

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 3/13/18 **Approx. Start Time:** 1:30pm **Approx. Length:** 30 min

Presentation Title: Approval of a Resolution Approving the City of Wilsonville's Year 2000 Urban Renewal (UR) Plan Amendment

Department: Business and Community Services

Presenters: Nathan Boderman, Assistant County Counsel

Other Invitees: Mayor Tim Knapp, City of Wilsonville

Nancy Kraushaar, Community Development Director, City of Wilsonville

Jordan Vance, Economic Development Manager, City of Wilsonville

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval of a Resolution Approving the City of Wilsonville's Urban Renewal (UR) Plan Amendment. Clackamas County must vote to approve the amendment as there are unincorporated Clackamas County properties in the Year 2000 Urban Renewal Area. The amendment increases the Maximum Indebtedness and adds a project. In addition, there are two issues needing concurrence:

1. Maximum Indebtedness increase
2. Continuation of alternative revenue sharing program

EXECUTIVE SUMMARY:

City of Wilsonville staff presented to the Clackamas County Board on the Year 2000 Urban Renewal Plan Amendment on February 15, 2018. The Board voiced concerns about primarily the financial impact to the County and asked staff to assess ways in which to minimize that impact. The March 13 Policy Session is to discuss the Year 2000 Urban Renewal Amendment, how the City of Wilsonville has been a responsible partner, and how the amendment will benefit the County.

The City of Wilsonville has proposed an amendment to the City's Year 2000 Urban Renewal Plan that would increase the maximum indebtedness by approximately \$14 Million and extend the life of the Urban Renewal Plan by three years to 2023. The amendment would help to fund a new project to fix the "Boeckman Road Dip" by constructing over Boeckman Creek a new bridge complete with sidewalks and bike lanes. This project increases public safety of travel for all modes of transportation and facilitates development of an estimated 1,750 single-family residential units in the Frog Pond urban growth area of Clackamas County. Boeckman Road is a primary arterial and one of only three east-west arterials that crosses the city.

Since the proposed increase in the Maximum Indebtedness exceeds the City's authority under Oregon Revised Statute, the City must obtain "concurrence" in order to make changes or amend an UR District Plan. The State requires that taxing districts representing 75% of the permanent rate levy in that urban renewal area consent to the amendment. The County is a

major player in that plan, so the City must have “concurrence” (permission) from the County in order to proceed.

As a part of this Urban Renewal Amendment, the City is requesting that the County consent to a continuation of the alternative Revenue Sharing Agreement that the City is using for this specific urban renewal area as set forth in the City’s Urban Renewal Agency’s Resolution No. 156. As stated in the materials provided by the City of Wilsonville, the impacts to the underlying taxing districts under the alternative revenue sharing and the revenue sharing formula required in statute are virtually the same under either scenario.

In addition, a portion of the urban renewal plan area extends beyond the boundaries of the City of Wilsonville into Clackamas County. While state law requires the City of Wilsonville to approve the plan amendment, because the plan amendment affects land outside of city limits, ORS 457.105 requires that the County approve the amendment as well. As required by ORS 457, the City of Wilsonville has prepared and provided to the County the Year 2000 Urban Renewal Plan amendment along with reports which contains background information and project details.

The impacts to the county are calculated on the full urban renewal area, and consist of the marginal increase in property tax revenue due to growth diverted to the Urban Renewal District rather than that increase accruing to Clackamas County. It is important to note that property taxes to the County do not decrease; it is the projected increase of taxes due to growth that the County foregoes for an additional three years. These impacts of taxes foregone are projected to be \$2.6 million dollars over the life of the amendment through FYE 2023, compared to the projected overall property tax revenue to the County of \$545 million over that same time period.

However, once the urban renewal area is terminated in FYE 2024 the county is projected to receive over \$1.2 million per year from the value created in the Y2000 Urban Renewal Area. This is a sum of the increment over the frozen base, including what would have been with the county through revenue sharing. In addition, there will be significant increases to the tax base from development of properties in the Frog Pond area, estimated to add \$1.4 million per year at build-out to annual county gross tax collection.

The basic premise of urban renewal tax-increment financing is that it is an effective tool for having the private-sector underwrite the costs of new development. By selling bonds to finance the infrastructure that serves new development, the City’s urban renewal agency is able to “capture” the incremental increase in assessed value generated by private-sector development to pay-off the bonds. Once the bonds are paid off and urban renewal area is retired, all taxing jurisdictions benefit from a greatly increased revenue flow generated by the increase in assessed value created by new development.

The City contends that it has been a good partner with the County, school district and other taxing jurisdictions by working with other local governments to strategically use the urban renewal development tool. The City has voluntarily maintained a \$4 million “cap” on urban renewal revenues since Fiscal Year 2005 by either returning properties to the tax rolls (2005 to 2009) or by under-levying (since 2010) the amount that could be collected by the City’s urban renewal agency so as to share property-tax revenue with the overlapping jurisdictions.

FINANCIAL IMPLICATIONS (current year and ongoing):

- \$2.6 Million in foregone tax revenue over the proposed three-year extension period.
- \$1.4 Million projected in annual county gross revenue in 2018 equivalent dollars from Frog Pond residential build-out of 1,750 units

- \$1.2 Million projected in annual county gross revenue in 2024 once Year 2000 Urban Renewal area is terminated

STRATEGIC PLAN ALIGNMENT:

- How does this item align with the County's Performance Clackamas goals?
 - Build public trust through good government.

LEGAL/POLICY REQUIREMENTS: ORS 457

PUBLIC/GOVERNMENTAL PARTICIPATION:

OPTIONS:

1. Advance the Year 2000 Urban Renewal amendment and authorization to continue the alternative revenue sharing agreement to an upcoming Business Meeting for approval.
2. Decline to approve the Year 2000 Urban Renewal amendment.

RECOMMENDATION:

BCS staff is supporting of the City of Wilsonville's requests and recommends that the Board consider the resolution approving the Year 2000 Urban Renewal amendment and authorizing continuation of the alternative revenue sharing agreement at an upcoming Business Meeting.

ATTACHMENTS:

1. Year 2000 Urban Renewal Amendment Policy Session Presentation

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact Nathan Boderman @ 503-655-8364



Wilsonville Year 2000 URA Amendment

Clackamas County Public Policy Session

March 13, 2018

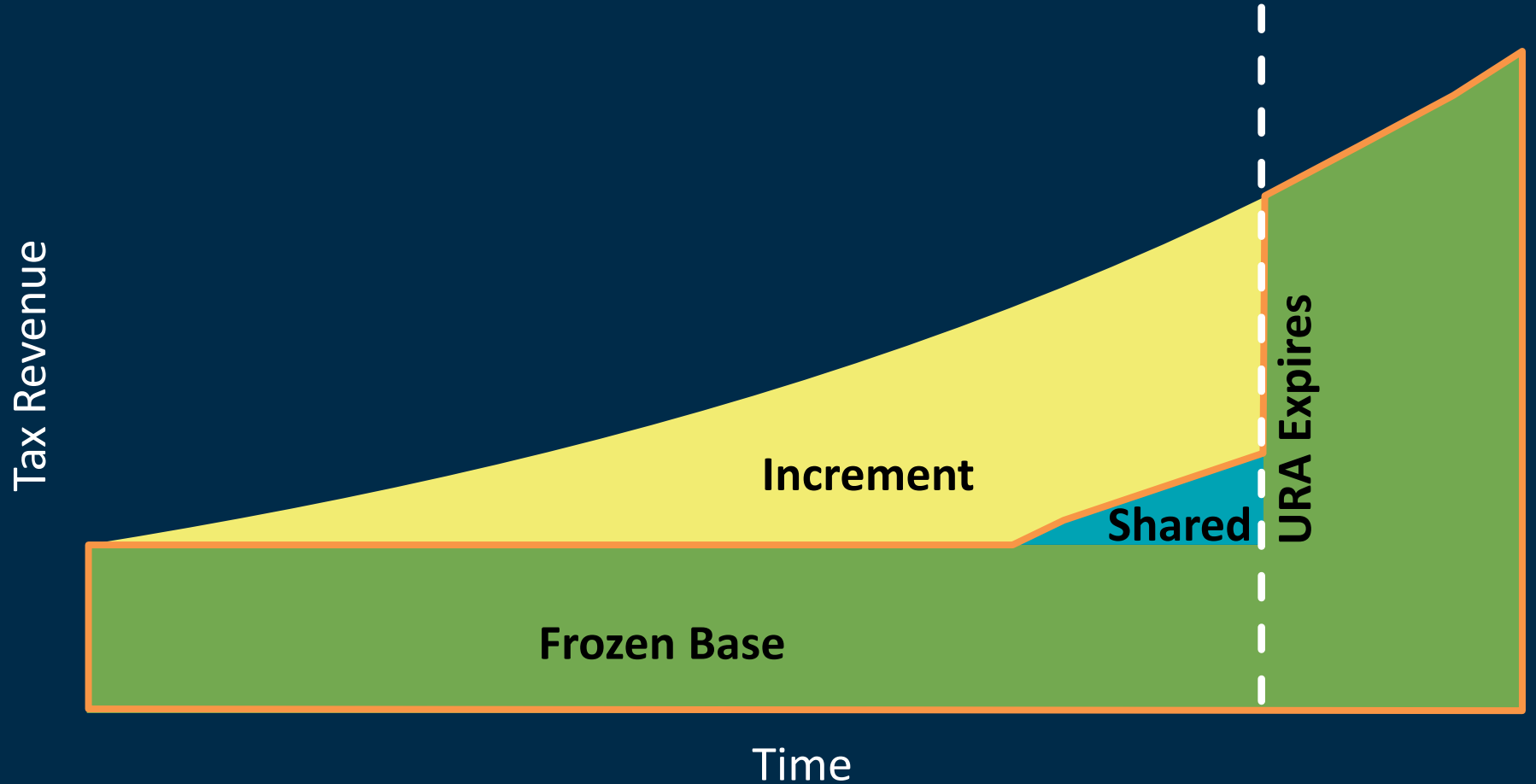
Presented by:

City of Wilsonville Mayor Tim Knapp

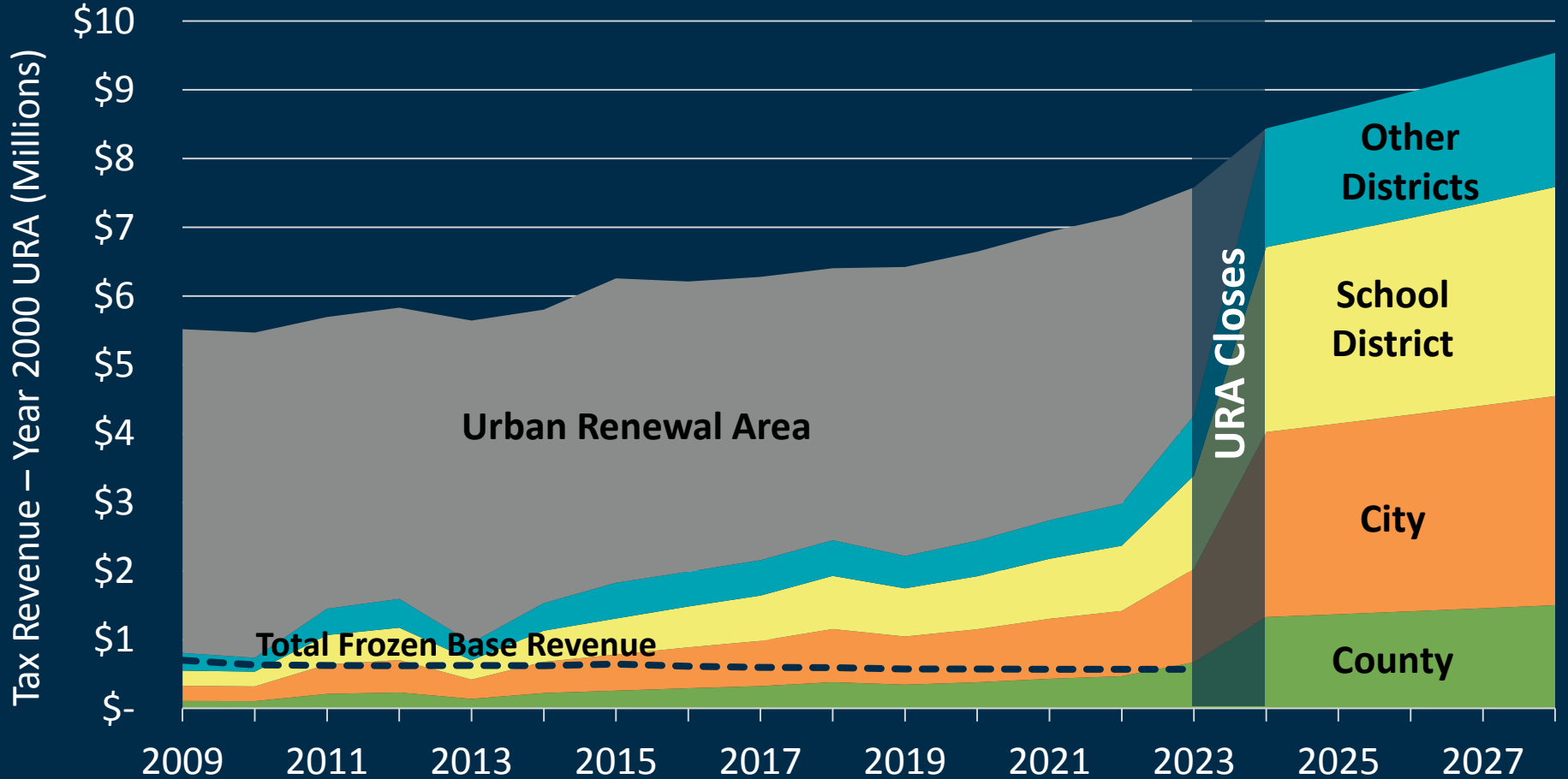
Nancy Kraushaar, PE, Community Development Director

Jordan Vance, Economic Development Manager

Urban Renewal 101



Urban Renewal in Wilsonville

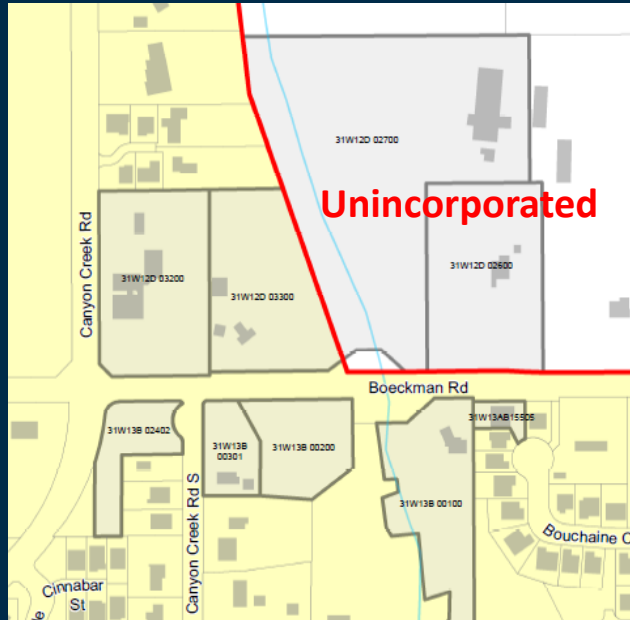


Amendment Specifics

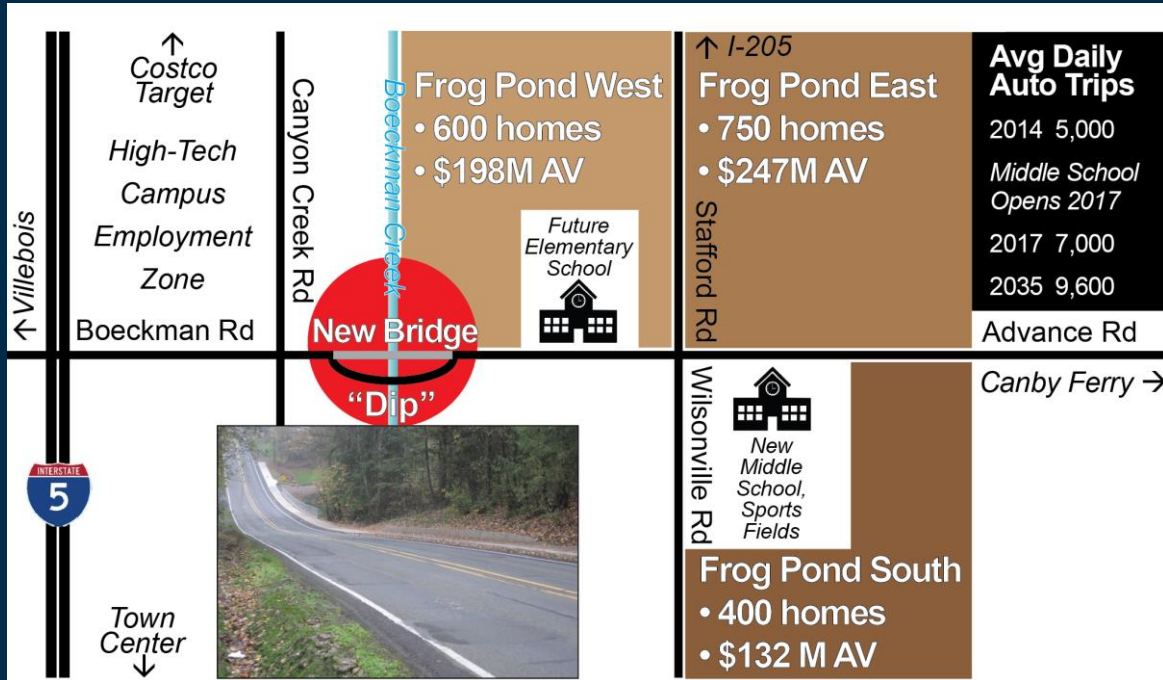
- Add Boeckman Dip Bridge project
- Maximum indebtedness increase
- Revenue Sharing – keep present revenue sharing model

Actions Required of County

- Approval of amendment: unincorporated properties
- Concurrence with maximum indebtedness increase
- Consent to Alternative Revenue Sharing



Boeckman Dip Bridge: Why is This Project Needed?



- Frog Pond residential build out will add ~1,750 new homes
- Add projected \$1,388,000 to annual county gross tax collections* and significant revenue to other taxing jurisdictions



*Based on lower-end of residential build-out estimate at 1,750 new homes

Engaging Our Partners

Wilsonville Urban Renewal Strategic Plan

- Developed in 2014, guided by Task Force including Clackamas County, TVF&R, School District and Chamber representatives
- Use Urban Renewal only for infrastructure and specific projects to leverage significant private investment
- West Linn/Wilsonville School District compression issues: To reduce impacts, delay Year 2000 Urban Renewal District closure
- Continue to convene Task Force during implementation



City & Private Sector Contribution

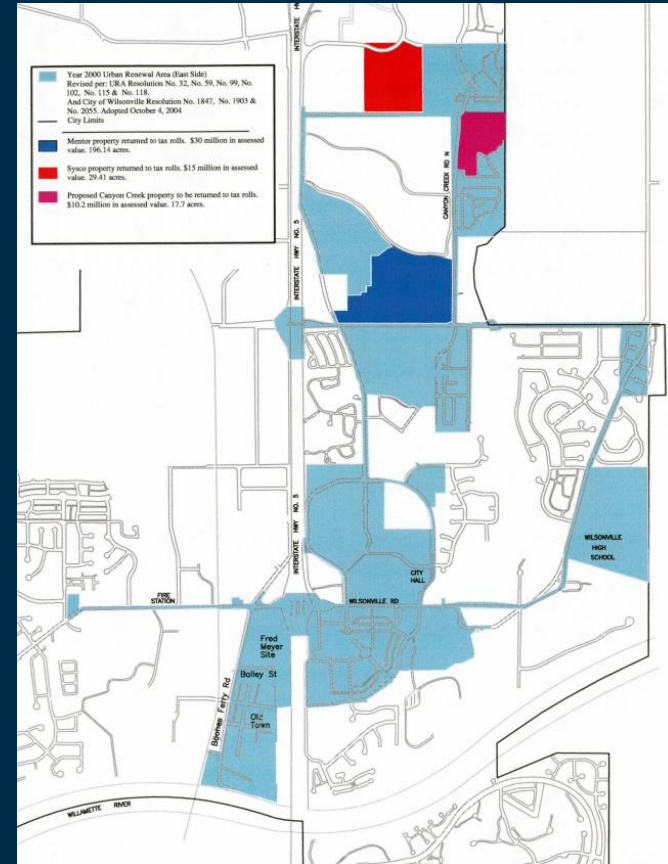
- City SDCs to pay for south half of Boeckman Road Improvements (urban upgrade for Frog Pond West)
- Per door Infrastructure Supplemental Fee created for Frog Pond West for needed parts of Boeckman and Stafford Roads, sewer, water, and parks infrastructure



Minimizing Impact to our Partners

- Revenue sharing since 2005 by removing properties from the district

Properties Removed	2006-07 AV	2017-18 AV	% Change
Mentor Graphics	\$34.8M	\$53.7M	54%
Sysco	\$17.1M	\$28.9M	69%



Minimizing Impact to our Partners

- Under levying
- Since 2009 legislation, City has chosen to do administrative under levy: Revenue capped at \$4 million annually

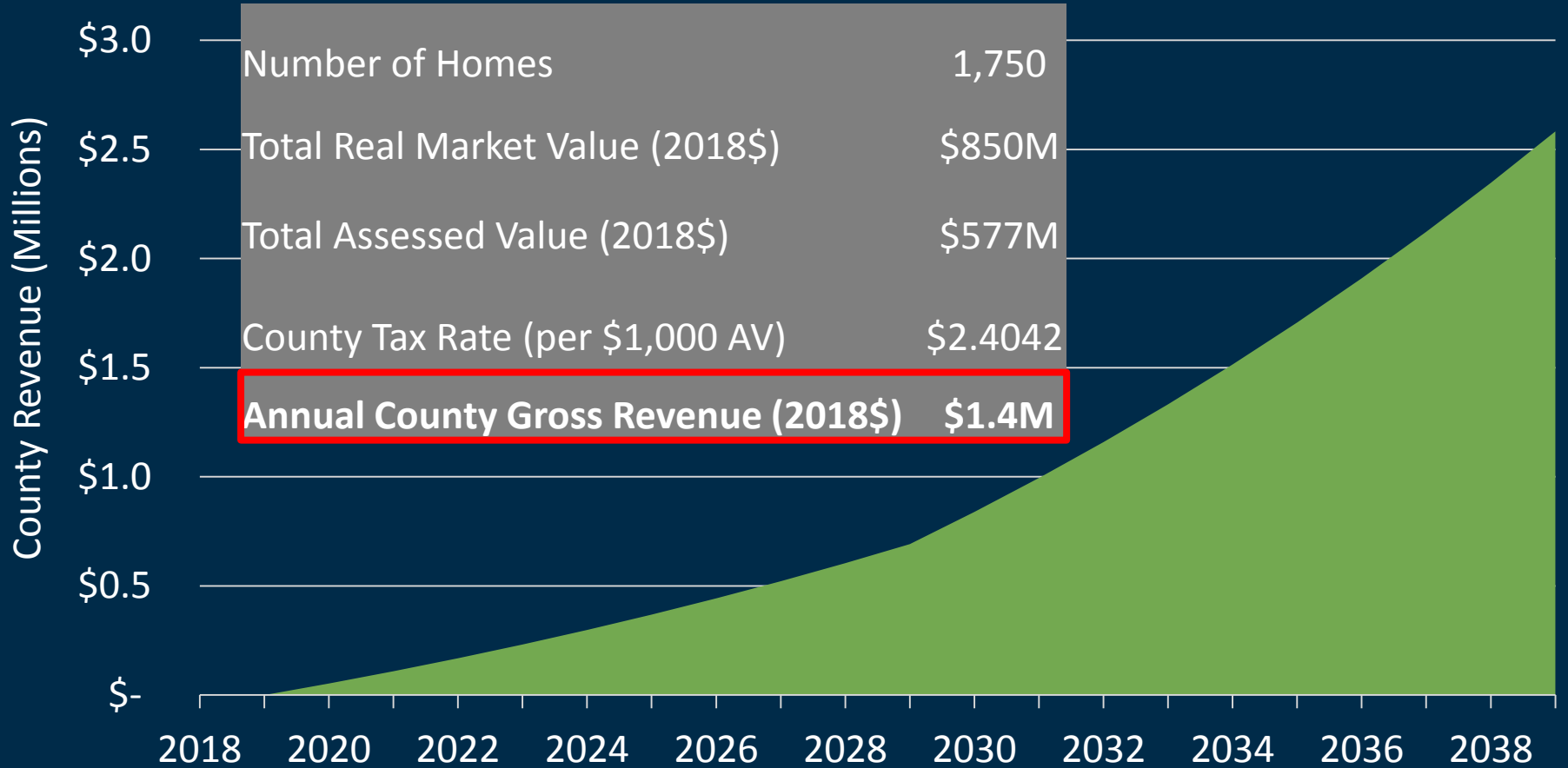


Minimizing Impact to our Partners

Year 2000 URA

FYE	Frozen Base Value	Excess Assessed Value			County Rate	Property Tax Revenue Reverted back to County
		Available to Levy	AV Used for Increment	Reverted Back		
2011	\$44M	\$343.8M	\$300M	\$43.9M	2.4042	\$105,450
2012	\$44M	\$352.7M	\$300M	\$52.7M	2.4042	\$126,678
2013	\$44M	\$343.6M	\$330M	\$13.6M	2.4042	\$32,793
2014	\$44M	\$352.1M	\$303M	\$49.1M	2.4042	\$117,967
2015	\$44M	\$366.7M	\$303M	\$63.7M	2.4042	\$153,076
2016	\$44M	\$381.1M	\$303M	\$78.1M	2.4042	\$187,749
2017	\$44M	\$394.2M	\$303M	\$91.2M	2.4042	\$219,175
2018	\$45M	\$416.5M	\$303M	\$113.5M	2.4042	\$272,972
Total						\$1,215,861

Economic Growth: Benefit to County



Wilsonville Urban Renewal

- Responsible stewards of Urban Renewal
- Adding value and minimizing impact to partners
- Providing infrastructure, developing housing, increasing the tax base and creating jobs

