

Urban Renewal Agency

of the City of Wilsonville, Oregon



Annual Urban Renewal Report
For Fiscal Year Ending
June 30, 2019

Introduction

The Urban Renewal Agency of the City of Wilsonville is a separate municipal corporation responsible for governing the City's three urban renewal areas. The three areas include the Year 2000, West Side, and Coffee Creek plan areas. A map of the City detailing the urban renewal area borders is displayed on the final page of this report.

Each year all urban renewal agencies must prepare a notice for the governing body and the general public in accordance with ORS 457.460. The notice is to include a financial recap of the preceding year and the budget for the current fiscal year. Additionally, it is to include an analysis of the impact of carrying out the urban renewal plan on the tax rate for each of the overlapping governmental units within the urban renewal district.

The following report satisfies the requirements of the statute and expands upon those minimum requirements by providing the reader more detailed information about Wilsonville's Urban Renewal Agency and its activities. The required notice for each urban renewal area is incorporated at the end of each respective section.

The Urban Renewal Concept

Tax increment financing is used in areas where private development has stagnated or is not feasible without public sector investment and partnership. Public investment through urban renewal is one way to change those conditions. The types of urban renewal activities undertaken generally include land assembly and development of infrastructure and public amenities (i.e. streets, utility lines, lighting, public open spaces, parks).

As the result of the publicly funded efforts, investment becomes feasible for private developers. Developments consistent with the City's urban renewal plan are then allowed to go forward.

How Tax Increment Financing Works

Urban renewal is a mechanism that freezes the assessed value in a designated geographical area at a point in time. As the assessed property value in the designated urban renewal area grows above that frozen base, the incremental revenue is distributed to the Urban Renewal Agency to pay for urban renewal projects intended to encourage private development. During the process of forming urban renewal areas, the desired projects, which may include public improvements like roadways, parks, and other amenities, are identified in an urban renewal plan. Urban renewal financing in the form of a bond is obtained to fund the projects, and the desired improvements are completed. Private development in the area then becomes more feasible. As property values rise with increased development, tax revenues increase, and that increase is used to pay off the urban renewal bonds.

Urban Renewal Value and Area Caps

Oregon state law allows Wilsonville to create urban renewal districts with up to 25% of the city’s total land area. As of June 30, 2019, the total land area for the city was approximately 5,046 acres and 22.2% (1,118 acres) of the total was within one of the City’s existing urban renewal districts.

The law also limits the total assessed value within all urban renewal districts to 25% of the city’s total assessed value. The assessed values are measured at the time a district is created or subsequently adjusted. The table below presents the Urban Renewal value and area cap tests.

District	Area Cap Test		Assessed Value Test	
	Acreage	% of City	Amount	% of City
Year 2000 Plan	449	8.9%	\$ 45,326,441	1.2%
West Side Plan	411	8.1%	18,017,272	0.5%
Coffee Creek	258	5.1%	99,003,704	2.6%
Combined	1,118	22.2%	162,347,417	4.3%
Total City	5,046		\$ 3,789,225,581	

Tax Increment Calculations

Tax increment is used for the payment of debt for urban renewal activities described in the urban renewal plans adopted by the City of Wilsonville.

To determine the amount of the tax increment allocation, the total assessed value within each urban renewal area is segregated by the County Assessor into two parts: (a) the total taxable assessed value in the district at the time the Urban Renewal Plan was adopted (Frozen Base Value) adjusted by under-levying, by the urban renewal area, and by properties added or removed from the area, and (b) the difference between the Frozen Base Value and the current total assessed value (Incremental Value).

With the passage of measure 50, urban renewal property taxes are generated by two processes. First is a process called “division of tax,” referring to taxes levied by each overlapping government or special district on the Incremental Value. Second is a Special Levy on property within Wilsonville. This special tax rate protects bondholders and permits the Urban Renewal Agency to recover increment “lost” due to roll back of assessed values and tax rates. The Special Levy can only be assessed on a limited amount of indebtedness – explained in the Financing the Urban Renewal Projects section. The City has not assessed the Special Levy since 2002-03 and was precluded from doing so when it approved a substantial plan amendment in June 2007. The table below displays the tax increment available for three districts: Year 2000 Plan, West Side Plan and Coffee Creek as well as the effect of under-levying for fiscal year 18-19.

Tax Increment Available for Fiscal Year Ended June 30, 2019

	<u>Year 2000 Plan¹</u>	<u>West Side Plan²</u>	<u>Coffee Creek Plan</u>
Total Assessed Value	\$499,772,685	\$676,932,760	\$126,234,559
Less: Frozen Base Value	<u>(45,326,441)</u>	<u>(18,017,272)</u>	<u>(99,003,704)</u>
Incremental Value	\$454,446,244	\$658,915,488	\$27,230,855
Tax Increment			
Taxes Available 18-19 (est.)	\$6,135,024	\$8,565,901	\$255,803
Taxes Levied 18-19	<u>4,000,000</u>	<u>5,000,000</u>	<u>255,803</u>
Taxes available to overlapping districts	\$2,135,024	\$3,565,901	\$0

1 Year 2000 Plan division of taxes limited to \$4.2 million per Urban Renewal Board commitment

2 West Side Plan increment limited to \$5.0 million, per legislation

Property Tax Limitation and Tax Increment

(Measure 5)

In November 1990, Oregon voters passed a property tax limitation measure (Measure 5) that established a \$10 limit per thousand of real market value for property tax collection for local governments. It is important to note that the \$10 limit is based on real market value rather than assessed value of a property. The impact of this measure on urban renewal is that repayment of urban renewal debt (past, present, or future) must now come within the \$10 limit for local governments.

In a 2002 Oregon Supreme Court ruling, the limitations of Measure 5 were clarified so that urban renewal tax dollars related to the division of taxes from education are to be included in the general government category when determining the \$10 limit. Similarly, Measure 5 established a \$5 limit per thousand of real market value for education. The effect of this ruling accelerates the likelihood of the general government category taxes hitting the \$10 ceiling but decreases the likelihood of the education category reaching the \$5 ceiling. In 2018-2019, the cumulative tax rate for all local governments within Wilsonville City limits ranged between \$6.7654 and \$9.3289 per thousand depending upon which tax code area the property resides.

Effect of Urban Renewal on Tax Collections (Measure 50)

Carrying out the urban renewal plans has an effect on various taxing entities sharing (over-lapping) the property within the Wilsonville Urban Renewal districts. Measure 50 required a change from a levy-based system to a rate based system, resulting in a modification of the way the County Assessor computes the allocation of taxes from the overlapping districts.

The division of taxes process means that taxes associated with the incremental value is received by the Urban Renewal Agency instead of the various taxing districts (e.g. Clackamas County, City of Wilsonville, West Linn Wilsonville School District, Tualatin Valley Fire & Rescue, among others).

The following table shows the taxing districts that levy taxes within the city’s Urban Renewal Agency, the total amount of taxes levied, and the percent of those taxes that were received by the Wilsonville Urban Renewal Agency.

District	Taxes Levied ¹	Allocation to Year 2000 ²	Year 2000 UR as %	Allocation to West Side ²	West Side UR as %	Allocation to Coffee Creek	Coffee Creek UR as %
Clackamas County	\$135,510,805	\$774,085	0.6%	\$964,326	0.7%	\$0	0.0%
Washington County	\$148,630,666	\$0	0.0%	\$0	0.0%	\$37,659	0.0%
City of Wilsonville	\$9,551,122	\$781,641	8.2%	\$974,037	10.2%	\$86,227	0.9%
Clackamas Extension & 4-H	\$2,541,221	\$15,882	0.6%	\$20,026	0.8%	\$0	0.0%
Clackamas Library District	\$20,197,622	\$127,748	0.6%	\$159,171	0.8%	\$0	0.0%
Clackamas Soil Conservation Distr.	\$2,541,880	\$15,882	0.6%	\$20,026	0.8%	\$0	0.0%
Tualatin Soil Conservation Distr.	\$4,486,517	\$0	0.0%	\$0	0.0%	\$1,152	0.0%
Tualatin Valley Fire & Rescue	\$88,313,853	\$473,148	0.5%	\$589,255	0.7%	\$59,020	0.1%
West Linn/Wilsonville Schools	\$40,422,697	\$1,613,917	4.0%	\$2,011,209	5.0%	\$0	0.0%
Sherwood School District	\$32,278,795	\$0	0.0%	\$0	0.0%	\$80,656	0.2%
Clackamas ESD	\$17,982,920	\$121,511	0.7%	\$151,346	0.8%	\$0	0.0%
ESD Northwest Regional	\$9,886,089	\$0	0.0%	\$0	0.0%	\$2,561	0.0%
Clackamas Community College	\$28,138,283	\$224,422	0.8%	\$280,017	1.0%	\$0	0.0%
Portland Community College	\$44,661,363	\$0	0.0%	\$0	0.0%	\$4,729	0.0%
Vector Control	\$330,444	\$2,072	0.6%	\$2,417	0.7%	\$0	0.0%
Port of Portland	\$8,117,908	\$21,540	0.3%	\$27,016	0.3%	\$2,434	0.0%
Metro Service District	\$37,046,243	\$29,937	0.1%	\$37,239	0.1%	\$3,037	0.0%

¹ Combined Clackamas/Washington Counties (values from property tax schedules 4a)

² Values from Clackamas/Washington County Table 4E
 Amounts rounded to the nearest whole percent.

TIF Zone Urban Renewal District Sites

On March 12, 2013, the citizens of Wilsonville voted in favor of creating up to six single-property Urban Renewal Districts to incentivize capital investment and job creation by manufacturers. By 2014, three of the TIF Zones had been leased or purchased by businesses who would not benefit from the TIF Zone program within the program’s time frame. Consequently, the City Council eliminated these three TIF Zones in the fall of 2014. The three remaining TIF Zones also remained unused and the program completely expired November 2019.

Financial Reports

The tables on the following pages contain financial information on the three funds used to account for the activities of the Urban Renewal Agency. The reports were prepared by the Finance Department of the City of Wilsonville using a modified accrual basis of accounting pursuant to ORS 457.460. The fiscal year is the period running July through June of the respective years indicated. Financial Reports can be found at the end of each section: the Year 2000 Plan, West Side Plan and Coffee Creek Plan.

Year 2000 Plan

Plan Adopted

The Year 2000 Plan was adopted August 29, 1990. Plan Mission Statement: To eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

Financing the Urban Renewal Projects

To pay for urban renewal projects, the Agency must issue debt. Maximum Indebted became a requirement in 1998 and the limit of \$53,851,923 was adopted on June 15, 1998. A substantial plan amendment passed in June, 2007, that increased the maximum debt limit to \$92,687,423. An additional substantial plan amendment was passed in May 2018, and increased the maximum debt limit to \$107,196,524. The table below summarizes the debt activity for the Year 2000 Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted August 19990	\$ 53,851,923	
Increased June 2007	38,835,500	
Increased May 2018	<u>14,509,101</u>	
Total Maximum Indebtedness	<u>107,196,524</u>	
<u>Debt Issued</u>		
June 1994	8,760,000	Park land, Memorial Dr, High School IGA
December 1996	3,075,000	Wilsonville Rd and Interchange
June 1998	3,000,000	Wilsonville Rd and Interchange
June 2000	6,000,000	Wilsonville Rd and Town Center Park
August 2001	3,000,000	Wilsonville Rd - various portions
June 2002	5,000,000	Wilsonville Rd - various portions
June 2003	3,000,000	Wilsonville Rd - various portions
December 2003	10,000,000	Wilsonville Rd, High School improvements
September 2005	4,850,000	Town Center Park, Murase Park
September 2005	10,000,000	City Hall construction
October 2007	4,200,000	Wesleyan Church property acquisition
June 2009	3,000,000	Wilsonville Rd Interchange improvements
September 2010	8,000,000	Wilsonville Rd Interchange improvements
April 2013	3,500,000	Sewer Plant Upgrade, Canyon Creek So Road
June 2014	2,000,000	Canyon Creek So to Town Center Loop East
May 2015	2,000,000	Canyon Creek So to Town Center Loop East
April 2016	2,000,000	East-West Connector; Town Ctr Concept Plan
June 2018	<u>3,000,000</u>	5th St Extension
Total debt issued through June 2018	<u>84,385,000</u>	
Balance Available, June 30, 2019	<u>\$ 22,811,524</u>	Maximum Indebtedness less Total Debt Issued
Outstanding Debt as of June 30, 2019	<u>\$ 5,155,000</u>	

Year 2000 Plan
Statement of Resources and Expenditures
CAPITAL PROJECTS FUND

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
	<u> </u>	<u> </u>
REVENUES		
Investment revenue	\$ 76,360	\$ 55,165
Other	-	-
Total Revenues	<u>76,360</u>	<u>55,165</u>
EXPENDITURES		
5th Street Extension	64,152	6,343,000
Boekman Dip Bridge	31,348	850,000
Town Center Stage Cover	-	15,000
Planning, Financing, and Administration	626,878	798,531
Contingency	-	<u>1,160,891</u>
Total Expenditures	<u>722,378</u>	<u>9,167,422</u>
Excess (deficiency) of revenues over (under) expenditures	(646,018)	(9,112,257)
OTHER FINANCING SOURCES (Uses)		
Issuance of debt	-	<u>9,000,000</u>
Net change in fund balances	(646,018)	(112,257)
Fund balances - beginning	<u>3,187,661</u>	<u>112,257</u>
Fund balances - ending	<u>\$ 2,541,643</u>	<u>\$ -</u>

**Year 2000 Plan
 Statement of Resources and Expenditures
 Debt Service Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 4,204,610	\$ 4,075,000
Interest Income	277,548	135,405
Total Revenues	<u>4,482,158</u>	<u>4,210,405</u>
EXPENDITURES		
Payment of Bond Principal	360,000	380,000
Short Term Debt	-	9,000,000
Interest Expense	234,388	900,000
Total Expenditures	<u>594,388</u>	<u>10,280,000</u>
Net change in fund balances	3,887,770	(6,069,595)
Fund balances - beginning	9,331,877	10,366,877
Fund balances - ending	<u>\$ 13,219,647</u>	<u>\$ 4,297,282</u>

**Year 2000 Plan
 Statement of Resources and Expenditures
 Program Income Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Interest Income	\$ 48,297	\$ 10,000
Other Income	149,452	\$ 135,000
Total Revenues	<u>197,749</u>	<u>145,000</u>
EXPENDITURES		
Materials & Services	20,037	50,000
Capital Project - Art Tech Siding Replacement	79,749	-
Capital Project - I5 Pedestrian Bridge	1,512,000	-
Total Expenditures	<u>1,611,786</u>	<u>50,000</u>
Net change in fund balance	(1,414,037)	95,000
Fund balances - beginning	2,128,303	666,554
Fund balances - ending	<u>\$ 714,266</u>	<u>\$ 761,554</u>

West Side Plan

Plan Adopted

The West Side Urban Renewal Plan was adopted November 3, 2003 (Ordinance #560).

Its mission is to eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

At creation, the district encompassed 394 acres and had a frozen tax base of \$3,605,856 (restated for Measure 50 impact). A substantial plan amendment in September, 2008 (URA Resolution 174) added 62 acres and \$12,920,432 to the frozen base. In 2016, 45 acres were removed to make way for the formation of the Coffee Creek Urban Renewal District.

Financing the Urban Renewal Projects

To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$40,000,000 was created. A substantial plan amendment was adopted in February 2016 (URA Resolution 253) which increased the maximum indebtedness to \$49,400,000. The table below summarizes the debt activity for the West Side Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted November 2003	\$ 40,000,000	
Increased February 2016	<u>9,400,000</u>	
	49,400,000	
<u>Debt Issued</u>		
June 2005	15,000,000	Boeckman Rd Extension, School property
September 2005	10,000,000	Boeckman Rd, Barber St
June 2008	5,000,000	Boeckman Rd, Barber St, park improvements
April 2013	2,000,000	Villebois parks and fire sprinklers
June 2014	2,000,000	Barber Street extension, Villebois Parks
May 2015	1,000,000	Barber Street extension, Villebois parks
July 2015	5,000,000	Barber Street extension, Villebois parks,
January 2019	<u>3,000,000</u>	Tooze Road
Total debt issued through June 2019	43,000,000	
Balance Available, June 30, 2019		
(Maximum Indebtedness less Total Debt Issued)		
	<u>\$ 6,400,000</u>	
Outstanding Debt as of June 30, 2019	<u>\$ 23,498,713</u>	

West Side Plan
Statement of Resources and Expenditures
Capital Projects Fund

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
	<u> </u>	<u> </u>
REVENUES		
Investment revenue	\$ 25,156	\$ 25,000
Total Revenues	<u>25,156</u>	<u>25,000</u>
EXPENDITURES		
Tooze Rd. Construction Project	750,000	-
Planning, Financing, and Administration	376,623	277,670
Water System Development Charges	500,000	700,000
Contingency	-	1,073,738
Total Expenditures	<u>1,626,623</u>	<u>2,051,408</u>
Excess (deficiency) of revenues over (under) expenditures	(1,601,467)	(2,026,408)
OTHER FINANCING SOURCES		
Issuance of debt	<u>3,000,000</u>	-
Net change in fund balances	1,398,533	(2,026,408)
Fund balances - beginning	649,098	2,026,408
Fund balances - ending	<u>\$ 2,047,631</u>	<u>\$ -</u>
 Adjustment from budgetary basis to generally accepted accounting basis:		
Development charge payable	<u>(1,263,395)</u>	
Fund balances - generally accepted accounting principles basis	<u>\$ 784,236</u>	

**West Side Plan
 Statement of Resources and Expenditures
 Debt Service Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 5,192,879	\$ 4,980,000
Interest Income	328,027	165,000
Total Revenues	<u>5,520,906</u>	<u>5,145,000</u>
EXPENDITURES		
Payment of Bond Principal	4,899,985	1,925,000
Interest Expense	959,176	975,000
Total Expenditures	<u>5,859,161</u>	<u>2,900,000</u>
Net change in fund balance	(338,255)	2,245,000
Fund balances - beginning	11,835,393	11,213,232
Fund balances - ending	<u>\$ 11,497,138</u>	<u>\$ 13,458,232</u>

**West Side Plan
 Statement of Resources and Expenditures
 Program Income Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Interest Income	\$ 41,417	\$ 80
Total Revenues	<u>41,417</u>	<u>80</u>
EXPENDITURES		
Planning, Financing, and Administration	78,007	-
Capital Project - Tooze Road	1,894,914	-
Total Expenditures	<u>1,972,921</u>	<u>-</u>
Net change in fund balance	(1,931,504)	80
Fund balances - beginning	2,120,351	5,351
Fund balances - ending	<u>\$ 188,847</u>	<u>\$ 5,431</u>

Coffee Creek Plan

Plan Adopted

The Coffee Creek Urban Renewal Plan was adopted on October 17, 2016 (Ordinance No. 796).

The Coffee Creek Urban Renewal area seeks to develop a new employment area in Northwest Wilsonville that will attract general industrial, warehouse, flex, and research and development related business. The Coffee Creek Urban Renewal area is composed of approximately 258.35 total acres and is entirely within Washington County. Key projects identified for improvement are infrastructure enhancements to existing roadways, utility development, and property acquisition and disposition. The first increment was received in FY 17-18 and capital expenditures are not expected until FY 19-20 or later.

Financing the Urban Renewal Projects

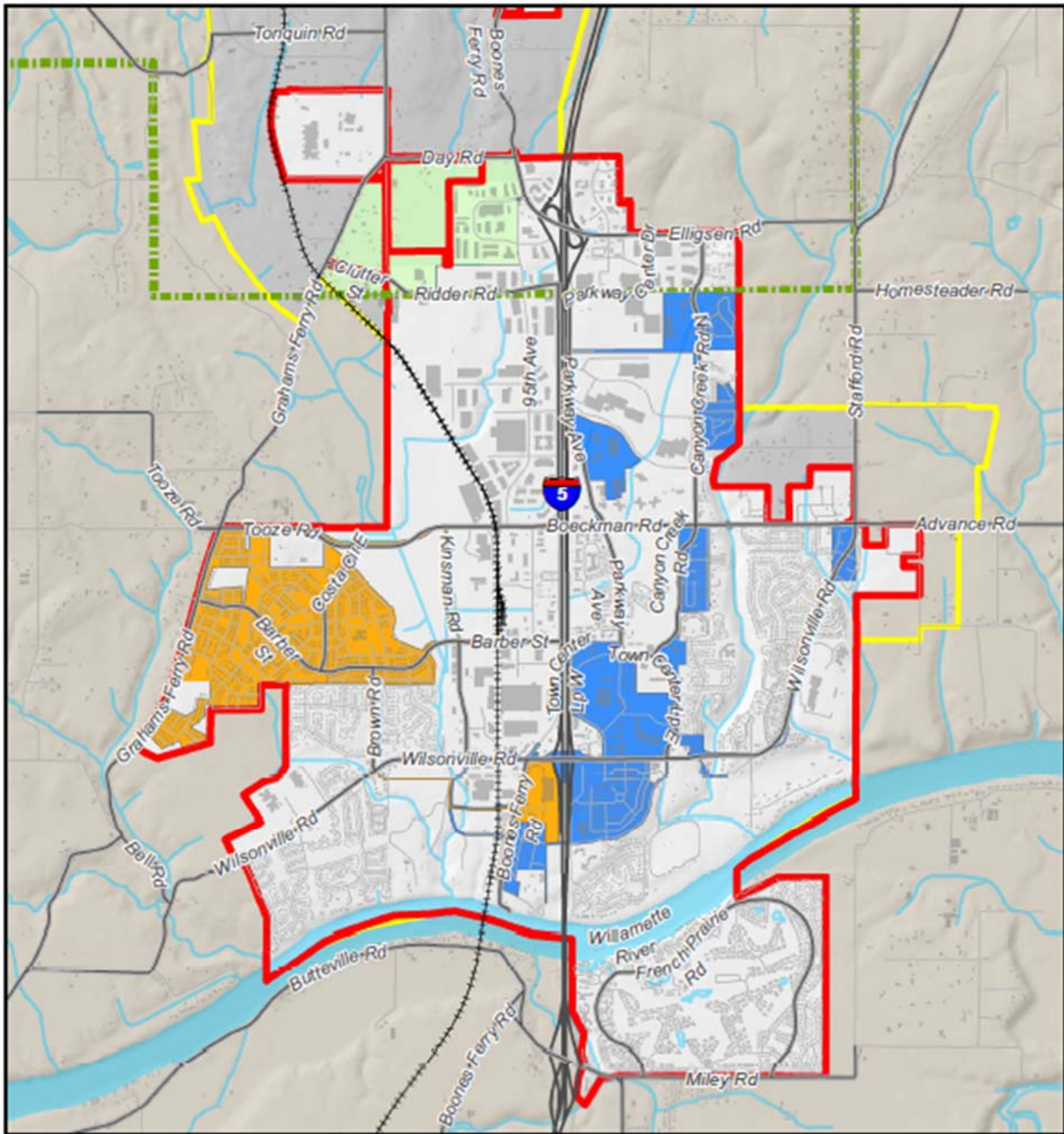
To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$67,000,000 was created. In April 2019, the City issued Urban Renewal revenue bonds with an interest rate of 3.19% in the total amount of \$3,800,000. The final maturity will be in June 2029. The principal balance outstanding on the bonds at June 30, 2019 is \$3,800,000.

Coffee Creek Plan Statement of Resources and Expenditures Capital Projects Fund

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Investment revenue	\$ 2,033	\$ 25,000
Total Revenues	2,033	25,000
EXPENDITURES		
Planning, Financing, and Administration	23,913	224,040
Capital Project - Garden Acres Rd		1,745,238
Contingency	-	1,843,722
Total Expenditures	23,913	3,813,000
Excess (deficiency) of revenues over (under) expenditures	(21,880)	(3,788,000)
OTHER FINANCING SOURCES		
Issuance of debt	3,800,000	
Net change in fund balances	3,778,120	(3,788,000)
Fund balances - beginning	-	3,788,000
Fund balances - ending	\$ 3,778,120	\$ -

**Coffee Creek Plan
 Statement of Resources and Expenditures
 Debt Service Fund**

	2018-19 Actual Budgetary Basis	2019-20 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 247,708	\$ 291,000
Interest Income	4,530	265
Total Revenues	<u>252,238</u>	<u>291,265</u>
EXPENDITURES		
Payment of Bond Principal	-	280,000
Interest Expense	-	140,000
Total Expenditures	<u>-</u>	<u>420,000</u>
Net change in fund balance	252,238	(128,735)
Fund balances - beginning	<u>207,604</u>	<u>490,369</u>
Fund balances - ending	<u>\$ 459,842</u>	<u>\$ 361,634</u>



The City of Wilsonville, Oregon
 Clackamas and Washington Counties

Urban Renewal Areas

- Coffee Creek URA
- Year 2000 URA
- West Side URA
- City Limits
- County Boundary
- UGB



1/5/2020
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