



MONDAY, APRIL 15, 2024, 6:30 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=isxGzuwcANU.

Call to Order

Chair Backus called the Urban Renewal Agency to order at 6:30pm.

Roll Call

Chair Joseph A. Backus; Agency Member Tyler Miller; Vice Chair Member Kim Holmes; Agency Member Andrew Lafrenz; Agency Member Marisa Jacobs; Agency Member Ty Bailey; Interim City Manager Larry Lehman; Finance Administrator Carol Almer; and City Recorder Susan M. Reeves.

Remote: Agency Member Jeannet Santiago; Consultant Elaine Howard; Public Works Director Dave Sukau; Josh; Associate Planner NJ Johnson; and Elizabeth Millager (joined at 6:55pm).

Approval of the Agenda

Agency Member Jacobs moved, and Agency Member Bailey seconded the motion to approve the agenda. Motion passed (7-0). Chair Backus, aye; Agency Member Miller, aye; Agency Member Santiago, aye; Vice Chair Holmes, aye; Agency Member Lafrenz, aye; Agency Member Jacobs, aye; and Agency Member Bailey, aye.

Public Comment

Fire Chief Jeff Pricher read a statement into the record. He stated "I'm the Fire Chief with the Scappoose Fire District and I'm here representing the voice of the Scappoose Fire District Board as well as the 15,000 residents that have dedicated and directed their hard-earned tax dollars to fund public safety. That includes law enforcement, the 911 District and of course, the Scappoose Fire District. Before I get into the specific details of our statement of opposition of the expansion of the Urban Renewal District, which you are going to be discussing tonight, there are a few things that we would like to get on the record. First, we're very appreciative of the opportunity to communicate with the Mayor and Councilor Holmes about the Fire Districts

concerns previous to this meeting. As a partner agency with the long history of working together with the City, we value the opportunity to have open dialogue about situations like this. The Fire District wants to be on the record for not being in opposition to the idea of Urban Renewal. They recognize the potential values that this brings to the community, now and into the future. The Fire District is also thankful of all the other partnership opportunities that we have and the strong working relationship with several of the City department heads and staff in the various joint City/Fire District ventures and collaborations. We look forward to continued partnerships and we hope that the City is willing to resolve our concerns sooner than later.

Second, it is recommended by your neighbor and partner, which is us, that before any expansion of the Urban Renewal District occurs, concerns that were brought up at the previous meeting are addressed. It's a good faith effort of the Council working on behalf of the City, it would make sense that resolving a tax compression issue is of the utmost importance, especially knowing that the City's Urban Renewal plan with a specific property was the cause of this tax compression. Not addressing this tax problem and kicking the proverbial can down the road is not showing partnership and being a good neighbor. Remember, your plan is negatively impacting more than just the Fire District. One of the reasons why we're here is there are several complexities to the Urban Renewal District Plan that were not captured appropriately and specifically, we're referring to industrial properties. This is easily identified in the Urban Renewal Plan, where there is a difference between commercial properties and valuations and industrial properties and valuations and in a nutshell, as you heard before in the previous meeting, there's a relationship between the real market value and the assessed value. That gap and the increase in real market value is what makes an Urban Renewal District successful. Unfortunately, when the Cascade Tissue property was developed, it was not classified as commercial, it was classified as industrial, which means there is no gap. Essentially, you go from having a tax that would bring in, say, \$5 to a tax that would bring in \$10. Industrial property has no differentiation, it is the full enchilada, and that is what caused us to go into compression. I think it is important moving forward that that we consider how to mitigate that before we ever step foot talking about an expansion of the Urban Renewal District. We are hoping that the Council takes no action tonight on the staff report as presented, because the staff report isn't really representative of what is happening with this particular annex property. This should be a community discussion and the community isn't really aware of what is occurring with this annexation. Why it's not legally required for you to go through a big community involvement, adding \$2,000,000 to the maximum indebtedness of a new project to the Urban Renewal Plan is a pretty significant thing for our small community. \$2,000,000 is a lot of money. We hope that things like this are not brought to the Council by an interim city manager. This is something that should be brought forth to the Council and the Community by someone who's vested in the community, who hasn't been here for a short time. We would hope that this would get pushed to the next city manager, whose job is to be vested in the community, to understand all of the problems that we've been talking about since the beginning of Urban Renewal. A change like this should come from months of research and lots of deliberation, not what we have experienced here. Yes, in a way, what we look at with this new annexation is it's a way of robbing Peter to pay Paul. We understand that there are some projects that the city needs to get done, but the city can't afford to do those projects. So now we have a creative way where we're adding property to take money from a fund that this project wasn't actually called out for

initially. We believe that the projects in the Urban Renewal District should be completed first before we add any additional projects. It's also important to note that the City was the recipient of the American Rescue Plan dollars or ARPA dollars to directly benefit some of the projects in Urban Renewal. At the last meeting, the Mayor and some of the Councilors stated that this was a very complicated issue, and more time would be needed to decide what we should do with this tax compression issue. We hope that you'll use that same cautious approach and not take any action tonight on the expansion of the Urban Renewal District. Let's fix the problem first, which is the tax compression before making a big change. Again, really appreciate the opportunity to speak to you on behalf of the 15,000 residents of the Fire District and I have more than happy to answer any questions at this time”.

Agency Member Miller stated he just wants to clarify that it's the classification of Cascade Tissues being classified as industrial that's causing the \$2,000,000 that Chief Pricher mentioned in his statement.

Chief Pricher replied no, the \$1,000,000 reference was related to the annexation of the new property.

Agency Member Holmes stated to Chief Pricher that she really does appreciate the time and the visit and the resources that he put together and it really does kind of help explain where there may be some challenges with the properties and compression. She stated when we do talk further about the Urban Renewal District, it would be really helpful, she thinks, if the other Agency Members could get the same information from him just to help inform the conversation.

Chief Pricher replied absolutely.

Chair Backus explained staff did prepare a packet of information for the Agency Members on the Urban Renewal Agency and why it started and how they went through the process, which is helpful.

Approval of Minutes

February 20, 2024 Urban Renewal Agency meeting minutes

Vice Chair Holmes moved, and Agency Member Miller seconded the motion to approve the February 20, 2024 Urban Renewal Agency meeting minutes. Motion passed (7-0). Chair Backus, aye; Agency Member Miller, aye; Agency Member Santiago, aye; Vice Chair Holmes, aye; Agency Member Lafrenz, aye; Agency Member Jacobs, aye; and Agency Member Bailey, aye.

New Business

URA Resolution 1-2024

Interim City Manager Larry Lehman explained this would not increase the maximum indebtedness. He went over the staff report. In the City of Scappoose 2020 Water System Master Plan Update, the need for water reservoir improvements was identified, to address aged infrastructure that is not reliable due to not meeting seismic standards and addresses a projected need of water storage for future growth and for an adequate water storage for firefighting. The City applied for and was awarded \$4,950,000 in ARPA funding towards a new reservoir. Approximately \$900,000 of this will be used for the engineering on the construction of a 3-million-gallon reservoir on the current Keys reservoir site. This leaves \$4,050,000 available for construction. The estimated cost of construction is \$9,340,000 with bids due late Spring of 2024. The water fund has approximately \$2,000,000 available for this project, leaving the City approximately \$3,290,000 short. This project must be completed by September of 2026, or the federal funds can be revoked. With the addition of this property into the UR Renewal District, the District will contain 21% of the acreage within the city limits.

Options:

1. Allow Urban Renewal to pay 21% of the project.
2. Instead of using Urban Renewal funds borrow the additional \$2,150,000 and pay off this amount through water rate increase. If 5-year payoff would be approximately a 16% increase, 10 -year payoff approximately 9% increase, 20-year payoff, approximately 5.5% increase.
3. Forgo the project, may have to repay some of the engineering costs.

The recommendation is for the UR District to contribute 21% of the total costs to this project. Estimated to be \$2,150,000, the district currently has \$1 million available and will have an additional \$600,00 available when tax money is received in October and the remaining amount paid out of fiscal year 25/26. This action will allow the district to continue to make smaller grants under the current Scappoose Urban Renewal Grant program and avoid having to increase water rates to raise the necessary funds. These Projections are based on the current assessed value of the District.

Chair Backus explained looking through the Urban Renewal book, these are the types of projects that they wanted to use this money for infrastructure. They didn't identify this one back four or five years ago because at the time, they didn't necessarily see it as the need they did have other ones that related to water. A lot of Miller Road and they itemize it based on how many millions of dollars. He stated some of it was transportation, a lot water, and a lot wastewater treatment plant. He explained the City did get a lot of money from ARPA. He would look at changing this up and updating it to what are the projects that we see going forward that would help. He explained this is the kind of the thing that we would look at using the money for. His biggest concern is kind of what Chief Pricher brought up is that this compression issue is a big deal and in the 15 months he's been here, they have heard it a lot. It's hard to go forward when we are all in compression. He is kind of concerned and wants to learn more about Urban Renewal, see if they're classified in a way that it's going to cause this more and more problems as businesses start to prove out there. If every one of the businesses puts us further and further in compression because they are classified properly as industrial versus commercial, kind of

concerns him. He stated this is the idea that he is thinking you would use that money for to prevent having to raise rates. He stated it starts to bring in more businesses and you can pay the loan back every year with the increase in tax revenues, that's kind of what it was set up for. He is a little concerned right now trying to make a big decision in 5 minutes or 10 minutes with a lot of unknowns.

Vice Chair Holmes explained she does appreciate the creative thinking on this to try to fill that gap that's come up. She asked if you're suggesting this property, we're annexed into the urban renewal district, we could have that budget gap covered in by the end of 2025.

Interim City Manager Lehman replied yes.

Vice Chair Holmes asked does that mean we could make no decision around Cascade Tissue or other property prior to then? Are we kind of locked in?

Interim City Manager Lehman replied correct you are locked in and as we do the budget and so forth, we have \$1,000,000 now and we expect about \$1,000,000 next fiscal year starting in July and the rest would come the next year.

Vice Chair Holmes asked what were some of the alternative funding options that you were exploring beyond just the rate increases. Are there any other funding options?

Public Works Director Dave Sukau explained for the reservoir specifically it will be one version or another of debt to fund this.

Chair Backus asked would you pay it with rates or budget or other cuts. He asked Public Works Director Dave Sukau are these water projects kind of what he is thinking when he thinks of urban renewal?

Public Works Director Dave Sukau replied that is correct. He stated this is exactly the mechanism for these projects at the time that the Renewal District was put in place, this project wasn't on the radar, or this would have been a commonsense decision. He does want to point out that with the ARPA funds that have been mentioned, there's going to be a restructuring of the projects because some of the projects identified in the plan are receiving ARPA dollars so in some ways this is kind of a wash, it's more of just a restructuring. He does want to point out that he thinks you have two different issues at hand. This really has no bearing on the compression, he feels like that's probably a discussion for all of you at a later time. This is merely accepting this project into the District, which to me makes perfect sense. What was mentioned is exactly the intent of it.

Chair Backus stated he doesn't have a problem bringing this into the Urban Renewal District. The property looks like it's under the amount of acres that you can bring in as a minor adjustment. He is just kind of concerned about funding mechanism of it also. He asked does the water have to be used for Urban Renewal District businesses. He stated if you are saying 21% of

the water will be servicing mostly residential customers, is it completely allowed to be paid for by Urban Renewal dollars even though the water leaves and goes outside of the Urban Renewal District?

Interim City Manager Larry Lehman replied it's very hard to know exactly what it's going to be used at. He explained the 21% is based on the amount of property within the Urban Renewal District and the City of Scappoose.

Chair Backus stated his thoughts are then 21% of the water leaving the reservoir will be going into the urban renewal.

Interim City Manager Larry Lehman replied not necessarily.

Chair Backus stated legally that water can go anywhere and still be paid for by our urban renewal money.

Interim City Manager Larry Lehman replied correct and a lot of it will be used for fire suppression.

Agency Member Jacobs stated she wants to make sure while we have time that this is put on the record that she has big concerns if this Agency considers increasing water rates further to help fund the gap on this project. She explained we are in the middle of, as the Interim Manager stated, a five-year rate increase for the water rates as well as sewer and our community has felt the impact of those rate increases. She thinks it is imperative that we not look at increasing the water rates to our residents. She thinks they also need to take the position that the project doesn't necessarily have to be specified that this is directionally. She explained that is the way we use master plans as well as long as everything is directionally correct. This is critical infrastructure that's required for the livelihood of our community. She explained she would just give caution if we create additional bureaucracy.

Chair Backus asked what is the time frame for making a decision on the funding source for this? He asked when do we have to make a decision before you have to go out and get a loan versus borrowing against Urban Renewal?

Public Works Director Dave Sukau explained the project will be going to bid within the next month and we're currently working with the State to try to secure the loan for that. He doesn't know the exact time frame. He imagines we'll hear within the next four weeks on that as well. He stated time is of the essence and they are moving forward with this project. He explained they hope to have a contractor up there beginning excavation this summer, so we definitely need to have a plan in place. He explained as we speak, we are wrapping up the budget for the upcoming year. He stated it would also be nice to know how we're structuring that.

Chair Backus asked when is our next scheduled urban renewal meeting?

Interim City Manager Lehman replied there isn't one scheduled.

Vice Chair Holmes asked Public Works Director Dave Sukau if the Agency were to not choose to do this tonight and he had to go out and maybe pursue alone by securing that loan, does it make the project then ineligible for future Urban Renewal funding?

Public Works Director Dave Sukau replied you would probably need somebody a little more Urban Renewal experience to know if you can do that on reimbursement basis or not. That's ultimately what we would be looking at.

Vice Chair Holmes explained because of the timing of all this she doesn't want to put us in a position that we can't consider the properties and compression and all of that.

Chair Backus asked if we look at doing it as a loan, but then within the next month or two, if this came along and you could use this, could you change your course?

Agency Member Jacobs explained she would question why would we get a loan when we have a mechanization that would allow us to help fund part of this project. She stated she is not quite understanding what's the trade off?

Agency Member Miller explained like the Fire Chief said, is that our voters vote on things like option levies at a rate to fund their operations. They come up with that rate through calculations based on what they need to fund their operations. The voters then vote on that, and they've approved it and then we're taking the money away from them. So, it creates a very awkward situation, lack of a better term.

Agency Member Jacobs replied correct, but with all due respect, she thinks she heard the number last time Chief Pricher was here was \$11,000.

Interim City Manager Lehman replied that is accurate when it comes to compression. If you talk about Urban Renewal, the Urban Renewal takes away more from the Fire District than compression does, just having the Urban Renewal Agency. That's the reason you have one, the money comes from somewhere and it comes from all the other Districts into the Urban Renewal District.

Chair Backus explained he does agree that this is the kind of project for this and if we've got a year already saved up with another year coming maybe that's almost enough to cover this. He is then also looking at the future to make sure that classification going forward that it's not going to cause more issues. He stated maybe they're not related, maybe they're separate.

Agency Member Miller explained he thinks we need to come back and have further discussion about this at a later time.

Chair Backus stated he thinks so too. He stated let's try to get it on the next meeting as soon as possible so we can do some research and get any questions we have answered.

Vice Chair Holmes stated and if we really could also answer that question about if we find an interim funding mechanism to get the project rolling, does that then make it an eligible to use Urban Renewal dollars.

Chair Backus stated asked can we use the million we have now and then use more going forward as we see fit?

Michael Sykes, former City of Scappoose City Manager, explained he created this Urban Renewal District, so he knows a little bit about it and it took us three years to do it. He explained one of the things is critical to always remember is that you can modify an Urban Renewal Plan, so you can add projects, and you have that flexibility. He explained when it was put together nobody had a crystal ball of all the projects, we just knew that it was a significant tool to help pay for infrastructure that the city didn't have funds to pay for and it was a critical tool for that. He explained it was this or raise rates and raising rates wasn't very attractive. He thinks you have flexibility and it's very common to modify the Urban Renewal Plans. He explained every city in Columbia County has an Urban Renewal Plan. He explained the City of Hood River has three. They are a very common tool that is very valuable if it's used wisely.

Chair Backus asked if any Agency Members wanted to make a motion? He explained other facilities were included in the plan, so he is not sure why this facility was left off.

Agency Member Santiago explained she doesn't think they were given enough time to make a decision. She explained just listening to everyone, we're still not very clear and she doesn't want to make a decision if she's not 100% clear what she's agreeing to.

Chair Backus stated let's try to get another meeting scheduled as soon as possible.

Adjournment

Chair Backus adjourned the Urban Renewal Agency meeting at 7:04 pm.



Chair Joseph A. Backus

Attest:



City Recorder Susan M. Reeves, MMC