

**CITY OF WILSONVILLE
URBAN RENEWAL BUDGET COMMITTEE MEETING MINUTES
WILSONVILLE CITY HALL
29799 SW TOWN CENTER LP E**

June 6, 2018

A regular meeting of the Wilsonville Urban Renewal Budget Committee was held at Wilsonville City Hall on Wednesday, June 6, 2018. Budget Committee Chair Andrew Karr called the meeting to order at 8:26 p.m.

Budget Committee members present:

Tim Knapp	Andrew Karr
Scott Starr	Sam Scull
Susie Stevens	Arthur Park
Kristin Akervall	Paul Bunn
	Bill Amadon

Budget Committee members excused: Charlotte Lehan

Staff present included:

Bryan Cosgrove, City Manager	Delora Kerber, Public Works Director
Susan Cole, Finance Director	Mike McCarty, Parks & Rec. Director
Nancy Kraushaar, Community Develop. Director	Andy Stone, IT Manager
Keith Katko, Finance Operations Manager	Jason LaBrie, Utilities Supervisor
Pat Duke, Library Director	Margie Trader Accounting Technician
Jeanna Troha, Assistant City Manager	Cathy Rodocker, Assistant Finance Director
Scott Simonton, Fleet Manager	Todd Blankenship, Parks Supervisor
Brian Stevenson, Parks & Rec. Program Manager	Zach Weigel, Capital Projects Manager
Katie Macadam, Accountant	Matt Baker, Facilities Supervisor
Tod Blankenship, Parks Supervisor	Ellie Work, Grants & Program Manager
Barbara Jacobson, City Attorney	Dan Carlson, Building Official

APPROVAL OF MINUTES

A. Minutes of June 1, 2017 Urban Renewal Budget Committee Meeting

Motion: Chair Karr moved to approve the minutes of June 1, 2017 Urban Renewal Budget Committee Meeting.

Councilor Starr seconded the motion.

Vote: Motion carried 8 to 0 to 1 with Bill Amadon abstaining.

URBAN RENEWAL BUDGET MESSAGE

Cathy Rodocker, Assistant Finance Director, presented the Budget Message for the proposed FY2018-19 Wilsonville Urban Renewal Budget and highlighted the Year 2000 Plan, Westside Urban Renewal District, and Coffee Creek District via PowerPoint, which included review of the frozen and assessed values, debt, and maximum indebtedness of each district.

Finance Director Cole confirmed a team of consultants was hired for the Urban Renewal Plan to do a projection based on land use, which was one of the ways Staff determined the maximum indebtedness and how much debt the urban renewal district could sustain.

Chair Karr:

- Asked, with the Year 2000 getting close to closing, how close did the City come to the initial plan.
 - Finance Director Cole replied she did not have an answer for that.
 - City Manager Cosgrove replied he did not know off the top of his head, but he could not imagine that the original plan was as robust as what the City ended up with.
- Stated he was thinking of comparing how close the City came to the initial plan compared to Coffee Creek.
 - City Manager Cosgrove said it would be good to look back on both urban renewal plans, but some tweaks had been made to the plans that might make it a little more difficult.

URBAN RENEWAL BUDGET PRESENTATION

Cathy Rodocker, Assistant Finance Director, presented the Urban Renewal Budgets for the Year 2000 Plan, West Side Urban Renewal Districts, and, as applicable, the Coffee Creek District via PowerPoint, reviewing the Capital Projects 5-Year Plan, Capital Project Funds, Debt Service Funds, and Return on Investment.⁸

PUBLIC HEARING/CITIZEN INPUT

Chair Karr opened the public hearing at 8:39 p.m. and read the conduct of hearing format into the record. He confirmed there was no public testimony and closed the public hearing at 8:41 p.m.

URBAN RENEWAL COMMITTEE DELIBERATIONS

A. Motion to approve the FY 2018-19 Urban Renewal Proposed Budget

Motion: Bill Amadon moved Approval of the 2018-19 Proposed Budget for the Urban Renewal Agency in the amount of \$44,421,379; and set the Increment Assessed Value in the West Side Plan District to approximately \$401,210,000 which will generate an estimated levy of \$5,238,840; and set the Increment Assessed Value in the Year 2000 Plan District to approximately \$322,000,000 which will generate an estimated levy of \$4,200,000.

Scott Starr seconded the motion.

B. Discussion

Tim Knapp stated urban renewal was a critical tool that allowed the City to do projects it would not otherwise have the resources to do because it was paid for by the yet-to-be-done development in the urban renewal areas. The initial numbers in the slide showed a very strong history in the Year 2000 District, just shy of a 1,000 percent increase in the assessed value based on where it started. In the West Side District, it was off the charts at about a 3,000 percent increase in assessed value.

- When looking at public monies spent, and the increases that the City did not claim to be totally responsible for, but which it enabled and facilitated in many ways by doing the urban renewal projects to prepare the areas for private sector investment, there was no other comparable tool. The City had a great record of accomplishment and hoped to be able to continue it. Urban renewal, as a mechanism, was under attack in many places, and he cautioned about histories in other places of the country that were not nearly as glowing.
- The City expected State legislation in the coming year that would either eliminate or severely curtail the City's ability to use urban renewal, and the City tried to be proactive on that legislative issue to get the message out. There was a strong message that in many ways the City could be a poster child for the positive things about urban renewal. The City hoped to be able continue the kind of history it had, but it was not a foregone conclusion, especially with the long legislative session coming up in the spring. The City would need to be there and be proactive. He believed the League of Cities and others would be with the City also. It was a story that needed to be told.

Scott Starr agreed. The City had been able to accomplish all it had because it had earned the respect of its citizens to spend the money in a frugal way and in a way that produced a nice return on investment. Otherwise, the ability to spend the money would not be there. Many places had not earned the right, which was probably why there was a push to shut it down. It was a fund that could be abused, but it was also a fund that if smartly invested in the city and with good support from City Staff, it was really one of the only tools leadership had to grow the city the way it had in the past.

- Wilsonville had a lot to be proud of, and he hoped the urban renewal process could be continued. He would like to see the two districts shut down, but that did not mean that something else could not come up in the future.

Chair Karr asked for an example of when urban renewal did not work.

Mr. Starr replied a lot of money could be spent on things that would never generate income into the future, such as a building like city hall; but if the money was put into a road, all of a sudden both sides of the road became great investments for companies to come in or houses to be built, then the revenue would follow.

Chair Karr asked if that was the model Wilsonville's three districts followed.

Mr. Starr replied he had provided a simple example, but Wilsonville had grown its infrastructure to support great opportunities for tax revenue to come in, so that was a gap that was seen in what was spent versus what was coming in. As long as that continued, he believed it was a great recipe for success.

Chair Karr asked if the State was considering not allowing urban renewal and asked what the process would be.

Mr. Knapp responded it was not the State as much as certain interests that represented special taxing districts who wanted to curtail urban renewal because they believed they were disadvantaged. Some private sector people were also philosophically opposed and pointed to urban renewal districts that had gone on for many decades without producing the kind of growth in assessed values percentage-wise as Wilsonville had.

- Questions were asked among some service providers, like fire departments, who believed urban renewal was, in the short run, taking funds away that would otherwise flow to them. The opposing argument was that it was enabling the pie to grow over time and, eventually, the invested money and more would be returned. His perception was that it was a longer-term view that recognized the issue.
- There were also legitimate examples of how the mechanism had been abused and it was not all black or all white. An analogy he liked to use was that of a tool like a carpenter's hammer: if you hit your thumb with it, you could do a lot of damage, but if you use it constructively and plan well, you could build something worth having. In debating the issue, he suggested people not blame the tool, but rather talk about how to responsibly use the tool appropriately.

Mr. Bunn stated the Committee discussed the philosophical opposition to urban renewal last year. He had referred to urban renewal because there had been some discussion about it in late 2016 or early 2017, by certain individuals. The question he raised last year was well answered. In listening to the comments by Mr. Starr and Mr. Knapp, he believed it went back to not only the quality of Staff the City had, but the quality of the leadership as well.

- Inevitably, some district would be unhappy about not getting an increase in revenue, but those issues would not arise if a good relationship were developed between the City leadership and the various service districts. The right kind of leadership would always talk with them, and be open and transparent about what they were doing and why; that was why Wilsonville was so successful.
 - He had worked for a very short time as a contractor with the Portland Development Commission. Portland has had urban renewal districts for a very long time, but the districts had gone through some leadership changes and the business community felt they were cut off and were not being listened too. The agency was now just a shell of what it used to be.
- There were many reasons why people were against urban renewal, but Wilsonville could be an example of how it should be done for many reasons: the Staff, the leadership of City Council, and people working together.

Arthur Park:

- Asked, if legislative changes affected the tool, what the City saw as the alternative to urban renewal.
 - Mr. Cosgrove replied the City did not have an alternative. There were some State programs that other communities could avail themselves of, like enterprise funds; however, socio-economically Wilsonville did not qualify for those. The City tried to mimic it with the TIF zones, but it did not have another tool.

- Urban renewal was the only tool to open up the employment lens. The cost of development was so expensive that there was no private sector person who would come in and make the types of investments necessary without some kind of a public subsidy.
- Inquired if general obligation bonds needed to be issued to cover it.
 - City Manager Cosgrove replied that was possible, but asked if he could imagine taxpayers being willing to provide funding so a corporation could make more of a profit without having to spend money on infrastructure; nobody would pay for it.
 - As to how urban renewal was abused, he offered, just look south to California, which had gotten to the point where the abuses were so bad that the state government shut down all urban renewal. Oregon was not like California. There were some examples of cities that have misused urban renewal, but the decisions were all local, so it was hard to say they did it wrong and Wilsonville did it right.
 - He cited Wilsonville's return on investment. The amount of money that the City had invested versus the value of the private investment was astronomical.
- Asked if urban renewal were shut down in Wilsonville, what would happen to the current outstanding debt?
 - City Manager Cosgrove replied Wilsonville had entered into contracts and the State would not be able to stop the City from fulfilling them. He believed the regulations being looked at would affect any new urban renewal agencies.
- Asked about Coffee Creek, which he understood had not issued any debt. Would they still be able to issue debt on that urban renewal district?
 - City Manager Cosgrove confirmed the Coffee Creek Urban Renewal District was approved, and the City was implementing it. If a new urban renewal district were created, changes to the law before the plan was adopted would affect the new district.
 - Wilsonville had done things over time that other cities had not, like removing property early from the urban renewal district and capping the levies so people were sharing in it. With the TIF zone, caps had not yet been used, but if the City chose to do so, it would take only 75 percent of the revenue and immediately give 25 percent back to the other taxing entities so that they saw a benefit right away.
 - As Mr. Bunn said, relationships were needed with the other taxing districts, and the argument needed to be made, as the Mayor said, to people who argued about impacts but, with the absence of evidence, it was hard to prove. It was not known if development would ever occur without the public subsidy. The City could only point to the amount of investment received over time because it had made those investments. It was undetermined if Coffee Creek would ever develop without urban renewal. He believed it would be hard to do.
- Finance Director Cole stated, when the legislature made changes, they would be made to future urban renewal districts or to future changes to current urban renewal districts.
 - For example, in the West Side District, the legislature made a change that affected the \$5 million cap. The City had done a substantial amendment in 2016 and, while she did not know the year the legislature had made the change, it meant the cap was now at \$5 million. Therefore, because the City amended the plan, the West Side now could not collect more than \$5 million. It was an example of a change that the State made that did affect one of the districts. It did not cause it to shut down; it just affected future changes to that district. Coffee Creek was adopted and, any changes of the

legislature would not affect the base of Coffee Creek. It might have an effect if the City changed Coffee Creek with an amendment or formed a new urban renewal district.

Chair Karr stated he did not know how the City could have achieved the growth it had in the past 15 years without building, for example, infrastructure, which attracted growth. A builder would not want to build the entire infrastructure around their proposed building.

C. Final motion to approve the FY 2017-18 Urban Renewal Proposed Budget

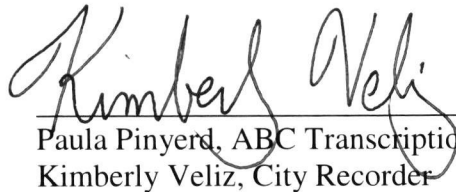
Chair Karr called for a vote.

Vote: Motion carried 9 to 0.

ADJOURN

The 2018-19 Wilsonville Urban Renewal Budget Committee meeting was adjourned at 8:59 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kimberly Veliz", is written over a horizontal line.

Paula Pinyerd, ABC Transcription Services, Inc. for
Kimberly Veliz, City Recorder