MONDAY, DECEMBER 13, 2021
URBAN RENEWAL AGENCY MEETING 6:00 pm
Council Chambers
33568 East Columbia Avenue
Scappoose, OR 97056

Call to Order

Roll Call

Approval of the Agenda

Public Comment

Approval of Minutes

- **September 7, 2021**

New Business
Follow up on Downtown Store Front Improvements Program

Adjournment

This meeting will be conducted in a handicap accessible room. If special accommodations are needed, please contact City Recorder, Susan Reeves at (503) 543-7146, ext. 224 in advance.
TTY 1-503-378-5938

TUESDAY, SEPTEMBER 7, 2021
URBAN RENEWAL AGENCY MEETING 6:00 pm

Call to Order

Scott Burge called the Urban Renewal Agency meeting to order at 6:00 p.m.

Roll Call

Urban Renewal Agency members: Scott Burge, Megan Greisen (arrived at 6:03pm), Joel Haugen, Brandon Lesowske, Pete McHugh, Tyler Miller. Interim City Manager Alexandra Rains; Legal Counsel Peter Watts; City Recorder Susan Reeves, and Assistant to Public Works Director Huell Whitehaus.

Remote: Urban Renewal Agency member Josh Poling, Consultant Nick Popenuk, Consultant Elaine Howard, Robert B, and an unknown caller. Dan McCoy joined at 6:30 pm. Mary Hindal joined at 6:51 pm. Steve Payne joined at 6:53 pm.

Approval of the Agenda

Josh Poling moved, and Tyler Miller seconded the motion to approve the agenda. Motion passed 6-0. Scott Burge, aye; Joel Haugen, aye; Josh Poling, aye; Brandon Lesowske, aye; Pete McHugh, aye and Tyler Miller, aye.

Public Comment

There were no public comments.

Election of Chair and Vice Chair

Joel Haugen moved, and Brandon Lesowske seconded the motion to keep the existing structure, Scott Burge as Chair and Josh Poling as Vice Chair. Motion passed 6-0. Scott Burge, aye; Joel Haugen, aye; Josh Poling, aye; Brandon Lesowske, aye; Pete McHugh, aye and Tyler Miller, aye.

New Business

Urban Renewal District Analysis

Nick Popenuk, Tiberius Solutions, went over the power point.

City of Scappoose
Urban Renewal District Analysis

Nick Popenuk, Tiberius Solutions
September 7, 2021

TIBERIUS SOLUTIONS

Assessed Value Discrepancies

Taxes Imposed, FYE 2021

	Actual	Forecast	Difference	Percent
Total AV	$79,136,016	$73,902,945	$5,233,071	7%
Frozen Base Value	$71,073,076	$71,750,432	-$677,356	-1%
Increment Value	$8,062,940	$2,152,513	$5,910,427	275%
Tax Rate	$11.9400	$12.0286	-$0.0886	-1%
Taxes Imposed	$96,272	$25,892	$70,380	272%

Assessed Value, FYE 2021

Property Type	Actual	Forecast	Difference	Percent
Real	$70,113,988	$69,044,443	$1,069,545	2%
Personal	$4,812,210	$2,068,991	$2,743,219	133%
Manufactured	$22,570	$36,147	-$13,577	-38%
Utility	$4,187,248	$2,753,364	$1,433,884	52%
Total	**$79,136,016**	**$73,902,945**	**$5,233,071**	**7%**

Assessed Value Discrepancies

- Personal property:
  - A high value account was added to the area in FYE 2021 but did not exist in the data used for the initial forecast (FYE 2018)
  - Consultant team omitted value when multiple personal accounts were associated with the same tax lot
- Utility property:
  - Utility property value is typically unpredictable. Discrepancies cannot be traced to specific accounts.

Assessed Value Discrepancies

- Future growth in assessed value for utility and personal property is unpredictable. No guarantee it will continue to exceed the original forecast.
- Recommend tracking value annually to identify emerging trends

Enterprise Zone Abatements

- Three accounts subject to E-Zone abatements
- Expected to generate $8.4 million of TIF through FYE 2045

Account	429409	437254	11699	Total
Total AV - FYE 2021	**$30,908,620**	**$26,756,870**	**$2,015,380**	**$59,680,870**
Exempt AV (E-Zone)				
Returning to Tax Roll:				
FYE 2024	$22,394,020	$24,742,390	$62,940	$47,199,350
FYE 2025	$87,270	$1,866,400	$0	$1,953,670
FYE 2026	$2,130	$148,080	$0	$150,210
Total	*$22,483,420*	*$26,756,870*	*$62,940*	*$49,303,230*
Taxable AV - FYE 2021	**$8,425,200**	**$0**	**$1,952,440**	**$10,377,640**

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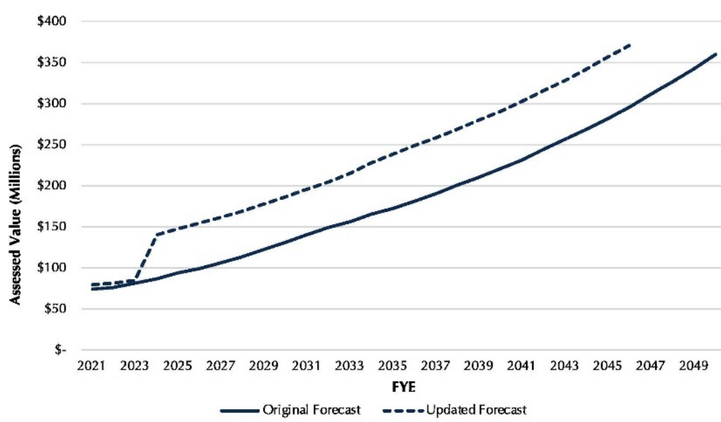
Financial Update



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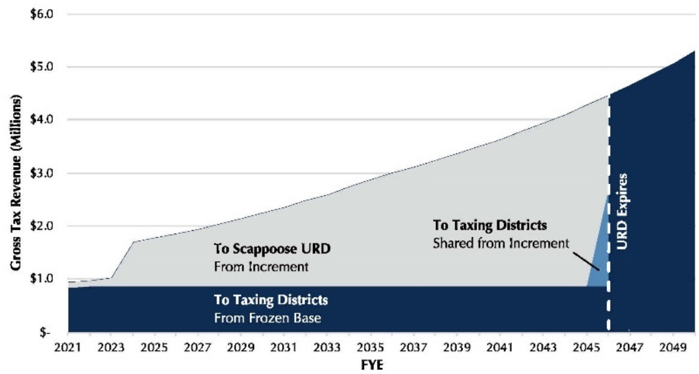
Financial Update



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Financial Update

- URD is anticipated to generate significantly more TIF in future years than originally forecast
- URD can fund projects sooner than originally anticipated, leading to less inflation and and more purchasing power (additional $4M of project costs)
- Options: Maintain current MI with shorter timeline, share revenue for longer timeline, increase MI

Voluntary Revenue Sharing

- City could calculate annual TIF using only a portion of the increment ("underlevy" or "revenue sharing").
- With fixed Maximum Indebtedness, long-term impact to taxing districts would be the same, with or without the underlevy.
- The underlevy approach would result in less foregone revenue for taxing districts on an annual basis, but extended for a longer duration.

Nick Popenuk
Tiberius Solutions LLC
503-740-0501
popenuk@tiberiussolutions.com

TIBERIUS SOLUTIONS

TIBERIUS SOLUTIONS

DATE: July 13, 2021
TO: Jill Herr and Alexandra Rains, City of Scappoose
FROM: Nick Popenuk and Ali Danko
SUBJECT: City of Scappoose Urban Renewal Financial Update

Summary

The City of Scappoose contracted with Tiberius Solutions LLC to provide an updated financial forecast for the Scappoose Urban Renewal District (URD).

Due to higher than anticipated assessed value for the URD in FYE 2021 and further increases in assessed value anticipated from expiration of Enterprise Zone abatements, the URA is forecast to generate significantly more tax increment finance (TIF) revenue in future years than was originally forecast. This is despite the updated forecast assuming a slower and more gradual increase in assessed value growth for properties not subject to Enterprise Zone abatements.

With increased TIF revenue, the URD can fund projects sooner than originally anticipated, which means less inflation will be experienced. Less inflation means that the fixed maximum indebtedness of the URD has more purchasing power (i.e., increased financial capacity) when measured in constant dollars. This results in the ability to fund an additional $4.0 million (constant 2021 $) of project costs over the life of the URD.

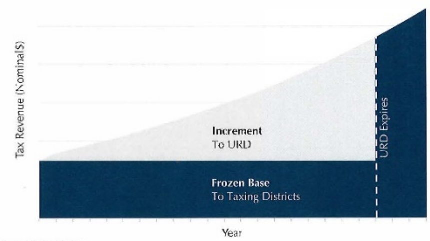
Background

Urban renewal, permitted by Oregon Revised Statue (ORS) 457, is primarily used by cities and counties across Oregon as a revenue source for funding capital projects to help revitalize "blighted" areas.

How Tax Increment Financing Works

When an urban renewal district (URD) is established, the assessed value within the URD boundary becomes the "frozen base" value. When assessed value in the URD grows over time, the difference between the total assessed value and the frozen base is considered "increment" value. Each year, property tax revenue from the frozen base in the URD is distributed normally to all overlapping taxing districts, and the URD receives all the property tax revenue generated from the increment, called tax increment finance (TIF) revenue. TIF revenue can only be spent on capital projects located in the URD. After the URD expires, all tax revenue is distributed to the overlapping taxing districts. Exhibit 1 illustrates the general tax revenue distribution within a URD boundary over the life of the URD.

Exhibit 1. Example Urban Renewal Revenue Distribution



Source: Tiberius Solutions

Financial Restrictions and Limitations on Urban Renewal

Urban renewal plans are required to have a "maximum indebtedness", which functions as a limit on the cumulative amount of TIF that can be spent on projects in the URD. Note that maximum indebtedness does not function as a revolving credit limit. In other words, paying off debt for old projects, does not free up maximum indebtedness to be used on future projects. Once a URD incurs the full amount of maximum indebtedness, it cannot incur additional debt to fund additional projects.

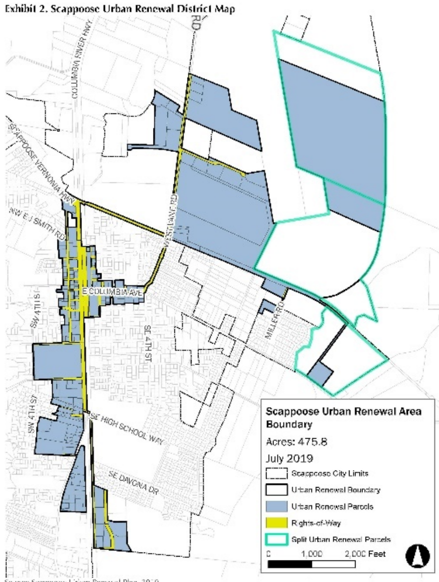
Urban renewal plans may also include sunset provisions that establish a final date for incurring debt and/or collecting TIF revenue. Any such sunset provisions are not required by statute.

Overview of the Scappoose URA

The Scappoose Urban Renewal Plan ("Plan") was adopted in November 2019. The Plan has a maximum indebtedness of $37,000,000. The Plan does not include a formal sunset date, but did anticipate that the URD would complete all projects and have sufficient TIF revenue to terminate the URD in FYE 2050.

Exhibit 2 shows a map of the Scappoose URD boundary.

Exhibit 2. Scappoose Urban Renewal District Map



Source: Scappoose Urban Renewal Plan, 2019

Analysis

Our analysis includes an evaluation of historical trends in the URD compared to original projections, as well as an updated financial forecast for future years.

Historical Trends in the District Compared to Original Projections

Exhibit 3 compares the assessed value and taxes imposed that were predicted in the original Plan to the actual values for FYE 2021, the first year the URD was eligible to receive TIF revenue. The actual frozen base value of the URD and the consolidated tax rate are both within 1% of the original forecast. However, the assessed value of property in FYE 2021 is 7% higher than was forecast, a difference of $5.2 million. The higher-than-expected assessed value translates to increment value and taxes imposed that are substantially more than was forecast. Actual taxes imposed in FYE 2021 are $96,272, which is 272% more than the $25,892 that was forecast.

Exhibit 3. Assessed Value and TIF Revenue, Original Forecast and Actual, Scappoose URD, FYE 2021

	Actual	Forecast	Difference	Percent
Total Assessed Value	$ 79,136,016	$ 73,902,945	$ 5,233,071	7%
Frozen Base Value	$ 71,073,076	$ 71,750,432	$ (677,356)	-1%
Increment Value	$ 8,062,940	$ 2,152,513	$ 5,910,427	275%
Tax Rate	$ 11.9400	$ 12.0286	$ (0.0886)	-1%
Taxes Imposed	$ 96,272	$ 25,892	$ 70,380	272%

Sources:
Actual: Columbia County Assessor, Summary of Assessment and Levies Table 4c, FYE 2021
Forecast: Report accompanying the Scappoose Urban Renewal Plan, 2019

The higher than forecast assessed value in FYE 2021 was due to normal fluctuations in property values and the addition of a new, high-value personal property account to the District that was not included on the tax roll when the initial forecast was completed.

Updated Financial Forecast

The basic calculation of annual tax increment revenue is simple: incremental assessed value multiplied by the consolidated tax rate. However, to understand financial capacity, we also need to account for the duration of the URA, the impact of inflation over time, and the use of financing options (e.g., bonds and loans) to accelerate the timing of funding at the expense of interest paid over time.

The remainder of this section describes the steps used in the analysis and highlights all key assumptions. Those steps are:

1. Determine the consolidated tax rate
2. Forecast future assessed value
3. Calculate TIF revenue
4. Determine borrowing capacity

1. Determine the Consolidated Tax Rate

The City of Scappoose Urban Renewal Plan is a "permanent rate" urban renewal plan, as defined in ORS 457. Therefore, the consolidated tax rate for the URD is equal to the sum of all permanent tax rates. General obligation bond levies and local option levies are excluded.

The URD is located in tax code area (TCA) 0191. Exhibit 4 shows the consolidated tax rate for the URD in FYE 2021. In FYE 2021, the permanent tax rate for Port of Columbia County was reported as $0.0000. However, according to a news article, the Port temporarily reduced the rate to zero in FYE 2021.[1] We assume the tax rate returns to its permanent rate of $0.0686 in FYE 2022 and beyond.

Exhibit 4. Consolidated Tax Rate by TCA, Scappoose URD Boundary, FYE 2020

Taxing District	0191
Columbia County	$ 1.3956
Columbia 4H & Extension	$ 0.0571
Columbia 9-1-1 Communication District	$ 0.2554
Columbia Vector	$ 0.1279
Scappoose Library	$ 0.2536
Columbia SWCD	$ 0.1000
Scappoose CITY	$ 3.2268
Scappoose JT RFPD	$ 1.1115
Port of Columbia County	$ -
Subtotal	*$ 6.5309*
NW Regional ESD	$ 0.1536
Scappoose 1 JT School	$ 4.9725
Portland Community College	$ 0.2826
Subtotal	*$ 5.4091*
Total	**$ 11.9400**

Source: Tiberius Solutions using data from Columbia County Assessor, FYE 2021

2. Forecast Future Assessed Value

Future Growth Projections

The updated forecast of assessed value growth for the URD was based on knowledge of expiring Enterprise Zone abatements and conversations with City staff about future development opportunities in the area.

EXPIRATION OF ENTERPRIZE ZONE ABATEMENTS

Exhibit 5 shows the three tax accounts in the URD that are subject to Enterprise Zone abatements in FYE 2021. All of the abatements are for property owned by Cascade Tissue Group and are scheduled to last for a period of five years. The majority of the exempt value began receiving Enterprise Zone abatement in FYE 2019, which means it will return to the tax roll as taxable value in FYE 2024. Additional property value began receiving Enterprise Zone abatements in both FYE 2020 and FYE 2021, and will return to taxable value status in FYE 2025 and FYE 2026, respectively. These three properties have total assessed value of $59.7 million in FYE 2021, including $10.4 million in taxable value and $49.3 million in exempt value. Of the exempt value, $47.2 million is scheduled to return to the tax roll in FYE 2024, though the exact value at that time will depend on the future appreciation or depreciation of the individual tax accounts. The initial assessed value forecast in the Plan did not incorporate the expiration of these benefits.

[1] The Chronicle, June 2020. "Closer Look: $15.6 million Port of Columbia County Budget" https://www.thechronicleonline.com/news_paid/closer-look-15-6-million-port-of-columbia-county-budget/article_d1231216-a275-11ea-8230-036d4ec98c0e.html

Exhibit 5. Accounts with Enterprise Zone Abatements, Scappoose URD, FYE 2021

Account	429409	437254	11699	Total
Total AV - FYE 2021	$ 30,908,620	$ 26,756,870	$ 2,015,380	**$ 59,680,870**
Exempt AV (E-Zone)				
Returning to Tax Roll:				
FYE 2024	$ 22,394,020	$ 24,742,390	$ 62,940	**$ 47,199,350**
FYE 2025	$ 87,270	$ 1,866,400	$ -	**$ 1,953,670**
FYE 2026	$ 2,130	$ 148,080	$ -	**$ 150,210**
Total	*$ 22,483,420*	*$ 26,756,870*	*$ 62,940*	***$ 49,303,230***
Taxable AV - FYE 2021	$ 8,425,200	$ -	$ 1,952,440	**$ 10,377,640**

Source: Columbia County Assessor

ADDITIONAL GROWTH IN ASSESSED VALUE

Exhibit 6 shows the updated assumptions for annual percent growth in assessed value (beyond the Enterprise Zone abatement expirations) compared to the original assumptions. The percent growth reflects both the 3% maximum annual appreciation for existing property plus value from new construction for the following years. These assumptions do not include increases in assessed value due to the expiring Enterprise Zone abatements. Moreover, these growth assumptions are not applied to properties that are subject to the Enterprise Zone abatements. The updated assessed value growth assumptions are somewhat more conservative through FYE 2025, which reflects that the URD continues to have significant development potential but no major projects are expected to occur imminently.

Exhibit 6. Assessed Value Growth Assumptions, Original and Updated Forecast, Scappoose URD

FYE	Original Forecast	Updated Forecast	Difference
2022	3%	3%	0%
2023	7%	4%	-3%
2024	7%	5%	-2%
2025	7%	6%	-1%
2026	7%	7%	0%
2027	7%	7%	0%
2028	7%	7%	0%
2029	7%	7%	0%
2030	7%	7%	0%
2031	7%	7%	0%
2032	7%	7%	0%
2033	5%	7%	2%
2034	5%	7%	2%
2035	5%	7%	2%
2036 & Beyond	5%	5%	0%

Sources:
Original Forecast: Report accompanying the Scappoose Urban Renewal Plan, 2019
Updated Forecast: Tiberius Solutions

Exhibit 7 and Exhibit 8 show the total assumed growth rate for the URD in future years (including the Enterprise Zone abatement expirations) and compares these growth rates to those in the original Plan. The original plan assumed that the URD would complete all projects by FYE 2050. The updated

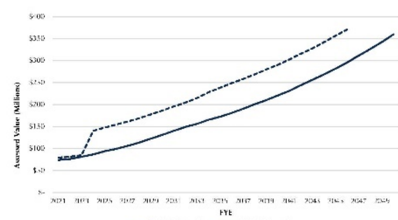
forecast, due primarily to the incorporation of the enterprise zone abatement expirations, anticipates that all projects would be completed by FYE 2046.

Exhibit 7. New Forecast of Assessed Value, FYE 2020 to FYE 2034

	Original Forecast		Updated Forecast		Difference	
FYE	AV	% Growth	AV	% Growth	AV	% Growth
2021	$ 73,902,945		$ 79,136,016		$ 5,233,071	7%
2022	$ 76,120,033	3.0%	$ 81,510,096	3.0%	$ 5,390,063	7%
2023	$ 81,448,435	7.0%	$ 84,770,500	4.0%	$ 3,322,065	4%
2024	$ 87,149,826	7.0%	$ 140,583,755	65.8%	$53,433,929	61%
2025	$ 93,250,314	7.0%	$ 148,123,153	5.4%	$54,872,839	59%
2026	$ 99,777,836	7.0%	$ 154,901,762	4.6%	$55,123,926	55%
2027	$ 106,762,285	7.0%	$ 161,968,546	4.6%	$55,206,261	52%
2028	$ 114,235,645	7.0%	$ 169,530,003	4.7%	$55,294,358	48%
2029	$ 122,232,140	7.0%	$ 177,620,763	4.8%	$55,388,623	45%
2030	$ 130,788,390	7.0%	$ 186,277,876	4.9%	$55,489,486	42%
2031	$ 139,943,577	7.0%	$ 195,540,987	5.0%	$55,597,410	40%
2032	$ 149,739,627	7.0%	$ 205,452,516	5.1%	$55,712,889	37%
2033	$ 157,226,609	5.0%	$ 216,057,852	5.2%	$58,831,243	37%
2034	$ 165,087,940	5.0%	$ 227,405,561	5.3%	$62,317,621	38%
2035	$ 173,342,337	5.0%	$ 239,547,610	5.3%	$66,205,273	38%
2036	$ 182,009,453	5.0%	$ 248,827,605	3.9%	$66,818,152	37%
2037	$ 191,109,927	5.0%	$ 258,571,599	3.9%	$67,461,672	35%
2038	$ 200,665,423	5.0%	$ 268,802,792	4.0%	$68,137,369	34%
2039	$ 210,698,694	5.0%	$ 279,545,545	4.0%	$68,846,851	33%
2040	$ 221,233,629	5.0%	$ 290,825,436	4.0%	$69,591,807	31%
2041	$ 232,295,310	5.0%	$ 302,669,321	4.1%	$70,374,011	30%
2042	$ 243,910,076	5.0%	$ 315,105,400	4.1%	$71,195,324	29%
2043	$ 256,105,580	5.0%	$ 328,163,284	4.1%	$72,057,704	28%
2044	$ 268,910,859	5.0%	$ 341,874,063	4.2%	$72,963,204	27%
2045	$ 282,356,402	5.0%	$ 356,270,380	4.2%	$73,913,978	26%
2046	$ 296,474,222	5.0%	$ 371,386,512	4.2%	$74,912,290	25%
2047	$ 311,297,933	5.0%				
2048	$ 326,862,830	5.0%				
2049	$ 343,205,972	5.0%				
2050	$ 360,366,270	5.0%				

Sources:
Original Forecast: Report accompanying the Scappoose Urban Renewal Plan, 2019
Updated Forecast: Tiberius Solutions

Exhibit 8. New Forecast of Assessed Value, FYE 2020 to FYE 2050



Sources:
Original Forecast: Report accompanying the Scappoose Urban Renewal Plan, 2019
Updated Forecast: Tiberius Solutions

3. Calculate TIF Revenue

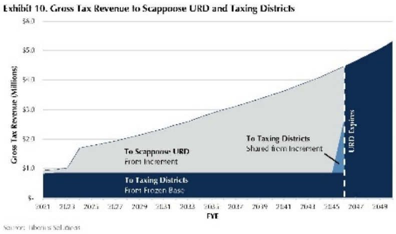
Gross TIF revenue is calculated as the product of the increment assessed value and the consolidated tax rate each year. However, actual TIF received (i.e., net revenue) in a given year tends to be lower, due to discounts (from lump-sum, on-time payment of taxes), delinquencies (unpaid taxes), truncation loss (lost revenue due to rounding), and compression loss (for properties where the taxes imposed would exceed constitutional limits). Our forecast of net TIF revenue assumes a 5.0% adjustment factor to convert from gross to net revenue, based on our experience with other jurisdictions across the State, plus an additional 1.5% of prior year collections that are assumed to be received the following year as late payment on delinquent accounts. Exhibit 9 and Exhibit 10 show the updated forecast of TIF revenue for the URD.

Exhibit 9. New TIF Forecast, Scappoose URD, FYE 2021 to FYE 2046

	Assessed Value				Tax Increment Finance Revenue				
FYE	Total	Frozen Base	Increment - Used	Tax Rate	Gross	Adjustments	Net (Current Year)	Net (Prior Year)	Net (Total)
2021	$ 79,136,016	$71,073,076	$ 8,062,940	$11.9400	$ 96,272	$ (4,814)	$ 91,458	$ 1,444	$ 92,902
2022	$ 81,510,096	$71,073,076	$ 10,437,020	$12.0286	$ 125,543	$ (6,277)	$ 119,266	$ 1,372	$ 120,637
2023	$ 84,770,500	$71,073,076	$ 13,697,424	$12.0286	$ 161,761	$ (5,238)	$ 156,523	$ 1,789	$ 158,312
2024	$140,583,755	$71,073,076	$ 69,510,679	$12.0286	$ 836,116	$ (41,806)	$ 794,310	$ 2,348	$ 796,658
2025	$148,123,153	$71,073,076	$ 77,050,077	$12.0286	$ 926,885	$ [illegible]	$ 880,464	$ 11,915	$ 892,379
2026	$154,901,762	$71,073,076	$ 83,828,686	$12.0286	$ 1,008,342	$ (50,417)	$ 957,925	$ 13,207	$ 971,132
2027	$161,968,546	$71,073,076	$ 90,895,470	$12.0286	$ 1,093,345	$ (54,667)	$ 1,038,678	$ 14,369	$ 1,053,047
2028	$169,530,003	$71,073,076	$ 98,456,927	$12.0286	$ 1,184,299	$ (59,215)	$ 1,125,084	$ 15,580	$ 1,140,664
2029	$177,620,763	$71,073,076	$106,547,687	$12.0286	$ 1,281,620	$ (64,081)	$ 1,217,539	$ 16,876	$ 1,234,415
2030	$186,277,876	$71,073,076	$115,204,800	$12.0286	$ 1,385,752	$ (69,288)	$ 1,316,465	$ 18,263	$ 1,334,728
2031	$195,540,987	$71,073,076	$124,467,911	$12.0286	$ 1,497,175	$ (74,859)	$ 1,422,316	$ 19,747	$ 1,442,063
2032	$205,452,516	$71,073,076	$134,379,440	$12.0286	$ 1,616,397	$ (80,820)	$ 1,535,577	$ 21,333	$ 1,556,911
2033	$216,057,852	$71,073,076	$144,984,776	$12.0286	$ 1,743,964	$ (87,198)	$ 1,656,766	$ 23,034	$ 1,679,799
2034	$227,405,561	$71,073,076	$156,332,485	$12.0286	$ 1,880,461	$ (94,023)	$ 1,786,438	$ 24,871	$ 1,811,309
2035	$239,547,610	$71,073,076	$168,474,534	$12.0286	$ 2,026,513	$ (101,326)	$ 1,925,187	$ 26,797	$ 1,951,984
2036	$248,827,605	$71,073,076	$177,754,529	$12.0286	$ 2,138,138	$ (106,907)	$ 2,031,231	$ 28,878	$ 2,060,109
2037	$258,571,599	$71,073,076	$187,498,523	$12.0286	$ 2,255,345	$ (112,767)	$ 2,142,578	$ 30,468	$ 2,173,046
2038	$268,802,792	$71,073,076	$197,729,716	$12.0286	$ 2,378,412	$ (118,921)	$ 2,259,491	$ 32,139	$ 2,291,630
2039	$279,545,544	$71,073,076	$208,472,468	$12.0286	$ 2,507,632	$ (125,382)	$ 2,382,250	$ 33,892	$ 2,416,143
2040	$290,825,436	$71,073,076	$219,752,360	$12.0286	$ 2,643,313	$ (132,166)	$ 2,511,148	$ 35,734	$ 2,546,881
2041	$302,469,321	$71,073,076	$231,396,245	$12.0286	$ 2,785,779	$ (139,289)	$ 2,646,490	$ 37,667	$ 2,684,157
2042	$315,105,400	$71,073,076	$244,032,324	$12.0286	$ 2,935,367	$ (146,768)	$ 2,788,599	$ 39,697	$ 2,828,296
2043	$328,163,284	$71,073,076	$257,090,208	$12.0286	$ 3,092,435	$ (154,622)	$ 2,937,814	$ 41,829	$ 2,979,642
2044	$341,874,063	$71,073,076	$270,800,987	$12.0286	$ 3,257,357	$ (162,868)	$ 3,094,489	$ 44,067	$ 3,138,556
2045	$355,270,380	$71,073,076	$284,197,304	$12.0286	$ 3,430,524	$ (171,526)	$ 3,258,998	$ 46,417	$ 3,305,415
2046	$371,386,512	$71,073,076	$146,133,803	$12.0286	$ 1,757,809	$ (87,890)	$ 1,669,919	$ 48,885	$ 1,718,804
Total					$46,049,474	$(2,302,474)	$43,747,000	$632,600	$44,379,600

Source: Tiberius Solutions

Exhibit 10. Gross Tax Revenue to Scappoose URD and Taxing Districts



Source: Tiberius Solutions

Exhibit 11 compares this new forecast to the forecast from the original Plan. In the updated forecast, maximum indebtedness is reached four years earlier, in FYE 2046. In the final year of the updated forecast, the URD reaches is maximum indebtedness, and therefore cannot collect all available TIF revenue.

Exhibit 11. Comparison of Original TIF Forecast to Updated Forecast, Scappoose URD, FYE 2021 to 2050

	Gross TIF		
FYE	Original Forecast	Updated Forecast	% Difference: Original and New
2021	$ 25,892	$ 96,272	272%
2022	$ 52,560	$ 125,543	139%
2023	$ 116,653	$ 164,761	41%
2024	$ 185,233	$ 836,116	351%
2025	$ 258,613	$ 926,885	258%
2026	$ 337,130	$ 1,008,342	199%
2027	$ 421,144	$ 1,093,345	160%
2028	$ 511,030	$ 1,184,299	132%
2029	$ 607,224	$ 1,281,620	111%
2030	$ 710,144	$ 1,385,752	95%
2031	$ 820,268	$ 1,497,175	83%
2032	$ 938,101	$ 1,616,397	72%
2033	$ 1,028,159	$ 1,743,964	70%
2034	$ 1,122,720	$ 1,880,461	67%
2035	$ 1,222,008	$ 2,026,513	66%
2036	$ 1,326,262	$ 2,138,138	61%
2037	$ 1,435,728	$ 2,255,345	57%
2038	$ 1,550,667	$ 2,378,412	53%
2039	$ 1,671,353	$ 2,507,632	50%
2040	$ 1,798,074	$ 2,643,313	47%
2041	$ 1,931,130	$ 2,785,779	44%
2042	$ 2,070,839	$ 2,935,367	42%
2043	$ 2,217,531	$ 3,092,435	39%
2044	$ 2,371,564	$ 3,257,357	37%
2045	$ 2,533,295	$ 3,430,524	35%
2046	$ 2,703,113	$ 1,757,809	-35%
2047	$ 2,881,421		
2048	$ 3,068,645		
2049	$ 3,265,230		
2050	$ 3,471,644		

Sources:
Original Forecast: Report accompanying the Scappoose Urban Renewal Plan, 2019
Updated Forecast: Tiberius Solutions

4. Determine Borrowing Capacity and Cash Flow Analysis

Net TIF revenue (as shown previously in Exhibit 9) gives a general idea of the revenue generated by the URD each year. However, those numbers are insufficient to understand the total funding available for projects over the life of the URD. For this, we use the same assumptions for the hypothetical long-term cash flow (finance plan) as the finance plan included in the original Plan.

As in the original finance plan, we use the following assumptions for new debt incurred in this analysis:

- DEQ Loan: FYE 2021, payments begin in FYE 2030, 0% interest rate, 17-year duration
- All other loans:
  - Minimum debt service coverage ratio required: 1.5 times annual TIF revenue
  - Interest rate: 5.0%
  - Amortization period, timing, and principal amount:
    - Loan A: 20 years, FYE 2024, $6.6 million
    - Loan B: 19 years, FYE 2028, $2.7 million
    - Loan C: 15 years, FYE 2032, $2.1 million
    - Loan D: 11 years, FYE 2036, $2.8 million

Note that borrowing capacity is dependent on exact financing terms. Shorter-term loans, higher interest rates, and higher debt service coverage requirements would reduce the amount of borrowing capacity for the URD.

Based on these assumptions, we show that the URD could incur $15.5 million in formal indebtedness, and have an additional $21.5 million in capacity from direct expenditure of TIF from FYE 2021 through FYE 2046. Total financial capacity for the URA is therefore estimated to be $37.0 million ($24.4 million in constant 2021 dollars). We show that all projects included in the original finance plan could be completed by FYE 2041, instead of the original forecast of FYE 2050. After all projects are completed, the URD could fund an additional $4.0 million in projects in constant 2021 dollars.

Conclusions and Implications

Due to higher than anticipated assessed value for the URD in FYE 2021 and further increases in assessed value anticipated from expiration of Enterprise Zone abatements, the URA is forecast to generate significantly more TIF revenue in future years than was originally forecast. This is despite the updated forecast assuming a slower and more gradual increase in assessed value growth for properties not subject to Enterprise Zone abatements.

With increased TIF revenue, the URD can fund projects sooner than originally anticipated, which means less inflation will be experienced. Less inflation means that the fixed maximum indebtedness of the URD has more purchasing power (i.e., increased financial capacity) when measured in constant dollars. This results in the ability to fund an additional $4.0 million (constant 2021 $) of project costs over the life of the URD.

Maintaining the current maximum indebtedness while funding more projects in a shorter timeline is one way Scappoose could address the projected increase in TIF revenue in future years. However, other possible approaches include:

- Voluntary revenue sharing. The URD could underlevy TIF revenue in future years. This would result in the URD not collecting the full amount of TIF each year, and instead sharing a portion of that revenue with affected taxing districts. This could be done with the intention of sticking to the original forecast assumptions on the amount of funding for projects and schedule for incurring and paying off the maximum indebtedness.
- Increase the maximum indebtedness. Rather than sticking with the current maximum indebtedness and paying off the debt early, the URD could take full advantage of the higher than anticipated TIF revenue by continuing to collect TIF for the anticipated 30-year period, and increasing the maximum indebtedness to reflect the increased financial capacity. This approach would result in the ability to fund millions of dollars of additional projects, within the originally agreed upon timeline for the URD.

Note that all of these projections of financial capacity depend upon future growth in assessed value in the URD, which is largely driven by new construction. Although there is significant development potential in the URD, any future development is speculative and not guaranteed. If new construction projects do not come to fruition due to economic uncertainty or other conditions, then this would have adverse impact on the financial capacity of the URD.

TIBERIUS SOLUTIONS

DATE: January 25, 2021
TO: Alexandra Rains, City of Scappoose
FROM: Nick Popenuk
SUBJECT: EVALUATION OF SCAPPOOSE URBAN RENEWAL DISTRICT ASSESSED VALUE DISCREPANCIES

The City of Scappoose established the Scappoose Urban Renewal District (URD) in December of 2019. The URD was eligible to collect property tax revenues for the first time in fiscal year ending (FYE) 2021. In October of 2020, the Columbia County Assessor provided the City with information on the amount of property taxes to be imposed for the URD in FYE 2021. The amount of taxes imposed was significantly higher than the amount that had been anticipated in the financial forecast that had been prepared by Tiberius Solutions prior to adoption of the URD. This memorandum summarizes analysis by Tiberius Solutions to determine the cause of the discrepancy between actual and forecast revenue, and the likelihood that the URD will continue to receive higher than expected tax revenues in future years.

Analysis

Exhibit 1 compares assessed value and taxes imposed for FYE 2021. The frozen base value of the URD and the consolidated tax rate are both within 1% of the original forecast. However, the assessed value of property in FYE 2021 is 7% higher than was forecast, a difference of $5.2 million. The higher-than-expected assessed value translates to increment value and taxes imposed that are substantially more than was forecast. Actual taxes imposed in FYE 2021 are $96,272, which is 272% more than the $25,892 that was forecast.

Exhibit 1. FYE 2021, Assessed Value and Taxes Imposed, Forecast and Actual, Scappoose URD

	Actual	Forecast	Difference	Percent
Total Assessed Value	$ 79,136,016	$ 73,902,945	$ 5,233,071	7%
Frozen Base Value	$ 71,073,076	$ 71,750,432	$ (677,356)	-1%
Increment Value	$ 8,062,940	$ 2,152,513	$ 5,910,427	275%
Tax Rate	$ 11.9400	$ 12.0286	$ (0.0886)	-1%
Taxes Imposed	$ 96,272	$ 25,892	$ 70,380	272%

Sources:
Actual: Columbia County Assessor, Summary of Assessment and Levies Table 4a, FYE 2021
Forecast: Report accompanying the Scappoose Urban Renewal Plan, 2019

To determine the cause of the discrepancy, we first compared actual and forecast assessed value by property type. Exhibit 2 shows actual and forecast assessed value by property type. The bulk of the assessed value in the URD is attributed to real property (i.e., land and buildings). Personal property (machinery and equipment) and utility property (the value of real assets of utility companies) also represent significant sources of assessed value in the area. Manufactured property is also present in the URD, but with a trivial amount of total value.

Exhibit 2. FYE 2021, Assessed Value by Property Type, Forecast and Actual, Scappoose URD

	Actual	Forecast	Difference	Percent
Real	$ 70,113,988	$ 69,044,443	$ 1,069,545	2%
Personal	$ 4,812,210	$ 2,068,991	$ 2,743,219	133%
Utility	$ 4,187,248	$ 2,753,364	$ 1,433,884	52%
Manufactured	$ 22,570	$ 36,147	$ (13,577)	-38%
Total	$ 79,136,016	$ 73,902,945	$ 5,233,071	7%

Sources:
Actual: Columbia County Assessor, Summary of Assessment and Levies Table 1a, FYE 2021
Forecast: Tiberius Solutions

Personal Property

Personal property exhibits the largest discrepancy between forecast and actual value, both in absolute and terms ($2.7 million) and as a percentage of the forecast value (133% more than forecast). We compared the full list of personal property accounts located in the area in FYE 2021 to the list of accounts included in the FYE 2018 dataset used for the initial forecast. The evaluation found two significant discrepancies that account for the bulk of the difference between forecast and actual values.

- **New tax account**. Account #11699, owned by Cascade Holdings, has $1,985,072 of assessed value in FYE 2021. This account was not included in the FYE 2018 assessment data that was used in the initial forecast because it did not exist in the dataset at the time. Many individual personal property accounts are susceptible decline in value over time due to depreciation, and that may be the case for this tax account as well. Thus, while this tax account is likely to add value to the URD over the next several years above what was originally forecast, the amount of value may diminish over time.
- **Error in estimating initial assessed value of the URD**. The original forecast of assessed value was based on the estimated assessed value of property in the URD in FYE 2018 provided by the consultant team. The formulas used to determine that initial FYE 2018 assessed value contained an error. The analysis only captured the assessed value for one personal property associated with each real property account located in the area. However, in some cases, more than one personal property account was associated with each real property account. This error resulted in the omission of $835,780 of assessed value for personal property. Adjusting for assumed inflation over time, this accounts for $913,378 of the difference in value experienced in FYE 2021.

Those two issues account for the bulk of the difference between forecast and actual personal property values in the URD. After accounting for those issues, actual personal property value is within 3% of the initial forecast. This higher-than-forecast value should persist into future years, though individual property accounts are subject to appreciation or depreciation, which could cause the discrepancy between actual and forecast value to widen or narrow over time.

Utility Property

Utility property exhibits the second largest discrepancy between forecast and actual value, accounting for an additional $1.4 million than the forecast value (52% more than was forecast). For utility property, the original forecast did not rely on a disaggregated list of tax accounts located within the URD. This is because utility accounts are considered "non-situs" by the Department of Revenue and County Assessor, which means that the exact list of tax accounts in the area cannot be identified until after an urban renewal plan is adopted and the Assessor establishes a new tax code area. The original valuation was based on the ratio of utility value to real property value for the broader area.

Therefore, it is not possible to identify the source of the discrepancy in value for utility value in the area. We can, however, identify the list of utility accounts that are currently included in the URD. Four utilities account for 90% of the utility value in the area. Those utilities are:

- CenturyLink: $1,302,720
- Northwest Natural Gas: $968,000
- Columbia River Public Utilities District: $899,200
- Comcast Corporation: $560,800

The assessed value of utility property can be notoriously difficult to forecast, given the statewide process for determining value on an annual basis. Annual changes in value for these four utility companies will largely dictate future changes in utility value for the URD.

Real Property

Actual assessed value of real property for FYE 2021 is $1.1 million more than was forecast. However, this difference is within 2% of the forecast value, which is not an unexpected level of deviation, considering the original forecast was conducted with data from FYE 2018 and has undergone three years of growth. Overall, slow and steady appreciation of real property is generally reliable given Oregon's property tax system, and it appears that the actual value of real property in the URD is in line with the original forecast.

Manufactured Property

Manufactured property value in the area was 38% less than was forecast, but this difference amounts to only $13,577 due to the small amount of assessed value for manufactured property in the URD. This value is immaterial for the purposes of the evaluation.

Conclusions

We evaluated the cause of the discrepancy between actual and forecast tax revenue for the URD, and the likelihood that the URD will continue to receive higher than expected tax revenues in future years. We draw the following conclusions:

- The higher-than-expected tax revenues were due primarily to discrepancies in assessed value for personal and utility property accounts.
- The discrepancy in personal property value was due to two issues: one high-value tax account that did not exist in the FYE 2018 dataset used for the initial forecast and a calculation error by the consultant team that omitted value in instances where multiple personal property accounts were associated with the same real property account.
- Utility value tends to be unpredictable, and there is insufficient data to determine which specific accounts are responsible for the discrepancy between forecast and actual value. Four utility customers account for 90% of the utility value in the area, and changes in value for those four entities will largely dictate future changes in utility value in the area.
- The extent to which actual assessed value exceeds the forecast assessed value in future years depends upon whether these personal and utility property accounts appreciate or depreciate in value in future years. Both of these property types tend to be notoriously volatile and unpredictable. Tracking the value of these accounts on an annual basis can help identify emerging trends on changes in value in future years.

TIBERIUS SOLUTIONS

DATE: January 27, 2021
TO: Alexandra Rains, City of Scappoose
FROM: Nick Popenuk
SUBJECT: SCAPPOOSE URD – UNDERLEVY OPTIONS

The City of Scappoose is interested in understanding the potential impacts of underlevying tax increment finance (TIF) revenue for the Scappoose Urban Renewal District (URD). This memorandum explains why the City is considering an underlevy, how an underlevy works, and what the impact is expected to be on annual TIF revenues and the affected taxing districts.

Why consider an underlevy?

FYE 2021 is the first year that the Scappoose URD received TIF revenue. The County Assessor imposed $96,272 in TIF revenues for the URD in FYE 2021, which is $70,380 and 272% more than was originally forecast. In future years, it is likely that the URD will continue to receive TIF revenue above the originally forecast amount. One factor that is expected to contribute to increased TIF revenue is the scheduled expiration of Enterprise Zone tax abatements for several high-value tax accounts in the area.

The URD could continue to collect the full amount of TIF revenue each year, which (if higher than expected) would allow the URD to deliver projects, incur the full amount of maximum indebtedness and terminate the URD on an accelerated schedule. However, the URD could also choose to underlevy a portion of the TIF revenue, this would allow the URD to proceed on the schedule included in the Plan and Report, while providing additional property tax revenues to affected taxing districts in the early years.

Note that neither approach would result in significantly different cumulative impacts to taxing districts long term. The maximum indebtedness of the URD is the same in both scenarios, and therefore the amount of TIF necessary to repay the maximum indebtedness is likely the same in both scenarios. Thus, the cumulative foregone revenues and impact to taxing districts are likely to be the same in both scenarios. The key difference is the timing of the impacts to taxing districts. The underlevy approach results in less foregone revenue for taxing districts on an annual basis, but would result in the URD being alive and impacting taxing districts for a longer time period.

How does an underlevy work?

Typically, a URA collects property tax revenues from 100% of the increment value within a URA, while overlapping taxing districts collect property taxes off of the frozen base. However, Oregon Revised Statutes (ORS) allow the City to direct the County Assessor to calculate annual TIF revenues using only a portion of the increment assessed value of the URA. This approach is referred to as an "underlevy" or "revenue sharing."

While cities can voluntarily underlevy any dollar amount within a URA, there are also requirements in ORS for mandatory revenue sharing, once annual TIF revenues achieve certain thresholds. These thresholds for mandatory revenue sharing typically do not occur until many years after formation of a new URA.

ORS provisions related to revenue sharing do not allow URAs to underlevy for only a subset of taxing districts. Instead, any underlevy must be applied uniformly to all overlapping taxing districts. This means the amount of revenue received by any individual taxing district is directly proportional to that district's permanent property tax rate as a share of all combined permanent tax rates within a tax code area.

Expected impact of an underlevy in the Scappoose URD

Exhibit 1 shows the three tax accounts in the URD that are subject to Enterprise Zone abatements in FYE 2021. All of the abatements are for property owned by Cascade Tissue Group and are scheduled to last for a period of five years. The majority of the exempt value began receiving Enterprise Zone abatement in FYE 2019, which means it will return to the tax roll as taxable value in FYE 2024. Additional property value began receiving Enterprise Zone abatements in both FYE 2020 and FYE 2021, and will return to taxable value status in FYE 2025 and FYE 2026, respectively. These three properties have total assessed value of $59.7 million in FYE 2021, including $10.4 million in taxable value and $49.3 million in exempt value. Of the exempt value, $47.2 million is scheduled to return to the tax roll in FYE 2024, though the exact value at that time will depend on the future appreciation or depreciation of the individual tax accounts.

Exhibit 1. Accounts with Enterprise Zone Abatements, FYE 2021

Account	429409	437254	11699	Total
Total AV - FYE 2021	$ 30,908,620	$ 26,756,870	$ 2,015,380	**$ 59,680,870**
Exempt AV (E-Zone)				
Returning to Tax Roll:				
FYE 2024	$ 22,394,020	$ 24,742,390	$ 62,940	**$ 47,199,350**
FYE 2025	$ 87,270	$ 1,866,400	$ -	**$ 1,953,670**
FYE 2026	$ 2,130	$ 148,080	$ -	**$ 150,210**
Total	*$ 22,483,420*	*$ 26,756,870*	*$ 62,940*	***$ 49,303,230***
Taxable AV - FYE 2021	$ 8,425,200	$ -	$ 1,952,440	**$ 10,377,640**

Source: Columbia County Assessor

Exhibit 2 shows the TIF revenue extended by these three properties over the lifetime of the URD. TIF "extended" represents the amount of tax revenue calculated by the product of the increment value and consolidated tax rate. Actual TIF received by the URD tends to be lower, due to discounts (from paying early), delinquencies (unpaid taxes), truncation loss (lost revenue due to rounding of tax bills), and compression loss (for properties where the taxes imposed would exceed constitutional limits).

We forecast these expiring Enterprise Zone benefits will generate a total of $8.4 million of TIF extended between now and FYE 2045 (the final year the URD was estimated to collect TIF in the adopted Plan). Annual revenues are forecast to be highest in FYE 2024 at $514,346, and gradually decline in future years, due to anticipated depreciation. This analysis assumes the assessed value of these three accounts deceases by 3% each year over the lifetime of the URA. This gradual depreciation is in line with recent historical trends for the subject properties, but changes in assessed value for high-value industrial property and related machinery and equipment can be volatile and unpredictable. If property values ultimately remain constant, or appreciate over time, then the amount of TIF generated by these properties will be higher than what is shown in Exhibit 2.

Exhibit 2. Forecast TIF Extended from Expiring Enterprise Zone Abatements

	Taxable Assessed Value from Expiring E-Zone Abatements					
FYE	**Added 2018**	**Added 2019**	**Added 2020**	**Total**	**Tax Rate**	**TIF Extended**
2021	$ -	$ -	$ -	$ -	$ 11.9400	$ -
2022	$ -	$ -	$ -	$ -	$ 11.9400	$ -
2023	$ -	$ -	$ -	$ -	$ 11.9400	$ -
2024	$ 43,077,572	$ -	$ -	$ 43,077,572	$ 11.9400	$ 514,346
2025	$ 41,785,245	$ 1,729,570	$ -	$ 43,514,815	$ 11.9400	$ 498,916
2026	$ 40,531,688	$ 1,677,683	$ 128,990	$ 42,338,361	$ 11.9400	$ 483,948
2027	$ 39,315,737	$ 1,627,353	$ 125,120	$ 41,068,210	$ 11.9400	$ 469,430
2028	$ 38,136,265	$ 1,578,532	$ 121,366	$ 39,836,163	$ 11.9400	$ 455,347
2029	$ 36,992,177	$ 1,531,176	$ 117,725	$ 38,641,078	$ 11.9400	$ 441,687
2030	$ 35,882,412	$ 1,485,241	$ 114,193	$ 37,481,846	$ 11.9400	$ 428,436
2031	$ 34,805,940	$ 1,440,684	$ 110,767	$ 36,357,391	$ 11.9400	$ 415,583
2032	$ 33,761,762	$ 1,397,463	$ 107,444	$ 35,266,669	$ 11.9400	$ 403,115
2033	$ 32,748,909	$ 1,355,539	$ 104,221	$ 34,208,669	$ 11.9400	$ 391,022
2034	$ 31,766,442	$ 1,314,873	$ 101,094	$ 33,182,409	$ 11.9400	$ 379,291
2035	$ 30,813,449	$ 1,275,427	$ 98,061	$ 32,186,937	$ 11.9400	$ 367,913
2036	$ 29,889,046	$ 1,237,164	$ 95,119	$ 31,221,329	$ 11.9400	$ 356,875
2037	$ 28,992,375	$ 1,200,049	$ 92,265	$ 30,284,689	$ 11.9400	$ 346,169
2038	$ 28,122,604	$ 1,164,048	$ 89,497	$ 29,376,149	$ 11.9400	$ 335,784
2039	$ 27,278,926	$ 1,129,127	$ 86,812	$ 28,494,865	$ 11.9400	$ 325,710
2040	$ 26,460,558	$ 1,095,253	$ 84,208	$ 27,640,019	$ 11.9400	$ 315,939
2041	$ 25,666,741	$ 1,062,395	$ 81,682	$ 26,810,818	$ 11.9400	$ 306,461
2042	$ 24,896,739	$ 1,030,523	$ 79,232	$ 26,006,494	$ 11.9400	$ 297,267
2043	$ 24,149,837	$ 999,607	$ 76,855	$ 25,226,299	$ 11.9400	$ 288,349
2044	$ 23,425,342	$ 969,619	$ 74,549	$ 24,469,510	$ 11.9400	$ 279,699
2045	$ 22,722,582	$ 940,530	$ 72,313	$ 23,735,425	$ 11.9400	$ 271,308
Total						$ 8,372,595

Sources:

FYE 2021 Assessed Value: Columbia County Assessor

Tax Rate: Columbia County Assessor, Summary of Assessment and Levies Table 4e, FYE 2021

Brandon Lesowske thanked Nick for the presentation and update. He asked Interim City Manager Rains if we have a good understanding of the current number of e-zone parcels that are within the URD and how that would potentially impact the URD as there's future development within those parcels.

Interim City Manager Rains asked, with the particular parcels that are receiving e-zone benefits, you are talking about them further developing so they extend their e-zone benefit, is that what you mean?

Brandon Lesowske stated under-developed e-zone certifications.

Interim City Manager Rains replied that is always possible.

Brandon Lesowske stated he wants to put to the agency that we should understand that there is potentially a lot of fluctuation that can occur as those properties develop. He stated even though today there may be a lot of great news and there's more revenue than expected, to know that this isn't necessarily a trend, it is just a snapshot of the current market. He just asks for them to not get overly excited with the news of additional revenues and that we are fiscally responsible with the use of these funds as we move forward.

Chair Burge stated, he agrees. He stated he would rather see the District end a few years earlier because these projections continue then to be short. He thinks the other Districts would be thrilled once this is no longer in place.

Interim City Manager Rains explained the other thing she would point out too is that there has been some discussion of, particularly with the Fire District, helping them out, but if we use the ARP funds to do that instead, you are using a different source to work with them, to show good faith and to support them and also sticking with the plan essentially of trying to maybe end the District sooner rather than continue it longer. She stated she thinks you really could accomplish both if that's what you choose.

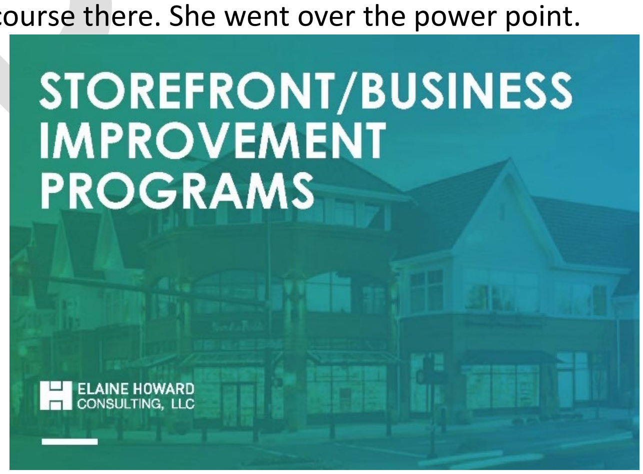
Joel Haugen thanked Nick for a good presentation. He stated we don't have a clue of what the economic situation is going to be a year from now. He asked Nick from his perspective, at this juncture, what would be the safest route for the City to take?

Nick Popenuk replied he is in agreement with all of them, that the safest route is to keep an eye on these numbers and to not make any policy decisions now that commit them to revenue sharing or commit them to a tighter timeline of anything like that but to say this is good news, let's hope that it continues and if it continues for a long time, maybe a decade from now you do decide to start making some different policy decisions because you've had sustained growth and you can see that you have the ability then to commit more strongly to a different policy. But even at that point and time, you may still think the most prudent action is to just keep going forward without any official changes knowing that you can close this thing down sooner than everybody originally anticipated and that in and of itself is a win for all the overlapping taxing districts and the community.

Josh Poling stated he just wanted to concur with Brandon. He thinks that we really need to maintain the course. He stated ideally it would be great if we can end this Urban Renewal after we paid for everything and early so our local taxing districts can get some of those funds back as well. That would be ideal, but we have no idea what's going to happen in the next five, ten, even twenty years. He would rather us just maintain the course and hope that we can end this early.

Discussion on Storefront/Business Improvement Programs

Elaine Howard, Elaine Howard Consulting, LLC, explained she agrees with what Nick said and she thinks you are on a good course there. She went over the power point.



WHAT ARE THE GOALS OF THE AGENCY?

Provide funds for

- Overall Area storefront improvements
- Improvements based on priority sites
- Improvements which will assist new businesses

Elaine Howard Consulting LLC

AXIOMS

Program only as successful as application is approachable

1. Less stringent = more applicants, more effort from staff and Agency
2. More stringent = less applicants, less effort from staff and Agency
3. Recruitment
   - More administration time
   - More sites accepting loans

Elaine Howard Consulting LLC

GENERAL CATEGORIES

1. Untargeted Loans
2. Targeted Loans, No Recruitment
3. Targeted Loans, Recruitment
4. Targeted Loans for both storefront and business improvement, recruitment

	Untargeted Loans	Targeted Area Loan Unrecruited	Targeted Area Loan Recruited	Business improvement and Storefront
Develop program	X	X	X	X
Market program to community	X	X	X	X
URA wide applications	X			X
Specific Area or building type targeted		X	X	
Meet with property owners to recruit			X	
Provide assistance to property/business owners			X	X
Success based on Property/business owner initiative	X	X		X
Staff impact level 1-3	1	1	3	3

Elaine Howard Consulting LLC

UNTARGETED LOANS

1. Application is main determinate of success for program.
2. Recommend less effort for applicants and more effort for staff and Agency reviewing.
3. Easier to reject lots of applications than have none to accept.
4. Example cities: Winston
5. Problems: program may not work if level of assistance does not fit the need. Program success is dependent on property/business owner initiative.

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TARGETED LOANS, NO RECRUITMENT

1. Targeted to a specific geographic boundary of the URA or a specific building type. (i.e. upper floor rehabilitation, storefronts in certain area, visibility)
2. This level may send mailings to the property owners, but no individualized contact such as offers for financial assistance or pre-development planning.
3. Success dependent on same factors as untargeted – your program's success is dependent on property or business owner initiative.
4. Example cities: Tillamook, Coos Bay

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TARGETED LOANS, RECRUITMENT

1. Target sites and recruitment of business/property owners
2. Success is dependent on staff legwork
3. May include preparation of design guidelines
4. Recruitment includes one or more of the following:

   Individual contact with property owners

   Offers for a specified assistance

   Design Concepts with or without specified assistance

   Example Programs: Coos Bay, Sandy, Albany

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COOS BAY

All programs begin with "Pre-Application" meeting with staff for candidates

Façade Improvement Grant – 50% Match

1. Minimum Match $1,000
2. Maximum Match $25,000
3. Improvements limited to exterior visible walls

Landscape Improvement Grant – 50% Match

1. Minimum Match $500
2. Maximum Match $10,000
3. Includes street lights, replacement or repair of landscape features, etc.

Colossal Improvement Grant

1. Minimum Match $10,000
2. Maximum Match determined by city council and urban renewal agency
3. Same scope as Façade Improvement Grant Program

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ASTORIA

Exterior rehabilitation/renovation projects

- Up to $1,000 of total grant or 10% of project budget, whichever is less, can be used for design assistance.
- Up to $10,000 grant assistance per property, with a 50% match required by the applicant for improvements and administratively approved (staff level). Grant amounts above $10,000 require a higher leverage (~75% match) with URA Board authorization.
- Requests exceeding $50,000 will be considered approved by the Agency as loans and will be administered by CRAFT3. Specific terms are negotiated prior to URA Board consideration.

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OREGON CITY

A project will consist of a minimum private match of $50,000; for a combined minimum of $100,000; and will a maximum grant for any one project of $150,000.

Particular emphasis and priority are placed on rehabilitation projects that incorporate mixed-use elements with quality construction and that improves the economic vitality of the urban renewal district.

Applicants receiving funding through this program within the last 12 months are not eligible to apply the following fiscal year.
Annual Budget $200,000

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Agency	Design Assistance	Minimum Amount	Maximum Amount
Coos Bay - Façade Improvement		$1,000 match	$25,000 match
Coos Bay - Colossal Improvement Grant		$10,000	Agency and City determination
Astoria	Up to $1,000 or 10% of project cost		$10,000 50% match Amounts above by Agency and City determination
Oregon City		$50,000 match	$150,000 match

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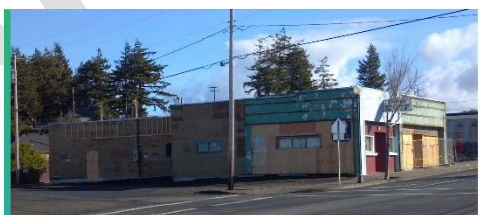

Before

Building Improvement Program

After

Before

Building Improvement Program

After

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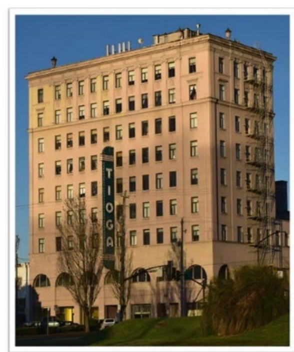
TIOGA



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Before

Building Improvement Program

After

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SANDY, OREGON PROGRAM

City of Sandy Facade Program grants: Grants are available to assist with facade repair on existing commercial buildings and facade construction on newly constructed commercial buildings within the urban renewal district. The City of Sandy Facade Improvement Program provides matching grants of up to $41,500 for exterior improvements that are intended to help commercial property owners bring their buildings into compliance with our "Sandy Style" design standards.

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What is "Sandy Style"?

"Sandy Style" is a set of building design standards developed by the City of Sandy that is modeled after the **Cascadian Architectural** style. It was developed by adapting elements of the *English Arts and Crafts* and *Oregon Rustic* styles. Timberline Lodge is a classic example of the Cascadian Architecture style.

SANDY
WHERE INNOVATION MEETS ELEVATION

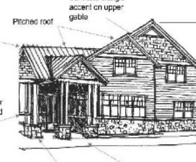
History of the "Sandy Style"

- **Oct. 2006** — Consultants (Siegel Planning of Lake Oswego) hired using grant funds to look at design standards for Sandy.
- **Jan. 2007** — Public workshop and Visual Preference Survey
- **Mar.–June 2007** — Planning Commission holds several workshops
- **July 2007 – Mar. 2008** — Sandy City Council and Planning Commission invite public comment at meetings.
- **March 2008** — "Sandy Style" adopted by Sandy City Council
- **April 2008** — The "Sandy Style" takes effect.

SANDY
WHERE INNOVATION MEETS ELEVATION

Elements of "Sandy Style"

- Steeply-pitched roofs and gables
- Strong base materials (stone or rusticated concrete block)
- Clad with wood and stone predominantly (avoid vinyl, metal, stucco, clay brick)
- Use of exposed heavy timbers, rough-hewn wood, natural wood beams, posts, eaves, and trim
- Warm earth-tone colors (e.g., browns, reds, greens, grays)
- Articulated building facades
- Prominent covered entries and eaves
- Public gathering spaces (outdoor seating and plazas with pavers)
- Conservative use of metal (e.g., canopies, flashing, roofing, etc.)



SANDY
WHERE INNOVATION MEETS ELEVATION

Examples of “Sandy Style” – new construction

Sandy Starbucks (2009)

Sandy Public Library (2012)

SANDY
WHERE INNOVATION MEETS ELEVATION

Sandy Glass

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Examples of “Sandy Style” – new construction

Goodwill (2016)

Panda Express (2009)

SANDY
WHERE INNOVATION MEETS ELEVATION

City of Sandy Façade Improvement Program

- May 2009: Sandy Urban Renewal Agency launches Façade Improvement Program
  - Matching grant program intended to serve two primary purposes:
    - Incentivize exterior upgrades to commercial buildings – this was badly needed
    - Add “Sandy Style” elements to existing buildings to help propagate design elements more quickly
- For small FIP projects, SURA will reimburse up to 80% of project cost to building/business owner
- Large projects may receive up to $41,500 in reimbursement on a $100,000+ project
- FIP has added “Sandy Style” elements to more than 30 Sandy buildings (mostly in downtown Sandy!)

SANDY
WHERE INNOVATION MEETS ELEVATION

Double Dragon in Sandy

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TARGETED LOANS FOR BOTH STOREFRONT AND BUSINESS IMPROVEMENT, RECRUITMENT

1. Focused on function rather than aesthetics
2. Examples include funding for permanent cooking equipment, brewery remodel, adding space for restaurant seating, etc.
3. Anything that would increase foot traffic and money spent in investment.
4. Creation of new jobs and new commerce.

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Astoria
Fort George Brewery & Pub

Historic building re-constructed in 1923, remodeled over 80 years later in 2006

- Urban Renewal provided:
- Low interest loan for $120,039 with an 8-year maturity date
- Storefront Improvement Grant of $30,000

Leverage:

- SBA Loan
- State of Oregon (forgivable loan)

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LA GRANDE

Dainty Jewels

- Total Project Cost – $580,000
- Urban Renewal Contribution – $100,000
- Dainty Jewels Revenue – Over 2 million per year

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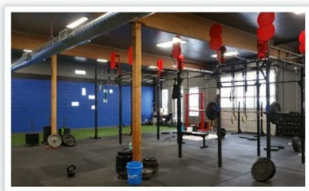
LA GRANDE

Kehr Chiropractic and Eagle Cap CrossFit

- Total Project Cost – $362,723
- Urban Renewal Contribution – $50,000 Grant
- New Employees – 3



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LA GRANDE

Direct Music Source

- Total Project Cost – $79,000
- Urban Renewal Contribution – $15,000
- New Employees – 7

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INPUT DESIRED FROM AGENCY

1. Type of program: overall area, focused in geography or building type?
2. Grants or loans
3. Leverage requirements
4. Design guidelines like Sandy?
5. Amount of staff time commitment – reacting to applications or actively soliciting applications of specific properties

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NEXT STEPS

Return with sample program guidelines for review and input

Elaine Howard Consulting LLC

ELAINE HOWARD CONSULTING, LLC

MEMO

TO:	Alexandra Rains, Scappoose Urban Renewal Agency
FROM:	Elaine Howard, Scott Vanden Bos, Elaine Howard Consulting, LLC
RE:	Storefront Program Development
DATE:	August 31, 2021

The Scappoose Urban Renewal Agency (Agency) is interested in developing a storefront loan program for the Scappoose Urban Renewal Area (Area). The first presentation to the Agency is to provide general information on types of urban renewal storefront loan programs to allow the Agency to provide feedback on the type of program they want to develop. After input from the Agency, we will develop sample program guidelines for the Agency to review.

The first issue to identify is the goals of the program. Some goals may be:

- Overall Area storefront improvements
- Improvements based on priority sites
- Improvements which will assist new businesses

There are four general categories of programs which require different levels of administrative support from staff and have differing levels of success:

- Untargeted Loans
- Targeted Loans, No Recruitment
- Targeted Loans, Recruitment
- Targeted Loans for both storefront and business improvement, recruitment

Untargeted Grants/Loans:
These loans are available throughout the urban renewal area. The Agency develops a storefront program, provides general information and sets application dates. The Agency reviews applications and awards grants/loans.

Issues: The program may not work if the level of assistance does not fit the need of the business/property owner (i.e. too high a level of match, loans versus grants, too low a

1

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level of assistance) Program success is dependent on property/business owner initiative.

Targeted Grants/Loans:

These loans are available in a specific location in the urban renewal area. By setting a specific area, the program can concentrate success and have more of a visual impact. The Agency develops a storefront program, provides general information and sets application dates. The Agency reviews applications and awards grants/loans.

Issues: The program may not work if the level of assistance does not fit the need of the business/property owner. Program success is dependent on property/business owner initiative.

Targeted Grants/Loans with Recruitment:

These loans are available in a specific location in the urban renewal area. The Agency develops a storefront program, contacts specific property owners, works with them on how the program might address their needs including design assistance for storefront improvements. The Agency reviews applications and awards grants/loans.

The Agency might want to develop design standards for the program. An example of a program with design standards is the Sandy Storefront Program where all improvements must adhere to the "Sandy Style". The Sandy Style is a set of building design standards developed by the City of Sandy that is modeled after the **Cascadian Architectural** style. It was developed by adapting elements of the *English Arts and Crafts* and *Oregon Rustic* styles. Timberline Lodge is a classic example of the Cascadian Architecture style. In Sandy, these design guidelines were prepared by an architect with staff input, reviewed through public workshops, reviewed by the Planning Commission and adopted by the City Council. The adoption of design guidelines is much more labor intensive at project inception but provides a higher level of success in terms of visual appearance. The initial projects were hand selected by the architect and Agency as they were either key buildings or in key locations in the city.

Examples of the Sandy Style Storefront program are shown on the next page.

Issues: The creation of the design guidelines takes time and budget. Working with property owners on the implementation of the projects is more staff intensive.

2

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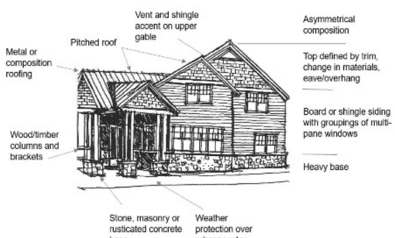

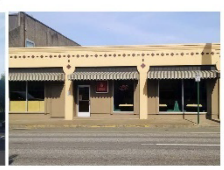

Targeted Grants/Loans for both interior and exterior improvements with Recruitment:

These loans are available in a specific location in the urban renewal area. The Agency develops a storefront program including potential funding for permanent interior improvements, contacts specific property owners, works with them on how the program might address their needs including design assistance. The Agency funding is a portion of a wider funding package including business owner's equity. La Grande operates this program to encourage the development of new businesses and services for the community. The following example is the development of a chiropractic office and a

3

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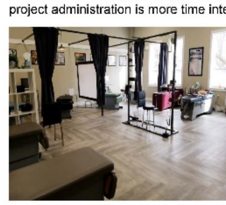
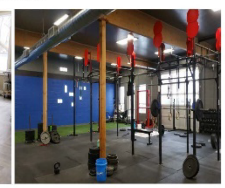
CrossFit gym in La Grande. The urban renewal grant was $50,000 of the total project cost of $362,723.

Issues: The projects typically cost more so fewer projects can be completed. The project administration is more time intensive.





A summary of program types is shown in the table below.

	Untargeted Loans	Targeted Area Loan Unrecruited	Targeted Area Loan Recruited	Business improvement and Storefront
Develop program	X	X	X	X
Market program to community	X	X	X	X
URA wide applications	X			X
Specific Area or building type targeted		X	X	
Meet with property owners to recruit			X	
Provide assistance to property/business owners			X	X
Success based on Property/business owner initiative	X	X		X
Staff impact level 1-3	1	1	3	3

4

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Examples of types of minimum and maximum grant/loan awards are shown below:

Agency	Design Assistance	Minimum Amount	Maximum Amount
Coos Bay - Façade Improvement		$1,000 match	$25,000 match
Coos Bay - Colossal Improvement Grant		$10,000	Agency and City determination
Astoria	Up to $1,000 or 10% of project cost		$10,000 50% match Amounts above by Agency and City determination
Oregon City		$50,000 match	$150,000 match

Next steps:

Input from the Agency on type of program:

1. Entire Scappoose Urban Renewal Area or in specific locations
2. Grants versus loans or a combination
3. Leverage requirements
4. Minimum and maximum guidelines
4. Design guidelines like Sandy?
5. Amount of staff time commitment - reacting to applications or solicit applications

After input is received, we will return to the Agency with sample program guidelines for their review.

5

Megan Greisen asked Elaine ask if she is looking for them this evening to decide on what kind of loans or recruitment or no recruitment moving forward, or is this just informational?

Elaine Howard replied it would be great if you could give input on a couple of things that would allow them to proceed and come back to them.

Interim City Manager Rains replied she doesn't think there's so much the expectation that you would pick a program this evening, but it is more to start the conversation. This Agency has budgeted about $25,000 per year essentially for these programs. She stated there has been some talk about wanting to start moving this forward now that we do have some funds. She explained what they wanted to just understand was more, what kind of program you all were looking for because when you actually look at the Urban Renewal plan, this is identified as a goal, but it was not fleshed out how it would end up working. She stated really what we are looking for is just a little direction and then we can come back, and you can make final decisions later, but we just wanted to start the conversation.

Elaine Howard stated this is the type of input and like Alex said, this doesn't have to happen tonight, but it needs to happen before she can move forward and bring back a program to review.

Pete McHugh asked if this ties into the Downtown Overlay at all? He stated he thinks Columbia Avenue area should be the Downtown Overlay area.

Brandon Lesowske asked what is the FTE equivalent for the Sandy program?

Elaine Howard replied she doesn't know that, but she can easily get that and get it back to him.

Brandon Lesowske asked Interim City Manager Rains who or what department would be executing the loan program and the application processes and how do we budget for that or can URD dollars offset the labor for executing the program?

Interim City Manager Rains replied as the District goes on in the future, there will be more and more dollars set aside for admin that will be able to help with those costs but right now it is pretty low so it cannot cover any one person. She explained right now, in the past it probably would have been her, so at this point her thought is that when we go to make some hires here in the very near future, that Urban Renewal specifically she wants to include that in the finance admin and also the assistant's duties. She explained there are somethings like that where she wants to have a little bit of redundancy built in as far as who's doing it and who's familiar with the programs. She stated in the meantime, her suggestion would be something on the simpler side that would be easier and just take less staff time. She stated perhaps herself, Huell and Isaac could probably cover it, but over time maybe as there is more money, or the program is changed, we could certainly look at having someone more dedicated to it. She wants to be cautious about that piece.

Brandon Lesowske replied he appreciates her forecasting and thinking about how we will move forward with that.

Joel Haugen asked Elaine if she has done an analysis for the cost of staff time associated with the targeted loans and recruitment?

Elaine Howard replied that is a great question and she has never participated in that part. She stated she has really good contacts across the State and that is something that they can help provide information on for you by contacting people and doing some research.

Joel Haugen replied he thinks that would be helpful.

Josh Poling stated they need to figure out what their focus will be first on this area. He asked are we looking at trying to set guidelines or are we trying to improve what we currently have? He asked in regards to the current businesses along the Highway, are we trying to develop those storefronts, or are we trying to set guidelines for future development?

Elaine Howard replied that decision is really your decision. She stated you can do both, your plan authorizes both activities.

Brandon Lesowske explained the type of program that he would like them to do is towards targeted loans most likely with recruitment but focusing on a specific geographical area within the URD. He would prefer that it is a matching grant program. He would think that we incorporate a listing of different façade criteria that would be allowed within the program, such as if someone wanted to do a business signage, especially along the Highway. He would like to keep the time commitment as minimal as possible, but also understanding that there is a potential for growth as the funds and the program expands over time.

Elaine Howard replied that is why she looked at Coos Bay and Astoria, they are both a little bigger than Scappoose but not so much bigger that their programs don't have some tie to what you are trying to do.

Pete McHugh asked if we are talking about identifying a theme for our community?

Elaine Howard replied that can happen, but that doesn't have to happen. She stated Sandy is really the only city that has done that, and they have done that very successfully. She stated you already have your Downtown Overlay.

Interim City Manager Rains stated one thing that she would point out here with that specific piece is that the 50-year plan that they are talking about, that request for proposal (RFP), that's going out, a lot of that was going to focus on any necessary code updates and look at the Downtown Overlay, so there could be some connection between that project and this project. She stated perhaps her, and Elaine can meet, and she can talk to City Planner Laurie Oliver Joseph and see how those two projects could fit together because she thinks there could be a meaningful overlap there.

Elaine Howard explained maybe what she will do is send out a survey to the Agency to get their input on the kind of programs they are interested in and see what more information they need before we start designing one.

Chair Burge stated that sounds good. He thanked Elaine.

Adjournment

Chair Burge adjourned the Urban Renewal Agency meeting at 6:58 pm.

____

Chair Scott Burge

Attest:

____

City Recorder Susan M. Reeves, MMC

MEMO

TO:	Scappoose Urban Renewal Agency
FROM:	Elaine Howard Consulting, LLC
RE:	Business Development and New Development Incentives Program
DATE:	December 7, 2021

Background

Upon direction of the Scappoose Urban Renewal Agency (Agency), Scappoose staff hired Elaine Howard Consulting, LLC to prepare a façade improvement program for the Scappoose Urban Renewal Area. The first step in the process was a preliminary meeting of the Agency with the consultant and the completion of the survey by the Agency Board. After analyzing the results of the survey, it became clear that the program desired by the Agency was more involved than a simple façade improvement program. The Agency expressed interest in encouraging development of certain tax lots inside the urban renewal area as well as improvements to businesses that were not limited to façades. The two programs recommended are a business development program and a new development incentives program.

Business Development

The business development program allows the urban renewal agency to provide funds for improvements, equipment, and other incidental services required to complete the applied for improvement as detailed in the attached program description. Examples of improvements from programs such as this include but are not limited to exterior renovations including windows, doors and awnings, painting, and signage,

New Development Incentives

The new development incentives program allows the Agency to increase the likelihood of developing desirable tax lots or existing structures to their highest and best use. Examples of incentives provided by programs like this include but are not limited to site preparation, providing necessary infrastructure for development, and cash incentives paid from future property tax revenues generated by the new development itself.

Next Steps

Upon incorporating the feedback from Agency review we will prepare applications for the programs. The minimum feedback needed from the Agency is the specifics on matching percentages, minimum (if any) cost of projects for each program, and any desired criteria for the new development incentives program concerning the cost of improvements or amount of cash incentives.

City of Scappoose - Urban Renewal Agency - District Improvement Grant Program

There are two Improvement Grants available to provide financial assistance to business owners and parties involved in new development. Each Grant is designed to promote the revitalization of the Scappoose Urban Renewal District.

Eligibility: All properties and/or businesses located within the urban renewal district are eligible for the Improvement Grants. Only one grant per tenant and/or property owner per building location will be allowed in any one fiscal year period [July 1 through June 30], with the ability to apply again in future fiscal years.

Business Development Grant

Funding Terms: Match: Matching grants may be awarded up to X% of the project cost from a minimum of $X to a maximum of $X. A total project of under $X would not be eligible for assistance under this program. There is no fee for the pre-application or full application for the grant program.

Eligible Improvements: Eligible improvements include, but are not limited to, façade improvements, equipment purchases, and remodeling.

- New site development, new construction for existing businesses
- Design Services, Engineering and Architectural Fees, Permits and other Fees
- Historic Register Listing expenses
- Interior demolition as related larger scale improvements including exterior improvements
- Frontage Improvements
- Exterior and Interior renovations:
  - Windows, doors, and awnings
  - Expenses relating to structural improvements, seismic upgrade, and code improvements.
  - Painting and preparation for painting
  - Masonry repair and restoration
  - Building identification
  - Site-related infrastructure
  - Roofs.
  - Signage, sign removal, or replacement
  - Mechanical, electrical, plumbing systems upgrades.
  - Accessibility issues, to include elevators and associated equipment.
  - Other interior work on a case-by-case basis including permanent improvements with a life span greater than five years not considered basic or minor tenant improvements or other items or fixtures that can’t be easily removed from the structure

CONSIDER

- Addition of residential units and/or limited expansion of the building if the expenses listed previously are consistent with the rehabilitation and adaptive reuse of a building and increases the value of the building.
- Upper floor housing/residential elements that include ground level retail improvements.

Steps for Applying for a Business Development Grant

1. Pre-application: Meeting and review with staff and the Design Review Committee (or just Urban Renewal Agency, and we can edit the rest of the steps)
2. Application: Meeting and review with staff and Design Review Committee
3. Design Review Committee recommendation to the Urban Renewal Agency
4. Urban Renewal Agency Approval

New Development Incentives Grant

Match: Matching grants may be awarded up to X% of the project cost from a minimum of $X to a maximum of $X. A total project of under $X would not be eligible for assistance under this program. There is no fee for the pre-application or full application for the grant program. Cash incentive for development based on future property tax revenues generated from the increased assessed value due to the project. (Match could be based on many things. It could be a flat match of a certain percent with a minimum estimated assessed value increase specified. There could also be a more involved way of determining the match based on estimated assessed value increases, increasing match % as the increased assessed value due to the project increases)

Eligible Improvements: Eligible activities include, but are not limited to:

- Site preparation
- Design services
- New site development, new construction.

Steps for Applying for a New Development Incentives Grant

1. Pre-application: Meeting and review with staff and the Design Review Committee (or just Urban Renewal Agency, and we can edit the rest of the steps)
2. Application: Meeting and review with staff and Design Review Committee
3. Design Review Committee recommendation to the Urban Renewal Agency
4. Urban Renewal Agency Approval