

CITY OF WILSONVILLE
CITY COUNCIL MEETING MINUTES

A regular meeting of the Wilsonville City Council was held at the Wilsonville City Hall beginning at 7:00 p.m. on Monday, October 21, 2013. 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
Council President Starr
Councilor Goddard
Councilor Fitzgerald
Councilor Stevens

Staff present included:

Bryan Cosgrove, City Manager
Jeanna Troha, Assistant City Manager
Mike Kohlhoff, City Attorney
Sandra King, City Recorder
Stan Sherer, Parks and Recreation Director
Kristin Retherford, Economic Development Manager
Patty Brescia, Senior Programs Manager
Nancy Kraushaar, Community Development Director
Barbara Jacobson, Assistant City Attorney
Andrea Villagrana, Human Resource Manager
Stephan Lashbrook, SMART Director
Jen Massa-Smith, Operations Program Manager
Chris Neamtzu, Planning Director

Motion to approve the order of the agenda.

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

Vote: Motion carried 5-0.

MAYOR'S BUSINESS

A. City Attorney Employment Contract Renewal

Mayor Knapp remarked the City Attorney and City Manager are the two City employees who report directly to the Council. The Mayor described the development that has occurred during Mr. Kohlhoff's 32 year tenure as City Attorney and commented the Legal Department has been involved in a variety of legal activities throughout the year in numerous arenas.

Councilors expressed their confidence in the legal guidance provided by Mr. Kohlhoff and the Legal Department throughout the past year.

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Motion: Councilor Fitzgerald moved to renew the City Attorney's annual employment contract in light of the review, comparable salaries, and the comments that were received from the survey, from October 1, 2013 to September 30, 2014 with a four percent increase to the annual base salary. Councilor Stevens seconded.

Vote: Motion carried 5-0.

B. Upcoming meetings were announced by the Mayor, who also reported on the meetings he attended on behalf of the City including the Metro hearing to bring the Advance Road site into the UGB for a new school and associated fields. The Metro hearings officer recommended approval of the request from the West Linn-Wilsonville School District.

COMMUNICATIONS

A. HEAL (Healthy Eating Active Living) Update

Patty Brescia, Senior Programs Manager, reported Wilsonville received the 'Active' HEAL City designation by HEAL Cities NW. She talked about Wilsonville's progress toward adopting additional HEAL policies including Wilsonville's tobacco free parks policy, and the Citizen Coalition's work with local restaurants, grocers and schools to increase the access of fresh fruits and vegetables to children qualified the City for the designation of 'Active' HEAL City.

The HEAL Wilsonville Citizen Coalition believes Wilsonville's adoption of the Transportation System Plan, along with ongoing implementation of other healthy living policies, will make Wilsonville eligible to receive the third HEAL City NW designation, which is "Fit City."

CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS – There was none.

COUNCILOR COMMENTS, LIAISON REPORTS & MEETING ANNOUNCEMENTS

Council President Starr – Park & Recreation Advisory Board, Chamber/City Leadership liaison noted the Urban Renewal Task Force defined their objectives at their initial meeting, the Chamber and City are working together to make Wilsonville an attractive location for new businesses, and the Recreation and Aquatic Task Force is in the process of launching an economic feasibility study to determine whether the City can support an aquatic center.

Councilor Goddard – Library Board, Chamber Board, and Clackamas County Business Alliance liaison reported the CCBA has been working on their strategic priorities. He noted the Clackamas County Board of Commissioners was asked to consider establishing road districts. The Councilor announced the date of the next Library Board meeting, and encouraged the public to participate in the Wilsonville High School Snowboard Swap Meet.

Councilor Fitzgerald – Planning Commission; Committee for Citizen Involvement; and Library Board liaison announced the next meeting date of the Planning Commission, the joint work session scheduled for October 29 with the Tualatin City Council to discuss Basalt Creek Planning, and the Tourism Task Force workshop.

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Councilor Stevens – Development Review Panels A and B; Wilsonville Seniors liaison noted the next DRB Panel A meeting would be cancelled; however, DRB Panel B would meet October 28. The Wilsonville Community Seniors Board voted to contribute funds to help replace the oven at the Community Center. The Councilor announced the fall leaf collection date and the date of the November Budget Committee workshop.

CONSENT AGENDA

Mr. Kohlhoff read the titles of the consent agenda into the record.

A. **Resolution No.2440**

A Resolution Of The City Council Approving A Minor Amendment To The Year 2000 Plan, An Urban Renewal Plan Of The City Of Wilsonville, Related To Urban Renewal District Boundaries.

B. **Resolution No. 2441**

A Resolution Of The City Council Concurring With The Revenue Sharing Formula In The Wilsonville TIF Zones.

Motion: Councilor Stevens moved to approve the Consent Agenda. Councilor Starr seconded the motion.

Vote: Motion carried 5-0.

PUBLIC HEARING

Mr. Kohlhoff read the titles of Ordinances No. 725, 726, 727, 728, 729, and 730 into the record noting the public hearing may be held en banc.

A. **Ordinance No. 725**– First Reading

An Ordinance Making Certain Determinations And Findings Relating To And Approving A Single-Property Urban Renewal Plan Known As The **26755 SW 95th Avenue** TIF Zone. (staff – Retherford)

B. **Ordinance No. 726** – First Reading

An Ordinance Making Certain Determinations And Findings Relating To And Approving A Single-Property Urban Renewal Plan Known As The **9805 SW Boeckman Road** TIF Zone. (staff – Retherford)

C. **Ordinance No. 727** – First Reading

An Ordinance Making Certain Determinations And Findings Relating To And Approving A Single-Property Urban Renewal Plan Known As The **25600 SW Parkway Center Drive** TIF Zone. (staff – Retherford)

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- D. **Ordinance No. 728** – First Reading
An Ordinance Making Certain Determinations And Findings Relating To And Approving A Single-Property Urban Renewal Plan Known As The **27255 SW 95th Avenue** TIF Zone. (staff – Retherford)
- E. **Ordinance No. 729** – First Reading
An Ordinance Making Certain Determinations And Findings Relating To And Approving A Single-Property Urban Renewal Plan Known As The **29899 SW Boones Ferry Road** TIF Zone. (staff – Retherford)
- F. **Ordinance No. 730** – First Reading
An Ordinance Making Certain Determinations And Findings Relating To And Approving A Single-Property Urban Renewal Plan Known As The **Bldg. 83- 26440 SW Parkway Avenue** TIF Zone. (staff – Retherford)

Mayor Knapp read the public hearing format into the record and opened the public hearing at 7:58 p.m.

Kristin Retherford provided the staff report which follows in its entirety for clarity.

“If adopted, the six subject ordinances will create six new single-property urban renewal districts called Tax Increment Finance Zones (TIF Zones) as to provide economic development incentives through partial property tax rebates.

EXECUTIVE SUMMARY:

On March 12, 2013 the citizens of Wilsonville voted in favor of creating up to six TIF Zones to incentivize capital investment and job creation by manufacturers. The election resulted from nearly a year of public process. An Economic Development Advisory Committee began their work in the spring of 2012. The City Council adopted an Economic Development Strategy in August. An Economic Development Task Force convened in November to further examine the issues of business incentives and attributes. The Task Force concluded their work on March 20, 2012 with a report containing their recommendations to City Council.

The purpose of the TIF Zones is to provide economic development incentives via property-tax rebates to encourage private-sector investment in vacant or underutilized industrial buildings. The TIF Zone program would provide manufacturing businesses with a financial incentive to make the substantial capital investment needed to upgrade large industrial properties into higher value manufacturing facilities that provide a larger number of higher-wage jobs and increased assessed valuation. The program would place the City of Wilsonville in a more competitive position in the greater Portland region, State of Oregon and global economy to ‘win’ a greater share of private-sector business investment.

Following a qualifying investment, which must be made within the first five years of the life of a given Zone, the Zone could have up to a ten-year term or lifespan at which time the Zone would be closed. Each Zone would share 25 percent of increased tax increment with other taxing districts such as schools and the fire district and rebate the balance of incrementally paid-taxes back to the company. That is, the company is rewarded for making the capital investment in Wilsonville by receiving back a portion of the increase in property taxes paid that result from the company’s investment. The greater the investment, the greater the rebate reward. Thus, the

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rebate is based on the company's performance and proportional to the level of capital investment and job creation.

The proposed Zones would rebate up to 75 percent of increased property tax increment for three years for each minimum qualifying investment and job creation for companies that:

1. Invest at least \$25 million in capital improvements and/or qualified equipment, and
2. Create 75 or more new full-time jobs paying at least 125 percent of the average Clackamas County wage.

Two additional years (5 total) would be available if the new jobs pay 150 percent of average wage paid in Clackamas County. Each Zone would terminate ten years after the first qualifying rebate. Non-performance during the term of the Zone would require repayment of rebates. If no qualifying investment occurs within five years of creating the Zone, the Zone would terminate.

A new three or five-year rebate period could begin with any additional round of new qualifying capital investment and job creation meeting the above minimum criteria, providing a maximum of 10 years of rebates period. Again, however, qualified investment needs to be made within 5 years of program adoption. This limits the potential life of the program to 15 years.

To create the TIF Zones, staff must follow the process outlined in statute for creating urban renewal districts. This process includes creation of a Plan and a Report for each proposed urban renewal area or TIF Zone.

Six draft urban renewal plans and reports ("Plans" and "Reports") to create the TIF Zone urban renewal areas ("Areas") have been prepared and are attached to the applicable ordinances as follows:

Ordinance No. 725: 26755 SW 95th Avenue TIF Zone Plan and Report
Ordinance No. 726: 9805 SW Boeckman Road TIF Zone Plan and Report
Ordinance No. 727: 25600 SW Parkway Center Drive TIF Zone Plan and Report
Ordinance No. 728: 27255 SW 95th Avenue TIF Zone Plan and Report
Ordinance No. 729: 29899 SW Boones Ferry Road TIF Zone Plan and Report
Ordinance No. 730: Bldg. 83 – 26440 SW Parkway Avenue Plan and Report

The Plans address goals and objectives, identify activities and projects (in this case the rebate program), address property acquisition, disposition and relocation, tax increment financing of the Plan and the proposed maximum indebtedness, protocol for amending the Plan, and findings related to blight and conformance with the City's comprehensive plan. The Plans also include a legal description of the proposed urban renewal area.

The required Report for each Plan includes much of the same information, but is more technical in nature. The Reports examine the physical, social and economic conditions of the proposed urban renewal area and impact on municipal services. They contain a financial analysis that examines the cost of the program and financing, completion dates, estimated amounts of tax increment revenues to be used to reach the maximum indebtedness, and impacts to other taxing districts. They also document compliance with statutory limits on assessed value and acreage included in the City's urban renewal areas.

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Upon adoption of each Plan and Report by ordinance, the City of Wilsonville will still meet the parameters of the ORS 457 restriction that no more than 25 percent of the City's assessed value and 25 percent of the City's acreage is included in urban renewal areas.

The maximum indebtedness for each plan is \$12,000,000 and the maximum life span for each plan is 15 years.

URBAN RENEWAL DISTRICT CREATION PROCESS

State law includes a number of limitations and restrictions on the use of urban renewal.

- No more than 25 percent of a city's land or 25 percent of its assessed valuation can be in urban renewal areas at any given time.
Note: Upon creation of the proposed TIF Zones, the City will be in compliance with this requirement and under both limits.
- There is a requirement to notify and confer with the other taxing jurisdictions to assure that their interests have been communicated and considered.
Note: The City has mailed copies of the Plans and Reports to and conferred with the other taxing districts.
- A termination date must be established for the Urban Renewal District. Any substantial amendment to extend the date or the maximum indebtedness must receive approval of 75 percent of the other taxing jurisdictions.
Note: The TIF Zones will terminate in fifteen years.

The steps followed to establish the proposed TIF zones and adopt the proposed urban renewal plans (in compliance with State law) is presented below.

- A. Urban renewal plan preparation including opportunity for citizen involvement:
 - The TIF Zones are the result of a year and a half of public process.
 - Voters approved the creation of the TIF Zone by 79 percent in an advisory vote conducted in March of 2013.
 - The City of Wilsonville sponsored a public open house at City Hall on October 17, 2013.
 - At their September 11, 2013 regular meeting, the Planning Commission held a public hearing to receive testimony on the TIF Zones.
 - There will be a public hearing held before the City Council on October 21, 2013.
- B. Planning Commission review and recommendation:
 - At the September 11, 2013 public hearing, the Planning Commission voted that the TIF Zones conform to the Comprehensive Plan and recommended them to City Council for adoption.
- C. Notice to all citizens of Wilsonville of a hearing before the City Council:
 - Notice was provided by inclusion on the front page of the October 2013 Boones Ferry Messenger, which was mailed to all mailing addresses within the 97070 ZIP code and all postal patrons within the municipality
- D. Forward a copy of the proposed Plan and the Report to the governing body of each taxing district:
 - The taxing districts letters, along with copies of the Plans and the Reports, were sent out on September 9 and 23, 2013. Because the revenue sharing model proposed in the TIF Zones exceeds that required by statute, approval must be received by 75 percent of the taxing districts.
 - Staff conferred with the Chair of the Clackamas County Board of Commissioners and the County Administrator on September 23, 2013. The proposed TIF Zones are

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- scheduled for an October 15, 2013 Board work session and will be placed on their October 17, 2013 consent agenda.
- Staff conferred with the Washington County Board of Commissioners at a work session on September 24, 2013. The TIF Zones will be presented to their Board for approval on October 15, 2013.
 - Tualatin Valley Fire and Rescue passed resolution 2013-09 concurring with the TIF Zones revenue sharing model on September 24, 2013.
 - Staff conferred with the West Linn/Wilsonville School District, and their Board approved the TIF zones and the revenue sharing formula by resolution at their October 7, 2013 meeting.
 - The Port of Portland has provided a letter approving the TIF Zones dated [REDACTED].
 - The Wilsonville City Council will consider approving the revenue sharing formula by resolution at their October 21, 2013 meeting.
 - When complete, together, these approvals represent over 75 percent of the taxing districts.
- E. Urban Renewal Agency review of the proposed Plan and accompanying Report and recommendation to City Council for adoption:
- At their September 5 and October, 2013 meetings, the Agency adopted URA Resolutions No. 234 and 235 recommending creation of the six TIF Zones and then forwarded copies of the Plans and Reports to the City.
- F. Hearing by City Council and adoption of the proposed Plan and accompanying Report by a non-emergency ordinance.
- The City Council public hearing with the first reading of the adoption is scheduled for October 21, 2013.
 - The date set for the second reading and final vote on the ordinances is November 4, 2013.
 - The ordinance must be a non-emergency ordinance, which means that the ordinance does 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

The ordinance adopting each Plan requires the City Council to make certain findings. These findings are based on various documents and events and consist of the following:

1. The process for the adoption of the proposed Plan, has been conducted in accordance with the provisions of Chapter 457 of the Oregon Revised Statutes. A copy of the Plan for each TIF zone is attached to each adopting Ordinance as Exhibit "A";
2. The area designated in each Plan as the Area is blighted, as defined by ORS 457.010(1), and is eligible for inclusion within the Plan because of conditions described in Section II of the Report accompanying each Plan, including underdevelopment and underutilization of property within the Area;

Note: This finding provides the basic justification for the Plan and the Council's finding is meant to make that justification explicit.

3. The rehabilitation and redevelopment described in the Plan to be undertaken by the Agency is 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

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tax revenues to support City services and will fail to develop and/or redevelop according to the goals of the City's Comprehensive Plan;

Note: This finding states the public purpose of each Plan which is for the property in the 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 Area will add to the tax base in the Area and further support additional economic activity in the Area.

4. 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 XI of the Plan;

Note: This finding is supported by Chapter XI of each Plan and the Planning Commission's adoption of a resolution that the Plan conforms to the City's Comprehensive Plan.

5. The Plan conforms to the Wilsonville Economic Development Strategy as a whole, as described in Chapter XI of the Plan.

6. No acquisition of real property is provided for in the Plan. Therefore, no residential displacement will occur.

Note: This finding clarifies that the Plans do not contemplate acquisition of property that would displace residents or businesses. Should the Plan be amended to include such acquisition, the Agency would be obligated to provide relocation assistance.

7. Adoption and carrying out the Plan is economically sound and feasible in that funds are available to complete the Plan projects using 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 available funding as shown in Sections V, VI, VII, VIII and IX of the Report;

Note: Each 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.

8. The City of Wilsonville shall assume and complete activities prescribed to it by the Plan;

Note: This finding is intended to affirm that the City will complete any plan activities. However, these Plans do not specifically prescribe any activities to the City of Wilsonville.

9. The Agency consulted and conferred with affected overlapping taxing districts prior to the Plan being forwarded to the City Council.

Note: This finding affirms that the Agency, through city staff, sent a copy of the Plan and the Report to the affected overlapping taxing districts on September 9 and 23, 2013. The letter requested comments in writing on the Plan and Report. The finding also documents meetings to confer met with the Clackamas County Commission staff and the Washington county Commission.

10. 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 the Washington County Clerk, as appropriate, and for transmitting the Plan to the Clackamas County Assessor and the Washington County Assessor, as appropriate.

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EXPECTED RESULTS:

City Council's adoption of Ordinances 725, 726, 727, 728, 729 and 730 will result in the creation of six new single property urban renewal districts.

TIMELINE:

The intent is to have the new urban renewal areas recorded with the counties by the end of December, 2013.

FINANCIAL REVIEW / COMMENTS:

There is no financial impact in the current year due to this ordinance. If a qualifying investment is made in one of the TIF zones described in this ordinance the increase in property tax revenues due from the improvements should easily pay for the costs of financially managing the TIF zone.

POTENTIAL IMPACTS or BENEFIT TO THE COMMUNITY:

Adoption of the ordinance will allow the community to create six proposed TIF Zones to attract new business investment and jobs.

ALTERNATIVES: Do not create the TIF Zones.”

Revised Reports

After the packets were prepared, the report was revised as follows:

“In response to verbal requests from some of the taxing districts with regard to the relationship between administrative fees and the revenue sharing model, the TIF Zone Reports have been revised to more clearly show that administrative fees will be taken from the portion of TIF to be rebated to business and not the portion to be shared with the taxing districts.

The following changes have been made to all TIF Zones Reports.

1. Table 1 revised to show reduced rebate due to taking administration out of developer's 75 percent share. (Page 10 in most reports)

TIF Use	Amount
URA Administration	\$141,367
Rebate	\$11,786,512
Total	\$11,927,879

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

(The tables vary in the 25600 SW Parkway Center Drive Report as it reflects Washington County.)

- a. Paragraph 1: changing amount developer will receive in rebates
- b. Paragraph 2: Inserting “The 25 percent to taxing jurisdictions is held constant, the administrative costs are deducted from the 75 percent share to the developer.”
- c. Paragraph 3: changing numbers in the following sentence. “Table 2 shows the total projected rebate to the developer in this scenario would be \$11,786,512 dollars, while the amount received by taxing jurisdictions is estimated at

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\$8,282,830 dollars over the 15 year life of the Plan. This is actually 41 percent of the total tax increment revenue.”

- d. Replace Table 3 to show new allocations, reflecting impact of changing the administrative payment.

	URA Admin	Rebate	Shared	Total
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	\$28,883	\$1,165,514	\$398,133	\$1,592,530
2018	\$17,390	\$2,115,090	\$710,826	\$2,843,306
2019	\$17,912	\$2,865,034	\$960,981	\$3,843,927
2020	\$18,449	\$2,287,907	\$768,785	\$3,075,141
2021	\$19,002	\$1,826,030	\$615,010	\$2,460,042
2022	\$19,572	\$1,065,063	\$883,364	\$1,968,000
2023	\$20,159	\$461,872	\$1,080,797	\$1,562,828
2024	\$0	\$0	\$1,204,211	\$1,204,211
2025	\$0	\$0	\$859,716	\$859,716
2026	\$0	\$0	\$515,223	\$515,223
2027	\$0	\$0	\$228,592	\$228,592
2028	\$0	\$0	\$57,192	\$57,192
2029	\$0	\$0	\$0	\$0
2030	\$0	\$0	\$0	\$0
Total	\$141,367	\$11,786,512	\$8,282,830	\$20,210,708

3. Replace Tables 6a and 6b to reflect impact of changing the administrative payment.

Tables 6a and 6b.

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FYE	Clackamas County	Tualatin Valley Fire & Rescue	City of Wilsonville	Port of Portland	Metro	COUNTY EXTENSION & 4-H	COUNTY LIBRARY	COUNTY SOIL CONS	VECTOR CONTROL	Subtotal
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	(222,328)	(141,043)	(233,092)	(6,482)	(8,933)	(4,624)	(36,750)	(4,624)	(601)	(658,477)
2018	(396,946)	(251,818)	(416,164)	(11,574)	(15,949)	(8,255)	(65,613)	(8,255)	(1,073)	(1,175,647)
2019	(536,639)	(340,438)	(562,621)	(15,647)	(21,562)	(11,160)	(88,703)	(11,160)	(1,451)	(1,589,381)
2020	(429,311)	(272,351)	(450,097)	(12,518)	(17,250)	(8,928)	(70,963)	(8,928)	(1,161)	(1,271,507)
2021	(343,439)	(217,874)	(360,067)	(10,014)	(13,799)	(7,142)	(56,768)	(7,142)	(929)	(1,017,174)
2022	(201,897)	(128,081)	(211,672)	(5,887)	(8,112)	(4,199)	(33,372)	(4,199)	(546)	(597,965)
2023	(89,727)	(56,922)	(94,071)	(2,616)	(3,605)	(1,866)	(14,831)	(1,866)	(243)	(265,747)
2024	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
Total	(2,220,297)	(1,408,527)	(2,327,794)	(64,738)	(69,210)	(46,174)	(367,000)	(46,174)	(6,004)	(6,575,998)

FYE	COM COLL CLACK (perm)	ESD CLACKAMAS	SCH WLINN/WILS (perm)	Subtotal Education	Subtotal Gen Govt	Total
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	(51,620)	(34,096)	(450,205)	(535,921)	(658,477)	(1,194,398)
2018	(92,162)	(60,874)	(803,797)	(956,833)	(1,175,647)	(2,132,480)
2019	(124,595)	(82,297)	(1,086,671)	(1,293,563)	(1,589,381)	(2,882,944)
2020	(99,676)	(65,838)	(869,337)	(1,034,851)	(1,271,507)	(2,306,358)
2021	(79,739)	(52,669)	(695,449)	(827,857)	(1,017,174)	(1,845,031)
2022	(46,876)	(30,962)	(408,832)	(486,670)	(597,965)	(1,084,635)
2023	(20,832)	(13,760)	(181,692)	(216,284)	(265,747)	(482,031)
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	(515,500)	(340,496)	(4,495,983)	(5,351,979)	(6,575,898)	(11,927,877)

End of staff report.

Mr. Kohlhoff recommended Council continue the public hearing after receiving public testimony. This would allow time for the other taxing districts to consider the City's TIF request at their board meetings. Mr. Kohlhoff read the titles of each of the ordinances into the record on first reading.

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Elaine Howard, Elaine Howard Consulting LLC, assisted Ms. Retherford with the presentation. Ms. Howard is an urban renewal consultant who has assisted in drafting the proposed Urban Renewal Plans and Reports for the six properties.

Ms. Retherford outlined the process of the public hearing. She noted the Plans and Reports accompanying the ordinances are still in draft format and will remain so until the final comments and testimony has been received from all taxing districts prior to the November 4th Council meeting. At that time the Plans and Reports would be finalized. A Power Point presentation was used during the hearing and has been made part of the record.

Ms. Retherford indicated Wilsonville did not have an Enterprise Zone, and historically has never offered any financial incentives. Instead, the City has had past success by leveraging the soft incentives such as location on I-5, public infrastructure and livability.

By the end of 2010, the city experienced a 45 percent vacancy rate and had about 2.5 million square feet of vacant industrial space. A significant amount of this space was due to a handful of large distribution centers the largest being the former Nike distribution center. This led to a new City Council goal to develop and implement an Economic Development Strategy.

In the winter of 2012 the city hired ECONorthwest to facilitate the process of developing a strategy and hired the FCS Group to update the Economic Opportunity Analysis with new data so the strategy work would reflect the impacts of the recession. In the spring of 2012 the City established a fourteen member Advisory Committee that included a broad representation of community interests. The Advisory Committee developed the nuts and bolts of the economic development strategy. Input was also received from focus groups, an economic development summit and a post-summit online survey so that the final document had been vetted through a great deal of outreach and public input.

City Council adopted the strategy in August of 2012. The strategy identified six areas of focus and specifies actions to be taken along with implementation timelines for each action. The highest priority actions are Action 1.1 and 6.2, which call for the creation of a Task Force to address business attributes and incentives.

A 23 member Task Force was convened in November of 2012 to look at what kinds of business attributes are desired, and whether the community should offer incentives for business retention or recruitment. Like the Advisory Committee, the Task Force was a diverse group representing the full range of community interests, and because urban renewal was likely to be considered as a funding mechanism for potential incentives, the Task Force also included representation from the both counties, the fire district, the school district and higher-education.

Rather than focusing on clusters or types of businesses the Advisory Committee felt a better approach was to focus on what specific business attributes would best fit with the community. The feeling was Wilsonville should be selective in the use of incentives and there should be strict criteria for businesses receiving incentives based on specific business attributes.

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While the Task Force was charged with looking at the broad range of attributes and incentives, they first tackled the issue of incentives for large levels of capital investment to see if a program could be established that might help keep a company in Wilsonville. The Task Force thought the limited use of urban renewal to provide partial property tax rebates, such as that proposed for SoloPower, was a concept that had merit. The Task Force proposed urban renewal based “Tax Increment Financing (TIF) Zones”. Council placed a measure before the voters as an advisory vote in March 2012, which was approved by 79 percent of the electorate.

The TIF Zone program will provide incentives to businesses to convert large, currently vacant or under-utilized buildings to manufacturing use. The minimum building size considered for the program is 100,000 SF and the incentive is a rebate of up to 75 percent of new property tax increment for a 3-5 year period.

Ms. Howard explained Urban Renewal was defined by State Statute, defined by blight and generally covers underdevelopment or underutilization of property, poor condition of buildings including need for seismic upgrading and inadequate infrastructure including sidewalks. Ms. Howard talked about how Urban Renewal financing worked.

After an area is designated as an urban renewal area the tax assessed value of the properties within the area is frozen, taxes from that ‘frozen base’ go to all taxing jurisdictions; increases in taxes over the ‘frozen base’ go to the urban renewal agency for use in the area.

Single property urban renewal districts are scheduled to be created by the end of this year. The frozen base of each district will be established, and moving forward, the urban renewal agency will under levy or not collect the growth in tax increment so that it continues to be distributed to all the taxing agencies along with the frozen base. At the time a business occupies one of the TIF zones and qualifies for the rebate program, the under levy percentage will change so that a minimum of 25 percent (more than the statutory regulations) of the property tax increment will continue to go to the other taxing districts and up to 75 percent will be collected by the urban renewal agency and rebated back to the business. Upon closure of each TIF zone, which will have a maximum lifespan of 15 years, all property tax revenue will be back on the books and accrue to the various taxing agencies.

Maximum indebtedness was explained as the total amount of tax increment funds spent on projects and programs in an urban renewal area, which includes administration. The amount for any TIF zone is \$12 million. In TIF Zone plans these are estimates as the amount of real value of investments is unknown.

The statutory requirements for creation of the TIF Zones were explained, followed by the potential benefits of TIF Zone creation.

To qualify for a 3-year rebate there must be a minimum of \$25 million qualifying capital investment in building improvements or equipment, and at least 75 new, permanent, full-time jobs that pay at least 125 percent of average the Clackamas County wage must be created.

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Qualifications for a five-year rebate include a minimum of \$25 million qualifying capital investment in building improvements or equipment and the creation of at least 75 new, permanent, full-time jobs that pay at least 150 percent of average the Clackamas County wage.

The Task Force believed it was important to have a defined termination date so new assessed value is returned to the tax rolls and distributed to other agencies. To achieve that it was decided if there is no qualifying investment made during the first five years of creating a TIF Zone, it would be closed. The Task Force also decided a business could qualify more than one time for the program through additional investment and additional job creation, but there would be a maximum rebate period of ten years. If a business meets the criteria the first year a TIF Zone is created, the clock begins ticking. The business could meet the criteria again in future years, but at 10 years from their first rebate, the program would end. This means that each TIF Zone has a maximum lifespan of 15 years.

Councilor Starr wanted to know why manufacturing jobs were being targeted for the TIF Zones. Ms. Retherford explained manufacturing jobs tend to pay higher wages to their employees, and have a larger number of jobs.

Councilor Starr added the qualifying capital is typically higher in a manufacturing environment.

Ms. Retherford stated the city must receive 75 percent concurrency from the following taxing districts: City Council; TVF&R, West Linn-Wilsonville School District; Clackamas Community College, Washington County, Vector Control, and Clackamas County. Staff would be monitoring the upcoming meetings of taxing districts who have not yet provided their approval, which include Clackamas County, Clackamas County Library District, Clackamas County ESD, and Clackamas County 4-H who have their meetings scheduled between now and November 4, 2013.

Mr. Kohlhoff added there were two additional exhibits: the first is the Staff Report dated October 21, 2013; the second is the PowerPoint slide show. Ms. Retherford mentioned the changes to the fee schedule and making sure the reports reflected the administrative fees were coming from the 75 percent and not the 25 percent provided to the taxing districts.

Mayor Knapp invited the Councilors to ask clarifying questions of staff. There were no questions.

Mayor Knapp asked if the public notices had been updated with the addition of the sixth property and whether the six zones were tied together or were separately created.

Ms. Retherford said he super notice included the sixth property, and all of the taxing districts were notified as well. Each of the six zones operate on their own, but given that they are all being created at the same point in time, the five year window will end at the same time. If there is no qualifying investment the TIF Zone would end at the end of the five year window.

Councilor Goddard asked if the boundaries in the exhibits were drawn around a single tax lot.

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Ms. Retherford explained they were, with the exception of Building 83 on the Xerox Property, which is carved out legal description and is a portion of the larger property.

Mayor Knapp noted the property on Elligsen and Parkway Center encompasses more than one tax lot. Ms. Retherford stated the building was built across two tax lots and the district would include both underlying tax lots.

Councilor Starr clarified the Urban Renewal TIF Zones have a defined time to end, defined properties, and defined amounts of investment that will bring about a return on investment so that it puts the city in a very good place should the TIF Zones be used. The idea and process have been well thought out and included the public from the beginning, and were endorsed by a vote of the public.

Ms. Retherford added there was a question raised about this program taking away from revenue that supports the city's library. Existing revenues are not impacted by the TIF Zone program; the library revenues are included in the frozen base that will continue to be distributed to all of the taxing districts. They are temporarily forgoing an increase in property tax revenue only if there is a TIF Zone investment.

Mayor Knapp added they would share up to 25 percent of even the increase during that period. The Mayor understood none of the six districts would borrow money or be bonding for money to move the program forward.

Ms. Retherford stated the city is not borrowing any money for the program. There is a time lag from the time the company makes the investment, the investment must be assessed, the business pays their property taxes on the assessment, and after the property taxes have been paid the agency collects the urban renewal increment and at that point will rebate back up to 75 percent of the companies taxes.

Mr. Kohlhoff added in order to have urban renewal you do have to have debt. When the application is made by someone who is going to make this kind of investment, the City enters into a contractual obligation to make the refund of the 75 percent over a period of time, or we grant the 75 percent over a period of time. With that contract there becomes a "debt obligation" that qualifies. There is no typical bond to pay off, but the City has the obligation to refund their tax money to them.

Mayor Knapp invited testimony, hearing nothing he asked for motion to continue the hearing to November 4, 2013 and the public hearing would remain open until then.

Motion: Councilor Fitzgerald moved to continue the public hearing until November 4th.
Councilor Starr seconded the motion.

Vote: Motion carried 5-0.

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Mr. Kohlhoff suggested the Council pass a motion to adopt the ordinances on first reading subject to the continued public hearing and additional information that might affect some of the paragraphs regarding the 75 percent which will be added prior to the second reading.

Motion: Councilor Goddard moved to approve Ordinances No. 725, 726, 727, 728, 729, and 730 on first reading subject to receiving possible changes to be corrected at second reading November 4, 2013. Councilor Starr seconded the motion.

Vote: Motion carried 5-0.

CONTINUING BUSINESS

Mr. Kohlhoff read the title of Ordinance No. 724 into the record on second reading. No additional comments have been received since the first reading.

- A. **Ordinance No. 724** – second reading
An Ordinance Of The City Of Wilsonville Amending The Villebois Village Master Plan For The “Future Study Area” Establishing The General Land Use Framework, Open Spaces, Circulation And Utilities.

Mayor Knapp asked staff to clarify what the Council was voting on.

Chris Neamtzu, Planning Director, explained the action before Council is a legislative action amending the Villebois Village Master Plan, which is a sub-element of the City’s Comprehensive Plan. It is a high level policy document that guides the overall framework of the Villebois Project. Council was presented with a series of maps that had been revised for this specific parcel of land called the “Future Study Area” at their last meeting including: a land plan map, circulation map, open space and utilities.

Should Council approve Ordinance No. 724, the following actions will be a series of site specific development applications presented to the Development Review Board for approval. These applications would contain the detailed specifics of a subdivision proposal where a high level of specificity around traffic, specific trees to be saved or removed, and the type of lot size with specific dimensions. After the DRB completes the public hearing and review, they send a recommendation to the City Council for a zone map amendment approval.

Ordinance No. 724 is a high level master planning document. Subsequent actions will move through a series of “screens” with increasing amounts of detail to come before the Development Review Board and the Council.

Mayor Knapp stated making this choice before Council tonight would prevent the future study area property from being used in other ways – a truck stop for example, and only for residential development.

Mr. Neamtzu said that was correct, the property could only be developed as single family detached residential housing on medium, standard, and large lots. This would preclude

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commercial, retail, large institutional uses, attached row houses or multi-family housing uses. Council action would limit future actions to a single family detached neighborhood, similar in character to the surrounding neighborhood.

Councilor Fitzgerald understood the property has been designated as residential for some time.

Mr. Neamtzu indicated that was correct, through the Comprehensive Plan designation the area has the Village Zone designation. Within the Village Zone it allows all of the things in Villebois which does include retail; however the ordinance being considered will narrow and filter the uses.

Referring to the Planning Commission meeting minutes of September 4th Councilor Fitzgerald noted the previous owner, the Living Enrichment Center (LEC), looked at potential uses for the property related to the LEC operation which included expansion of the retreat center, a new teen center, sanctuary, additional housing, and senior care facilities. However, the application before Council was for the narrower use of residential single family detached homes.

Councilor Goddard asked if the Comprehensive Plan designation prevented a truck stop scenario from developing on the property absent any action by the Council on the legislative matter.

Mr. Neamtzu believed it would as it is not listed as a specific use within the Villebois Village.

Councilor Goddard had questions about the conclusionary findings and referred to Policy 3, finding VB9, on page 17 of 34, Exhibit No. 1; which says “the mix of housing shall be such that the development provided an overall average density of at least 10 dwelling units per net residential acre”. The criteria are satisfied but it says that “with or without the proposed master plan amendment the average density for Villebois, as a whole, will continue to exceed this standard”. The Councilor wanted to know by how much Villebois as a whole has exceeded the standard of 10 dwelling unit per acre standard.

Mr. Neamtzu did not have the information without additional research.

Councilor Goddard referred to Policy 4, overall number of residential units, there is a criteria that, “the Villebois Village shall accommodate a total of at least 2,300 dwelling units within the Villebois Village Master Plan”. The finding also says, “with or without the proposed master plan amendment the number of planned or constructed dwelling units for Villebois as a whole will continue to exceed the 2,300 unit maximum”. The Councilor wanted to know by how much the standard had been exceeded.

Mr. Neamtzu replied the 2,300 units referred to the Master Plan land use number that could be built; not all of those units have been built, but have been approved.

Mr. Kohlhoff added the City has entered into development agreements that speak in terms of 2,600 units.

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Councilor Goddard interpolated the number of approved units exceed the 2,300 number by about 20 percent. The Councilor referred to Policy 3.1.2 dealing with the concurrency requirement, that must be met for traffic and asked how we that requirement for traffic for this application and this amendment request had been met at this stage.

Mr. Neamtzu said the concurrency requirements refer to the Development Code standards, which are level of service (LOS) standards outlined in the Planned Development regulations. DKS conducts a site specific review of the development application and prepares a traffic report. The traffic report identifies the most probable used intersections of a development and the likely impacts are analyzed in detail with the number of PM peak hour trips generated by the project. Through this analysis the LOS-D is met or not. If traffic goes beyond LOS-D then mitigation measures need to occur in the form of additional striping, lane width or traffic mitigation measures like a traffic light to alleviate the impact and bring the flow of traffic through the intersection down to a level below LOS-D. At the Master Planning level there is a generic traffic memo from DKS that addresses the anticipated level of traffic impact and it passes the test for the Master Plan level of review, which is a very high level of review. The final approval would be at the DRB and Council level.

Councilor Starr asked for the application refinement process to be explained.

Mr. Neamtzu stated a specific development application in the form of a PDP (Preliminary Development Plan) will come to staff; notification will go out to citizens who have testified as part of this application of the DRB and Council dates for public hearings. The DRB will review the proposal and forward a recommendation to the City Council for the zone map amendments. If there are parts of the application the Council does not like, the Council has the authority to call-up any aspect of the detailed plans.

Councilor Starr referred to VB9 and VB10 where density has been exceeded in overall residential units; and asked if the overall plan to exceed the number of residential units will be communicated to the DRB. The Councilor asked when the DRB would have its first hearing.

Mr. Neamtzu said the DRB would be advised the overall plan exceeded the number of residential units. Regarding the future date of a DRB hearing Mr. Neamtzu noted the City has not received a formal application by the applicant. He speculated an application may be submitted at the end of November, with DRB hearings in the beginning of 2014.

Councilor Stevens asked if the area needed to conform to the Villebois Village Master Plan, could an applicant come forward with retail in the form of a coffee shop, pizza parlor, dentist or doctor's office? Mr. Neamtzu said those uses would be barred by the action the Council would be taking tonight.

Councilor Goddard wanted to know how the concerns of the neighborhoods were being addressed as a result of the petition and/or the comments from the first reading of the ordinance.

Mr. Neamtzu responded the applicant had an original concept with 121 dwelling units; after holding the neighborhood meetings the applicant reduced the number by eight and saved a grove

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of trees. The applicant responded to each of the issues raised during the neighborhood open houses.

Mayor Knapp repeated for clarity the specifics Mr. Neamtzu was speaking about were not being addressed and voted on tonight by the Council.

Mr. Neamtzu stated the Mayor was correct; those were revisions the applicant voluntarily made prior to the Planning Commission process.

Mr. Kohlhoff added the Council is addressing a big picture neighborhood residential Master Plan. Details such as the approvals for the number of homes would go through the Development Review Board.

Councilor Fitzgerald pointed out the Councilors were expressing sensitivity to the concerns made in a petition, testimony during the Planning Commission process, and the changes made to a concept. Page 2 of the September 11 Planning Commission staff report says, "However, these details are considered preliminary and are subject to substantial refinement during subsequent development review". She asked for a restatement of the public hearing process and notification provided to interested persons.

Mr. Neamtzu restated the notification process for the public hearing.

Mayor Knapp requested a motion from Council.

Motion: Councilor Stevens moved to approve Ordinance No. 724 on second reading.
Councilor Starr seconded the motion.

Councilor Goddard asked that the record reflect his following comments. The Councilor pointed out, based upon the discussion at the last Council meeting and the additional input that staff provided, he still did not feel comfortable the applicant has adequately addressed the concerns that have been expressed by a couple hundred residents in the area related to traffic concerns, natural space, preservation, and other issues. As he pointed out in the public hearing he believed the findings and the staff report, the conclusionary findings point out that either with or without this master plan amendment our community has exceeded both the density requirements that were envisioned for Villebois, and the minimum number of dwelling units that were identified for Villebois. There have been a number of conversations since he has been on Council about increasing density pressures in our community. He has heard from many that have expressed concern about the increasing density in our community and we've had a number of discussions about when is, or isn't, the appropriate time to take that issue on. I think here we are finding ourselves on the front end of the process with a legislative action to address a request to modify a master plan, and so from what I've heard so far, my position is that the applicant has not adequately demonstrated the need for this master plan amendment. So I don't intend to support it this evening.

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Councilor Fitzgerald commented a property owner has a property that has been designated residential for several years. The Councilor was curious how Council could change the designation from residential at this point in time.

Mr. Kohlhoff stated the Planning Commission's recommendation is that the application meets the criteria. It is the applicant's burden to meet the criteria. If Council does not think the applicant has met the burden of proof for the criteria, it is stated on the record, and if the Council believes the applicant has the findings support that. Council has asked if they can "undo" the Villebois Master Plan, you probably can, but as a practical matter, whether you can do it legally, or whether or not you want to, that is something else again. There are expectations out there with long time Comprehensive Planning that has occurred. The City Attorney understood Councilor Goddard to say that he was not ready, at this time, to support this, not necessarily saying it ought not to have residential development.

Councilor Goddard said Mr. Kohlhoff interpreted his comments correctly. The Councilor was not suggesting to change the Villebois Village designation or that the area be designated anything other than residential. But that as we look at the plan as presented during first reading, we continue to depend on these designations as small, standard, large, estate sized lots and compare them to other lot sizes within the Villebois Village, and that is great if that gives some comfort, but by any other measure in our community those are small lots, and we are continuing to develop more small lots in our community when we already exceeded the minimum density requirements and the minimum number of units. The Councilor is hearing from many in the community and he wanted to be sure that the community understood at least one person on this Council is attempting to listen to those concerns, and that is why he intended to vote against.

Councilor Starr indicated he shared some of the same concerns as Councilor Goddard; however he wanted to allow the process to take place and permit the DRB to make their determinations. He encouraged the public to attend the DRB hearings.

Councilor Fitzgerald also had concerns about density. In the interest of getting the largest lots possible in this proposal that has been approved by the Planning Commission, the major caveat wanted to make sure there were as many of the larger lots as possible. For the record the comment was made about small lots and she wanted to clarify in the ordinance small lots are not included. The Councilor reiterated the discussion in the last Council meeting about the importance of the language on page 1 that says, "Single family lots within the medium to estate land use category". The estate size is larger than any lot that now exists in Villebois. The Councilor acknowledged Councilor Starr's comment about wanting this to go through the DRB where it stands a real test of the community. At the last Council meeting we heard concerns about maintaining bird habitat and sanctuary, the proposal is next door to a 250 acre preserve and is surrounded by 23 acres of open space. Councilor Fitzgerald was convinced the applicant had met the criteria and believed the community would continue to press them towards that.

Mayor Knapp thought it was appropriate to hold an applicant to the process under which they were applying. He agreed with Councilor Starr that the process to come is the one in which the details will be worked out and the public will have the opportunity to express their points of view and provide input. The Mayor did not think the other uses listed in the Villebois Village Master

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Plan were appropriate for this property. The proposal before Council would narrow the field to residential uses which are the preferred use of this acreage as voiced by members of the community. The comments regarding density targets being met with or without the amendment seem to be extraneous. At the time the plan for Villebois was established the housing calculations were done without the LEC property included since it was a church. Regarding the criticism that the applicant had not demonstrated the need for single family housing there have been discussions on the Council that the need for single family housing was a concern of many in the community, and it makes sense to move forward to designate the area for single family housing to help fulfill that need.

The Mayor agreed with Councilor Fitzgerald that small lots within the Villebois definition are not planned for this property; however there will be a mix of lots up to and including estate lots. The applicant will need to refine and fully develop their application before that discussion can occur. In addition, the concerns about traffic are not dealt with at this level of legislative action; rather it is done at the DRB level. The Mayor thought the area was appropriate for housing and noted a significant amount of natural area will be preserved to benefit residents of this future area. He encouraged the public to participate in the public hearing process and express their viewpoint.

Vote: Motion carried 4-1.
 Councilor Starr - Yes
 Councilor Goddard - No
 Councilor Fitzgerald - Yes
 Councilor Stevens - Yes
 Mayor Knapp - Yes

CITY MANAGER'S BUSINESS

Mr. Cosgrove commented the Kitakata Sister City delegation would be at City Hall for breakfast on the 30th and they would be participating in a Halloween event on October 31st. The City Manager noted a memo had been included in Councilors packet about PGE LED street lighting, and that staff was still gathering information to be brought back to Council.

LEGAL BUSINESS

No report.

ADJOURN

The Mayor adjourned the Council meeting at 9:28 p.m.

Respectfully submitted,

Sandra C. King, MMC, City Recorder

ATTEST:

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Tim Knapp, Mayor