

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Policy Session Worksheet

**Presentation Date:** April 30, 2019 **Approx. Start Time:** 3:00 pm **Approx. Length:** 30 minutes

**Presentation Title:** Amendment to the Clackamas Industrial Area Urban Renewal Plan

**Department:** Transportation & Development – Clackamas County Development Agency

**Presenters:** David Queener

**Other Invitees:** Nathan Boderman

### **WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

The Agency is seeking guidance on a request by Happy Valley to have the Clackamas Industrial Area (CIA) Development Plan amended to remove an area from its boundary in order for the City to include that area within a new urban renewal plan.

### **EXECUTIVE SUMMARY:**

The CIA Development Plan was adopted on July 26, 1984 and has been subsequently amended. One of the amendments was to add SE 172<sup>nd</sup> Avenue as a project and to add that area into the urban renewal district boundary. The construction of SE 172<sup>nd</sup> Avenue from Sunnyside Road south to Highway 212 has been completed by the County. The CIA is no longer taking division of taxes.

The City of Happy Valley is considering adopting an urban renewal plan focusing on transportation improvements. One of the proposed projects is the construction of SE 172<sup>nd</sup> Avenue north of Sunnyside Road. Legal counsel review has indicated that property cannot be in two urban renewal areas at the same time, even if the CIA is no longer taking a division of taxes.

In order for Happy Valley to include the SE 172<sup>nd</sup> Avenue right of way from Sunnyside Road north into their plan, the CIA must first be amended by removing that area from the its plan. This requires an ordinance to be passed by the Board.

Attachments:

Attachment A: Letter from Happy Valley

Attachment B: Current CIA Boundary Map

Attachment C: Proposed CIA Boundary Map

### **FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget?  YES  NO

- What is the cost?

There are no costs associated with this amendment

- What is the funding source?

Not applicable.

**STRATEGIC PLAN ALIGNMENT:**

- How does this item align with your Department’s Strategic Business Plan goals?

Capital improvements completed by Happy Valley will help residents realize an economically, socially and environmentally sound community.

- How does this item align with the County’s Performance Clackamas goals?

This helps to meet the County’s strategic priority to build public trust through good government.

**LEGAL/POLICY REQUIREMENTS:**

Legal opinion is that an area can only be located within one urban renewal district at any given time.

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

Happy Valley held an open house and convened a working group to develop the draft plan at the request of the City Council.

**OPTIONS:**

- **Option 1:** Authorize the Agency to advance an amendment to the Clackamas Industrial Area Urban Renewal Plan for consideration by the Board at a future business meeting.
- **Option 2:** Direct staff to reduce the amount of area to be removed from the district.
- **Option 3:** Deny the request and maintain the current boundary of the district.

**RECOMMENDATION:**

Staff respectfully recommends that the Board approve Option 1, authorizing the Agency to advance an amendment to the Clackamas Industrial Area Urban Renewal Plan for consideration by the Board at a future business meeting.

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

County Administrator Approval \_\_\_\_\_

For information on this issue or copies of attachments, please contact David Queener at 503-742-4322

Mayor  
Honorable Tom Ellis



City Manager  
Jason A. Tuck, ICMA-CM

April 17, 2019

Clackamas County Board of Commissioners  
Gary Schmidt, County Administrator  
Laurel Butman, Deputy County Administrator  
2051 Kaen Road  
Oregon City, Oregon 97045

Re: Happy Valley Urban Renewal Plan

Dear Commissioners, Ms. Butman and Mr. Schmidt:

The City of Happy Valley ("City") has experienced significant residential and employment growth over the course of the last several years. With undeveloped land inside the city limits, there is still strong demand for future growth which could put a strain on the City's infrastructure. To meet the demands of growth, improvements to infrastructure are necessary. Identified future infrastructure investments for the City, including parks, transportation and public safety improvements, were estimated in 2018 to have a total price tag of \$138.8 million.

The community desires a safe and efficient transportation system, more parks to keep pace with residential development, and a future "downtown" center. The transportation needs have long been identified and designated projects exist formally in the City's Transportation System Plan ("TSP"). The need for future parks is identified in the City's Parks, Recreation & Open Space Plan ("Parks Master Plan") completed in 2017. Parks are an important amenity not only for community livability, but for attracting high quality development for the City.

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Telephone: (503) 783-3800 Fax: (503) 658-5174  
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*Preserving and enhancing the safety, livability and character of our community*

The planning process for the Pleasant Valley/North Carver Comprehensive Plan ("PV/NC Comp Plan") has identified the desire for a traditional downtown to build a sense of place in Happy Valley.

The City has a low tax rate and infrastructure improvements must be paid by sources other than the general fund. In 2018, the City contracted with Tiberius Solutions, LLC to conduct a Happy Valley Systems Development Charges ("SDCs") and Tax Increment Revenue ("TIF") Study. The study indicated that on average over the course of the next 20 years, an estimated 250 new housing units per year will be constructed in Happy Valley. Over this same time period, it is estimated that 177 new employees will be working in Happy Valley each year. From 2019 to 2040, this development will amount to 6,250 new housing units and 4,430 new jobs. The summary implications developed by Tiberius Solutions stated:

*SDCs have the potential to generate significant revenue to fund future infrastructure investments, but these revenues also have significant statutory restrictions. Therefore, these revenues are insufficient to cover the full range of infrastructure investments needed.*

*Urban renewal, through the use of TIF, has even more revenue potential than SDCs.*

*Long-term funding capacity may not be sufficient to address short-term needs. Despite the substantial projections of long-term revenue, the City may still have challenges funding short-term infrastructure investments.*

As a result of this study, the City Council requested staff to prepare an urban renewal plan to help facilitate the construction of the infrastructure investments that are required to accommodate future growth while preserving the quality of life in Happy Valley.

The City convened a Work Group comprised of representatives from Clackamas Fire District No. 1 ("CFD#1"), Clackamas County, North Clackamas School District No. 12 ("NCSD#12"), Happy Valley Business Alliance, City Planning Commission, City Council, business owners, developers, and residents to review the proposed boundary, projects and financial projections for the urban renewal area.

An Open House was held on March 20, 2019 to review urban renewal as a tool, the projects and boundary. In addition, several newsletter articles, social media posts, and website updates were published providing details about the draft plan and contact information for residents to offer feedback. Future opportunities for public input will be at the Agency meeting, Planning Commission meeting and hearing conducted by the City Council.

The Happy Valley Urban Renewal Plan Area ("Plan Area"), shown in Figure 1, consists of approximately 1,631.4 total acres: 1,563.97 acres of land in tax lots and 67.43 acres of public rights-of-way. While 172<sup>nd</sup> Avenue is a Clackamas County owned and maintained facility, the City has included widening and improving the roadway with urban renewal funds as a project in the Happy Valley Urban Renewal Plan ("Plan"). Accordingly, the Plan Area takes in portions of 172<sup>nd</sup> Avenue which, at this time, is in the Clackamas Industrial Area Urban Renewal ("CIA") boundary. The City's urban renewal consultant received a legal opinion that property may not be in two urban renewal areas at the same time, even if the CIA is no longer taking division of tax revenues. To enable the Plan to proceed in its current form and fund improvements to 172<sup>nd</sup> Avenue, the right of way from Sunnyside Road north must be removed from the CIA. The Board of Commissioners is being asked to consider this action through an ordinance amending the CIA boundary. We have coordinated this request with Dan Johnson of your staff who participated as a member of our urban renewal Work Group, with David Queener and with your legal counsel, Nathan Boderman.

The projects in the Plan are mainly transportation infrastructure projects to facilitate increased growth to the east portion of Happy Valley. There is also an acquisition project that will allow for acquisition of properties to develop a future "downtown" for Happy Valley and to acquire property for a future community park in accordance with the Happy Valley Parks, Recreation & Open Space Plan. Properties acquired for a future downtown will eventually be re-sold to developers for the development of the downtown. The development of the park paid for from future SDCs.

It is anticipated that the Plan will take 25 years of tax increment collections to implement. The maximum amount of indebtedness (amount of TIF for projects and programs) that may be issued for the Plan is \$131,000,000 (One Hundred Thirty-One Million dollars).

The impact of creating a new urban renewal area 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 Plan Area. The projections in Table 1 are for impacts to the general government permanent rate levies estimated through FYE 2045.

Table 2 shows the impact to the North Clackamas Parks and Recreation District ("NCPRD"). At the time of the writing of the Plan and Report, there is ongoing litigation regarding whether NCPRD is the service provider for Happy Valley. Should NCPRD's boundary include Happy Valley for the expected life of the Urban Renewal District, the consultant team has also performed the financial analysis included in Table 2. If the NCPRD is deemed a taxing district, the overall impact to the other taxing districts will be reduced by the overall impact to the NCPRD.



Table 1 - Projected Impact on Taxing District Permanent Rate Levies - General Government

FYE	Clackamas County City	City of Happy Valley	County Extension & 4H	County Library	County Soil Conservation	County Fire District 1	Port of Portland	Service 2 Metro	Vector Control	Subtotal General Government
2021	115,308	32,182	2,398	19,060	2,398	115,164	3,362	4,633	312	294,817
2022	179,418	50,075	3,731	29,657	3,731	179,194	5,231	7,209	485	458,730
2023	246,024	68,664	5,117	40,666	5,117	245,717	7,173	9,885	665	629,028
2024	316,162	88,239	6,575	52,260	6,575	315,767	9,218	12,703	855	808,355
2025	389,964	108,837	8,110	64,459	8,110	389,477	11,370	15,669	1,054	997,051
2026	467,589	130,502	9,724	77,290	9,724	467,005	13,634	18,788	1,264	1,195,520
2027	549,198	153,279	11,422	90,779	11,422	548,513	16,013	22,067	1,485	1,404,177
2028	634,961	177,214	13,205	104,955	13,205	634,169	18,514	25,513	1,717	1,623,454
2029	725,053	202,359	15,079	119,847	15,079	724,148	21,141	29,132	1,960	1,853,798
2030	819,657	228,762	17,046	135,484	17,046	818,634	23,899	32,934	2,216	2,095,679
2031	918,964	256,478	19,112	151,899	19,112	917,818	26,795	36,924	2,485	2,349,586
2032	1,023,173	285,562	21,279	169,124	21,279	1,021,896	29,833	41,111	2,766	2,616,023
2033	1,132,487	316,071	23,552	187,193	23,552	1,131,074	33,020	45,503	3,062	2,895,516
2034	1,247,116	348,064	25,936	206,141	25,936	1,245,560	36,363	50,109	3,372	3,188,597
2035	1,367,281	381,601	28,435	226,003	28,435	1,365,575	39,866	54,937	3,697	3,495,831
2036	1,493,212	416,748	31,054	246,819	31,054	1,491,348	43,538	59,997	4,037	3,817,807
2037	1,625,148	453,571	33,798	268,627	33,798	1,623,121	47,385	65,298	4,394	4,155,140
2038	1,763,336	492,138	36,672	291,469	36,672	1,761,136	51,414	70,850	4,767	4,508,455
2039	1,908,032	532,522	39,681	315,386	39,681	1,905,651	55,633	76,664	5,159	4,878,409
2040	2,059,501	574,796	42,831	340,423	42,831	2,056,931	60,049	82,750	5,568	5,265,681
2041	2,218,020	619,038	46,128	366,626	46,128	2,215,252	64,671	89,119	5,997	5,670,979
2042	2,383,874	665,327	49,577	394,040	49,577	2,380,900	69,507	95,783	6,445	6,095,032
2043	2,467,409	688,641	51,315	407,848	51,315	2,464,331	71,943	99,140	6,671	6,308,612
2044	2,552,140	712,289	53,077	421,854	53,077	2,548,955	74,414	102,544	6,900	6,525,249
2045	2,320,106	647,530	48,251	383,500	48,251	2,317,211	67,648	93,221	6,273	5,931,991
<b>TOTAL:</b>	<b>\$30,923,133</b>	<b>\$8,630,489</b>	<b>\$643,105</b>	<b>\$5,111,409</b>	<b>\$643,105</b>	<b>\$30,884,547</b>	<b>\$901,634</b>	<b>\$1,242,483</b>	<b>\$83,606</b>	<b>\$79,063,514</b>

Source: Tiberius Solutions LLC

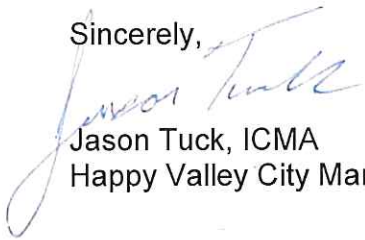
Table 2 - Projected Impact on Taxing District Permanent Rate Levies – NCPRD

FYE	Total Increment	Parks Rate	Gross TIF
2021	50,485,436	0.5382	27,171
2022	77,790,156	0.5382	41,867
2023	106,549,805	0.5382	57,345
2024	136,826,844	0.5382	73,640
2025	168,685,601	0.5382	90,787
2026	202,194,223	0.5382	108,821
2027	237,422,896	0.5382	127,781
2028	274,443,911	0.5382	147,706
2029	313,333,614	0.5382	168,636
2030	354,170,635	0.5382	190,615
2031	397,037,848	0.5382	213,686
2032	442,020,613	0.5382	237,895
2033	489,206,849	0.5382	263,291
2034	538,687,113	0.5382	289,921
2035	590,556,562	0.5382	317,838
2036	644,915,084	0.5382	347,093
2037	701,865,571	0.5382	377,744
2038	761,513,996	0.5382	409,847
2039	823,971,394	0.5382	443,461
2040	889,352,129	0.5382	478,649
2041	957,775,878	0.5382	515,475
2042	1,029,365,909	0.5382	554,005
2043	1,064,866,030	0.5382	573,111
2044	1,101,431,156	0.5382	592,790
2045	1,139,093,235	0.5382	613,060
<b>TOTAL:</b>			<b>\$7,262,235</b>

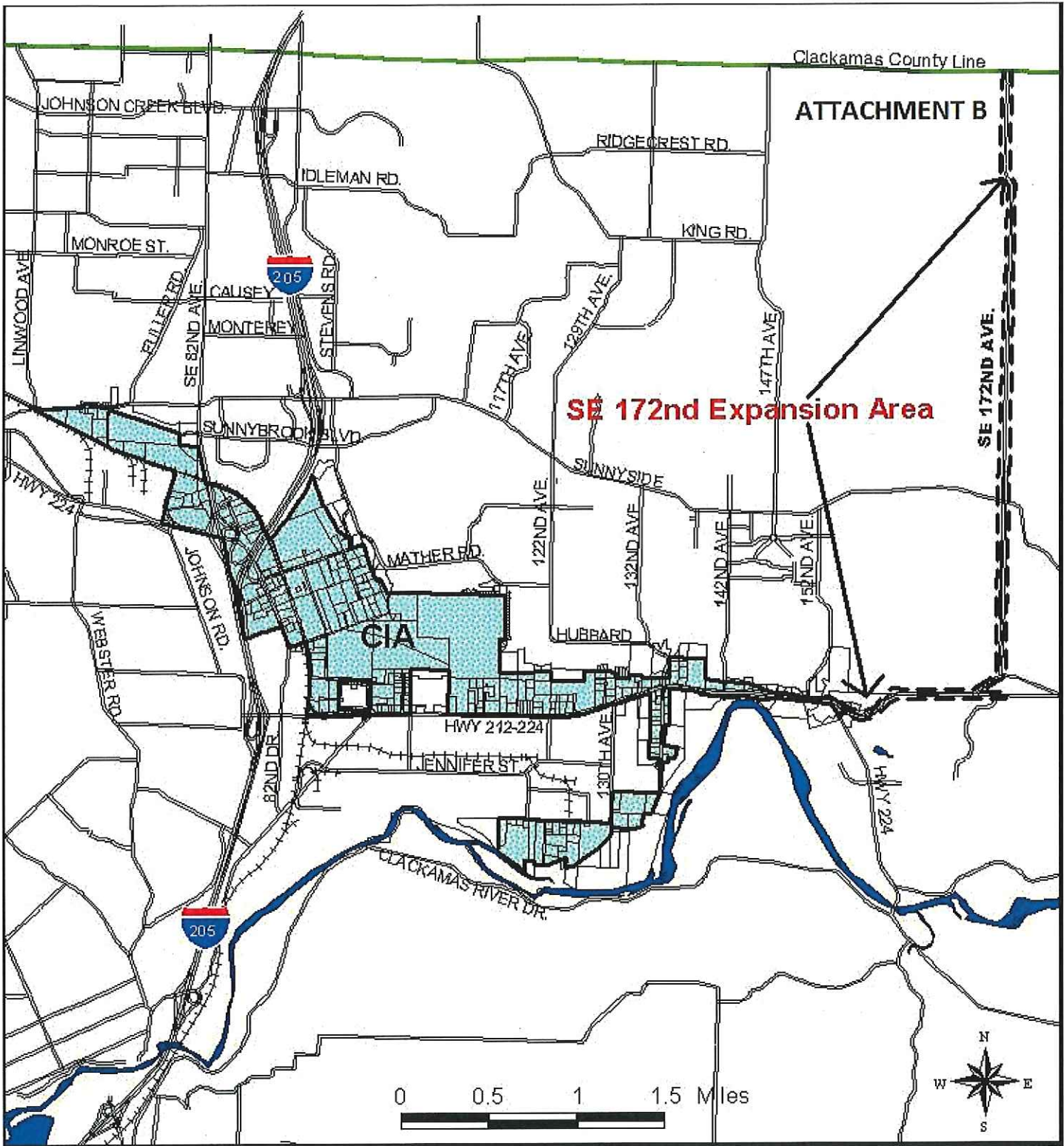
Source: Tiberius Solutions LLC

We will send the draft Plan and Report to you once they are completed. Please let us know if you have any questions on any of this information.

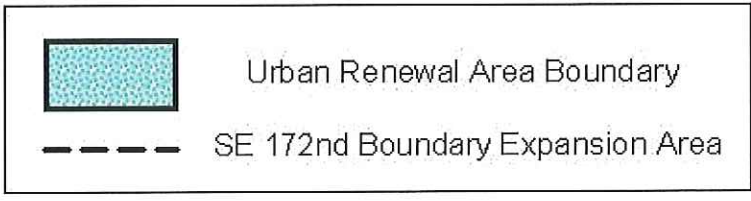
Sincerely,



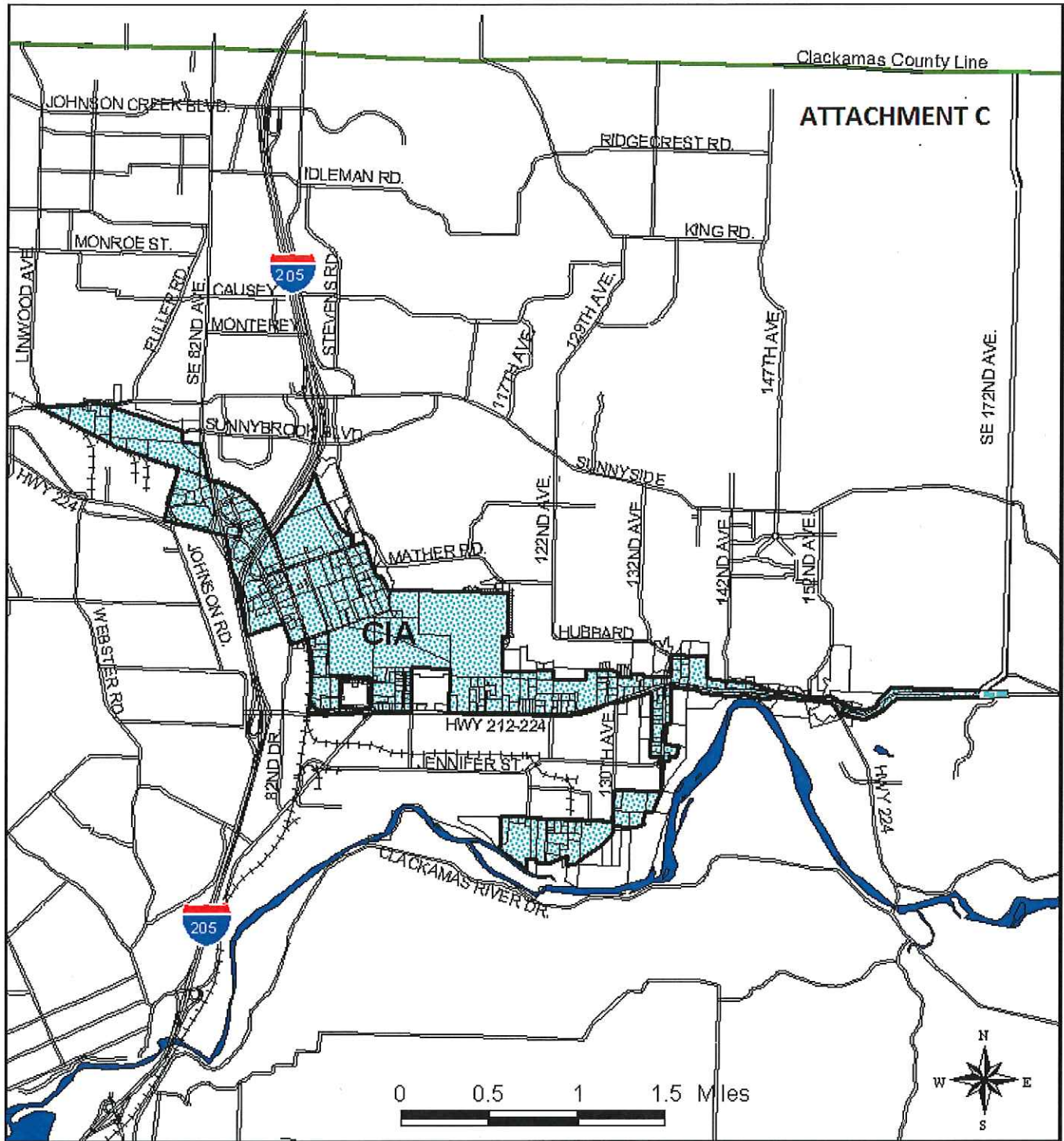
Jason Tuck, ICMA  
Happy Valley City Manager



## CLACKAMAS INDUSTRIAL AREA DEVELOPMENT PLAN BOUNDARY







# CLACKAMAS INDUSTRIAL AREA DEVELOPMENT PLAN BOUNDARY

