

**CITY OF WILSONVILLE
URBAN RENEWAL AGENCY**

The Urban Renewal Agency held a regular meeting on September 5, 2013 in the Wilsonville City Hall immediately following the adjournment of the City Council meeting. Chair Knapp called the meeting to order at 8:35 p.m. Board Members present: Tim Knapp, Chair, Board Members Starr, Goddard, Fitzgerald and Stevens.

Staff included: Bryan Cosgrove, Executive Director; Mike Kohlhoff, City Attorney; Jeanna Troha, Assistant City Manager; Kristin Retherford, Economic Development Manager, and Sandra King, City Recorder.

CITIZEN INPUT

There was none.

NEW BUSINESS

A. URA Resolution No. 234

A Resolution Of The Urban Renewal Agency Of The City Of Wilsonville Recommending That The City Council Adopt An Ordinance To Create Five Single-Property Urban Renewal Districts To Be Called The 26755 SW 95th Avenue TIF Zone, The 9805 SW Boeckman Road TIF Zone, The 25600 SW Parkway Center Drive TIF Zone, The 27255 SW 95th Avenue TIF Zone And The 29899 SW Boones Ferry Road TIF Zone. (Staff – Retherford)

The title of URA Resolution No. 234 was read into the record by Mr. Kohlhoff.

Kristin Retherford presented the staff report.

The URA will decide whether to recommend to City Council that they adopt an ordinance to create five single-property urban renewal districts to be called Tax Increment Financing Zones (TIF Zones).

On March 12, 2013 the citizens of Wilsonville voted in favor of creating TIF Zones to incentivize capital investment and job creation by manufacturers. This election was the result of nearly a year of public process that began with the creation of an Economic Development Advisory Committee in the spring of 2012, the City Council adoption of an Economic Development Strategy in August of 2012, and the convening of an Economic Development Task Force in November 2012 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.

On April 15, 2013, the URA passed URA Resolution No. 230 (see Exhibit B) recommending the creation of multiple single-property urban renewal districts to be called TIF Zones and authorizing staff to begin work necessary to create the TIF Zones

The purpose of the TIF Zones is to provide economic development incentives via property-tax rebates to incentivize private-sector investment in vacant or underutilized industrial buildings. The TIF Zone program would provide manufacturing businesses with a financial incentive to

URA Meeting Minutes September 5, 2013

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 point the Zone would be closed. If no qualifying investment is made within the first five years, the Zone would automatically be closed. Each Zone would share 25% 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 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% of increased property tax increment for three years for each minimum qualifying investment and job creation for companies that invest at least \$25 million in capital improvements and/or qualified equipment and create 75 or more new full-time jobs paying at least 125% of the average Clackamas County wage, with two additional years (5 total) available if the new jobs pay 150% 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.

Five 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 Urban Renewal Resolution No. 234 as Exhibits C through G:

- Exhibit C 26755 SW 95th Avenue TIF Zone Plan and Report
- Exhibit D 9805 SW Boeckman Road TIF Zone Plan and Report
- Exhibit E 25600 SW Parkway Center Drive TIF Zone Plan and Report
- Exhibit F 27255 SW 95th Avenue TIF Zone Plan and Report
- Exhibit G 29899 SW Boones Ferry Road TIF Zone Plan and Report

The Plans address goals and objectives, identify the Plan's 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 on the 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 also 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. The Reports also document compliance with statutory limits on assessed value and acreage included in the City's urban renewal areas.

Upon adoption of these Plans and Reports by ordinance, the City of Wilsonville will still meet the parameters of the ORS 457 restriction that no more than 25% of the City's assessed value and 25% of the City's acreage be included in urban renewal areas. However, the City will be removing acreage from its Year 2000 Plan Urban Renewal Area to stay comfortably under the acreage limitation.

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

If the Urban Renewal Agency recommends that City Council adopt the five new urban renewal TIF zones, staff shall forward the Plans and Reports to the Planning Commission for their recommendations. The staff shall consult and confer about the Plans and Reports with the governing body of each affected taxing entity. It is possible the ordinance would be adopted in November of 2013 and the five TIF zones could be recorded with Clackamas County and Washington County in December of 2013.

Upon recordation in December of 2013, the TIF Zones would be ready for activation and investment in 2014.

A consulting contract was entered into after adoption of URA Resolution No. 230 to prepare the five urban renewal plans and reports. Budget impacts resulting from a qualifying investment that activates one of the TIF zones cannot be determined until the TIF zones details are defined.

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.

The development and approval of an Urban Renewal Plan and Report is subject to the requirements of ORS Chapter 451. As outlined in the report, these requirements are being followed. The Resolution is approved as to form.

This matter has been discussed by the Economic Development Task Force at multiple meetings and approved by the citizens of Wilsonville in the March 12, 2013 election. During the remaining process of creating the TIF Zones, there will be further opportunity for community involvement and input at each stage.

Adoption of an ordinance creating these TIF Zones will provide the City with a mechanism for funding economic development incentives to better compete with the Enterprise Zones in place

in other communities. If successful, this program could lead to long-term benefits to the community in the form of increased property tax and payroll tax revenues, as well as the creation of numerous jobs.

The alternatives would be to not create the TIF Zones, or to create a different number of TIF Zones.

Motion: Mr. Goddard moved to adopt URA Resolution No. 234. Ms. Fitzgerald seconded the motion.

Mr. Goddard related he had raised the concept of creating a single property URA when the City was addressing the Solar Power matter, and he was pleased to have the have opportunity to formally support the concept.

Vote: Motion carried 5-0.

CONSENT AGENDA

A. Minutes of the August 5, 2013 URA Meeting.

Motion: Mr. Goddard moved to adopt the consent agenda. Mr. Starr seconded the motion.

Vote: Motion carried 5-0.

ADJOURN

Motion: Mr. Starr moved to adjourn. Ms. Stevens seconded the motion.

Vote: Motion carried 5-0.

The URA meeting adjourned at 8:51 p.m.

Respectfully submitted,

Sandra C. King, City Recorder

ATTEST:

Tim Knapp, Chair