

DATE: May 17, 2018  
SUBJECT: URA ADVISORY COMMITTEE MEETING NOTES

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Scappoose Urban Renewal Technical Advisory Committee Meeting

5/17/2018

Attendees:

- Len Waggoner
- George Hafeman
- Christine Prockish
- Libby Calnon
- Alex Rains
- Mike Greisen
- Brady Preheim
- Laurie Oliver
- Ron Alley
- Scott Burge
- Michael Sykes
- Lorelei Juntenen
- Nick Popenuk

## 1. Introductions

2. **Project Schedule and overview:** Lorelei Juntenen provided a quick overview of the study to date and a road map for today's session. Topics to cover included the pros and cons of urban renewal, the boundary of a potential district, the financial analysis, identified projects, Council's view of the study thus far, etc. She mentioned that the complete version of the Study is going to Council on June 18, 2018.
3. **Draft Financial Results:** Nick Popenuk presented the financial results to the Committee. The results covered the forecasted assessed value growth, calculation of the TIF revenue as well as the identification of the timing and amount of funding for projects and then converted them back into constant 2018 dollars. He began with the historical assessed value growth (power point presentation slide #6) for the City over the last 10 years which was 4.75% per year or 60% total. Next, he covered projected growth scenarios (power point presentation slide #7), and noted a significant amount of potential and uncertainty, which is why three urban renewal scenarios were developed with different growth rates. The enterprise zone tax abatements and unknown timing of development were identified as some of the major factors contributing to all three financial scenarios. Nick explained the illustration of capacity over time (power point slide #8), which outlined when the City could borrow funds/incur debt. He noted that little money would be available in the early years but funds would become substantial over time. Next, he covered the information presented on slide #9 which was the same information as slide #8 but in constant 2018 dollars. Nick then provided an overview of the three scenarios with differing growth rates (slide #10), scenarios B and C are high percentage/high growth rate scenarios, and all three show averages for expected

annual revenues. He noted that it was possible those revenues may not show up in such a smooth pattern and could be “lumpier” depending on the type and timing of development. Maximum indebtedness would range from \$20.6 million and \$48.7 million, depending on the scenario in question, over a 30 year period.

*Discussion:*

*Brady Preheim asked if the urban renewal district would have to pick a scenario and Nick and Lorelei responded yes. They also went on to explain that if you based your plan on the 5% scenario and had higher growth, you wouldn't be able to spend all of the money unless you amended your plan. However, if you selected a scenario with a higher growth rate and the district didn't realize the expected income, you would never reach the maximum limit of indebtedness you originally identified but that wouldn't require an amendment to the plan. Len Waggoner asked about the possibility of accelerated financing options in the early years of the district, and Nick responded that there may be ways to get creative with the financing options available. Lorelei Juntenen mentioned that the district would have to show that it had the financial capacity to cover the projects it identified in its plan in order for the district to move forward. Brady Preheim asked how much money could be borrowed in year 1 and Nick responded that financial institutions will lend to you based on demonstrated revenues collected, in the first five years the revenue stream is so minimal that it would be difficult to borrow anything. It becomes easier after year 5 for the district to borrow funds. Nick and Lorelei then went on to explain that urban renewal funds could be used to cover portions of treatment plant projects, the rate payers could be the entity that incurs the debt and the UR agency could make an agreement to contribute as much money as possible to pay off a portion of that debt. Over time, the contributions from the urban renewal district could go up as the funding of the district goes up. However, if you've legally obligated the TIF revenue for debt payments, it would be hard to cover other types of projects.*

4. **Aligning Project Lists:** Nick resumed the presentation at slide 12 and covered slides 13 and 14, discussing the traditional URA Option, which would focus more on improvements to the downtown core in the early years of the district and some funds going to select treatment plant options in later years when the district has more funds available. He noted that the EDC had leaned more towards the treatment plants as the primary projects to be addressed by the district over the downtown core improvements, but, that the Council had leaned towards the downtown core priorities and the allocation of some funds to the treatment plants at a later time (the traditional URA option).

*Discussion:*

*Scott Burge asked whether or not it there was the option to only spend money as its available (cash only). Nick confirmed that this is an option that's available to an urban renewal district, it wouldn't spend money on interest expenditures but it would be much harder to do big projects. Michael noted that the City has applied for a DEQ loan for 6.4 million to cover the cost of upgrades to the wastewater treatment plant over the next 5 years. The City is also looking at rate increases, 5% per year for several years to come, to help cover the costs associated with needed upgrades to the plant. He noted that SDC's are*

*the other major source of revenues at this time. Laurie noted that conditions were imposed on developer of the East Airport Subdivision for some infrastructure improvements. Nick made the important observation that investments to infrastructure must be proportional to the amount that benefits the area inside the district when the upgrades will benefit areas outside of the district. The City would need to work with lawyers to determine what that percentage would be. Alex Tardif noted his concerns regarding limiting funds to overlapping taxing districts while at the same time needing them to increase their capacity to meet growing need in the community. Lorelei noted that Alex's point absolutely has to be considered and that a district could possibly identify projects such as building new fire facilities to help those overlapping districts that are forgoing funds. Len Waggoner asked whether or not the Enterprise Benefits currently available to businesses could be limited from the current number of years. Alex Tardif answered both yes and no, he noted that the zone offers 3 years initially (plus 2 years during construction) and that any business must reapply for the additional 2 years. However, there is usually pretty strong pressure to approve the additional 2 years and sometimes the full 5 year abatement is part of the negotiations. Michael noted that Enterprise Zone benefits should be marketed as 3 years with the possibility of 5 years (just as the program was design to work). George asked if the railroad had been assessed in terms of the its effect on Economic Development on the east side of the HWY and whether or not an overpass or underpass might be possible. Mike Greisen noted how very cost prohibitive something like that would be. Scott noted that updating the City's rail corridor study was a current Council Goal and Laurie noted that a study was ongoing regarding an alternate bypass assessment. Some final discussion took place regarding the possibility of revenue sharing, an urban renewal area can kick back revenue to overlapping taxing districts or choose to under collect funds, but it can't selectively choose which districts benefit from this, all revenue must be returned proportionally (including to the City).*

5. **Recommendation:** Nick and Lorelei presented their recommendation to the Committee that the best plan moving forward (should Council opt to pursue a district) would be to use funds in the early years for downtown core improvements and then use some of the funds generated later by the district to either repay loans or cover the cost of small improvements for treatment facilities. Lorelei noted that it would be difficult to fund a significant portion of the treatment plants with Urban Renewal dollars. The downtown projects haven't been entirely fleshed out at this stage but this is a pretty traditional track and there are lots of examples the City could look at for guidance.

*Discussion:*

*George inquired as to what kind of downtown projects would be undertaken by a district and Alex Tardif noted that it seemed unclear where and what the downtown of Scappoose is, what is the downtown core? Laurie offered that a possible approach would be to use first street on the westside of town and the City Hall, Heritage Park area as it already has a downtown feel. The question would then be what is the best way to functionally join them with the HWY and railroad running through the middle of town. Lorelei noted that the answers to most of these questions would be provided in the next step of setting up a district (should Council opt to do that) and were outside the scope of the ongoing study.*

*Lorelei also noted restrictions on what the funds could be used for, it would have to be capital improvements (can be loans for improvements but they must be capital) and it has to be in the boundary of the district, predevelopment work can be funded, as can brown field remediation, pedestrian improvements and signage, plazas, public gathering spaces, flower baskets, benches, property acquisition, relocation of existing business costs and planning work. George asked whether Nick or Lorelei had worked with any communities in a similar situation with a HWY running through town? Nick and Lorelei answered yes and noted the Cities of Lake Oswego, Madras and Milwaukie. Scott asked if urban renewal funds could be used to offset SDC's and Nick and Lorelei answered yes. There seemed to be general agreement that this could be a great use of funds to support small businesses. Lorelei asked the group how they felt in general about the recommendations and Scott noted that the Council thought it made more sense to focus on the downtown core improvements like sidewalks and other items to support small businesses given the funding constraints identified in the first 5 years of a district. George asked the possibility of a pedestrian overpass for HWY 30 and whether or not there might be photos of Lake Oswego or other examples the Committee could look at. Michael Sykes asked Mike Greisen what the fire department's stance was at the moment and he noted that they would prefer not to include the industrially zoned property. Alex Tardif noted the need for sidewalk improvements. Laurie was supportive the recommendation and said that these improvements would increase the city's appeal, and that funds used to pay down debt later for the treatment plans made sense.*

6. **Vote on Recommendation:** Lorelei asked if there was general agreement on the recommendation presented by the study. There was a mixed response from the group, some members seemed entirely supportive while others seemed to have reservations about moving forward, although more with urban renewal in general than the proposed recommendation per se. Ultimately, the decision was made to support the recommendation for the more traditional urban renewal plan but to add language to the study that would underscore the need for more detailed project lists, costs and exploration of other funding mechanisms. Alex Rains noted that these items are not part of the existing scope of work for the feasibility study but would be part of the process should the City decide to move forward to the next step in the process.
7. **County Update:** Alex mentioned that they've approved their budget and have upcoming budget hearings. They've also scheduled Public hearings for building and planning fees.
8. **City Update:** – Michael noted that the City is reviewing plans for the CZ Road extension and moving forward with the CTP Way Project, the South Scappoose Creek restoration project, and Chief Concomly Park (which was renamed from Tomee).