

EXHIBIT B
YEAR 2000 URA - BOECKMAN CREEK BRIDGE



CITY COUNCIL WORK SESSION STAFF REPORT

Meeting Date: June 5, 2017		Subject: Year 2000 Urban Renewal Plan Update Staff Member: Nancy Kraushaar, PE, Community Development Director Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input type="checkbox"/> Not Applicable	
		Comments:	
Staff Recommendation: Provide direction to staff on pursuing amendment of the Year 2000 Urban Renewal Plan.			
Recommended Language for Motion: N/A			
Project / Issue Relates To: <i>[Identify which goal(s), master plans(s) your issue relates to.]</i>			
<input checked="" type="checkbox"/> Council Goals/Priorities	<input checked="" type="checkbox"/> Adopted Master Plan(s) Transportation System Plan UU-01 Boeckman Road Dip Improvements	<input type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

Provide direction to staff on a proposed Year 2000 Urban Renewal Plan (Year 2000) amendment to add the Boeckman Dip Bridge project and increase the maximum indebtedness.

EXECUTIVE SUMMARY:

Per City Council direction, staff convened the Urban Renewal Task Force on April 24, 2017. One of the agenda items asked them to consider, discuss, and provide direction on a proposal to

add the Boeckman Dip Bridge to the West Side Urban Renewal Plan and increase the maximum indebtedness to include the project cost. The meeting summary is provided as **Attachment 1**.

The task force voted unanimously for Staff to proceed with a substantial amendment process to fund the Boeckman Dip Bridge, first analyzing the feasibility of a West Side Urban Renewal District (West Side) amendment vs. a Year 2000 amendment and providing a recommendation for City Council consideration.

Staff has reviewed the feasibility of a West Side amendment vs. a Year 2000 amendment as summarized below:

Concurrency

The increase in maximum indebtedness requires a substantial plan amendment. In reviewing the maximum indebtedness history in each district, we learned that an amendment in either district will require concurrence from taxing districts that represent 75% of the total current, permanent tax levies in the district (for example, this could be achieved by receiving concurrence from the City of Wilsonville, Clackamas County, and the West Linn-Wilsonville School District.

Boundaries

The area of the Boeckman Dip Bridge project is located within the Year 2000 Urban Renewal boundary and is not contiguous so the West Side. To amend the West Side Plan to include this area would be most prudently achieved using a “cherry stem” from the West Side – either out Boeckman Road from Villebois or through the Town Center area from Old Town (see **Attachment 2** – Urban Renewal Areas Map).

Cherry stems to non-contiguous projects are discussed in “Best Practices for Urban Renewal Agencies in Oregon” dated April 2012 prepared by the Association of Oregon Redevelopment Agencies. Two key pages are attached (see **Attachment 3**) that discuss area boundary. Please note that while non-contiguous areas can be added if there is a relationship between the areas, the document states, “A boundary including non-contiguous areas should be established only after legal counsel review and approval. A cherry stem is the most conservative method to address this situation and should be the first method explored.”

Legal staff reported that this language suggests that non-contiguous areas without “cherry stems” is unresolved under Oregon law and leaves us open to challenge. A safer bet would be to have each of the areas connected through roadways for each of the urban renewal plans.

Either of these cherry stems would cut off portions of the Year 2000 area, reducing annual tax increment revenues. The City would be unable to make the upcoming balloon payment or meet debt service requirements. Existing bond covenants would need to be modified.

Alternatively, if it is undesirable to extend the life of the Year 2000 district for three to four years, we could wait until it closes down and then cherry-stem the West Side District over to the Boeckman Dip in FY 2021.

Staff anticipates the time to design and construct a bridge at this location will take 5+/- years. It is desirable to have the bridge in place sooner to more safely serve cross-town traffic. Given the circumstances, staff recommends pursuing a Year 2000 rather than a West Side amendment.

CITY MANAGER COMMENT:

ATTACHMENTS:

Attachment 1 – Meeting Summary - April 24, 2017 Urban Renewal Task Force Meeting

Attachment 2 – Wilsonville Urban Renewal Areas Map

Attachment 3 – Excerpt from “Best Practices for Urban Renewal Agencies in Oregon”



**CITY COUNCIL MEETING – Work Session
STAFF REPORT**

<p>Meeting Date: March 20, 2017</p>	<p>Subject: Closure of Year 2000 Plan (Eastside) Urban Renewal District</p> <p>Staff Member: Susan Cole, Finance Director; Nancy Kraushaar, Community Development Director</p> <p>Department: Finance and Community Development</p>
<p>Action Required</p>	<p>Advisory Board/Commission Recommendation</p>
<p> <input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1st Reading Date: <input type="checkbox"/> Ordinance 2nd Reading Date: <input type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda </p>	<p> <input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input type="checkbox"/> Not Applicable </p> <p>Comments: This District is slated to close in fiscal year 2020. The major street project of the “Boeckman Bridge” could be funded if this District were to remain open for three more years.</p>
<p>Staff Recommendation:</p>	
<p>Recommended Language for Motion:</p>	
<p>Project / Issue Relates To: <i>[Identify which goal(s), master plans(s) your issue relates to.]</i></p>	
<p><input type="checkbox"/> Council Goals/Priorities</p>	<p><input type="checkbox"/> Adopted Master Plan(s)</p>
<p><input type="checkbox"/> Not Applicable</p>	

ISSUE BEFORE COUNCIL:

Whether to proceed with Year 2000 Urban Renewal Plan closure or consider keeping it open to fund construction of the Boeckman Bridge.

EXECUTIVE SUMMARY:

The City of Wilsonville Year 2000 (Eastside) Urban Renewal Plan and Program is completing the projects that were outlined in the various plans, the most recent being the Wilsonville Urban Renewal Strategic Plan dated October of 2014. Therefore, the Finance Department is beginning the process of closing down this district, which includes restructuring its debt to ensure all obligations are satisfied, and potentially “under-levying” in the succeeding fiscal years by a greater extent than currently, to match requirements once the debt is restructured. The financial plan shows the District ceasing to collect tax increment revenue after the fiscal year of 2020. Once this District stops collecting tax increment, which currently is budgeted at about \$4 million, those funds are redirected to the overlapping taxing districts, including the City. The City stands to gain approximately \$725,000 in additional property tax revenue in fiscal year 2021 if the Year 2000 Plan District ceases to collect tax increment in fiscal year 2020.

However, the City is concerned about funding improvements to Boeckman Road, which has a major dip that impedes sight distance and is narrow, both conditions compromising the safe flow of road users. In the adopted 2013 and 2016 Transportation System Plan (TSP) update and in the Frog Pond Concept Plan, City has identified the need for a bridge that would fix this issue, estimated at approximately \$14 million.

The Boeckman Dip Bridge project area is within the Year 2000 Urban Renewal Plan area which could allow Year 2000 revenues to be used for a portion or the entire project. To do so, the plan would need to be amended to include the project (minor amendment). Funding the construction of the Boeckman Dip Bridge is projected to be in excess of the current maximum indebtedness of the District, necessitating a substantial amendment to increase it. The District may have approximately \$1 to \$2 million within its current debt limit depending upon the needs of other projects to begin preliminary planning and design, but construction funded with urban renewal funds would require a substantial amendment to increase the maximum indebtedness. Staff recommends that any amendments go through the Urban Renewal Task Force for their consideration and recommendation to the City Council and Urban Renewal Agency.

Finding other sources of funds for this project will be challenging. The Transportation System Development Charge could be a source, however this fund has approximately \$6.8 million in available fund balance to provide for \$6.7 million in projects slated for the next fiscal year. Over the next five years, this fund may bring in anywhere between \$7 and \$8 million, but the project list over that timeframe totals approximately \$12.9 million. Examples of projects slated for this funding source both next year and in the future includes completing the Kinsman Road Extension, improving roads and intersections surrounding the I-5 interchange to relieve congestion, the City’s share of the Meridian Creek Middle School transportation improvements, improving the south side of Boeckman Road, initial phases of Garden Acres Road, and initial phases of a walking/biking bridge spanning I-5.

Another possible funding source would include contributions from developers that are contemplating building out the Frog Pond and Stafford Road areas over the course of time. However, these areas need extensive infrastructure improvements that are likely going to require supplemental charges to appropriately build out needed roads, parks, water, and sewer systems. Adding a supplemental charge to developments to construct the Boeckman Dip Bridge, in

addition to likely other supplemental charges for needed infrastructure, could potentially place certain kinds of housing developments out of range. In addition, there are limits on how much can be equitably allocated to Frog Pond.

Using Urban Renewal as a funding source for the Boeckman Dip Bridge is within the spirit of the mission of urban renewal – to stimulate economic development where private development may not be feasible due to cost or other factors. Constructing the Boeckman Dip Bridge will improve traffic flow and safety (including trucks) and provide multi-modal transportation options to one of the City’s potential growth areas as well as serving the greater Wilsonville population.

Timing of this decision is important; the Year 2000 Plan District is at a fork in the road, to either prepare for closure, or to stay open and fund this additional project. Preparing the Year 2000 Plan District for closure is a multi-year endeavor that should begin with the next fiscal year, 2017-18. It is important for the District to carefully plan its cash flow, project timing, debt payments and tax increment received, and it can take a few years for these dynamics to unfold, and therefore should begin next fiscal year. The District should avoid over-collecting the increment, because then it would need to refund these payments back to the County Assessor, who in turn would need to refund it back to the over-lapping districts, and this can be administratively burdensome. Due to the success of the District, financial projections show that it has adequate resources to pay back its debt and complete the project list, while at the same time “under-levy” in subsequent fiscal years so that it has a soft-landing.

The following table displays the estimated amount of property tax revenue to each of the overlapping districts, the percent that is diverted to the Urban Renewal Year 2000 District, the amount of incremental property tax revenue received by the District, and the percent of the total to the Urban Renewal District. For example, less than one percent (0.61%) of Clackamas County’s property tax revenue is divided to the the Urban Renewal District, but that amount makes up 17.68% of the total revenue received by the Urban Renewal District.

The estimated property tax increment to the Urban Renewal District from each overlapping taxing jurisdiction will be approximately equal to the amount each taxing district will realize once the Urban Renewal District closes. This is because the Urban Renewal District “under-levys” by fixing the incremental assessed value each year to collect about \$4 million in taxes.

Taxing Jurisdiction	Total Est Property Tax Rev of District; FY 16-17	% of Total Prop Tax Est diverted to UR	Estimated Prop Tax Increment to UR Yr 2000; FY 16-17	% of UR Total
Clackamas County	\$114,156,200	0.61%	\$691,955	17.68%
County Extension & 4-H	\$2,128,745	0.67%	\$14,160	0.36%
County Library	\$16,906,295	0.68%	\$114,145	2.92%
County Soil Cons	\$2,129,285	0.67%	\$14,160	0.36%
City of Wilsonville	\$6,401,455	11.33%	\$725,455	18.54%
ESD Clackamas	\$14,901,775	0.71%	\$105,890	2.71%
Clack Comm Coll & Bond	\$22,106,970	0.92%	\$202,925	5.19%
TVF&R	\$90,023,400	0.49%	\$439,025	11.22%
Port of Portland	\$6,872,945	0.29%	\$20,045	0.51%
W Linn/WV School & Bond	\$35,359,130	4.39%	\$1,552,075	39.66%
Metro & Bond	\$9,320,020	0.34%	\$32,005	0.82%
Vector Control	\$282,675	0.63%	\$1,770	0.05%
			3,913,610	

However, one caveat is that it is not clear the total impact of closure on the West Linn-Wilsonville School District. Past analyses have shown that closure would negatively impact the School District’s local option levy by increasing tax compression between \$280,000 and \$135,000, depending upon when the Urban Renewal District closes; the later it closes, the less impact on compression.

Staff is seeking direction on whether to pursue taking steps necessary to seek urban renewal funding for the Boeckman Road improvements.

EXPECTED RESULTS:

TIMELINE:

If Council would like to pursue urban renewal funding for the Boeckman Road improvements, staff would convene the Urban Renewal Task Force in early 2017.

CURRENT YEAR BUDGET IMPACTS:

The current year budget for the Urban Renewal Agency anticipates paying off certain portions of the urban renewal debt. If the District were to remain open, the debt may be restructured but not retired.

FINANCIAL REVIEW / COMMENTS:

Reviewed by: SCole Date: 3/7/2016

LEGAL REVIEW / COMMENT:

Reviewed by: Date:

COMMUNITY INVOLVEMENT PROCESS:

If the Council is interested in funding the Boeckman Dip Bridge with urban renewal revenue, staff recommends that the Urban Renewal Task Force be reconvened to provide input.

Depending on their recommendations and the Council's direction, an urban renewal plan amendment would be prepared in accordance with Oregon law.

POTENTIAL IMPACTS or BENEFIT TO THE COMMUNITY (businesses, neighborhoods, protected and other groups):

ALTERNATIVES:

CITY MANAGER COMMENT:

ATTACHMENTS:

Urban Renewal Task Force Meeting
April 24, 2017

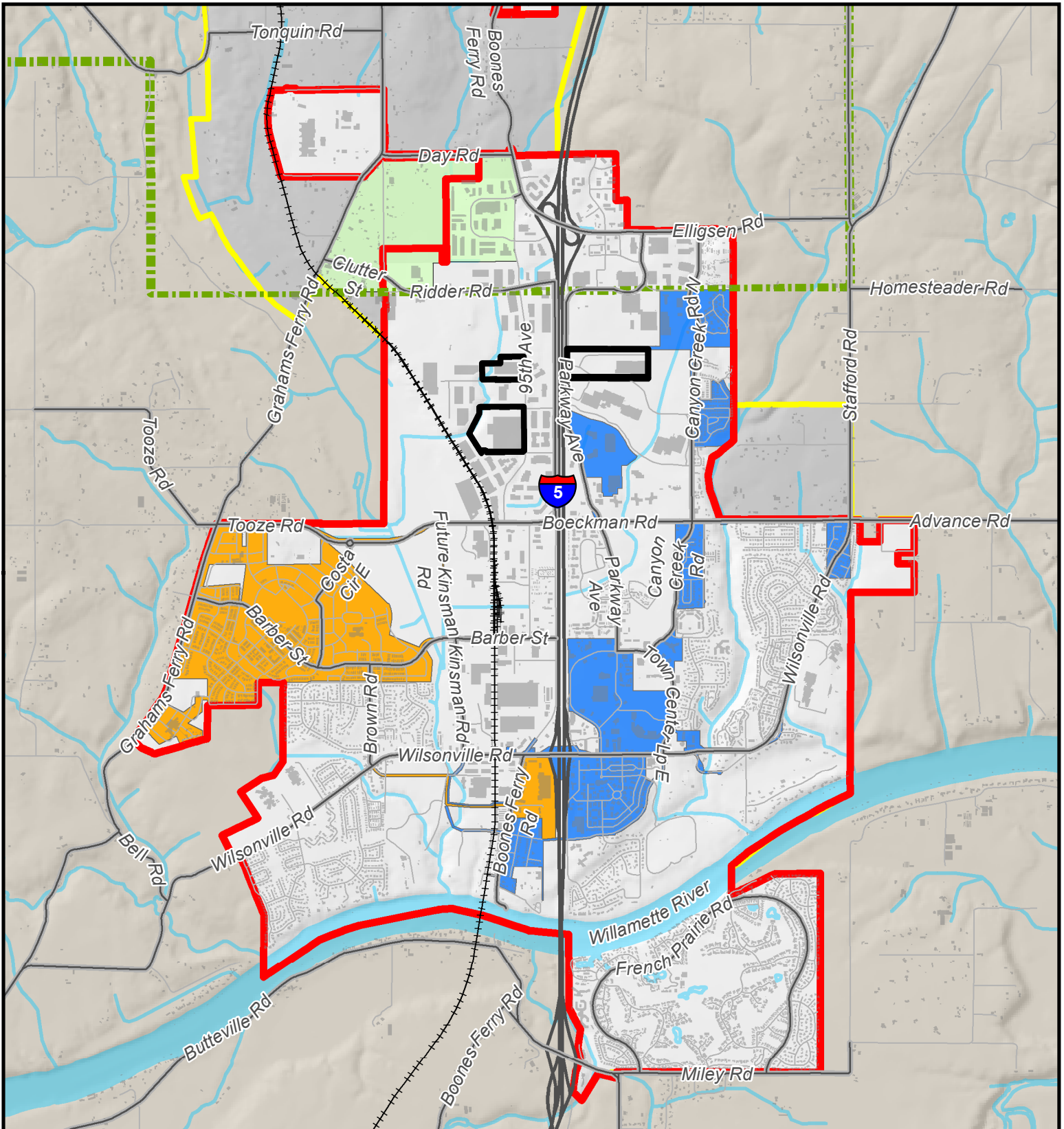
Attendees:

Councilors	Staff	Non-Staff
Councilor Starr	Bryan Cosgrove	Al Steiger
	Susan Cole	Brian Sherrard
	Nancy Kraushaar	Jessica Pelz
	Kim Rybold	Cindy Dolezel
	Jordan Vance	Scott Vanden Bos
		Bill Bach
		Elaine Howard
		Nick Popenuk

Summary

Agenda Item	Actions
Year 2000 URA Maximum Indebtedness / Project List	<ul style="list-style-type: none"> • Staff reviewed options around keeping the Year 2000 URA open for three or four additional years to fund the Boeckman Dip Bridge project, a major transportation project located on Boeckman Road just east of Canyon Creek Road. • Councilor Starr asked if the project could potentially be funded by another URA, such as the West Side URA. Councilor Starr noted the importance of closing the Year 2000 URA on time to maintain public trust. Staff agreed to assess the West Side URA Plan’s capacity for acreage and ability to increase maximum indebtedness. • Brian Sherrard said TVFR is generally supportive of urban renewal projects that promote economic development or better city transportation, and that he could see the value in funding the Boeckman Dip Bridget project through URA dollars. • Bill Bach motioned to allow Staff to proceed with a substantial amendment process to fund the Boeckman

	<p>Dip Bridge, first analyzing the feasibility of a West Side District amendment vs. a Year 2000 amendment and providing a recommendation for City Council consideration. Motion was seconded by Cindy Dolezel. Motion passes 5-0.</p>
TIF Zone Program Evaluation	<ul style="list-style-type: none">• Elaine Howard reviewed the performance of the TIF Zone Program, which was established in 2011 to stimulate development on vacant, underutilized industrial buildings in Wilsonville. She noted that 3 of the 6 properties have developed without utilizing City incentives.• Staff requested added flexibility in TIF program criteria to negotiate with developers – particularly for Building 83 which is challenging for developers due to the high cost of improvements needed and general development limitations due to BPA easement on the north and SROZ (Significant Resource Overlay Zone) on the east.• Al Steiger motioned to allow Staff to pursue modifications to the TIF Zone Program. Motion was seconded by Jessica Pelz. Motion passed 5-0.• Staff will check expiration dates of TIF Zones, draft letter with amended resolution for taxing districts to pass, and prepare notice and presentation materials for an Open House to discuss need for flexibility.
Coffee Creek URA Update	<ul style="list-style-type: none">• Staff provided an informational update on status of the Coffee Creek Urban Renewal Area, financing of the first capital project (Garden Acres Road), and the project plan to adopt form-based code in this district. No recommendations were sought by Staff from the Task Force for these topics.• Several task force members noted that the intersection of Ridder and 95th is problematic for turning trucks, and will likely get worse as Coffee Creek develops. Nick Popenuk suggested potentially conducting a traffic study on this intersection to determine if project could be funded through a Coffee Creek URA amendment.



The City of Wilsonville, Oregon

Clackamas and Washington Counties

Urban Renewal Areas & Tax Increment Finance Zones

- Coffee Creek URA
- Year 2000 URA
- West Side URA
- TIF Taxlots
- County Boundary
- UGB
- City Limits



4/20/2017



EXCERPT FROM

BEST PRACTICES

FOR URBAN RENEWAL AGENCIES IN OREGON

April 2012



DRAFT



Association of
Oregon
Redevelopment Agencies

2.2 AREA BOUNDARY

A. Background

An urban renewal feasibility study must be predicated on specific boundaries and, if desired, specific alternative boundaries.

B. Statutory Provisions

ORS 457.420 limits the amount of acreage and assessed value that may be in urban renewal for cities with a population of more than 50,000 (15%) and less than 50,000 (25%). The area must also be blighted in accordance with ORS 457.010.

C. Discussion

Area boundaries are meant to include the entire blighted area where the jurisdiction intends to undertake its projects and programs. For example, if a jurisdiction is considering a commercial district in the downtown, it makes sense to include all of the commercially-zoned properties in that district. There are a few special circumstances to consider when establishing boundaries:

- **Cherry stems:** There may be development opportunities or blighting conditions that are not directly adjacent to the area being studied, but which have a direct relationship to the main area. Those areas can be added to the study area through a “cherry stem,” a small section that connects one area to the other.
- **Donuts:** There may be an area within the potential boundary of an URA that is not included in the URA. This may be because it is a different land use, no projects are planned in that area, or because it may not relate to the URA in some other way. It is acceptable to establish a boundary and exclude that area, making a “donut.”
- **Non-contiguous areas:** If a jurisdiction is considering adding an area to an urban renewal boundary that is non-contiguous to the majority of the URA, there should be a direct relationship between the two areas. A direct relationship could be that the districts support each other in their activities, or that they are both commercial districts, so are like in nature.

Jurisdictions sometimes study the possibility of adding more acreage to an URA than the specific area where projects will be considered. This is done because the larger area typically benefits from the improvements and can use the overall growth to help establish the URA.