

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

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A regular meeting of the Wilsonville City Council was held at the Wilsonville City Hall beginning at 7:00 p.m. on Monday, August 1, 2016. Mayor Knapp called the meeting to order at 7:15 p.m., followed by roll call and the Pledge of Allegiance.

The following City Council members were present:

Mayor Knapp  
Councilor Starr  
Councilor Fitzgerald  
Councilor Stevens  
Councilor Lehan

Staff present included:

Bryan Cosgrove, City Manager  
Jeanna Troha, Assistant City Manager  
Barbara Jacobson, City Attorney  
Sandra King, City Recorder  
Nancy Kraushaar, Community Development Director  
Mike Ward, Engineer  
Jon Gail, Community Relations Coordinator

Motion to approve the order of the agenda.

**Motion:** Councilor Fitzgerald moved to approve the order of the agenda. Councilor Starr seconded the motion.

**Vote:** Motion carried 5-0.

### **MAYOR'S BUSINESS**

Mayor Knapp reported on the regional meetings and events he attended on behalf of the City, and announced the upcoming Council meetings

### **COMMUNICATIONS**

Michael Duyck, Chief of Tualatin Valley Fire & Rescue introduced Public Affairs Officer Mike Dyers, and then presented his annual "State of the District" report. The Chief shared a handout showing the 2015 year-to-date incident snapshot for Wilsonville, with the incidents broken out by type and percentage of calls. Chief Duyck noted the number of calls increased proportionally to the increase in population and talked about the new mobile integrated health partnership program, the successful hands only CPR requirement for high school graduation in Oregon, and the new tiller trucks deployed in 2016.

Councilors asked about the number and type of traffic incidents and fatalities that occurred over the past five years on I-5 between the three Wilsonville interchanges (Elligsen Road, Wilsonville Road and Charbonneau), as well as the number of water rescues and incidents. The Chief will provide the information once it is assembled.

**CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS** – There was none.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

**COUNCILOR COMMENTS, LIAISON REPORTS & MEETING ANNOUNCEMENTS**

Council President Starr – (Park & Recreation Advisory Board Liaison) announced the next meeting date of the Parks and Recreation Board. He asked if the City was recruiting at this time for the new Parks and Recreation Director. The Councilor announced the Farmers Market, and Rotary Concerts.

Mr. Cosgrove said interviews were being held this Monday and Tuesday.

Councilor Fitzgerald – (Development Review Panels A & B Liaison) described the approvals made by the Development Review Board Panels A and B. She invited the public to attend the Movies in the Park, and the Fun in the Park events.

Councilor Stevens – (Library Board and Wilsonville Seniors Liaison) reported the Wilsonville Seniors heard a report from Dick Spence on the possibility of Safeway participating in the community programs the former Thriftway had been involved in. The Councilor talked about the successful summer reading program hosted by the Library and announced the Community Health Fair.

Councilor Lehan – (Planning Commission and CCI Liaison) announced the Planning Commission has been working on the Coffee Creek URA Plan. She reminded citizens Wilsonville Road will be closed at the railroad tracks starting Friday, August 5 through the weekend. The Councilor thanked the citizens of Wilsonville and the surrounding area that attended the Clackamas County open house on the proposal to develop French Prairie farmland for industrial uses.

Councilor Lehan wanted to know about the status of the work being done regarding the number of trucks and speeding on Wilsonville Road.

Mr. Cosgrove indicated data is being collected and a memo will be sent to Council.

Councilor Lehan understood the theater in the High School was to be available to community theater groups since it was partially funded with URA money and asked how the local theater group could use those facilities. The Councilor suggested putting that issue on the list of discussion items for a joint meeting with the School Board.

Mr. Cosgrove will add that and the athletic fields to the issues.

Councilor Lehan invited the public to attend the Brewfest scheduled for August 13 in Villebois in addition to the Relay for Life Benefit set for August 19<sup>th</sup>.

Mike Ward provided information about the closure of Wilsonville Road to accommodate the complete reconstruction of the approaches to and the railroad bed that crosses Wilsonville Road.

Councilor Stevens pointed out the reader board does not have the times of day the road will be closed and asked for that information to be added.

**CONSENT AGENDA**

Ms. Jacobson read the Consent Agenda items into the record.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

**A. Resolution No. 2597**

A Resolution Of The City Of Wilsonville Authorizing The City Manager To Execute A Construction Contract With Pacific Excavation, Inc. For The 2016 Street Maintenance Railroad Crossing Repair (Capital Improvement Project 4014). (Staff - Ward)

**B. Resolution No. 2598**

A Resolution Of The City Of Wilsonville Authorizing Staff To Apply For Regional Flexible Funding Through The Metropolitan Transportation Improvement Program 2019-21 For The Design And Construction Of The I-5 Pedestrian And Bikeway Bridge. (staff -Weigel)

**C. Resolution No. 2599**

A Resolution Of The City Of Wilsonville Approving Application For A Metro Equitable Housing And Development Grant To Fund Creation Of An Equitable Housing Strategic Plan. (staff – Gail)

D. Minutes of the June 20, 2016 and July 7, 2016 Council Meetings. (staff – King)

**Motion:** Councilor Fitzgerald moved to approve the Consent Agenda. Councilor Lehan seconded the motion.

**Vote:** Motion carried 5-0.

**PUBLIC HEARING**

Ms. Jacobson read the title of Ordinance No. 796 into the record on first reading.

**A. Ordinance No. 796 – First Reading**

An Ordinance Making Certain Determinations And Findings Relating To And Approving The Coffee Creek Urban Renewal Plan And Directing That Notice Of Approval Be Published. (staff – Kraushaar)

Mayor Knapp opened the public hearing at 8:10 p.m. and provided the hearing format.

Nancy Kraushaar prepared the following staff report, which is included here to provide background.

**Background**

A potential Coffee Creek urban renewal district was first identified in the 2007 Coffee Creek Industrial Master Plan. That plan envisioned development of a new employment center in north Wilsonville with 1,470 permanent jobs and an estimated annual payroll of \$55 million at build-out. The master plan reported that the area would be zoned for Planned Development Industrial – Regionally Significant Industrial (PDI-RSIA). This designation is appropriate for most light manufacturing, warehousing, distribution, and flex uses and also allows corporate headquarters and technology campuses.

In 2014, a Wilsonville Urban Renewal Task Force (Task Force) was convened to consider and recommend a city-wide urban renewal strategy. The Task Force included representatives from local taxing districts, as well as community and business leaders. The resulting Wilsonville Urban Renewal Strategic Plan recommended that a new urban renewal district be created for the Coffee Creek Industrial Area. The Strategic Plan concluded that in order to attract private-sector industrial development, the Coffee Creek Industrial Area requires a substantial investment in public infrastructure improvements such as new roads, sidewalks and utility lines. Once in place, these public improvements would be expected to then attract private investment and development that is estimated to increase the proposed district's

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

assessed value from a tax base of approximately \$62 million to approximately \$790 million over the life of the district.

The Task Force also recommended that an advisory vote be conducted to determine city-wide citizen support for a new urban renewal district. In November 2015, Wilsonville voters expressed support for creating a new urban renewal district for the Coffee Creek Industrial Area.

With support from voters, City Council directed staff to begin developing an urban renewal plan for the Coffee Creek Industrial Area. Some of the property is in the city limits while some is in unincorporated Washington County. All properties are expected to eventually annex into Wilsonville as development proceeds.

The approval process for the Plan has proceeded in accordance with ORS 457 and is detailed in this report under "Approval Process".

Coffee Creek Urban Renewal Plan

The Coffee Creek Urban Renewal Plan (Plan) area consists of approximately 258.35 acres of land including rights of way and is generally located between Day Road and Ridder Road and 95<sup>th</sup> Avenue and Grahams Ferry Road.

The proposed ordinance approves the Coffee Creek Urban Renewal Plan (Plan) and the accompanying the Coffee Creek Urban Renewal Report (Report). The Report contains goals, objectives, and projects for the development of the area. The goals of the Plan are listed in Section III of the Plan. The specific projects proposed in this Plan are outlined in Sections IV and V and include the improvement and construction of streets and utilities. The overall purpose of the Plan is to use tax increment financing to overcome obstacles to the proper development of the area.

The purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old deteriorated buildings, public spaces which need improvements, a lack of investment, streets and utilities in poor condition or they can lack streets and utilities altogether. The proposed urban renewal area has many properties that are undeveloped or under developed and lacks sufficient infrastructure to serve the planned industrial development.

Urban renewal is unique in that it brings its own financing source: tax increment financing. Tax increment revenues – the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established – are used to repay borrowed funds. The funds borrowed are used to pay for urban renewal projects. The Plan is projected to take 25 years of tax increment revenue collection.

The proposed maximum indebtedness, the limit on the amount of funds that may be spent on administration, projects and programs in the Area is \$67,000,000. This amount was reported in the ballot measure in November of 2015. The maximum indebtedness does not include interest paid on any borrowing by the urban renewal agency. The Report includes a proposed financing plan that shows that the Plan is financially feasible. It is understood that the Agency may make changes to the financing plan as needs and opportunities arise, typically during the annual budgeting process.

The Plan would be administered by the Wilsonville Urban Renewal Agency (Agency). Major changes to the Plan, if necessary, must be approved by the Agency and City Council as detailed in Section IX of the Coffee Creek Urban Renewal Report – Future Amendments to the Plan.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

Approval Process

The process for approving the Coffee Creek Urban Renewal Plan includes the following steps, in accordance with ORS 457.

1. Preparation of a plan including opportunity for citizen involvement.
  - The Wilsonville Urban Renewal Task Force (Task Force) convened in 2014 and reviewed the overall urban renewal strategy and recommended formation of an urban renewal area for Coffee Creek.
  - In an advisory vote in November 2015, Wilsonville voters expressed support for creating a new urban renewal district in Coffee Creek.
  - An open house was held on April 25, 2016 when approximately 10 people attended, primarily property owners and developer representatives.
  - The Task Force was reconvened on April 25, 2016 for a review of the proposed Coffee Creek Urban Renewal Plan. Representatives of the Sherwood School District and Washington County were added to the Task Force. The Task Force voted unanimously to approve the Plan and send it to the Agency for their review.
  - Other opportunities for public input resulted at the July 13, 2016 Wilsonville Planning Commission meeting and will occur at the August 1, 2016 City Council public hearing and at the future Washington County Commission meeting.
2. May 17, 2016 – Washington County Commission briefing on the Plan.
3. June 20, 2016 – Wilsonville Urban Renewal Agency review of the proposed Plan and accompanying Report.
4. July 13, 2016 – The Wilsonville Planning Commission passed a resolution recommending to the City Council that the Coffee Creek Urban Renewal Plan is supportive of and in conformance with the applicable goals and policies of the City of Wilsonville Comprehensive Plan. A link to that record is attached.
5. The Washington County Board of Commissioners was scheduled to consider a resolution and order approving the establishment of the Coffee Creek Urban Renewal Plan but postponed doing so and has not yet rescheduled. Passage of the Ordinance by Wilsonville cannot occur until Washington County approves the Plan.
6. Notice to all citizens of Wilsonville of a hearing before the City Council.
  - Notice provided by city-wide mailing to property owners through the Boones Ferry Messenger in July and August issues.
  - Additional notices were mailed to the property owners of unincorporated properties.
7. Forwarding a copy of the proposed Plan and the Report to the governing body of each taxing district.
  - Informal notices were mailed to taxing jurisdictions on May 4, 2016.
  - Formal letters were sent out on June 21, 2016.
8. Hearing by City Council and adoption of the proposed Plan and accompanying Report by a non-emergency ordinance.
  - The City Council will hold the public hearing on August 1, 2016 with a first reading of the ordinance.
  - The second reading and final vote is to be scheduled for September 8, 2016.
  - The ordinance is a non-emergency ordinance and will not take effect until 30 days after its approval and during that period of time may be referred to Wilsonville voters if a sufficient number of signatures are obtained on a referral petition.

Ordinance Adopting the Plan

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

The ordinance adopting the Plan requires the City Council to make certain findings, which are listed in Section 1 of the ordinance. These findings are based on various documents and events and are summarized below.

1. The area designated in the Plan as the Coffee Creek Urban Renewal Area is blighted, as defined by ORS 457.010(1)(e) and (g) and is eligible for inclusion within the Plan because of conditions described in the Report in the section, “Existing Physical, Social, and Economic Conditions and Impacts on Municipal Services”, including the existence of inadequate streets and other rights of way, open spaces and utilities, and underdevelopment property within the urban renewal area.

This is the basic justification for the Plan and the Council’s finding is meant to make that justification explicit.

2. The rehabilitation and redevelopment described in the Plan to be undertaken by the Agency are necessary to protect the public health, safety and welfare of the City because absent the completion of the urban renewal projects, the area will fail to contribute its fair share of property tax revenues to support City services and will fail to develop and/or redevelop according to the goals of the City’s Comprehensive Plan.

This finding states the public purpose of the Plan is for the property in the urban renewal area to develop and redevelop according to the Comprehensive Plan. Property which is not developed or not fully developed and occupied does not contribute as much property taxes as fully developed property. The improvement of property in the urban renewal area will add to the tax base in the area and further support additional economic activity in the area.

3. The Plan conforms to the Wilsonville Comprehensive Plan as a whole, and provides an outline for accomplishing the projects described in the Plan, as more fully described in Chapter X of the Plan and in the Wilsonville Planning Commission Recommendation.

This finding is supported by Chapter X of the Plan and the Planning Commission’s conclusion that the Plan conforms to the Wilsonville Comprehensive Plan.

4. The Plan conforms to the Wilsonville Economic Development Plan as more fully described in the Plan.

5. The Plan conforms to the Washington County Comprehensive Plan as a whole as more fully described in Chapter X of the Plan.

6. The acquisition of real property provided for in the Plan is necessary for the development of infrastructure improvements in the area. Because the Agency does not own all the real property interests (e.g., rights-of-way, easements, fee ownership, etc.) that will be required to undertake and complete these projects as described in Chapter V of the Plan and Section IV of the Report.

The Plan authorizes acquisition of real property for infrastructure improvements. No property is specifically identified for acquisition.

7. Residential displacement may occur as a result of acquisition of land to complete infrastructure projects specified in the Plan. If residential displacement takes place, the requirements of law will apply to the acquisition and relocation assistance processes and provisions made for displaced persons.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

Chapter VII of the Plan, “Relocation Methods”, addresses relocation assistance for residential or business occupants of property. No specific acquisitions that would result in relocation benefits have been identified, however, prior to such acquisition, the Agency shall adopt rules and regulations, as necessary, for the administration of relocation assistance.

8. Adoption and carrying out the Plan is economically sound and feasible in that eligible projects and activities will be funded by urban renewal tax increment revenues derived from a division of taxes pursuant to section 1c, Article IX of the Oregon Constitution and ORS 457.440, and other funding more fully described in the Section “Financial Analysis of the Plan” in the Report.

The Report contains information on the projected revenues and projected expenditures under the Plan and supports a finding that the Plan is economically sound and feasible.

9. The City of Wilsonville shall assume and complete activities prescribed to it by the Plan.
10. The Agency consulted and conferred with affected overlapping taxing districts prior to the Plan being forwarded to the City Council.

The Agency sent the formal consult and confers notification to taxing districts on June 21, 2016. Copies of the Plan and Report were mailed with a letter including an invitation to provide comments in writing on the Plan and Report. Informal notice was also provided by sending via email a copy of the DRAFT Plan and the Report to the affected overlapping taxing districts on May 4, 2016. To date the City has not received written recommendations from the affected taxing districts. If such recommendations are received, the Council will be required to “accept, reject or modify” recommendations and language to that effect and add it to the ordinance for its second reading and adoption.

The ordinance also calls for publication of a notice that the Council has adopted the ordinance, for the recording of the Plan by the Clackamas County Clerk and for transmitting the Plan to the Clackamas County Assessor.

Expected Results: The Coffee Creek Urban Renewal Plan is expected to deliver catalyst infrastructure projects that incent investment and job creation in the area.

Timeline: The Plan has been scheduled to be approved and adopted by ordinance in August or September 2016.

Legal Review / Comment: Because much of the land included in the land is located in unincorporated Washington County, Oregon law requires that the governing body of Washington County approve the Plan before this Ordinance can be passed. Because the Washington County Commissioners removed this matter from their agenda, and to our knowledge have not yet rescheduled, the City can move forward with first reading but cannot give final approval of the Ordinance, through a second reading until Washington County has approved the Plan.

Community Involvement Process: Formation of the Plan was guided by an Urban Renewal Task Force. There have been numerous opportunities for public involvement including a public open house, as well as a community-wide advisory vote. The hearings before the Planning Commission and City Council provide additional opportunities.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

Notice announcing the City Council hearing was placed in the Wilsonville Spokesman on July 20, 2016. Notice was posted on the City of Wilsonville website as well as at 3 public locations, City Hall, Library, and Community Center, around the community. Notice was also provided through the July Boones Ferry Messenger which was mailed city-wide to property owners. Additional notices were mailed to the property owners of unincorporated properties in the urban renewal area.

Potential Impacts Or Benefit To The Community: The provision of infrastructure will allow the Coffee Creek Industrial Area to develop, creating jobs for the community with spin-off economic impact to the businesses in Wilsonville and the region and a future increased tax base that will benefit all taxing jurisdictions.

Urban renewal plans and the financing tool they allow includes indebtedness, debt that provides the capital to complete the projects in the urban renewal plan. While the projects represent a likely good long term investment for the City of Wilsonville, the debt nonetheless creates some risk for the City although extensive process is undertaken by the lenders and the City's Finance Department before urban renewal debt approvals.

State law limits the percentage of a municipality's 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. This 25% cap is approached when the Coffee Creek Urban Renewal area is added to acreage of other Wilsonville urban renewal areas. The City will not be able to consider any new urban renewal areas until the existing urban renewal areas are reduced in size or closed.

*End of Staff Report.*

Ms. Kraushaar introduced Elaine Howard of Elaine Howard Consultants and Nick Popenuk from ECONorthwest. One more requirement needs to take place before Council can hold the second hearing on Ordinance No. 795 is for Washington County to take action and approve the Urban Renewal Plan since much of the area is outside the City limits at this time. Washington County does not have the matter on their agenda but staff is hopeful they will soon. Staff is proposing that Council hold the public hearing and first reading of Ordinance No. 795 and then schedule the second reading for September 8<sup>th</sup>.

The Council received the Urban Renewal Plan, the Urban Renewal Report, the Planning Commission record, and the public hearing notice sent to property owners in the City of Wilsonville and taxing agencies, in their packets. The one exhibit not included is the Washington County determination, which will be added once that takes place. The ordinance has been changed slightly to clarify that Washington County has not taken action, and to clean up the exhibit references.

Review of a Coffee Creek Industrial Area concept began in 1998. At that point the area was proposed to be an urban reserve area. In 2002 Metro brought this area into the Urban Growth Boundary (UGB) as Area 49. Following that, in 2007 a master plan was completed setting the stage for future zoning in the area which is Planned Development Industrial Regionally Significant Industrial Area (PDI-RSIA). At that point, 1,600 permanent jobs were envisioned with a \$55 million payroll. The \$62 million in assessed value is anticipated to grow into \$790 million if the area fully develops as an industrial area.

An infrastructure analysis for the area was completed in 2011 so staff would have a good idea of what infrastructure and utilities would be needed to serve the area.

In 2014 a city-wide Urban Renewal Strategic Plan was completed. The Urban Renewal Task Force and Strategic Plan identified a Coffee Creek Urban Renewal Area as something they would like the City Council to pursue. In November 2015 the Council placed a public advisory vote on the ballot on the

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

question of creating another district; the vote was passed to establish an urban renewal district in the area.

Ms. Kraushaar outlined the actions of the Urban Renewal Task Force, and the steps taken in the public process to move forward to adoption.

Nick Popenuk talked about the financial aspects of the urban renewal plan starting with maximum indebtedness. Maximum indebtedness is the total amount of debt the urban renewal area can borrow cumulatively over the life of the urban renewal plan, and it represents the total amount of urban renewal money that can be spent on urban renewal projects in the area. The estimated \$67 million maximum indebtedness is likely to take 25 years for the urban renewal plan to pay off and to close down the district.

A factor that affects the length of an urban renewal district is the future growth and assessed value. The primary funding source for urban renewal is tax increment financing. Tax increment financing is based on property tax revenue, and property tax revenue depends on property values. When it comes to forecasting future growth of assessed value in the area, there are two sources that generate that growth; one is very small and easy to predict-appreciation, the other is very large and very hard to predict-exception events.

Appreciation in Oregon is limited to three percent per year on the existing property values. In an area like this one where the majority of the property in the area is vacant rural land, that appreciation is fairly humble.

The exception event is the technical word county assessors' use when they talk about new development taking place. It is new development that is going to drive the growth in tax increment finance revenue in this area. Unfortunately, looking at an area of this size future development is hard to predict. We have done our best to estimate what we think will be the amount of development each year going forward. For the purposes of our Plan, we have assumed development is going to take place over a 20 year period, which equates to about 8 acres of development per year, at a value of about \$3 million per acre.

That is the long term forecast that the Plan uses. It is very likely that in some years there will be more development with more value, and in other years less development and less value. It is worth noting when looking at the Universal Health Care facility as well as the Republic Services expansion the value that those two projects are bringing on board and acreage they are developing are right about in line with the annual assumptions we are speaking about going forward. If the area develops at values consistent with those short term projects, over a period of 20 years that is essentially what the Plan is forecasting.

Mr. Popenuk displayed a slide summarizing the financial analysis which shows currently the property in the area generates about \$1 million per year in property taxes. When an urban renewal area is created that one million dollars will be frozen and that means that those properties will continue to generate that much money every year for the affected taxing district. But if property values increase over time, that increased value known as the "increment" will instead go to fund the urban renewal area and the projects that are listed in the Plan. The intention is that those projects will help fuel new development in the area that wouldn't have happened otherwise, leading to much faster growth and assessed value. That faster growth and assessed value means increment to use to pay off the debt on those projects, and then close down the urban renewal area. Once the urban renewal area is closed, then all of these affected taxing districts will reap the benefits of urban renewal after many years of giving up foregone revenue to the urban renewal area.

Mr. Popenuk explained the principle of shared tax increment finance revenue which shows up in the later years of a district.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

Public improvements authorized under the Plan include upgrading infrastructure including transportation and utilities to encourage development. The total cost for all of the projects is estimated at \$58 million; however, not all of the projects will be built in 2016, it will take time to accumulate the funding to pay for them. Over time, the project costs increase due to inflation. He estimated in nominal dollars these projects will cost about \$79 million. From that \$79 million, he was not anticipating that 100% will be paid by tax increment financing. Other sources like system development charges, interest earnings, developer contributions and contributions from state or federal government sources would be able to contribute for a portion of the project costs. The numbers show about \$65 million for tax increment financing, and about \$14 million coming from other sources to cover the total \$79 million in project costs.

Urban renewal projects authorized by the Plan were described by Ms. Kraushaar. They are listed below.

**A. Infrastructure Improvements**

Upgrade/provide infrastructure as necessary to allow for the development or redevelopment of parcels within and adjacent to the urban renewal area. The specific projects include:

***SW Day Road: SW Boones Ferry Road to SW Grahams Ferry Road***

SW Day Road will be upgraded to a concrete surfaced five- lane multi-modal urban (Major Arterial) standards including re-constructed intersections at SW Boones Ferry Road, and a new sewer system.

***SW Grahams Ferry Road: SW Day Road to Railroad Undercrossing***

SW Grahams Ferry Road will be upgraded to multi-modal urban (Minor Arterial) standards, with sewer, water and stormwater systems and including intersections at SW Cahalin Road, Java Road, and SW Elligsen Way.

***SW Java Road***

Construct new three lane road section with bike lanes, sidewalks, and landscaping from Garden Acres Road to Grahams Ferry Road.

***SW Garden Acres Road: SW Ridder Road to SW Day Road***

SW Garden Acres Road will be reconstructed to a three lane multi-modal urban (Collector) standards and will include a sewer and stormwater system. The reconstruction will include intersections with SW Day Road, SW Cahalin Road, SW Java Road, and SW Ridder Road/SW Clutter Road. The intersection at SW Day Road will be reconfigured and may signalized or be constructed as a roundabout.

***SW Clutter Road: SW Ridder Road to SW Grahams Ferry Road***

SW Clutter Road will be reconstructed to a two lane multi-modal local street section with a cul-de-sac or hammerhead at the west end. Water, sewer and storm water systems will be installed.

***Coffee Creek Industrial Area Sewer Extensions***

A new sewer collector will be installed to connect existing sewer collection pipes with new development in the Coffee Creek Industrial Area and extend to the new sewer to be constructed as part of the Day Road project.

***Lower SW Grahams Ferry Road Storm Outfall***

A large diameter stormwater pipe serving as the main discharge outfall for the CCIA will be installed in lower SW Grahams Ferry Road.

**CITY OF WILSONVILLE  
CITY COUNCIL MEETING MINUTES**

---

***Coffee Creek Industrial Area Regional Detention Pond***

Construct a regional detention pond with a surface area of approximately 260,000 square feet with an outfall to Basalt Creek.

***Coffee Creek Fiber Optic Network***

Fiber optic conduit and cable will be installed concurrent with other dry utilities as various roads are constructed.

***Railroad Undercrossing***

Grahams Ferry Road undercrossing project development. Perform preliminary analysis to determine needs and requirements for a modified underpass on Grahams Ferry Road and potentially partially fund improvements.

**B. Debt Service and Plan Administration**

This project will allow for the repayment of costs associated with the implementation of the Coffee Creek Urban Renewal Plan. It also includes ongoing administration and any financing costs associated with issuing long- and short-term debt, relocation costs and other administrative costs.

Projects to be Completed Using Urban Renewal Area Funds

Projects	Project Costs	
	2016 Dollars	Nominal Dollars
SW Day Road	\$10,560,565	\$13,491,500
<b>SW Grahams Ferry Road</b>	<b>\$10,766,185</b>	<b>\$17,631,400</b>
SW Java Road	\$3,206,320	\$4,137,800
<b>SW Garden Acres Road</b>	<b>\$14,911,850</b>	<b>\$16,961,200</b>
SW Clutter Road	\$5,597,540	\$7,205,000
<b>Coffee Creek Industrial Area Sewer Extension</b>	<b>\$1,798,390</b>	<b>\$1,997,900</b>
Lower Grahams Ferry Road Storm Outfall	\$939,160	\$1,495,900
<b>Coffee Creek Regional Detention Pond</b>	<b>\$5,824,000</b>	<b>\$8,900,000</b>
Fiber Optic Cable	Included above	Included above
<b>Railroad Undercrossing</b>	<b>\$2,400,000</b>	<b>\$3,947,500</b>
Administration	\$1,222,582	\$1,874,600
<b>Finance Fees</b>	<b>\$1,000,700</b>	<b>\$1,382,000</b>
Total	\$58,227,292	\$79,025,000
<b>Sources of Funds</b>		
SDC or other funds	\$11,282,276	\$14,025,000
Interest Earnings	\$51,808	\$80,081
Tax Increment Funds	\$46,893,208	\$64,919,919
Total	\$58,227,292	\$79,025,000

Mr. Popenuk added even though the Urban Renewal Plan and Report are required to list projects individually and include a cost estimate for each of the projects identified in the Plan, along with the

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

---

timing for each project, none of that is binding. What is binding is the total dollar amount for maximum indebtedness and the fact that if a project is not listed in the Plan, you cannot spend money on it without amending the Plan to add the project to the Plan. Urban renewal areas have an annual budget process, and during that annual budget process the amounts to fund actual projects will be decided.

When talking about the actual foregone revenues, it is important to note that urban renewal impacts only the permanent property tax rates. Local option levies are not affected by urban renewal and general obligation bonds are only impacted if they were approved by voters before 2001.

Tables included in the Urban Renewal Report show each taxing district and how much foregone revenue they are losing each year for the life of the urban renewal area. For all taxing districts combined the foregone revenue totals \$93 million over the life of the district. The largest amount of foregone revenues is for the Sherwood School District at \$38 million; however, this loss of funding will be mitigated by the State School Funding program.

Mr. Popenuk spoke about the limits to the amount of area of the City that can be included in an urban renewal district, which is no more than 25% of its assessed value, or 25% of the acreage inside the city limits. The city has two urban renewal districts in place, the West Side Urban Renewal area and the Year 2000 Plan, and three site specific TIF zones which put it at 24.7% acreage in urban renewal, almost at the 25% limitation. Should the city want to create any additional/new or expand current urban renewal areas, acreage would need to be removed from existing urban renewal areas.

Ms. Kraushaar recommended setting the second reading of the ordinance for September 8<sup>th</sup> to allow Washington County time to make their decision. The item was on the Washington County agenda for July; however, it was removed, and staff is working to learn when it will be back on their agenda.

Mayor Knapp asked if the City would need to take further action if Washington County does not approve the Coffee Creek Urban Renewal Plan and Report, or would it be beneficial to revise the wording in Section 2 of the ordinance which reads: "..., the City Council hereby approves the Coffee Creek Urban Renewal Plan and Report *subject to approval by Washington County.*"

Ms. Jacobson agreed this was an odd situation but staff can revise the wording between the first and second reading of the ordinance. Until Washington County gives their approval, the ordinance will not be brought forward for a second reading. If approval has not been given by the date of the second reading, September 8<sup>th</sup>, then the ordinance will be continued.

Mayor Knapp referred to the term "foregone revenue", which assumes the \$753 million in development occurred without urban renewal. The term "foregone revenue" is confusing because it indicates the taxing districts lost or didn't get this much revenue, the only way those other agencies actually lost that much revenue is if the valuation in this area moved from \$85 million into \$838 million over 25 years without having any urban renewal to help build the infrastructure to enable and encourage that development. So to construe that as lost revenue is a misjudgment in some way. Some level of development would probably occur over 25 years without urban renewal, but without the infrastructure it seems that additional \$753 million in development would not occur.

Ms. Howard responded the statute requires certain things to be included in the Urban Renewal Report; one of the requirements is the fiscal impact statement on taxing jurisdictions. This particular district is different because it is basically undeveloped. And you can use that "but for" concept in this district to talk about almost all of the development within the district whereas, in many districts you cannot say how much of that goes or doesn't go, and there's no real economic standard that we can use. So to make sure

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

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that there is no appeal, or challenge because of the statutory requirements, we are very conservative. That's why it is done that way. We also talk about the 'but for' concept because in Wilsonville's case that is very real. That area has been sitting there for a very long time undeveloped, and is it going to develop without urban renewal putting in the infrastructure, I don't think so, but we have to comply because of what the statutory requirements are in producing the Report.

Mayor Knapp thought providing a comparison to show how significant the tax revenue that would accrue with this development and is passed through to those agencies is, as compared to not doing this type of a project. He was concerned the public did not grasp the nuances of how urban renewal worked and the benefits of urban renewal.

Mr. Popenuk commented even though they did not have those specific numbers, that concept has been clearly explained to all of the taxing districts.

Ms. Howard offered to write an article for the *Boones Ferry Messenger* once the ordinance is adopted addressing that issue for the general public.

Councilor Fitzgerald liked the idea of articles in the BFM, to illustrate how that bank of revenue was developed, compared to not using urban renewal. And to show the care the community has taken to put the districts together and the successes is worth talking about.

Mr. Cosgrove felt the focus should be on the return on investment the City has realized in both of the districts over the life of the districts and identify projects that have been completed in Wilsonville that would not have been done were it not for urban renewal, is something that can be written about.

Ms. Kraushaar addressed the questions submitted by the Mayor. In Figure 1 of the Report, the un-shaded right-of-way area off of Day Road is the BPA property. The Garden Acres right-of-way adjacent to Republic Services annexations has been completed; however the maps have not yet been updated. Figure 3 in the Report indicates the comprehensive plan designations for both Washington County and Wilsonville for the property is industrial.

Mr. Popenuk addressed the question about the 2016 dollars and the nominal dollars and making sure the plan maximum indebtedness actually did have enough to cover the inflationary cost of projects over time. Inflation is added to the 2016 dollars to make sure the plan does have sufficient money to cover the projects.

Mayor Knapp invited citizen testimony.

John Martilla, 10000 SW Commerce Drive, thought the term "foregone revenue" had a negative connotation and he asked if the term "foregone revenue" is required by the statute or if another term could be used such as "opportunity cost" or "opportunity revenue" that might be less negative.

Mayor Knapp closed the public hearing at 9:00 p.m.

Elaine Howard commented the statute does not use the term "foregone revenue" it says, "A fiscal impact statement that estimates the impact of the tax increment financing both until and after the indebtedness is repaid upon all entities levying taxes upon property in urban renewal area." The term 'foregone revenue' is a term of art used and understood by most people in the urban renewal field; we do not have to use the term.

**CITY OF WILSONVILLE**  
**CITY COUNCIL MEETING MINUTES**

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Mayor Knapp suggested the term be worked on before second reading to better describe in a neutral way.

Mr. Cosgrove proposed the term “fiscal impact”.

Mr. Popenuk stated the term “foregone revenue” is a technical term and is interpreted to be the more optimistic term versus impact. Generally, if we list the fiscal impacts, the word “impact” sounds like this is actually affecting the taxing district; whereas “foregone revenue” is a more technical term that is just referring to the revenue that will be collected by the urban renewal area which will be foregone by the other taxing districts. He would work on finding a descriptive term that is both accurate and has the right meaning for laypersons.

**Motion:** Councilor Stevens moved to adopt Ordinance No. 796 on first reading. Councilor Fitzgerald seconded the motion.

Councilor Starr asked if the City was waiting for decisions from any agency other than Washington County. Mr. Cosgrove indicated “no”.

The Mayor stated the potential for private investment and jobs could be significant to the community, beginning with the \$32 million development of Universal Health Systems. He spoke about the positive historical use of urban renewal in Wilsonville.

**Vote:** Motion carried 5-0.

**CITY MANAGER BUSINESS**

Mr. Cosgrove reported the community survey is completed and the results will be presented to City Council September 19<sup>th</sup>. It came as no surprise the most open ended comment is about traffic issues in the City.

**LEGAL BUSINESS** – There was no report.

**ADJOURN**

Mayor Knapp adjourned the meeting at 9:10 p.m.

Respectfully submitted,

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Sandra C. King, MMC, City Recorder

ATTEST:

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Tim Knapp, Mayor