

Urban Renewal Agency Meeting  
April 15, 2013

Chair Knapp called the Urban Renewal Agency meeting of April 15, 2013 to order following the adjournment of the City Council meeting at 8:30 p.m. at Wilsonville City Hall.

Board Members present:

Tim Knapp, Chair  
Board Member Julie Fitzgerald  
Board Member Susie Stevens  
Board Member Richard Goddard  
Board Member Scott Starr

Staff present:

Bryan Cosgrove, Executive Director  
Mike Kohlhoff, City Attorney  
Jeanna Troha, Assistant City Manager  
Sandra King, City Recorder  
Kristin Retherford, Urban Renewal Agency Manager  
Mark Ottenad, Government Affairs Director  
Stephan Lashbrook, SMART Director  
Nancy Kraushaar, Community Development Director

**CITIZEN INPUT** – There was none.

**NEW BUSINESS**

A. **URA Resolution No. 230**

A Resolution Of The Urban Renewal Agency Of The City Of Wilsonville Recommending That The City Council Create Multiple Single-Property Urban Renewal Districts To Be Called Tax Increment Finance Zones And Authorizing Staff To Begin Work Necessary To Create The Tax Increment Finance Zones.

Mr. Kohlhoff read the title of URA Resolution No. 230 into the record.

The staff report was prepared by Kristin Retherford and follows: URA Resolution No. 230 authorizes staff to move forward with the planning processes and statutory requirements necessary to create multiple single-property urban renewal districts to be called Tax Increment Financing Zones (TIF Zones), and to recommend that the City Council also authorize staff to proceed with the steps necessary to create TIF Zones.

On March 12, 2013 the citizens of Wilsonville voted in favor of creating Tax Increment Financing 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.

This report includes the Task Force recommendation to establish multiple single-property urban renewal districts to be called Tax Increment Financing Zones (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 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 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 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 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 percent of the average Clackamas County wage, with two additional years (5 total) 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. The Plan will 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 plan must 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. This document must examine the physical, social and economic conditions of the proposed urban renewal area and impact on municipal services. It will 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 report will also document compliance with statutory limits on assessed value and acreage included in the City's urban renewal areas.

Upon authorization by the Agency Board, staff will issue a Request for Proposals for consulting services and will retain a consultant to develop the TIF Zone urban renewal plans. Staff will also retain a consultant to begin drafting legal descriptions for the proposed TIF Zones. A proposed schedule is attached hereto that outlines the steps necessary to create the TIF Zones. The process includes significant public outreach and opportunity for input, including two public hearings and a public open house, and outreach to the City's overlapping taxing districts.

Staff would expect to have consultants on board the second week of May to begin drafting the plan, report and legal descriptions. The process of creating an urban renewal district is approximately six months. The target completion date for creating the TIF Zones is September 23, 2013, pending all regulatory notice and meeting requirements, and support from the City's overlapping taxing districts.

Staff does not yet have a cost estimate for consulting services for creating the urban renewal plans. The proposed 2013/14 budget for the Urban Renewal Department includes \$127,745 for Professional Services, which was included in anticipation of creating the TIF Zones and developing a strategic plan for urban renewal.

The financial impact of the ballot title is the potential cost of the election, which could be paid out of the current budget.

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 process of creating the TIF Zones, there will be further opportunity for community involvement and input.

If the Urban Renewal Agency and City Council authorize staff to proceed with creating the proposed TIF Zones, the City would have a way to fund 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 than the six proposed to the Task Force and the voters.

Mr. Starr asked why the public, especially in Clackamas County, has lost trust in urban renewal measures.

Ms. Retherford thought the most common reasons the public lost trust in urban renewal districts in the state, not just Clackamas County, is:

- they have not sunset due to not having the funding to complete projects in a timely manner;
- projects cost more than anticipated and plans are amended stretching out the duration; or
- new projects are added to the plans

Ms. Retherford added opposition is also based on the type of project and the feeling the tax increment was used in ways that were not in the public's best interest or may not be tied to economic development.

Mr. Starr asked how the URA Resolution No. 230 is structured to be responsible and address concerns with trust, and was structured so money was spent in a responsible way.

Ms. Retherford explained each Zone would immediately 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. Each Zone would end ten years after the first qualifying rebate. Nonperformance during the term of the Zone would require repayment of the rebates. If no qualifying investment occurred within five years of creating the Zone, the Zone would terminate.

Mr. Starr pointed out there was no upfront funding, the rebate is based on the company's performance and is proportional to the capital investment made. If no capital investment is made, no rebate is received.

Chair Knapp asked if a company makes a qualifying investment in year one and receives the rebate, but does not make a qualifying investment in year two, does the company repay the rebate from year one.

Ms. Retherford understood the company would not receive a rebate for the years in which they do not make a qualifying investment; rebates are only received during qualifying investment years. She noted each Zone would terminate ten years after the first qualifying rebate.

**Motion:** Mr. Starr moved to approve URA Resolution No. 230. Mr. Goddard seconded the motion.

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

## **CONSENT AGENDA**

- A. Minutes of the March 18, 2013 URA Meeting.

The Consent Agenda item was read for the record by the City Attorney.

**Motion:** Mr. Starr moved to approve the Consent Agenda. Ms. Fitzgerald seconded the motion.

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

## **ADJOURN**

Chair Knapp adjourned the Urban Renewal Agency meeting at 8:43 p.m.

Respectfully submitted,

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Sandra C. King, MMC, City Recorder

ATTEST:

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Tim Knapp, Chair