAL:		216	216.07	100.00%

Source: Compiled by Elaine Howard Consulting with data from the City of Gladstone

Figure 24. Zoning in the Area



Source: Tiberius Solutions

B. Infrastructure

This section identifies the existing conditions in the Area to assist in **establishing blight in the ordinance adopting the urban renewal plan.** There are projects identified by the City of Gladstone in itemizing blighting conditions in the Area. **This does not mean that all of these projects are included in the urban renewal plan.** The specific projects that are included in the Plan are listed in Sections II and III of this Report, in the 2024 Plan Amendment and in the original Plan.

1. Storm

CIP A2.1 - Install 2,650 feet of 48" storm line from Jersey Street. to the Clackamas River on Portland Avenue.

2. Sanitary

CIP 13 - Upsize 480 feet of pipe from 8" to 10" from Jersey Street. to Hereford Street.

The city engineer also recommends installing a liner in the existing pipe from Hereford Street to Clackamas Boulevard.

3. Streets

CIP P16 - Widen sidewalks from Arlington St to Abernathy Ln on Portland Avenue.

CIP P37 - Install an enhanced crossing at Portland Avenue and Arlington Street.

CIP P45 – Install curb extensions on Portland Ave at every major intersection from Arlington Street to Nelson Lane.

CIP B8 – Remove the center two-way left turn lane and install on-street bike lanes from Clackamas Boulevard to Arlington Street.

CIP B9 – Remove the center two- way left turn lane and install on-street buffered bike lanes from Arlington Street to Abernathy Lane.

CIP B39 – Install enhanced bicycle crossing to facilitate travel to/from Trolley Trail along Abernathy Lane.

C. Social Conditions

Only 17% of the acreage in the Area is a residential use. The social conditions identified below are for the city of Gladstone as there are so few residential uses in the Area. Census facts for the Area are :

- The city of Gladstone has a population of 11,865 in 2024.
- There are 4,904 households in the city with 2.41 persons per household.
- The median value of an owner-occupied house is \$441,200.
- Ninety-two percent of the residents have a high school education and 26% have a bachelor’s degree or higher.
- Approximately 10% of the residents identify as Hispanic or Latino.
- The mean travel time to work is 24 minutes.
- The median household income is \$88,043 in 2022 dollars.
- Approximately 17% of the residents live in poverty.
- Race is shown in Figure 25.
- Age is shown in Figure 26.

Figure 25. Race

Race	Percent
White alone	81.1%
Black or African American alone	1.9%
American Indian and Alaska Native alone	.8%
Asian alone	2.0%
Native Hawaiian and Other Pacific Islander alone	0%
Two or more races	9.9%
Hispanic or Latino	9.9%

Source: American Community Survey 2016-2020 Five Year Estimates

The Age in the Area figure below shows the breakdown of ages in the Area.

Figure 26. Age

Age	Percent
Under 5 years	3.1%
Under 18 years	17.1%
Between 18 and 65	61.2%
65 years and older	18.6%

Source: American Community Survey 2016-2020 Five Year Estimates

D. Economic Conditions

1. Taxable Value of Property within the Area

The frozen base of the Area in FYE 2024 is \$10,050,413². Once the Amendment is adopted, the frozen base is estimated to be \$40,642,079. The excess value, or incremental value in FYE 2024 is \$83,965,145.³

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the "Improvement to Land Value Ratio," or "I:L." The values used are real market values. In urban renewal areas, the I:L is often used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives.

Figure 27 shows the improvement to land ratios (I:L) for properties within the Area. Exempt properties account for 29.84% of the properties. Sixty tax lots representing 8.03% of the acreage have I:L ratios less than 1.0. In other words, the improvements on these properties are worth less than the land they sit on. A reasonable I:L ratio for properties in the Area is 2.0. Forty-eight of the 216 tax lots in the Area, totaling 19.15% of the acreage have I:L ratios of 2.0 or more in FYE 2024. In summary, the Area is underdeveloped and not contributing significantly to the tax base in Gladstone.

Figure 27. Improvement to Land Ratios in the Area

Improvement to Land Ratio	Tax lots	Acres	Percent of Acres
Exempt	23	64.48	29.84%
No Improvement Value	5	1.32	.61%
0.01-0.50	18	7.92	3.66%
0.51-1.00	37	8.13	3.76%
1.01-1.50	56	81.99	37.95%
1.51-2.00	29	10.85	5.02%
2.01-2.50	14	4.03	1.87%
2.51-3.00	11	10.27	4.75%
3.01-4.00	9	3.73	1.73%
> 4.00	14	23.34	10.80%
TOTAL:	216	216.07	100.00%

Source: Compiled by Elaine Howard Consulting with data from the city of Gladstone

² Clackamas County Assessor Sal 4e FY 2023-24

³ Ibid.

E. Impact on Municipal Services

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

The projects being considered in the Amendment for future use of urban renewal funding are for facilitating transportation improvements to allow for better connections and to develop programs to provide incentives for development in the Area, creating a more vibrant and economically viable downtown. The use of tax increment allows the City to add an additional funding source to the city of Gladstone's other funding sources to allow these projects to be completed.

The financial impacts from tax increment collections will be countered by future economic development, creation of additional housing opportunities in Gladstone, and, in the future, adding increases in assessed value to the tax base for all taxing jurisdictions, including the City.

XI. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to provide the ability to fund projects and programs necessary to cure blight within the Area. The outcome of implementing these projects is anticipated to be an increase to the economic growth in Gladstone by providing infrastructure improvements inside the Area to assist with economic development.

XII. RELOCATION REPORT

When the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance. The Agency will comply with all applicable state law in providing these potential benefits.