



SCAPPOOSE *Oregon*

**MONDAY, MAY 6, 2024 (Immediately following the City Council meeting)
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=--FGNPfnlms.

Call to Order

Chair Backus called the May 6, 2024 Urban Renewal Agency meeting to order at 8:31pm.

Roll Call

Chair Joseph A. Backus; Vice Chair Kim Holmes; Agency Member Tyler Miller; Agency Member Marisa Jacobs; Agency Member Ty Bailey; Interim City Manager Larry Lehman; Public Works Director Dave Sukau; and City Recorder Susan M. Reeves.

Excused: Agency Member Jeannet Santiago and Agency Member Andrew Lafrenz.

Approval of the Agenda

Vice Chair Holmes moved, and Agency Member Bailey seconded the motion that the Urban Renewal Agency approve the agenda. Motion passed (5-0). Chair Backus, aye; Vice Chair Holmes, aye; Agency Member Miller, aye; Agency Member Jacobs, aye; and Agency Member Bailey, aye.

Public Comment

There were no public comments.

Approval Minutes

April 15, 2024 Urban Renewal Agency meeting minutes

Agency Member Jacobs moved, and Agency Member Bailey seconded the motion that the Urban Renewal Agency approve the April 15, 2024 Urban Renewal Agency meeting minutes. Motion passed (5-0). Chair Backus, aye; Vice Chair Holmes, aye; Agency Member Miller, aye; Agency Member Jacobs, aye; and Agency Member Bailey, aye.

Old Business

URA Resolution 1-2024

Interim City Manager Larry Lehman and Public Works Director Dave Sukau went over the staff report. On November 18th, 2019 the City of Scappoose adopted the Scappoose Urban Renewal Plan. This plan was drafted upon Capital Improvement Plans and project costs available at that time. Water infrastructure projects identified in the URP were based on a 1997 Water master Plan. In January of 2020, the city adopted a new Water System Master Plan. This new master plan identified the need for a new reservoir that would address several water storage concerns. Water reservoirs provide critical functions to a municipal water system varying from treatment processes, fire suppression and added capacity for growth. This project also addresses seismic resilience concerns of the existing reservoirs. In 2021, the city applied for and was awarded \$4,950,00 in ARPA funding towards the construction of a new reservoir at the Key Treatment Plant site. Engineering services for this project are approximately \$900,000 leaving the remaining balance available towards the construction. Engineer's estimates for the total project cost are approximately \$10,000,000. The Water Fund has \$2,000,000 available to contribute to this project. With the ARPA and City funds combined, the project is still short of being fully funded by approximately \$3,000,000. In review of the Urban Renewal Plan, updated Water System Master Plan and functionality of the city's water system, it is the staff's opinion that the Keys Water Plant reservoirs serve the Urban Renewal district and that projects identified at that facility should be included in the Urban Renewal Plan projects list. With the addition of this property into the Urban Renewal District, the district will contain 21% of the acreage within the city limits. This would allow 21% of the project to be funded by the URD. With the proposed 21% contribution towards this project, an estimated \$2,100,000 of budget shortfall could be eliminated. This reduction will reduce the potential debt the city will likely face to complete this project. Infrastructure loans potentially drive the need for utility rate increases as the lenders require documentation showing how repayment will be funded. It is also worth noting that the City has been awarded ARPA funds towards other projects identified within the Urban Renewal Plan and that the Plan's \$37,000,000 maximum indebtedness not being adjusted for the new projects at this time. Staff is recommending the Urban Renewal Agency make a minor amendment to the Scappoose Urban Renewal Plan with Resolution URA 1-2024 by adding the Keys Treatment Plant property into the Urban Renewal District boundary allowing eligible projects to be funded with URP funds and pay an estimated \$2,100,000 towards the new 3.0 MG reservoir.

Chair Backus stated looking through our Urban Renewal Plan we had identified some water projects. Have any of those been completed through ARPA funds or other funds that won't be

needing urban renewal now?

Public Works Director Dave Sukau explained in the current Urban Renewal plan, as former City Manager Sykes mentioned, there was no crystal ball at the time that the plan was drafted, so they used the data that they had in the 1997 plan. At the last Urban Renewal meeting, there was an expressed interest from the Agency for more information and more time to learn. He explained when he drafted this plan, he tried to give a little more of that context, dating back to how things were generated, the way they were and yes, there were two wells that were identified in that plan that are both being funded right now through ARPA as well as half of this reservoir project. He explained just with the budget shortfalls, we're trying to figure out the strategy to pay the remaining balance to keep this project on par. We obviously don't want to let this opportunity slip. This is a huge opportunity for this Community, and we need to do what we can to keep it moving forward. He explained projects identified on the plan are being funded in another way, and once again at the time that the plan was drafted, nobody knew what that was going to look like or we'd even seen the Federal money.

Interim City Manager Larry Lehman discussed the Agency possibly looking into renewal bonds, and then paying them off with future Urban Renewal dollars and how that could possibly help lower the amount of sewer rates and so forth.

Agency Holmes stated she does appreciate the creative thinking on how we get these projects done because she agrees this is a good opportunity for the Community and we need to figure out how to make it work. She explained in looking at the Urban Renewal Plan, she does agree that the water facility would be within scope of the original intent of the URA, so she doesn't have an issue with bringing that in. She does have an issue with putting the financing plan into place. She stated that is really going to lock is in to our current Urban renewal model and she doesn't know if Chief Pricher will be able to come up and speak to it. As she understands from the information shared, we may have a design flaw in our urban renewal structure. We have a lot of unimproved industrial land and as that land gets improved, that's where the big unpredictability is going to come for everybody who's drawing on dollars and that's what we saw with the Cascade Tissue property and that's what has put us into compression. So, she does think that's an issue that we need to look at and address, but she doesn't think it is an issue we need to look at and address now. She thinks we need to wait for a new city manager to come in. She thinks we need to see what might be on the horizon in terms of some relief for local governments, because there could be some State solutions. She stated we don't have a property that's eminently being developed, so she doesn't think we are at risk of having another big property come on to the tax rolls that are going to do what Cascade Tissue did. She thinks we have a little more time to think through what our options are. She would not feel comfortable committing the Urban Renewal dollars beyond a two-year period. She explained she does have concern, too, that we might not have the same amount of money coming in that we did previously, because Cascade Tissue has removed equipment.

Interim City Manager Larry Lehman explained Looking at that amount and so forth, we still think that we can this can be paid off in fiscal year 25/26.

Chair Backus explained he would like to focus on the reservoir and doing that and then propose maybe in July or August, we have staff from the County attend the meeting and we really do a deep dive on the Urban Renewal and ours specific since none of us were on the Agency when it was approved. He stated because it does sound like industrial property comes in at the same price as RMV, and RMV and assessed are the same and each time that happens yes, it is a big windfall of tax money, but that compression rose because of the max, the limit. He would like to learn more about that.

Interim City Manager Larry Lehman stated he would encourage the Agency to hold off on the discussion with the County until the tax statements come out and they have the figures to know if there will be compression next year or not. He doesn't think anyone knows.

Fire Chief Pricher stated Mr. Mayor, Council thank you for the opportunity to speak. He wanted to make just a couple points. We appreciate the opportunity to work with City Council on some of our challenges with this particular project. Being a part of future discussions with City staff, think with how this water tank project is going now we have a couple concerns that we'd like you to take under consideration and they mostly have to do with process. Generally speaking, look at the ORS when it talks about adding projects to an Urban Renewal District, you have to add the area in first and then you add the project and the way the resolution is written tonight you're doing both at the same time, which is kind of messy. He stated you might want to consider splitting that up so that you're saying we're doing a land first and then we're going to add the project. Generally that's how it's supposed to go. He stated with the speed at which this is going, while we understand it's important to jump on these dollars when they become available, he thinks because we're rushing, we're not actually looking at what Urban Renewal really is supposed to do with regard to how we're bringing in additional property and one of the things we want to identify is this cherry STEM edition it's so narrow that you can't really do anything else, and if part of Urban Renewal is supposed to be about improving services and access to, this Urban Renewal area, why aren't sidewalks being included in this because there are sections of sidewalks around the City property, and then there's gaps as you get down towards where the middle school is. He stated so if we're really looking at what we're supposed to do with Urban Renewal, why haven't those things been considered or at least brought to the Council? He stated we're concerned about process and the speed at which this is going, and again we appreciate the opportunity to continue the conversation on the compression issue because in our belief that should be taken care of before anything else gets taken care of. He stated we have been talking about this for a long time, and technically that was teed up, not too long ago, and then sort of pushed on the side. He stated thank you for your time.

Agency Member Miller asked in terms of the process concern, what would you expect to change if we did it in two parts versus like we're doing tonight, which is doing it in one?

Fire Chief Pricher replied basically you are identifying a property change or a boundary change first, and then you were bringing a project in second. He thinks for the Agency, in order to make this clean, they really should change the boundary first and then bring the project in because

the way it looks, you guys are green lighting the project before you have even brought it into the Urban Renewal District.

Chair Backus asked about having two resolutions in case there are any changes.

Interim City Manager Larry Lehman replied he thought it would be cleaner and clearer if they brought them in together to know exactly what's happening.

Chair Backus talked about the compression concern.

Fire Chief Pricher talked about the largest property in the District isn't paying for the fire services.

Agency Member Holmes stated she would like to propose one alternative scenario for the Agency to entertain instead of funding the full 21%, because she stills does have a concern that we may be locking ourselves into this structure for longer than two to and 1/2 fiscal cycles. So she would feel comfortable bringing it in, awarding the current funds that are in there, the \$1.2 million and then that still gives us the freedom to look at this and make some modifications if needed. She explained she would maybe propose an amendment to the resolution that we fund maybe 12% of the Urban Renewal funds for some flexibility.

Public Works Director Dave Sukau explained just to stay on topic here a little bit. When you read through the City's website on Urban Renewal, there's great information on there, but this project is the epitome of what that talks about. This particular reservoir serves 100% of this City currently, it's not exclusive to anywhere. It serves the Urban Renewal District, 100% of which is 21% of the City. The applicability that the 2% is there and it's ironic to get pushed back from our biggest water user the Fire Department for a project that serves their purposes. He is really confused as to why we're getting off topic and he is fearful that it's because of the compression misguided frustrations here. This project has a purpose, this plan has a purpose, it's a funding mechanism for this, and this is, to him, a clear cut and dry deal. He stated for some reason the \$2.1 million isn't there, we're going to adjust, we're going to borrow, we're going to do what we need to. This is just asking that you make it the 21% applicability. We don't even know if it's \$10 million yet, until the numbers come in, this is an engineer's estimate. All we're asking for is, is the committal to the 21% ultimately, which we're estimating at \$2.1 million.

The Agency and Staff had more discussion on this matter.

Agency Member Miller moved, and Agency Member Bailey seconded the motion to extend the meeting past 9:00pm. Motion passed (5-0). Chair Backus, aye; Vice Chair Holmes, aye; Agency Member Miller, aye; Agency Member Jacobs, aye; and Agency Member Bailey, aye.

The Agency and Staff continued to have more discussion on this matter.

Agency Member Jacobs moved, and Agency Member Bailey seconded the motion that the Urban Renewal Agency make a minor amendment to the Scappoose Urban Renewal Plan with Resolution No. URA 1-2024 by adding the Keys Treatment Plant into the Urban Renewal Boundary, allowing eligible projects to be funded with the URP funds and paying estimate \$2,100,000 towards the new 3.0 MG Reservoir.

Chair Backus asked if you could cap it instead of saying "estimated"?

Interim City Manager Larry Lehman replied you could put the term maximum in there.

Public Works Director Dave Sukau stated the 21% is what they are asking for. He stated if you want to cap it, imagine you have that luxury. He stated just know that every dollar we don't raise in some other manner, we will have to borrow which will impact rates.

Agency Member Miller explained he is okay with it in the fact that we can, if it does take longer than what we're talking about and does impact the taxing districts, the special districts beyond what we're comfortable with going forward, then we can find another way of paying it off, whether that be raising the rates or any other alternative funding that may be out there.

Motion passed (4-1). Chair Backus, aye; Agency Member Miller, aye; Agency Member Jacobs, aye; and Agency Member Bailey, aye. Vice Chair Holmes, nay.

Adjournment

Chair Backus adjourned the Urban Renewal Agency meeting at 9:13 pm.


Chair Joseph A. Backus

Attest:


City Recorder Susan M. Reeves, MMC