



SCAPPOOSE *Oregon*

**TUESDAY, FEBRUARY 20, 2024, 6:00 PM
URBAN RENEWAL AGENCY MEETING MINUTES
COUNCIL CHAMBERS
33568 EAST COLUMBIA AVENUE
SCAPPOOSE, OREGON 97056**

Disclaimer: These minutes are intended to summarize the conversations that took place in this meeting rather than provide a full transcript. Anyone wishing to view the full conversation can find a recording of this meeting on YouTube at: www.youtube.com/watch?v=9EHvmBmuxf4.

Call to Order

Chair Backus called the February 20, 2024 Urban Renewal Agency meeting to order at 6:00pm.

Roll Call

Chair Joseph A. Backus; Agency Member Megan Greisen; Agency Member Kim Holmes; Agency Member Andrew Lafrenz; Agency Member Marisa Jacobs; Interim City Manager Larry Lehman; Finance Administrator Carol Almer; City Recorder Susan M. Reeves; and Consultant Elaine Howard.

Remote: Agency Member Tyler Miller; Brad Paskett (joined at 6:44pm); Darci Rudzinski (joined at 6:54pm).

Excused: Agency Member Jeannet Santiago

Approval of the Agenda

Agency Member Holmes moved, and Agency Member Jacobs seconded the motion to approve the agenda. Motion passed (6-0). Chair Backus, aye; Agency Member Greisen, aye; Agency Member Miller, aye; Agency Member Holmes, aye; Agency Member Lafrenz, aye; and Agency Member Jacobs, aye.

Public Comment

Fire Chief Jeff Pricher read his memo into the record.



FIRE CHIEF

Scappoose Fire District



Good Evening Mr. Mayor, and members of the council,

Thank you for the opportunity to be able to speak to you tonight regarding Tax Increment Financing, commonly referred to as "Urban Renewal." As I sit before you in our most formal attire, I do so as a visual reference to the significance and importance of the subject I am here to discuss. I am here before you tonight representing four stakeholders. The residents within the city limits of Scappoose, special districts within the city limits of Scappoose, Scappoose Fire district and as a resident who pays taxes in this community. My perspective is unique because most of the government officials who have proposed and are advocating for Tax Increment Financing, do not live here and are not part of our community. I am, as a condition of employment, and why this voice should be strongly considered. This is why tonight's decision is so important.

Scappoose Fire is the only government agency that provides multiple staff 24 hours a day, 7 days a week and 365 days a year inside the city. We provide community risk reduction activities and emergency response to fires, medical, rescue and other all hazard emergencies. The only way we can continue to provide the reliable and customer serviced based response that is expected of us is to judiciously use the hard-earned tax dollars that the community has entrusted us with by voter initiatives. I am calling attention to this because our revenue stream is being negatively impacted by tax increment financing (Urban renewal).

In 2019, during the process in a public meeting led by the outside consultants, Fire Chief Greisen called out that urban renewal would affect public safety, specifically, law enforcement and fire. The consultants explicitly stated there would be no impact to public safety. This is not true, and I will explain in as much details as I can within my allotted time.

One example includes a simple look at the urban renewal district maps, in the adopted plan. Specifically, the fire department property was inadvertently left out of the urban renewal district, but the water treatment plant and an undevelopable property next to ours was left in the boundary (identified on pages 8, 17 and 18 in the Scappoose Urban Renewal Plan. This type of bait and switch is inconsistent with blighted areas and prevents the fire district from applying for funds to do any improvements on that property. Remember, anything that is not in the urban renewal district cannot receive funds. That is one small example of the effect to public safety.

Our second example is based upon a recent article in the South County Spotlight, where the Scappoose city council seems to acknowledge the inadvertent impact to public safety.



FIRE CHIEF

Scappoose Fire District



In the February 12 article in the Columbia County Spotlight written by Scott Keith, there is a quote from Kim Holmes, *Holmes added, "If we retain our police department, and we cannot achieve 24/7 coverage under the current budget, we will be going out for an operating levy."* For starters, if Urban Renewal did not exist, you would likely have the funds necessary to increase salaries and better maintain 24/7 police coverage. Right now, the effective tax rate (aka Adjusted rate for effective districts) in the city is \$2.9434 per 1,000 when it should be at \$3.2268 per 1,000. This is because of urban renewal. The city is also in compression, which would prevent the city from truly benefitting from a levy for law enforcement.

Don't take my word for it, take the county and the document they are required to publish by law. It's on pages 50-53 of Summary of Assessment and Tax Roll for 23/24 document. This document is important because it highlights the inability of the city or in this case the government, to not be able to live within its means. This document reflects the decrease in revenue going to the general fund and instead fund projects that the city could not afford under normal circumstance. Every resident in the city is shown the impact of urban renewal on their tax statements. While it is often said, the money only comes from the properties in the boundary area, the actual impact is to everyone in the city. If this were not true, why would the county be required to explain it this way and why it is required to be shown on everyone's tax statements. What the residents do not know is that the impact to public safety is about a 10% hit to the Scappoose fire district. Our effective tax rate went from \$1.11 to \$1.01 per thousand.

Our third example includes one of the terrible rules of Tax Increment Financing or Urban Renewal that most do not understand. For existing properties in a boundary, the tax rate freezes. But what most don't realize, is when an undeveloped property is developed, all the tax revenue goes to urban renewal, for the entirety of the life of the urban renewal district.

What this means for the fire district and the city general fund, is that we receive no revenue to scale up for the new demand. Meaning, if a new large commercial building requires specific risk mitigating response equipment, the homeowners pay for the impact, not the business. Building code laws, enterprise zone restrictions all prevent the fire district from requiring such equipment, in the spirit of economic development. If the business requires a lot of responses (ambulance or other), the homeowners pay for the needs of the big business. Let me explain, the Candlestick apartments are within the Urban renewal district. In the last 14 months, Law Enforcement has responded 101 times, and the fire district has responded 31 times (Data from CC911). This newer development, and the tax dollars that it generates, does not go to the city general fund, and it does not go to the fire district. It goes to urban renewal for façade upgrades of any business in the urban renewal district (referred to as exterior beautification in the grant portion of urban renewal), streetlights and sidewalks and other projects covered



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under urban renewal plan. It does not go to public safety. In other words, the impact of this development must be paid for by homeowners. This is contrary to what the consultants said in

2019 to Chief Greisen, there is no impact to public safety. As a Scappoose City taxpayer, I want my hard-earned dollars that are supposed to fund public safety, to stay with public safety.

The focus for tonight of the 4 groups I am representing, is not to debate urban renewal, but to help you make the right decision to eliminate the Cascade Tissue property from the urban renewal district. Do not wait and kick the can down the road (in recommendation #1 which came from an outside party not vested in the community) but make the right leadership decision that you were elected to do.

In the staff report that was presented, you really have one logical decision to make. Of the 5 options, the one that will be the best decision for the community will be to remove the Cascade Tissue property from the Urban Renewal district Which is option #2. Option #5 would be best for the city and public safety, but the Fire District would advocate for a longer more deliberate discussion on that topic, in which we would respectfully request to be included.

Currently, the city of Scappoose is experiencing tax compression. We are experiencing this for the first time in the history of our community. This occurred because of Urban Renewal and more specifically, the Cascade Tissue property. Urban renewal pulls money from all of the special districts (Fire and 911 as an example) including the School district. Most do not realize this. This year, when Cascade Tissue came off the books of the Enterprise Zone, the revenue was so great that when the portion of tax revenue from the \$5 per thousand school district funds was directed back to urban renewal, it had to be re classified from \$5 per thousand of school tax dollars into the max allowable \$10 per thousand MAX general government tax. This additional amount over the \$10 mark caused all of the other general government taxes to be compressed or in layman terms, not be able to tax the full amount. I am pretty sure that if the voters had the option to vote on something like this (urban renewal), it would go down in flames, no pun intended.

This is significant, because our community was deprived of this right, because a group of 5 people decided to do urban renewal, not the voters.

Removing the Cascade Tissue property would not affect the current urban renewal plan currently adopted. The Cascade Tissue property was never really accounted to be a part of the plan. Removing it would be a next zero revenue effect. No loss at all to the adopted plan. What you will gain by removing this property, is more revenue in the general fund to go towards law enforcement, you will take the city out of tax compression and the community will see more of



FIRE CHIEF
Scappoose Fire District



the taxpayers hard earned money that the voter initiatives specified for public safety to go back towards emergency services and go back to where it is supposed to be.

In closing, tonight, I urge you on behalf of the 4 groups I am representing, to listen to the historical voting voices from within the community that did not direct the city to create an urban renewal district. Do not listen to the voices that do not have a vested interest in this community. Listen to the initial staff recommendation which is option #2 or #5.

I am more than willing to answer any questions.

Respectfully submitted,

A handwritten signature in blue ink, appearing to be "J. Smith", written over a horizontal line.

Fire Chief
Scappoose Fire District

Approval Minutes

October 16, 2023 Urban Renewal Agency meeting minutes

Agency Member Greisen moved, and Agency Member Holmes seconded the motion to approve the October 16, 2023 Urban Renewal Agency meeting minutes. Motion passed (6-0). Chair Backus, aye; Agency Member Greisen, aye; Agency Member Miller, aye; Agency Member Holmes, aye; Agency Member Lafrenz, aye; and Agency Member Jacobs, aye.

New Business

Presentation on compression

Consultant Elaine Howard went over her presentation.

COMPRESSION



WHY IS THERE COMPRESSION?

1. Measures 50 setting limits on taxes – maximum assessed value in 1997 – RMV in 1995 less 10%
 - a) \$10 per thousand of **real market value** for General Government
 - b) \$5 per thousand of **real market value** for Education



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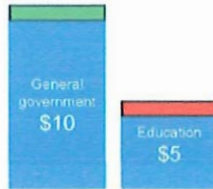
WHAT IS THE DIFFERENCE BETWEEN REAL MARKET VALUE, MAXIMUM ASSESSED VALUE AND ASSESSED VALUE?

1. Both are indicated on your property tax bill.
2. Real Market Value (RV) is the value at which you could sell your property at the best price you can get.
3. Maximum Assessed Value (MAV) is the value of your property given the MAV established in 1997 and inflated by 3% each year.
4. Assessed Value (AV) is the value on which you will pay your taxes. It is the lower of the RMV and MAV.

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WHAT IMPACT DOES URBAN RENEWAL HAVE ON COMPRESSION?

1. Urban Renewal is in the General Government category.
2. Urban renewal moves real market values from the Education category to the General Government category.



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WHY IS THIS IMPORTANT?

1. If the difference in assessed values and real market values are slight, and you are moving value from the Education categories to General Government, this can cause Compression.
2. Local Option levies are compressed first. Compression results in not receiving the amount of taxes that would be received if there was no compression.

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COMPRESSION EXAMPLE 1



Compression is analyzed on a house by house basis

Assessed Value \$190,000
Real Market Value \$200,000

General Gov. taxes (\$12.50 per \$1,000 of AV) \$2,375
Education taxes (\$4.75 per \$1,000 of AV) \$ 902

Tax rate limits:
General Gov. tax limit (\$10 per \$1,000 of RMV) \$2,000
Education tax limit (\$5 per \$1,000 of RMV) \$1,000

Compression General Government (M-5 loss) \$(375)
Compression Education (M-5 loss) \$ 0

That \$375 is first taken off any local option levies before any general government permanent rate levies are impacted.

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COMPRESSION EXAMPLE 2



Assessed Value \$190,000
Real Market Value \$250,000

General Gov. taxes (\$12.50 per \$1,000 of AV) \$2,375
Education taxes (\$4.75 per \$1,000 of AV) \$ 902

Tax rate limits:
General Gov. tax limit (\$10 per \$1,000 of RMV) \$2,500
Education tax limit (\$5 per \$1,000 of RMV) \$1,250

Compression General Government (M-5 loss) \$ 0
Compression Education (M-5 loss) \$ 0

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HOW TO REDUCE COMPRESSION UNDER EXISTING TAX LAW

1. Reduce taxes so they are under the \$10 and \$5 limits
2. Increase real market values (investments in your community to make it more desirable)

(note: The effective use of urban renewal should increase the real market values of properties in an area as those investments should encourage new development and increased overall property values.)

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Chair Backus asked the Agency what is important to us, what do we need to find out? He explained he does want to know more about this and see where we can help. He has heard a lot of people within our City wonder why or what this Urban Renewal is really doing, but then he sees it in a lot of other places. He hears great stories so he really wants to know how it would help us, what do we need to do to benefit Scappoose the best.

Agency Member Jacobs explained she would like to have a conversation on removing the Urban Renewal because we are not using it and it is hindering us from a tax basis, from a revenue

basis, on what we can be doing better in our own town. However, what she does understand what needs to be done tonight or budget is that we have five options and they're looking for a direction and she thinks in her opinion, it would be in our best interest to discuss removing Cascade Tissue out for now so we can make that immediate change and then she thinks shortly thereafter we need to come back to the table and we need to talk about if urban renewal is really something that our community is going to need and benefit from, because it's been in place for a couple years now and there's nothing going on.

Interim City Manager Larry Lehman explained you may be correct. Your predecessors took a lot of time to develop the renewal plan, a lot of Community input, lot of taxing districts had input into that. This is something that a lot of people worked hard to get going. Yes, you've not done much in two years, you never do, it takes time to build up the money. This is the first year you got any money at all of any significant value to try to do something with and so the first year you get something in, don't throw it away. You have some money coming in this year. He would encourage the Agency not to change it, but to use it the way the Agency intended it to do and do good things for your community.

Agency Member Greisen explained that her and Agency Miller are the only two who participated in initiating the Urban Renewal. She stated she thinks there are a lot of unknowns, and she thinks that Interim City Manager Lehman comes with a lot of institutional knowledge, not only about Scappoose but about Urban Renewal. She respects Chief Pricher and his viewpoint, and she thinks this is a tricky conversation. She explained they had a lot of tricky conversations when they initiated the Urban Renewal to begin with. She would like to go with option 2, however she doesn't think option 5, being quick to disassemble the Urban Renewal is something that we need to rush into. It's going to require a lot of education and meetings about the impact, long term and short term, not only to the city and the infrastructure that we're supporting in our public works department, specifically with these dollars, but what that long and short term physical impacts look like for our Special Districts looking item line by line for all of these, it's on page 9 in our Council packet, the compression that's noted in these, but she understands others passion and she feels it as well, but she also empathizes with those that are hesitant to continue on a road that doesn't seem like it's a very successful one, but she thinks that it requires further conversation. So, at this point in time, she would like to move forward with option 2 and since this is her last meeting, she doesn't really get to participate in those conversations moving forward. She encourages Council and staff to just find some common ground with numbers and just to get all the data points out there. She knows that the Fire District has been very active in communicating their beliefs about urban renewal and their impacts but feels the Agency should maybe invite some of these other Special Districts as well.

Chair Backus explained if we did remove Cascade Tissue, he would like to see what that does as far as numbers, how much is that saving everybody, including the City of Scappoose, and does it get us out of compression. He stated when they originally did this, they did not have Cascade

Tissue in mind. This wasn't on their plan when they decided it, and it seems like it's an easier pull than any other properties. He would like to see what it saves and then at that time you can look at finding a number that allows everybody to get under compression.

Agency Holmes explained she kind of agrees with Mayor Backus in that she would not be opposed to this coming back in another work session before we have to move into budgeting because she would like to understand. She stated having not been familiar with the establishment of the Urban Renewal District, a better understanding of what the goals and objectives were. She would like to know if they decide to remove Cascade Tissue how much would that walk them back from the brink of compression.

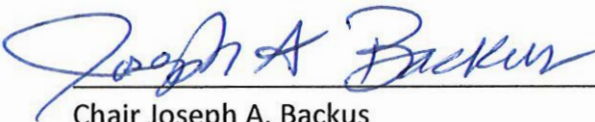
Chair Backus would like to have a work session. He stated the Agency could get questions to Staff and Consultant Elaine Howard prior to the work session to they can come with answers.

Chief Pricher explained the Fire District is not opposed to the concept of Urban Renewal. The Fire District is opposed to tax dollars that the voters voted for public safety being used for projects in the Urban Renewal District.

Options on the compression issues (didn't go over)

Adjournment

Chair Backus adjourned the Urban Renewal Agency meeting at 6:59 pm.



Chair Joseph A. Backus

Attest:



City Recorder Susan M. Reeves, MMC