

MONDAY, APRIL 2, 2018
WORK SESSION
ECONorthwest ~ URBAN RENEWAL FEASIBILITY STUDY UPDATE, 6:00 PM

Scappoose Council Chambers
33568 East Columbia Avenue

Present: Mayor Scott Burge, Council President Mark Reed, Councilor Patrick Kessi, Councilor Megan Greisen, Councilor Joel Haugen, Councilor Josh Poling, City Manager Michael Sykes, City Recorder Susan Reeves, Assistant to City Manager Alexandra Rains, Consultants Lorelei Juntunen and Madeline Baron with ECONorthwest, Nick Popenuk with Tiberius Solutions, and Courtney Vaughn with the Spotlight.

Also present: Public Works Director Dave Sukau and Treatment Plant Supervisor Kevin Turner.

City Manager Sykes stated as you well know we are in the midst of an Urban Renewal Feasibility Study, to determine if it makes sense for Scappoose or not.

Assistant to City Manager Alexandra Rains introduced the consultants ~ Lorelei Juntunen and Madeline Baron with ECONorthwest, and Nick Popenuk with Tiberius Solutions. She explained they have been working together now since January. She explained they have had one meeting with the Technical Advisory Committee, which is the Economic Development Committee, with a few additional representatives of overlapping taxing districts.

Consultant Lorelei Juntunen explained she has been doing work related to urban renewal and other types of community development projects for close to fifteen years now, and she is really excited to spend some time with Council to think about whether or not urban renewal is a good tool for Scappoose. She explained they would like feedback from Council on whether they feel this is heading in the right direction, whether they see any major red flags, and any other questions they might have so they can make sure they get addressed through the remainder of the project.

Consultant Madeline Baron went over a portion the power point.

Scappoose Urban Renewal Area
Advisory Group



Monday, April 2, 2018
Lorelei Juntunen
Madeline Baron
Nick Popenuk, Tiberius Solutions

Today's Agenda

- Introductions & Project Overview
- URA 101 Presentation
- Draft Financial Results
- Goals for URA / Potential Projects
- Conclude and Next Steps

This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development. The contents of this document do not necessarily reflect the views or the policies of the State of Oregon.

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Project Overview

Urban Renewal Area Feasibility Study

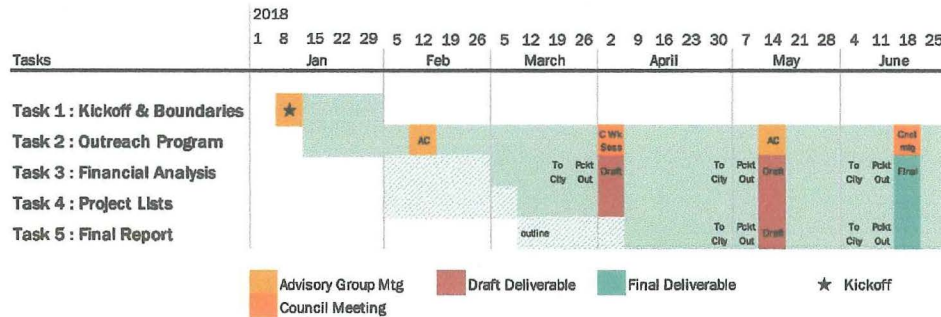
- Would UR be useful to fund infrastructure needs?
- What are the pros and cons of UR in Scappoose?
- How much revenue could potentially be raised?

Work Completed so far

- Boundaries are set
- 1st Advisory Committee
- Draft Financial Analysis Complete

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Project Schedule



Consultant Lorelei Juntenen went over this portion of the power point presentation. She explained ORS 457 provides all of the details you could possibly want.

What is Urban Renewal?

Urban Renewal 101

- Used throughout Oregon
- Authorized through State Statutes (ORS 457)
- Purpose:
 - Provide financing mechanism to implement plans
 - Address "blighting" influences in designated areas
 - Increase the tax base

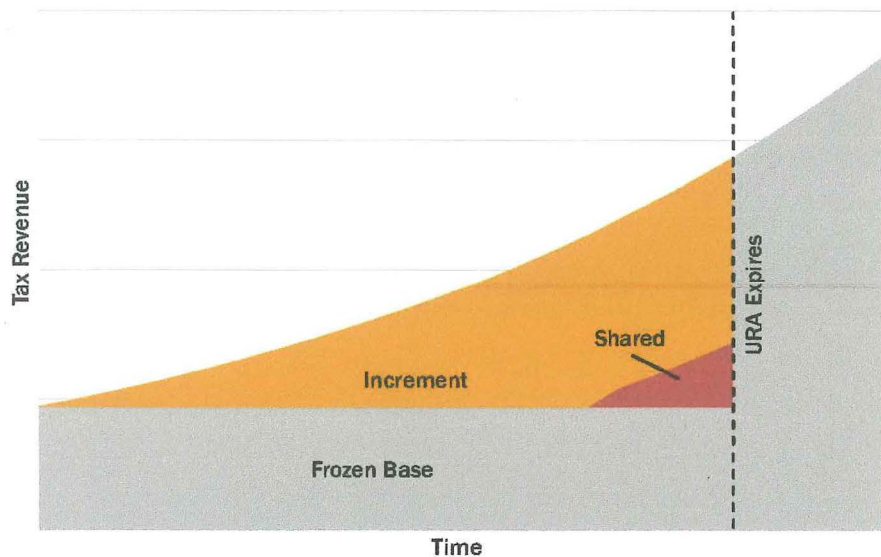
What are the Limitations on Urban Renewal?

- **Size if Population <50,000:**
 - 25% of assessed value and acreage in jurisdiction
- **Maximum Indebtedness**
 - Cumulative limit on total expenditures (\$\$ of projects, programs, administration over life of Urban Renewal Plan)
 - THE constraining factor or urban renewal
- **Limitations on Expansion:**
 - Cannot exceed 20% of original UR Plan acreage
 - Maximum Indebtedness (MI) can not exceed 20% of original MI
- Adopted UR Plan determines projects and other key elements

How does Urban Renewal Financing Work?

- Define urban renewal area boundary
- The tax assessed value of properties within the boundary is frozen
- Taxes from that “frozen base” go to all taxing jurisdictions
- Increases in taxes over the “frozen base” go to the urban renewal agency for use in the area
- All tax bills in the city show urban renewal division of taxes

How does Urban Renewal Financing Work?



How are Taxing Districts affected?

- Continue receiving taxes on frozen base
- Forego taxes on area growth for duration of UR Plan
- "But For Urban Renewal"
- Receive increased revenue from taxes after UR Plan expires

Coordination with taxing districts is key!

Do property bills change?

- Does not increase tax bills
- Distributes amount to all property tax bills in city
- Local Options and Bonds NOT affected

	Without UR FYE 2018	With UR FYE 2018
Property Value	\$ 103,000	\$ 103,000
District Name	Taxes Paid	Taxes Paid
Columbia County	\$ 143.75	\$ 139.57
Columbia 4H & Ext	\$ 5.88	\$ 5.71
Columbia 911	\$ 26.31	\$ 25.54
Columbia Vector	\$ 13.17	\$ 12.79
Port of St. Helens	\$ 9.13	\$ 8.86
Scappoose Library	\$ 26.12	\$ 25.36
Columbia SWCD	\$ 10.30	\$ 10.00
City of Scappoose	\$ 332.36	\$ 322.69
Scappoose RFPD	\$ 114.79	\$ 111.46
NW Regional ESD	\$ 15.84	\$ 15.38
Scappoose SD	\$ 512.17	\$ 497.26
Portland Comm Coll	\$ 29.13	\$ 28.28
Urban Renewal	\$ -	\$ 36.05
Total	\$ 1,238.95	\$ 1,238.95

How can \$\$ be spent?

Requirements

- Capital only (no O&M)
- Must be in the boundary
- Spending on city-wide projects must be proportional

Best Practices

- Informed by stakeholder priorities
- Support economic development and tax growth

Financial Analysis

- “Financial feasibility” requirement
- Dependent on new development
- Maximum indebtedness calculated
- Bonds/loans necessary to accelerate timing
- Understand potential project costs
- Understand timing of TIF revenues vs timing for project development

Impacts to Taxing Districts

- Primarily to overlapping taxing districts, not property tax payers
- Foregone revenue caveats: “but for”
- School district and ESD and backfilled through state funding formula

URA Boundary

Boundaries vetted with Advisory Committee on
February 15th

Limiting factors:

- Areas inside City limits
- Areas that will see development
- Limited to 25% of City acreage
- Magic Number: 20.8%
- Projects funded must be within URA

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Councilor Haugen asked if we had an Urban Renewal District for the purpose of updating the Wastewater Treatment Plant we would be limited 20.8% of the fund, is that accurate?

Consultant Nick Popenuk replied that is one conclusion you can come to. He explained you would have to have some rational basis that your attorney thought was defensible in terms of what is the proportional benefit to that area. He explained there are a number of different approaches you can use.

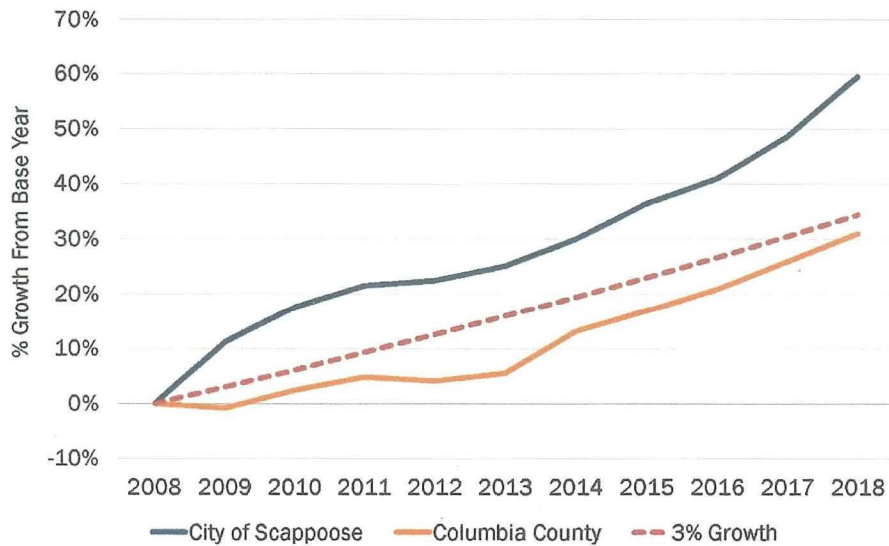
Consultant Nick Popenuk went over a portion of the power point.

Financial Results

- Forecast assessed value growth
- Calculate TIF revenue
- Identify timing and amount of funding for projects
- Convert back to constant 2018 dollars

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Historical Assessed Value Growth



Projected Growth Scenarios

- Lots of potential for new development
- Lots of uncertainty on amount/timing of development
- Enterprise zone causes delay for when URA realizes the benefits from development
- Short-term: 3% growth through FYE 2025
- Long-term: variable growth rates

Illustration of Capacity Over Time

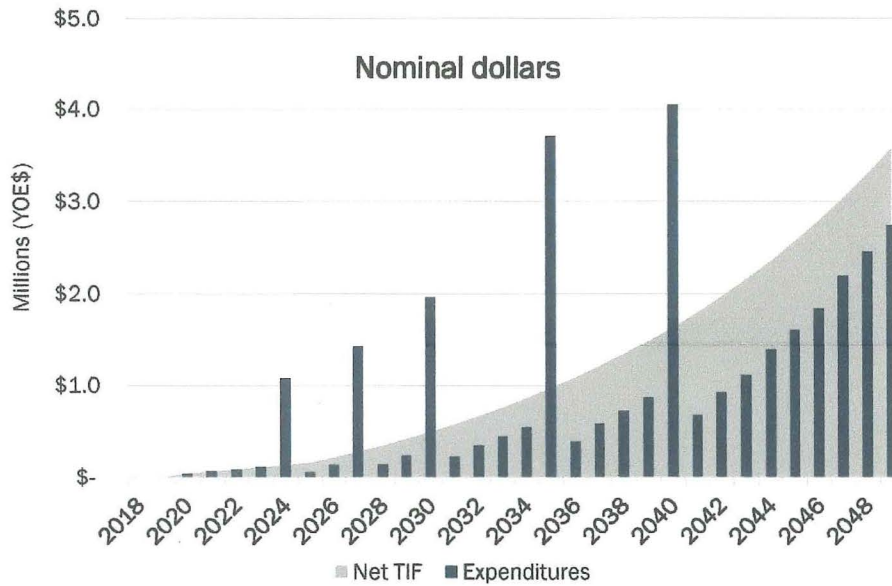
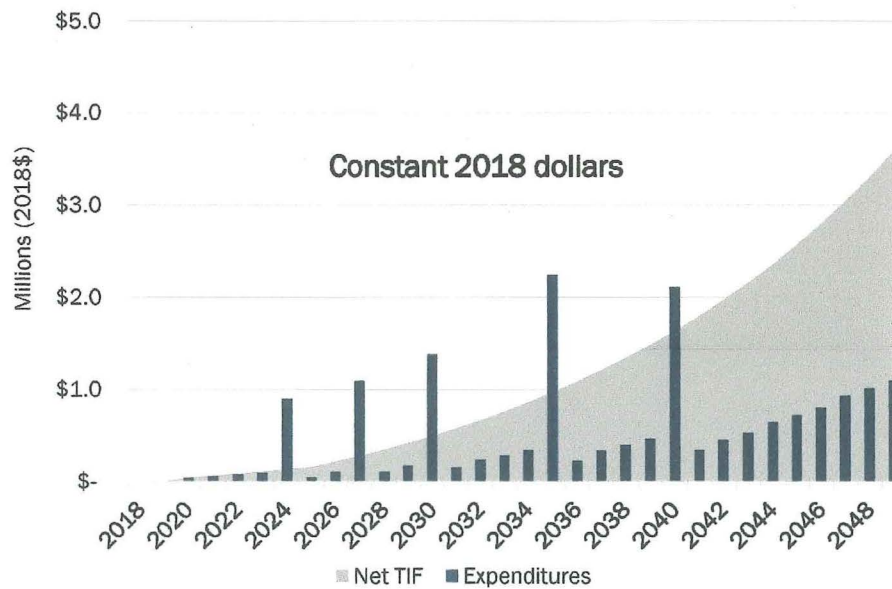


Illustration of Capacity Over Time



Overview of Scenario Results

	Scenario A	Scenario B	Scenario C
AV Growth Rate	5%	7%	9%
Construction Value / Year	\$1.2M	\$2.4M	\$3.6M
Cumulative TIF Revenue (YOE\$)	\$23,400,000	\$37,100,000	\$55,500,000
Maximum Indebtedness (YOE\$)	\$20,600,000	\$32,200,000	\$48,700,000
Funding for Projects (2018 \$)			
Total	\$11,370,000	\$17,270,000	\$25,470,000
Year 0-5	\$270,000	\$270,000	\$270,000
Year 6-10	\$2,100,000	\$2,400,000	\$2,700,000
Year 11-20	\$3,900,000	\$6,000,000	\$8,500,000
Year 21-30	\$5,100,000	\$8,600,000	\$14,000,000

Plan Duration: 30 years

Interest Rate: 5%

Coverage Ratio: 1.5x

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Implications

- Very constrained capacity in early years, exacerbated by Enterprise Zone
- Significant capacity long-term, depending on future development
- Two alternatives:
 - "Traditional" URA, but with slow start
 - Focus on treatment plant

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Consultant Nick Popenuk stated one note on this is he is stressing the inflexibility and that this would tie up your resources for a long time, that is based on the medium growth scenario ratio. He stated if you have faster growth or higher development than they have forecasted here, and things really work out great for new development in the industrial area, or the downtown stretch develops as well, then you have the possibility that you have more revenue than they forecasted. He stated if you have surplus revenues above and beyond what is needed to pay the debt service for this treatment plant, then you could capitalize on the upside and start investing that in other projects. He just wanted to make sure they were setting appropriate expectations that if you wanted to pursue a funding option for a treatment plant then really you should expect that that would be the only thing of significance that you would be dedicating your revenue to for a twenty year period and you have the option potentially to capitalize on faster growth and might be able to invest in more projects, but the expectation should be this is really what you are going to get out of the urban renewal area. He asked looking at the timing of available financial capacity which of the approaches sounds like an attractive approach to the City ~ trying to invest

all of your funds into a treatment plant project, and tackle your top priority that way, without having resources for other things, or finding a different way to fund the treatment plants and instead using it as a more traditional urban renewal area ~ smaller dollar amounts invested in other projects with more flexibility over time? He explained the urban renewal district does not stand on its own two feet. He stated you want to make sure you are being conservative in the estimates when you are taking that risk. He explained with a long enough horizon you will always get your money back, but you have to be patient. He explained if you haven't incurred any debt then the urban renewal area can close down at any point in time.

"Traditional" URA Option – with slow start

- No significant investments through FYE 2023
- Modest investments FYE 2023 to 2029
- Significant investments after FYE 2030

Pros

- Long-term economic development efforts
- Flexibility

Cons

- Little benefit over next decade
- Does not address treatment plant needs

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Focus on Treatment Plant

- TIF revenues cover fair share of costs
- City incurs debt, and bulk of the payments
- Over time, URA assumes larger share of payments.

Pros

- Helps address City's top priority

Cons

- No ability to fund other projects for 20-years
- Can only fund part of one treatment plant

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Key Question

What approach should the City take to urban renewal?

- “Traditional” URA with slow start?
- Focus on treatment plant?
- Neither?

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Goals & Project List

URA Draft Goals

- Public input in Urban Renewal District (plan, policies, etc.)
- Water, wastewater and stormwater infrastructure
- Pedestrian transportation networks (sidewalks)
- Local businesses support (jobs, façade improvements)
- Improve local investment
- Promote/establish vibrant town center

AC Project List

- Infrastructure
 - Water / wastewater treatment plants
 - Sidewalks
- Storefront Improvement or Streetscape Program

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Consultant Lorelei Juntenen explained fundamentally the question asked is if it is feasible to have an urban renewal area and their answer is it depends on what kind of an urban renewal area. She explained having gone through some of that analysis they have boiled it down to a couple of different approaches.

Councilor Haugen stated the slow start approach sounds like it is pretty safe.

Consultant Nick Popenuk replied there is definitely less risk involved.

Councilor Poling stated with the urban renewal he thinks having a focus of urban renewal is to try and grow business and it would be great to have the funding for the treatment plant but part of this urban renewal is to help grow the main district, the downtown area, and he would like to see some ideas to help that be part of this, not just on the treatment side of things.

City Manager Sykes replied he feels there is a lot of support for that from the Economic Development Committee. He explained if you look at the area that is identified as part of the urban renewal development area it included that corridor all the way along in areas where the committee thought there were some financial incentives we could enhance. He explained the urban renewal plan could include both projects and maybe some benefit to the treatment plant or something else.

Councilor Poling replied he would hate to tie up all the money with the treatment plant versus having funds available for other projects.

Council President Reed replied he agrees with Councilor Poling. He stated what he says is people like to see tangible results.

Mayor Burge stated he was at the committee meeting where this was discussed and they weren't 100% set on one item, it was a mix, but they felt on the treatment plants that our options are limited to raising rates, or finding other resources. He stated they felt the rate increase would go on everyone for growth and he thinks they were trying to avoid that a little bit by trying to have the growth side pay for the growth side.

Councilor Greisen stated that would be her opinion as well, being able to incorporate the needs versus the lifestyle improvements. She stated we have the people here, but we want to keep them here, and anyway we can we would like to attract more. She would like to support the aging infrastructure and the needs that we have of the plant as well, but not solely.

Councilor Haugen stated he feels the traditional approach would be the prudent path to follow. He thinks by taking the traditional path you have more flexibility and it is alot safer.

Councilor Kessi stated he thinks of urban renewal as promoting development and increasing the tax base when you are finished with the plan. He stated the enterprise zone seems to promote development already. He would be in favor of deleting the enterprise zone from the urban renewal district and maybe adding the area just north of Fred Meyer, in addition to an area north of Santosh. He would be more in favor of that scenario, and not including the treatment plant at all, just his opinion. He stated we could use this to increase the tax base, and promote development and it could also give Council the ability to ask for public parking, and have an influence on what happens. He asked what percentage of a project do you recommend providing urban renewal funds for.

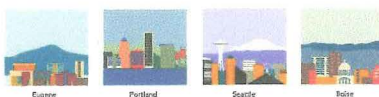
Consultant Lorelei Juntenen replied she doesn't think there is any one answer to that question. She thinks it depends a lot on the project, and its benefit to the community.

Questions?

Next steps:

- Refine and present draft financial analysis to Advisory Committee May 17
- Consultants draft Final Report
- Final Report and final financial analyses to Council June 18

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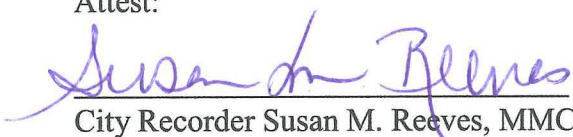


Adjournment

Mayor Burge adjourned the Work Session at 7:00 p.m.


Mayor Scott Burge

Attest:


City Recorder Susan M. Reeves, MMC