

DATE: February 16, 2018
TO: Alex Rains, City of Scappoose
FROM: Lorelei Juntunen, Madeline Baron, ECONorthwest
SUBJECT: URA ADVISORY COMMITTEE MEETING NOTES

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Scappoose Urban Renewal Technical Advisory Committee Meeting

2/15/18

Attendees:

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| ▪ Lorelei Juntunen, ECONorthwest | ▪ Ron Alley |
| ▪ Madeline Baron, ECONorthwest | ▪ Brady Preheim |
| ▪ Len Waggoner | ▪ George Hafeman |
| ▪ Brian Rosenthal | ▪ Garret (Last Name Unknown) |
| ▪ Larry Ericksen | ▪ Alex Rains, City of Scappoose |
| ▪ Libby Calnon | ▪ Michael Sykes, City of Scappoose |
| ▪ Alex Tardiff | ▪ Mayor Scott Burge, City of Scappoose |
| ▪ Mike Greisen | |

Key Takeaways:

Several Advisory Committee participants do not have familiarity with successful URAs and would like to see examples provided. It was requested to also provide examples where some services – fire and or parks – were not provided by the City.

The Advisory Committee generally did not have issues with the proposed boundaries, except for a few parcels discussed. The AC wanted to see the map drawn with Enterprise Zones visible, as well as the expiration dates of the Enterprise Zone. The AC was wary of overlapping EZ and URAs especially if any EZs were extended after expiring.

Regarding potential projects to fund, ideas included in a “yes” category were: the water and wastewater facilities, sidewalks or fiber/high tech infrastructure.

Ideas included in a “maybe” category were: storefront improvements, a main street program, and a community center (but likely leaning toward “no” on the community center).

Ideas included in a “no” category were: City hall, fire stations, police stations, or other facilities that do not generate tax revenues.

Items to follow up include:

- Adjusting the maps for including specific parcels
 - Alex – done
- Providing a map with the enterprise zone overlay and expirations
 - ECO to ask GeoComm
- Providing examples of successful URAs, particularly those with fire and other services provided by a different jurisdiction
 - ECO to send to Alex for distribution

Full Meeting Minutes

Lorelei	Introductions and project overview - why are we here, project schedule, UR 101
Len Waggoner	What is the base assessed value?
Mike Greisen	\$680,000?
Lorelei	We don't know yet, base assessed value is not likely the limiting factor
Lorelei	Maximum indebtedness
Alex Tardiff	Maximum indebtedness - what about adding new projects – amending later on
Lorelei	Yes - may increase max indebt but not by more than 20%, same for acreage increases
Alex Tardiff	What defines maximum indebtedness?
Lorelei	We'll discuss this later, prove that the "plan" is financially feasible, enough TIF revenue to cover the debt
Lorelei	Three variables: total costs, max indebtedness, enough revenue? A typical project - we are not developing a plan, just in the feasibility study - what the issues are, whether it's worth considering; financing - define a boundary, know existing assessed value = "frozen base" - as this value grows, everything above this base is available as funds to use within the boundary; typically last 25-30 years; as long as it takes to generate the revenue to pay for the projects
Len Waggoner	Is the liability to pay the bonds off also done at the end of the URA?
Lorelei	Yes, when URA ends, bonds must be paid off
Lorelei	Overlapping taxing districts - asking you to support the agreement that this money will be used, diverted to URA for a purpose of growing tax base - compact
Lorelei	That money doesn't come from nowhere, foregone revenue that taxing districts
Brady Preheim	Aren't school districts exempt?

Lorelei	They are included, but the way their funds are distributed, it's a very indirect impact in the end
Brian Rosenthal	How does this impact school bonds?
Brian Rosenthal	Businesses would continue to pay for the bonds into school bonds
Mike Greisen	So, school bonds and GO bonds are not impacted
Lorelei	There are some exemptions
Alex Tardiff	Was there an ORS change? - when URA first began they had to be signed off?
Lorelei	Not sure. There is a "consult and confer" requirement with a full designated plan - but no formal sign on unless the plan "goes above and beyond." I don't know of any examples of plans "going above and beyond" that required full sign on.
Brady Preheim	St. Helen's URA had vocal and strenuous opposition to the URA from the 911 operators; consider reaching out to them
Lorelei	Good idea. Take down a myth - does not affect property tax bills; foregone revenue example - dollars are diverted to the URA, but doesn't change the full amount
Brady Preheim	Can we take it all from PCC?
Lorelei	How can \$\$ be spend? Capital only and only inside the boundary. Relevant to this URA - funds can't be used to pay for full costs of development that affects the whole city – only proportional to the affect inside the boundary.
Len Waggoner	What if there were two water systems, one for the rest of the city and one that supported the URA area
Lorelei	That would work, with some additional assumptions
Alex Tardiff	What if the fire dept. needed a new facility? Could that be part of the plan?
Lorelei	Yes.
Lorelei	Example: fire district often has new obligations with the new development, but no new revenues to support this. Could use URA to build a new station inside the URA

Brady Preheim	Could URA funds be used to purchase equipment too?
Lorelei	That is legally questionable, not advised
Mayor Scott Burge	Firetrucks?
Alex Tardiff	Could be seen as a capital asset
Len Waggoner	For example - Cascade Tissue - new development – in the Enterprise Zone – so don't pay taxes but don't get charged separately for fire services
Mike Greisen	Correct, we don't charge them, that's why they pay taxes – even though those are abated in the EZ
Len Waggoner	But in an EZ they don't
Mike Greisen	It'd be on property taxes
Lorelei	URA needs to support economic development and tax growth; this can be tricky with city halls and other facilities that are non-taxable
Alex Tardiff	Could be used for the water treatment facility, etc.
Lorelei	Yes, because it is necessary infrastructure to support the new development elsewhere
Brian Rosenthal	Recalled an example where there wasn't enough water – the city wouldn't issue new permits
Lorelei	Example projects: improving access to sites, remediating brownfields or other site constraints (help to cover costs), wayfinding, or storefront improvements (grants or loans) like a Main Street District - could use TIF to have a common look and feel to the storefronts
Len Waggoner	Do business owners need to agree on what it looks like before-hand?
Lorelei	Example: City of Sandy hired an architect that designed storefront improvements for the property owners, consistent feel across district. The UR told property owners they could only access TIF funds if you use that architect
Len Waggoner	Would you have to force consensus on a block? Someone could opt out and not improve? Then there would be one derelict property.

Lorelei	No, if someone doesn't want to build or change, they don't have to. But you could use URA funds to acquire a property and then fix it
Lorelei	Financial analysis – key component is the “Financial Feasibility Requirement.” Bullet #2 is very important, if there is no new development no funds
Alex Tardiff	What would happen if a company inside the URA shuts down - if tax base is frozen what happens if they not only do not grow, but actually decline?
Lorelei	That can happen, and it is bad news. Can have negative increment growth - overlapping tax districts receive less overall.
Brian Rosenthal	I understand that it is supposed to be self-funding/financing, but situations where other jurisdictions take on some responsibility for bonds or financing - in the case that a company pulls out, would the City be on the hook?
Brady Preheim	Someone is on the hook
Lorelei	A few different scenarios where this can happen - early on its common to have very little in TIF revenue - it takes time for new development so there might not be enough available to make investments. Almost a “chicken and egg” situation with infrastructure since you need the funds to pay for the infrastructure to support the growth that will generate those funds. But a workaround is that local governments can loan URA funds to do the infrastructure, and then get repaid by TIF later on. But, if the URA gets into trouble and doesn’t generate TIF revenue, some cities have had to step in to bail out their URA
Lorelei	Tigard/Tualatin
Len Waggoner	Rainier. It is important to work with bond council carefully and cautiously to make sure you don't get in over your head
Len Waggoner	Is there a time period for which you have to draw down the bond proceeds?
Lorelei	You can look at the DCR and make sure you're not exceeding that – you wouldn’t take out new debt if you’re not meeting your DCR
Len Waggoner	Example - if you have committed an open bond for \$40M but you haven't drawn down your bond - what happens to the remaining commitment?

Lorelei	You only take out bonds for specific projects - if you don't take out your max indebtedness, you just don't take it out
Michael Sykes	If it's not there, you just don't take it out.
Lorelei	Correct, the TIF funds are administered year by year, you can take your foot of gas pedal if the revenues aren't coming in as anticipated.
Alex Tardiff	Can you provide examples of cities that have done really well with URA? Most of us in the room haven't had good experiences with successful URAs
Brady Preheim	Do you know what percent are successful?
Lorelei	Not sure
George Hafeman	Forest Grove has been
Lorelei	Beaverton, Portland, Hood River, The Dalles, have all been very successful
Brady Preheim	Majority are doing well?
Lorelei	Yes, because they've been administered conservatively
Mike Greisen	In my experience, the ones that work well are when the City administers all the services like fire and parks – it starts to hurt when it requires overlap for services provided by different jurisdictions. For example, Prineville's fire district is hurting, Facebook and other data facilities that require fire services, but...
Mayor Scott Burge	Are they in Enterprise Zones?
Lorelei	The main reason URAs are put in place is so that you have a dedicated fund for urban renewal - dedicated for plans that might otherwise sit fallow - hard to dedicate steady general funds over time
Mayor Scott Burge	It would be helpful to see successful URAs that have split fire district/city service provision
Brian Rosenthal	It sounds like, where the problems are - projections and bonds are issued, but the future development doesn't actually happen? Could you structure the URA to project revenues after development actually arrives? Structure it so that it doesn't run away from you? Do it once you have a business and their growth projections Instead of based on hopeful development?

Lorelei	Yes, bond issuers will want to see that kind of certainty before they ok debt
Brian Rosenthal	But can you structure the plan this way?
Len Waggoner	That's what she's saying - bond issuers wouldn't want to issue
Brian Rosenthal	I wouldn't want to see the City on the hook for a private developer not coming through
Alex Tardiff	For example, would the airport development be paid for using the funds generated elsewhere?
Len Waggoner	Could the owner of the airport provide some of the TIF revenues out of pocket until the event occurs? Then the URA could refund them?
Mike Greisen	Like private industry loaning to the URA to be repaid by TIF?
Lorelei	Yes that works too.
Len Waggoner	A private industry could fund something upfront and then get repaid by the URA.
Lorelei	Boundaries. These didn't come from nowhere; joined together to produce one area - that's because industrial areas have very low assessed value and would grow
Alex Tardiff	Why include a school?
Alex Rains	Because they might relocate and that school would be redeveloped
Alex Tardiff	I was curious, because it doesn't pay taxes, not sure why it would be included
Alex rains	Yes, we tried to omit anything that doesn't pay taxes
Len Waggoner	I have a client surrounded by URA, not in the URA – why not? General discussion around why this property was excluded and whether it was within the city limits
Michael Sykes	The point was, we needed to limit the boundary to around 20% of the city acreage
Lorelei	Yes, we limited it to 20.8% so that we could add in another 20% to get to the max of 25% of total city limits

Brian Rosenthal	Future PCC campus - potential shaded in red
Alex Tardiff	how much is also EZ? General discussion around how much is also EZ - up by the airport The EZ areas north are eligible to be in the URA
Alex Tardiff	Don't double up the EZ and URA - it doesn't work very well
Lorelei	Right, we need to think about it carefully, parcels in the EZ wouldn't contribute to the URA TIF until the EZ expires
Brian Rosenthal	It sounds like this is a long-term game - it needs to be thought about for the long haul
Lorelei	Generally that's the case - the one exception might be a signed development agreement - legally binding - might feel more comfortable that you can make the investment - bond underwriters would feel comfortable with that legally binding agreement
Brian Rosenthal	If we wanted to improve the sewer treatment, but if the guarantee of development was creditable, the bond issuers would feel more comfortable to issue even though that hasn't been guaranteed?
Mayor Scott Burge	In 6-7 years out a big chunk of the work will be done
Lorelei	Moving toward agreement. In general, I am hearing some parcel specific issues, but no huge objectives?
Mike Greisen	No, I object - we can't know if it's an issue without knowing what the plan is
Lorelei	Correct, but we can't know the projects until the boundaries are drawn and we know how much revenue will be generated
Michael Sykes	Growth to pay for these services will go into the account - does it make sense to use URA over top of an EZ, could this be a tool to buy down the cost of improving the water and wastewater treatment improvements?
Michael Sykes	The analysis will be helpful to understand for the city in general
Brian Rosenthal	Larry Erickson wanted to get these comments in. He is generally OK with URA using funds for sewer systems, <i>[I was unclear on the meaning/implications of the following part of this statement]</i> sidewalks and

	industrial areas - makes no sense, people should pay for them, exception is for money for treatment plants or other city-wide infrastructure
Lorelei	We will need to flow parcel questions through Alex
Alex Rains	Yes, that's fine but we need to keep in mind we're maxed so if we add a parcel someplace we need to take out something else
Mike Greisen	If we add something later on, can we take out another parcel later on?
Lorelei	No, can't be a moving boundary - it has to be the original boundary plus new add ins
Alex Tardiff	So this is set in stone, right, what we decide now, would not be adjusted later on.
Lorelei	Yes, that's why the plan is so important
Brian Rosenthal	The question is to name unknown projects that would be paid for
Len Waggoner	Answering your question - sewer and water treatment
Lorelei	What are your goals and concerns and ideas for the project list?
Brady Preheim	Concern - if tool is a hammer everything looks like a nail - as a company - how often does ECO say "no it's not a good plan"
Lorelei	Yes, that is the result from some feasibility studies - often in industrial areas – because they don't have enough growth to fund projects
Brady Preheim	Is it a convenient business model for ECO that you do the feasibility study and then are also available to manage the plan?
Lorelei	No, it is not a business line for us - we only do the administration for one community – and their URA is unusual in many ways. This is not a profitable business line for ECO.
Alex Tardiff	Oh, then that is for Columbia County. This may be why people are skeptical.
Brian Rosenthal	Is this a way to pay for the water treatment plant?
Len Waggoner	EZ has already taken the taxes out of the first few years for a lot of the areas in this boundary.

Brian Rosenthal	In general I am fine with boundaries, fine with general concept – but we would need to know where the funds go. I am opposed to anything that does not have a general use. I don't want my tax dollars going toward a developer's roads or specific development for private industry. Another concern – you said it doesn't increase tax bills – but I think it does indirectly, through new levies to cover new costs associated with new development/growth that does not have revenue associated with it. I don't know how significant those increases are, but they need to be stated. Doesn't kill the idea.
Alex Tardiff	If we move forward, we need to figure out who the affected taxing districts are in the city, need to figure out how to put something in that helps those most affected
Brady Preheim	We need to see the existing EZs on the map and know their expirations – right now that is not identified. Discussion about EZs having aligned expirations
Alex Tardiff	Example: Port Westward investments - Cascade could in theory add longer EZs or re-up and then all the sudden this is not generating funds for 20 years Discussion around the Enterprise Zones - what is tax exempt and what is not
Alex Tardiff	If constantly abating new development and counting on the taxes to fund it, it's not going to work
Lorelei	Yes, and our boundaries try to take this into consideration
Brian Rosenthal	We need to ensure that the funds go toward general uses - like the wastewater treatment plants
Lorelei	Good transition to the project list
Mayor Scott Burge	Would need to go toward the sewer and water treatment plan
Len Waggoner	Street front improvement and storefronts
Alex Tardiff	Community center
Brian Rosenthal	Community center - issue is that it needs to be staffed - with no revenues to staff it. It would be tax abated.

Mayor Scott Burge	Then you build a building that needs staff and have no funds to support it
Alex Tardiff	what about a main street town square? Open air market? There isn't a good place to congregate in Scappoose.
Mayor Scott Burge	We can't focus on items that don't increase the tax base - community center would be tax abated.
	General discussion
Mayor Scott Burge	It needs to have community benefit - storefront increases property values on those properties
Alex Tardiff	Community centers draw the families who increase property values.
George Hafeman	Storefronts - would a new coat of paint really benefit the businesses?
Brian Rosenthal	I don't think it's a good use of funds
Len Waggoner	I agree
Brian Rosenthal	I have 23 store fronts, it's a free market thing, that's the business owners' responsibility to maintain
Alex Tardiff	The only consensus is water and sewer upgrades??
George Hafeman	If you got rid of the storefronts - they might fizzle out anyway due to Amazon - then put the community center over there?
Len Waggoner	Community needs storm water facilities
Lorelei	In general, I am hearing infrastructure
Alex Tardiff	Sidewalks
Michael Sykes	The middle school - reuse the middle school - convention/community center/city or administrative offices, we put the property in there, because of the potential future use. Not sure where the school district is on the idea of selling the middle school, but at some point something will happen to that site
Mayor Scott Burge	When the school goes for their next bond/levy, we always thought that site would be a good community center/one stop shop

Ron Alley	Is there any concern about this process going on at the same time as a school bond request?
Lorelei	Not necessarily. But it may require some careful marketing and communicating to the public to allay the misconceptions about UR
Brady Preheim	What about high tech support for fiber infrastructure? If they were to get a high-tech company -OMIC -they would need better internet
Len Waggoner	General discussion about fiber infrastructure
Brian Rosenthal	That is a private industry issue to be figured out, I don't want to subsidize private industry using public money
Len Waggoner	Middle school - great piece of real estate and land - probably \$18-\$20M - the community would be a lot happier if you sold the property and used the proceeds to reduce the impact of the next bond
George Hafeman	Need to build a new school though Discussion around this site as a prime development site
Ron Alley	Lots of people liked the idea of a new middle school - 6-7-8 about \$30M - about 20 acres Discussion around new middle school
Lorelei	Wrap up, sounds like I am hearing infrastructure, sidewalks, internet, etc. and what I am calling opportunity site redevelopment. Maybe: storefront, main street center, community center. No: city hall, fire stations, police stations, etc. We will send a list of successful URAs and emphasize areas where the city doesn't provide fire and other services