

URA RESOLUTION NO. 234

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RECOMMENDING THAT THE CITY COUNCIL ADOPT AN ORDINANCE TO CREATE FIVE SINGLE-PROPERTY URBAN RENEWAL DISTRICTS TO BE CALLED THE 26755 SW 95TH AVENUE TIF ZONE, THE 9805 SW BOECKMAN ROAD TIF ZONE, THE 25600 SW PARKWAY CENTER DRIVE TIF ZONE, THE 27255 SW 95TH AVENUE TIF ZONE, AND THE 29899 SW BOONES FERRY ROAD TIF ZONE.

WHEREAS, the Wilsonville City Council (Council) and its Urban Renewal Agency (URA) recognize the importance of implementing economic development objectives that result in large capital investments in the community, contribute to the city's tax base, and generate a substantial number of family-wage jobs; and

WHEREAS, urban renewal can be a useful tool for realizing these objectives; and

WHEREAS, ORS 457 requires that creating a new urban renewal district and preparing a new urban renewal plan must include the opportunity for citizen involvement; and

WHEREAS, on April 15, 2013, after more than a year of public process including input from an Economic Development Advisory Committee, the creation of an Economic Development Strategy, input from an Economic Development Incentive Task Force, and a March 2013 vote by the citizens of Wilsonville approving the creation of single-property urban renewal districts to incentivize business investment and job creation, the Wilsonville Urban Renewal Agency passed URA Resolution No. 230, attached hereto and incorporated herein as Exhibit A, recommending the creation of multiple single-property urban renewal districts to be called Tax Increment Finance Zones (TIF Zones) and authorizing staff to begin work necessary to create these TIF Zones; and

WHEREAS, City of Wilsonville staff and the consultant team of Elaine Howard Consulting, LLC and ECONorthwest have prepared draft urban renewal plans and reports (the

“Plans and Reports”) for the 26755 SW 95th Avenue TIF Zone attached hereto and incorporated herein as Exhibit B, the 9805 SW Boeckman Road TIF Zone attached hereto and incorporated herein as Exhibit C, the 25600 SW Parkway Center Drive TIF Zone attached hereto and incorporated herein as Exhibit D, the 27255 SW 95th Avenue TIF Zone attached hereto and incorporated herein as Exhibit E, and the 29899 SW Boones Ferry Road TIF Zone attached hereto and incorporated herein as Exhibit F; and

WHEREAS, additional opportunities for public input will be allowed at a public hearing before the Planning Commission scheduled for September 11, 2013, at an open house scheduled for October 17, 2013, and at a public hearing before the City Council scheduled for October 21, 2013; and

WHEREAS, in creating a new urban renewal district, ORS 457 requires plan review and recommendation by the Planning Commission; and

WHEREAS, staff conducted a work session with the Wilsonville Planning Commission on August 14, 2013 to discuss the conformance of the proposed Plans and Reports with the Wilsonville Comprehensive Plan and will hold a public hearing before the Wilsonville Planning Commission on September 11, 2013 to obtain the Planning Commission’s recommendation that these plans and reports are in conformance with the Wilsonville Comprehensive Plan; and

WHEREAS, in creating a new urban renewal district, ORS 457 requires notice to all citizens of Wilsonville of a hearing before the City Council, and notice will be provided by mailing to all mailing addresses within the 97070 ZIP code and all postal patrons within the municipality in October of 2013; and

WHEREAS, in creating a new urban renewal district, ORS 457 requires that a copy of any proposed Plans and the Reports be provided to the governing body of each taxing district,

and these Plans and Reports will be sent to the taxing districts with an accompanying letter in September of 2013; and

WHEREAS, in creating a new urban renewal district, ORS 457 requires the Urban Renewal Agency review any proposed Plans and accompanying Reports and provide a recommendation to the City Council for adoption; and

WHEREAS, in creating a new urban renewal district, ORS 457 requires a public hearing by the City Council and adoption of any proposed Plans and accompanying Reports by a non-emergency ordinance, and a hearing by the City Council is scheduled for October 21, 2013, the date set for a City Council vote on the ordinance is November 4, 2013, and the ordinance will be a non-emergency ordinance not taking effect until 30 days after its approval during which period of time the Plans and Reports may be referred to Wilsonville voters if a sufficient number of signatures are obtained on a referral petition; and

WHEREAS, the length of each of the proposed urban renewal districts described in Exhibits B through F is expected to be a maximum of fifteen years and the maximum indebtedness for each district is \$12,000,000.

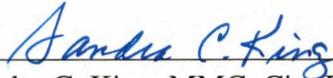
NOW, THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The five single-property urban renewal districts described in Exhibits B through F shall be forwarded to the Wilsonville City Council with the recommendation that the City Council approve the Plans and adopt an ordinance creating the 26755 SW 95th Avenue TIF Zone, the 9805 SW Boeckman Road TIF Zone, the 25600 SW Parkway Center Drive TIF Zone, the 27255 SW 95th Avenue TIF Zone, and the 29899 SW Boones Ferry Road TIF Zone.
2. This resolution is effective upon adoption.

ADOPTED by the City of Wilsonville Urban Renewal Agency at a special meeting thereof this 5th day of September, 2013, and filed with the Wilsonville City Recorder this date.


TIM KNAPP, BOARD CHAIR

ATTEST:


Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Chair Knapp	Yes
Member Goddard	Yes
Member Starr	Yes
Member Fitzgerald	Yes
Member Stevens	Yes

Attachments:

- Exhibit A Council Resolution No. 2390
- Exhibit B 26755 SW 95th Avenue TIF Zone Plan and Report
- Exhibit C 9805 SW Boeckman Road TIF Zone Plan and Report
- Exhibit D 25600 SW Parkway Center Drive TIF Zone Plan and Report
- Exhibit E 27255 SW 95th Avenue TIF Zone Plan and Report
- Exhibit F 29899 SW Boones Ferry Road TIF Zone Plan and Report

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO. 230

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RECOMMENDING THAT THE CITY COUNCIL CREATE MULTIPLE SINGLE-PROPERTY URBAN RENEWAL DISTRICTS TO BE CALLED TAX INCREMENT FINANCE ZONES AND AUTHORIZING STAFF TO BEGIN WORK NECESSARY TO CREATE THE TAX INCREMENT FINANCE ZONES.

WHEREAS, on December 17, 2012, the Wilsonville City Council approved Resolution No. 2390, attached hereto and incorporated herein as Exhibit A, referring the Ballot Title "Business Incentive Program for Investment and Job Creation by Manufacturers" to the citizens of Wilsonville for an advisory vote in March of 2013; and

WHEREAS, on March 12, 2013, the citizens of Wilsonville voted to approve the Ballot Title; and

WHEREAS, a copy of the certified election results are attached hereto and incorporated herein as Exhibit B; and

WHEREAS, on March 20, 2013 the City's Economic Development Task Force ("Task Force") completed its recommendations to City Council on economic development incentives and business attributes; and

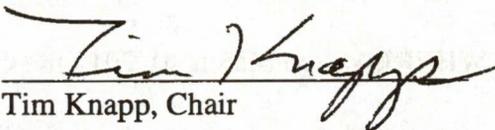
WHEREAS, the Task Force recommends the creation of Tax Increment Finance Zones ("TIF Zones") as described in the Task Force report attached hereto and incorporated herein as Exhibit C and in materials that went to the voters for the March 12, 2013 election; and

WHEREAS, in conformance with the Task Force recommendations regarding TIF Zones and the results of the March 12, 2013 election, the Urban Renewal Agency recommends that the City Council create multiple single-property urban renewal districts referred to as TIF Zones and authorizes staff to begin work necessary to create the TIF Zones.

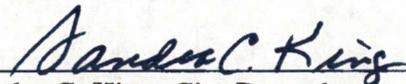
NOW, THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. Based on the above recitals incorporated herein, the Urban Renewal Agency of the City of Wilsonville recommends that the City Council create multiple single-property urban renewal districts referred to as TIF Zones as a tool to provide incentives for economic development
2. The Urban Renewal Agency of the City of Wilsonville authorizes staff to begin work necessary to create the TIF Zones, including but not limited to retaining consultants to develop plans, reports and legal descriptions necessary to create the TIF Zones and to conduct necessary public outreach, including contacting the Agency's other taxing districts and conducting any necessary public meetings.
3. This resolution is effective upon adoption.

ADOPTED by the Urban Renewal Agency the City of Wilsonville at a regular meeting thereof this 15th day of April, 2013, and filed with the Wilsonville City Recorder this date.


Tim Knapp, Chair

ATTEST:


Sandra C. King, City Recorder

SUMMARY OF VOTES

Chair Knapp – Yes
Board Member Starr – Yes
Board Member Goddard – Yes
Board Member Fitzgerald – Yes
Board Member Stevens – Yes

Attachments:

Exhibit A Council Resolution No. 2390
Exhibit B Certified Election Results
Exhibit C Task Force Report

RESOLUTION NO. 2390**A RESOLUTION OF THE CITY OF WILSONVILLE AUTHORIZING A BALLOT TITLE FOR THE MARCH 2013 ELECTION ENTITLED "BUSINESS INCENTIVE PROGRAM FOR INVESTMENT AND JOB CREATION BY MANUFACTURERS"**

WHEREAS, the National Citizen Survey™ of the community of Wilsonville conducted in 2012 found that 69 percent of respondents support providing financial incentives to attract new businesses and 76 percent of respondents support providing financial incentives to help expand existing businesses; and

WHEREAS, the City of Wilsonville convened an Economic Development Advisory Committee in 2012 to develop an Economic Development Strategy; and

WHEREAS, in August of 2012, City Council adopted the resulting Economic Development Strategy with the intent of subsequently forming an Economic Development Task Force (Task Force) to examine the use of incentives for business recruitment and retention purposes; and

WHEREAS, this Task Force was convened on November 8, 2012 to discuss and make recommendations to City Council on the use of economic incentives; and

WHEREAS, the proposed mechanism for this incentive is property tax rebates through the use of Urban Renewal by creating up to 6 single-property urban renewal districts to be called Tax Increment Financing Zones (Zone); and

WHEREAS, the intent of the proposed Tax Increment Financing Zone program is to incentivize the private-sector to convert lower-value, vacant and/or underutilized industrial buildings into higher-value manufacturing sites that provide buildings with higher assessed valuation and a larger employment base at a higher wage level; and

WHEREAS, the ultimate objective is to encourage existing or new manufacturers to bring economic benefits to the community in terms of new family-wage jobs, increased tax revenues and increased economic vitality through direct, indirect and induced generation of wealth; and

WHEREAS, if a qualifying investment does not occur within a Zone during the first five years of the adoption of the program, the Zone will be automatically closed; and

WHEREAS, if a qualified investment is made within a Zone, that Zone could have a ten-year term, at which point the Zone would be closed ten years after the first rebate; and

WHEREAS, given the five years to make an investment in a Zone and the potential ten year life of a Zone, the program could have a maximum life of 15 years; and

WHEREAS, each Zone would share at least 25 percent of increased tax increment with other taxing districts and rebate the balance of incrementally paid taxes back to the participating company; and

WHEREAS, if a participating company does not perform by making a qualifying investment, creating a minimum number of sustained new jobs, meeting other qualifying criteria as may be determined and approved by the City Council and the Urban Renewal Agency Board to carry out the program, no rebate will be issued; and

WHEREAS, participating companies, whether tenants or owners occupying any of the proposed Tax Increment Financing Zones, would be eligible to receive a property tax rebate of up to 75 percent of increased property tax increment paid each year, for up to five years, provided that the company meet specific criteria and thereafter, a new five-year rebate period could begin with any new capital investment and job creation, meeting Zone criteria, thereby potentially providing up to a total 10-year rebate; and

WHEREAS City Council has directed that no new Urban Renewal/Tax Increment Financing Zone be established without first obtaining an advisory vote of the citizens; and

WHEREAS, the proposed Ballot Title will allow Wilsonville citizens the opportunity to advise the City Council on whether there is public support to use Urban Renewal in the form of a Tax Increment Financing Zone program to create single-property urban renewal districts as an economic development incentive; and

WHEREAS, on December 13, 2012, a majority of the Task Force quorum voted in support of recommending to City Council the conditional use of financial incentives for businesses investing at least \$25 million in qualifying capital improvements and/or qualifying equipment and creating 75 or more new full-time jobs paying at least 125 percent of the average Clackamas County wage, with two additional years available if the new jobs pay at least 150 percent of average County wage.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. The City Council authorizes the ballot title "Business Incentive Program for Investment and Job Creation by Manufacturers," a copy of which is marked Exhibit A, attached hereto, and incorporated by reference as if fully set forth herein, to be placed on the ballot for the March 2013 election in order to determine if there is public support for using urban renewal as a tool to provide incentives as described above and more particularly set forth in the Ballot Title.
2. This resolution is effective upon adoption.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 17th day of December, 2012, and filed with the Wilsonville City Recorder this date.

TIM KNAPP, MAYOR

ATTEST:

Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Mayor Knapp	Yes
Councilor Nunez	Yes
Councilor Goddard	Excused
Councilor Starr	Yes
Councilor Fitzgerald	Yes

Attachment:
Exhibit A – Ballot Title

REFERRED: CITY OF WILSONVILLE MEASURE _____

CAPTION (Ten-word maximum):

Business Incentive Program for Investment and Job Creation by Manufacturers. (10 words)

QUESTION (Twenty-word maximum):

Shall urban renewal district zones be created to stimulate converting targeted warehouses to manufacturing by partially rebating property tax increment? (20 words)

SUMMARY (175-word maximum):

Many cities offer financial incentive programs to attract business investment. Wilsonville proposes adopting an incentive program to target conversion of vacant or underutilized industrial buildings to manufacturing operations and create jobs.

Up to six buildings over 100,000 square feet in size would be established as Tax Increment Financing Zones. Each Zone would rebate to qualifying companies up to 75 percent of increased property tax increment for three years for investment of at least \$25 million in capital improvements and/or qualified equipment, and creation of 75 or more new full-time jobs paying at least 125 percent of the average Clackamas County wage. Two additional years of rebate available if the 75 new jobs pay at least 150 percent of average county wage.

Each Zone would terminate 10 years after first rebate; non-performance by company would require repayment. If no qualifying investment occurs within five years of creating Zone, it would terminate.

Other taxing districts including schools and fire district would receive 25 percent of increased property tax increment. (167 words)



CLACKAMAS COUNTY

Office of the County Clerk

SHERRY HALL
CLERK

2051 KAEN ROAD, 2ND FLOOR
OREGON CITY, OR 97045
503.655.8510
FAX 503.655.8461

March 27, 2013

VIA EMAIL AND USPS

City of Wilsonville
Attn: Sandra C. King, City Recorder
29799 SW Town Center Loop E
Wilsonville, OR 97071

Dear Ms. King:

Attached please find certified copies of abstracts for the March 12, 2013 Special Election. The abstract for that part of Wilsonville within Washington County is included.

Please don't hesitate to let us know if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Kindred".

Steve Kindred
Deputy Clerk, Elections Manager

Precinct Report — Official
Clackamas County, Oregon — Special Election — March 12, 2013

03/26/2013 08:53 AM

Precincts Reporting 3 of 3 = 100.00%

Total Number of Voters : 2,870 of 9,699 = 29.59%

Party	Candidate	Total
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Precinct 203 (Ballots Cast: 1,020)

3-421 City of Wilsonville: Business incentive program for investment and job creation by manufacturers, Vote For 1

YES	787	77.16%
NO	233	22.84%
Cast Votes:	1,020	100.00%
Over Votes:	0	0.00%
Under Votes:	0	0.00%

CERTIFIED COPY OF THE ORIGINAL
 SHERRY HALL, COUNTY CLERK

BY: Sherry Hall

Precinct Report — Official
Clackamas County, Oregon — Special Election — March 12, 2013

Page 2 of 3

03/26/2013 08:53 AM

Precincts Reporting 3 of 3 = 100.00%

Total Number of Voters : 2,870 of 9,699 = 29.59%

Party	Candidate	Total
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Precinct 202 (Ballots Cast: 1,050)

3-421 City of Wilsonville: Business incentive program for investment and job creation by manufacturers, Vote For 1

YES	857	81.62%
NO	193	18.38%

Cast Votes:	1,050	100.00%
Over Votes:	0	0.00%
Under Votes:	0	0.00%

CERTIFIED COPY OF THE ORIGINAL
 SHERRY HALL, COUNTY CLERK

BY: *Sherry Hall*

Precinct Report — Official
Clackamas County, Oregon — Special Election — March 12, 2013

Page 1 of 3

03/26/2013 08:53 AM

Precincts Reporting 3 of 3 = 100.00%

Total Number of Voters : 2,870 of 9,699 = 29.59%

Party	Candidate	Total
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Precinct 201 (Ballots Cast: 800)

3-421 City of Wilsonville: Business incentive program for investment and job creation by manufacturers, Vote For 1

YES	622	77.75%
NO	176	22.00%
Cast Votes:	798	99.75%
Over Votes:	0	0.00%
Under Votes:	2	0.25%

CERTIFIED COPY OF THE ORIGINAL
 SHERRY HALL, COUNTY CLERK

BY: Sherry Hall

Canvass Report — Total Voters — Official
Clackamas County, Oregon — Special Election — March 12, 2013

Page 1 of 1

03/26/2013 08:54 AM

Total Number of Voters: 2,870 of 9,699 = 29.59%

Precincts Reporting 3 of 3 = 100.00%

3-421 City of Wilsonville: Business incentive program for investment and job creation by manufacturers

Precinct	Blank Ballots Cast	Over Votes	Under Votes	Total Ballots Cast	Registered Voters	Percent Turnout			
							YES	NO	Totals
201	2	0	2	800	3,185	25.12%	622	176	798
202	0	0	0	1,050	4,513	23.27%	857	193	1,050
203	0	0	0	1,020	2,001	50.97%	787	233	1,020
Totals:	2	0	2	2,870	9,699		2,266	602	2,868

CERTIFIED COPY OF THE ORIGINAL
 SHERRY HALL, COUNTY CLERK

BY: *Sherry Hall*



WASHINGTON COUNTY OREGON

March 19, 2013

Clackamas County Elections
1710 Red Soils Ct Suite 100
Oregon City OR 97045

Enclosed you will find a copy of the Abstract of Votes for the Special Election held on March 12, 2013 in Washington County. Please let our office know if we have overlooked any information.

Thank you,

Tracie Krevanko, CERA CEA
Elections Supervisor
Washington County Elections Division

SUMMARY REPORT
Run Date: 03/19/13
Run Time: 2:00PM

Washington County, Oregon
Special Election
March 12, 2013

Official Final

	VOTES	PERCENT
PRECINCTS COUNTED (OF 1)	1	100%
REGISTERED VOTERS - TOTAL	310	
BALLOTS CAST - TOTAL	42	
VOTER TURNOUT - TOTAL		13.55%

3-421 City of Wilsonville

Business Incentive Program for Investment and Job
Creation by Manufacturers.

Yes	36	85.71%
No	6	14.29%
Over Votes	0	
Under Votes	0	



CERTIFIED TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL

Date March 19, 2013

WASHINGTON COUNTY
ELECTIONS DIVISION

BY A. Rowles

City of

WILSONVILLE

OREGON



City of Wilsonville:

Recommendations of the Economic Development Strategy Task Force on Business Attributes and Incentives

Part 2 of the Economic Development Strategy

March 2013

Economic Development Strategy Task Force Members

City Council President Scott Starr, Chair
(ex-officio)

Ron Adams

Vince Alexander (resigned Dec. 2012)

Mychelle Ashlock

Lita Colligan

Catherine Comer (resigned March 2013)

Danielle Cowan

Brenner Daniels

Mike Duyck

Lonnie Gieber

Gale Lasko

Ray Lister

Susan Myers

Craig Olson

Ray Phelps

Dr. Bill Rhoades

Fred Robinson

Dick Spence

Alan Steiger, CPA

Sandra Suran, CPA

Doris Wehler

Boyd Westover

Carol White

Consultants & City Staff

ECONorthwest

Dr. Abe Farkas, Director of Development
Services

Beth Goodman, Senior Planner, Task Force
Assistant

Terry Moore, Planning Director (FAICP),
Task Force Facilitator

City of Wilsonville

Bryan Cosgrove, City Manager

Barbara Jacobson, Assistant City Attorney

Mike Kohlhoff, City Attorney

Economic Development Team:

Stephan Lashbrook, Transit Director

Mark Ottenad, Public/Government
Affairs Director

Kristin Retherford, Urban Renewal
Manager

City of Wilsonville
Office of the City Manager
29799 SW Town Center Loop East
Wilsonville, OR 97070
Phone 503-682-1011
Email publicaffairs@ci.wilsonville.or.us
Web www.ci.wilsonville.or.us

Recommendations of the Economic Development Strategy Task Force on Business Attributes and Incentives

Part 2 of the Economic Development Strategy

March 2013

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Appendices

- A List of Task Force Members
- B Glossary of Terms
- C History of the Task Force
- D Wilsonville Economic Development Strategy Summary, August 2012
- E Meeting Memo: Business Attributes and Incentives

Recommendations of the Economic Development Strategy Task Force on Business Attributes and Incentives

Part 2 of the Economic Development Strategy

March 2013

Executive Summary

In August 2012, Wilsonville's City Council adopted an *Economic Development Strategy*, which was created with the assistance of an Economic Development Strategy Advisory Committee. The *Strategy* recommended follow-up actions to address whether financial incentives were appropriate to recruit or retain businesses and, if so, what kinds of incentives would be appropriate and under what circumstances.

At the direction of City Council, the City Manager created a 21-member Economic Development Strategy Task Force from a wide cross-section of community volunteers and charged it with discussing issues about potential use of financial incentives for economic development and formulating recommendations to the City Council. Around the same time, a significant employer with a local presence confidentially approached City staff about the available incentives that the City would be willing to provide if that company were to expand and make major new investments in Wilsonville. This company made it clear that Wilsonville would be competing with other communities (with established incentive programs for business recruitment) where the company might choose to relocate.

Task Force process

The Task Force spent its first few meetings focused on the possible incentives for a large employer with a highly-paid workforce and plans to make major capital investments in Wilsonville, and the Task Force quickly established that any incentives should apply broadly and not just to one specific company. As a result, the Task Force supported the ballot measure that was approved by 79% of Wilsonville voters in a special election held on March 12, 2013, supporting the creation of Tax Increment Financing (TIF) Zones at specific industrial sites.

Moving beyond discussion of the specific TIF Zone incentive, the Task Force considered additional "opportunities" where businesses might seek a variety of incentives from the City. After considerable discussion, only four of the ten total opportunities (including the one that led to the ballot measure) were deemed worthy of further consideration at this time. The Task Force concluded that those four opportunities required consideration of both desirable business *attributes* (their presence and amount) and the *criteria* by which the City should decide whether to offer incentives, and in what amounts.

The Task Force agreed upon a set of principles and assumptions that guided its discussions:

- Support the Vision of the adopted *Economic Development Strategy*;
- Focus on the return on investment that the City will receive from incentives;
- Focus on the big picture of policy, not on the details;
- Incentives for small businesses matter, but they are not the focus of this effort;
- Focus on *special* incentives, not on things that are routinely offered;
- Do not focus on a few targeted industries; and
- Avoid long-term financial liabilities for the community.

Task Force recommendations

The Task Force recommends offering specific incentives for four types of opportunities, when businesses had specific business attributes. The Task Force identified the business attributes that businesses should have if they are to be offered incentives. They were: (1) number of new jobs a business might bring, especially those with higher than average wage; (2) development proposals in locations that the community supports for development or redevelopment; (3) efficient use of existing infrastructure (e.g., roads, water or wastewater); return on investment; and likelihood of business success.

Opportunity #1 — Reuse of vacant warehouses.

The Task Force recommends the use of TIF Zones, as approved by the voters.

Opportunity #2 — Large traded-sector headquarters campus.

The Task Force recommends the use of:

- TIF Zones
- Urban Renewal Districts
- Local Improvement Districts
- SDC Financing or Credits

Opportunity #3 — Greenfield industrial development.

The Task Force recommends the use of:

- Master Planning Assistance
- Local Improvement Districts
- TIF Zones
- Urban Renewal Districts
- SDC Financing or Credits

Opportunity #4 — New medium-sized manufacturing.

The Task Force recommends the use of:

- Local Improvement Districts
- SDC Financing or Credits
- Tenant improvement grants or loans

The Task Force called upon the City Council and staff to continue examining appropriate incentives for the retention of small businesses that are critical to the fabric of the community.

Recommendations of the Economic Development Strategy Task Force on Business Attributes and Incentives

Part 2 of the Economic Development Strategy

March 2013

I. BACKGROUND

In February 2012 the City of Wilsonville established an Economic Development Advisory Committee. That Committee met for six months and submitted a proposed *Economic Development Strategy* to the City Council in August 2012. That document described vision and principles for City economic development, and recommended 12 actions that it described in some detail. After review and deliberation, the Council adopted that strategy as City policy.¹

Objectives of the Task Force

All of the actions require additional work for implementation, but the strategy noted two in particular as needing more research and discussion, and recommended a task force be created:

- **Action 1.1, describe business attributes and impacts that are supportive of Wilsonville's economic and community development goals.** Create a task force to consider, make recommendations, and deliver a report to City officials and staff on the desired community impacts of businesses, without singling out the specific types of businesses that the City should try to attract to Wilsonville.
- **Action 6.2, develop criteria to guide the use of incentives to attract or retain businesses.** Create a task force that will recommend criteria for the use of incentives to attract or retain businesses. The criteria should describe (1) where incentives would be used, (2) what businesses would qualify for incentives and under what conditions, (3) what types of incentives would be available to businesses, (4) the funding sources to support the incentives, and (5) expectations of businesses given incentives.

The two actions are related: desirable business *attributes* (their presence and amount) should logically be some of the *criteria* by which the City decides whether to offer incentives, and in what amounts. To address Actions 1.1 and 6.2, the City formed the *Economic Development Strategy Task Force*. The Task Force met seven times from November 2012 through March 2013. **This document contains recommendations of the Economic Development Strategy Task Force regarding business attributes and City incentives for stimulating economic development.**

¹ See Appendix D for a summary of the Economic Development Strategy.

At the request of the City Council, the first three meetings of the Task Force (November and December 2012) addressed a specific application of incentives (a tax-increment funding zone for specific sites in Wilsonville with vacant or underutilized warehouses) that was of pressing concern to the Council. The recommendations of the Task Force on that issue contributed to a City Council decision in December 2012 to seek direction from Wilsonville voters about the proposed TIF Zones in a citywide ballot on March 12. Voters approved the recommendations.

From January through March 2013 the Task met to consider a broader range of business types, locations, and incentives than the ones on the March ballot. The fundamental question the Task Force addressed was: *Should the City provide special incentives to encourage the location or expansion of certain types of businesses in Wilsonville?*

The Task Force decided that it would not review and revise its recommendations based on the results of the March citizen advisory vote.² The Task Force views its task as advising the City Council on the opinions of Task Force members, most of whom are business owners or managers, or staff at public agencies with a direct experience or a stake in economic development. The Task Force leaves to the City Council the task of weighing the recommendations in this report against information from other sources (including the March ballot measure), and of making decisions on City policy with respect to incentives for economic development.

To assist the City Council in understanding the reasons for the recommendations, **Section II provides a framework of definitions, principles, and assumptions** that the Task Force developed during its deliberations. **Section III summarizes the recommendations.** **Section IV provides supporting material.**

II. FRAMEWORK

This section describes how the Task Force chose to address its task: how it refined the questions it was to answer, its scope of work, and its methods; and the principles and assumptions it used to come to its recommendations.

Context

Should the City provide special incentives to encourage the location or expansion of certain types of businesses in Wilsonville? The Task Force framed its discussion of that question in the context of potential benefits and costs to the City:

- **Benefits:** What would the City be likely to receive if it were to get additional business activity within its city limits? The benefits from additional business activity are highly

² The Task Force gave its directions to staff on the content of its recommendations at its meeting on 28 February, before the March vote.

correlated to the positive attributes of businesses, so this question addresses Action 1.1: describe business attribute supportive of Wilsonville's economic development goals.

- **Costs:** What would the City be likely to pay to get that additional business activity? The costs to the City are highly correlated with the incentives it offers, so this question addresses Action 6.2: develop criteria to guide the use of incentives.

During its discussion of desirable business *attributes*, the Task Force found that the large number of possible attributes made it difficult to get to specific recommendations, applicable in all situations, about the level of incentives those attributes might merit. The Task Force tried a different tack, looking at important *development problems or opportunities* that increased economic activity, and what incentives would be appropriate to address these problems or opportunities.

The structure and content of the March ballot measure reflects this thinking by the Task Force. The ballot measure addresses (1) a specific economic development *opportunity* (the redevelopment and reuse of large vacant buildings by large users) which, if capitalized on, would presumably provide benefits to the City; (2) a list of (beneficial) *attributes* that a business requesting incentives should have, and some bounds on the levels of those attributes (e.g., number of jobs, average wages); and (3) the type and level (in a range) of *incentives* that the City would be prepared to offer to get the new development and capitalize on the opportunity.

The Task Force found, however, that the number of potential problems, opportunities, business attributes, and incentives made it untenable to specify every combination. It discussed and agreed upon this hierarchy for its recommendations:

- **Opportunities.** Opportunities include the resolution of Problems, so both are addressed here. What kinds of opportunities merit special incentives beyond the standard ones the City already provides?³ This is a "first-cut" criterion. If a business / development proposal is addressing what the City has identified as an opportunity of importance (i.e., one expected to benefit the City and its residents and, hence, potentially worthy of some assistance via incentives), then it moves to the next level of evaluation.
 - **Business attributes.** If a business is addressing an opportunity on the City's list at some threshold level, it could proceed to the next level: what type and amount of desirable effects for the City (its positive attributes) does it expect to deliver? The Task Force provided a long list of desirable attributes, and made judgments about the ones it thought most important. The Task Force left to City Council and staff, however, the policy and administrative tasks of specifying the combination and level of attributes that would match to a combination and level of incentives.
 - **Incentives.** These are the costs the City must incur to increase the probability that it will have development that will solve problems or capitalize on opportunities that the City identifies as important. All of the incentives provide some benefit (most often a cost reduction) to a business (or to an owner of a business property or a

³ See below for a definition of special and standard incentives.

developer of business space) at some *cost* to some public agency and the tax- or rate-payers that support it. The City should be looking to receive benefits that merit the costs of the incentives, where benefits are “things of value that businesses receiving incentives provide for the City,” and are approximately the same as “business attributes.”

In short, the Task Force considered types of situations and businesses where City incentives to property owners, developers, and businesses might merit consideration.

Regarding incentives, the Task force distinguished between standard incentives and special incentives. *Standard incentives* were also referred to as “existing” incentives or “soft” incentives. A standard incentive means the City already provides it, or could provide it, and should provide it for any business that requests it (e.g., efficient permitting, connections to other business-assistance organizations, provision and maintenance of City infrastructure and services). *Special incentives* were also referred to as “new” incentives or “hard” incentives. They generally require some type of new (special) City budget allocation (at least of staff time, if not direct dollars).

In its discussions the Task Force generally defined hard incentives to include both (1) incentives that are specific to a business and development proposal, and (2) City expenditures made to increase the availability of ample, development-ready land for business development in the future. City staff opined to the Task Force that (1) the original intent of the Economic Development Strategy (Actions 1.1 and 6.2) was to address special incentives for special business opportunities, and (2) an evaluation and potential expansion of standard incentives was something that the City staff would address as part of other actions recommended in the Economic Development Strategy (including, most directly, Actions 6.3 and 6.4).

Principles and assumptions

To focus its efforts, the Task Force had discussions that led to agreement on some assumptions about the scope and principles for its evaluation of incentives. Some have been covered previously, but are repeated here for completeness:

- **Explicitly connect the discussion and decision on incentives to the vision statement in the City’s adopted *Economic Development Strategy* (or a revised vision).**⁴ The Task Force noted the obvious and important connection: the vision is, in one sense, a statement about what benefits the City hopes that incentives will deliver. The Task Force acknowledged that the connection of the reason for incentives to the vision could be better, and considered redoing the vision statement, and then tying that statement more directly to (1) business attributes, and (2) principles for thinking about incentives (e.g., use in limited cases, for these types of problems and opportunities). Ultimately, however,

⁴ See Appendix D for a summary of the Strategy’s vision and recommended actions.

the Task Force concluded (1) that revisiting the vision statement was not essential to the discussion and (2) it would take time away from the discussion that is essential.

- **Frame the discussion of incentives in terms of what the City gets and what it has to pay to get it.** This point is discussed in "Context" above. The Task Force wants private-sector development that helps solve problems or helps the City capitalize on opportunities related to economic and physical development. One way to measure the benefits of that help is to look at the attributes of the development and the businesses that will occupy it. The Task Force worked on the assumption that it could find a reasonable correlation between business attributes (especially type, size, and location, but many other attributes as well—e.g., community involvement, integrity) and benefits to the City. The costs to the City are the incentives it has to offer (direct fiscal costs) and other spillover costs of the development.
- **Focus on the big picture for policy, not the details of implementation.** The Task Force strongly supports City use of measurable criteria in all situations where the City is deciding whether to offer incentives at all and, if so, at what level. The Task Force concluded, however that the many combinations of economic development problems and opportunities, business types, business attributes, and potential incentives put the development of measurable criteria for all possible combinations of those factors beyond its reach. The Task Force concluded (1) that a scoring system was not essential at this point, (2) such systems are often developed and administered by staff, and (3) the Task Force should focus on giving policy guidance about appropriate incentives and let staff develop specific procedures consistent with those guidelines.
- **Incentives for smaller, local businesses are important, but are not the focus of this study.** The Task Force focused on big development issues and big development. It noted the importance of smaller and local businesses, and of having excellent City services ("soft" incentives) to support those businesses. It felt that there could be a justification for having additional incentives for such businesses, but left the development of policy and implementation tools to the City Council or to City staff.
- **Focus on *special* incentives that the City can offer.** Incentives should be used in special, limited cases, not in broad applications. *Standard* and *non-City* assistance are not the focus of the Task Force recommendations. Rather, the focus is on *special* assistance offered by the City (not other agencies) to address important (big) problems or opportunities.
- **Do not narrow the scope of incentives to a few "target industries."** The Task Force focused on business attributes (applicable to any business). Action 1.1 states that the Task Force should address "desired community impacts of businesses [in the context of this document: 'business attributes'], without singling out the specific types of businesses..."
- **Avoid long-term liabilities.** Task Force members preferred incentives that were funded by foregone revenue to those that incurred a future liability for the City to fund from other sources. For example, tax-increment financing (when it provides its intended economic stimulus) is ultimately funded by "new" property tax revenues: ones that, but for the new development, a city would not have. In contrast, an incentive that would

relieve a business from its obligation to pay certain utility fees into the future would create a future liability that would have to be funded from other sources, or which would shift the financial burden to existing users

III. RECOMMENDATIONS

Introduction

This document explained previously that there are many combinations of problems, opportunities, business attributes, and incentives. The result is not only that there are more possibilities than the Task Force can reasonably be expected to describe and offer recommendations about, but also that there are several different ways the document could organize the recommendations it is making. In the lists that follow, items "above the line" are Task Force recommendations; items "below the line" in gray are lower priorities. Numbers are for ease of reference and do not imply a ranking for implementation.

Overview of recommendations

Opportunities meriting incentives

The Task Force evaluated ten opportunity scenarios (listed below). It concluded that Wilsonville should consider providing incentives for the first three opportunities listed below and, under certain conditions, the fourth. The first opportunity is almost identical to the one that was the subject of the City-wide advisory vote in March 2013.

1. High-tech reuse of vacant warehouse space
2. Large traded-sector headquarters campus
3. Greenfield industrial development
4. New medium-sized manufacturing

5. Town Center redevelopment
6. New manufacturing, small
7. Food manufacturer, expansion
8. Class 'A' office
9. Small retail
10. Sole proprietor

Business attributes

The Task Force identified sixteen business attributes. In an internal survey, the Task Force members identified six attributes as most important when evaluating opportunities, but did not prioritize those six because they all are considered to be important.

1. Number of new jobs
2. Proposing development in areas that Wilsonville wants to develop (or redevelop)
3. Net fiscal benefit on public return on investment in the incentive
4. Wages higher than the City's average (or median)
5. Likelihood of business success
6. Efficient use of existing infrastructure

7. Part of an existing business cluster in Wilsonville
8. Triple bottom line ('people, planet, profit')
9. Traded-sector business
10. Net fiscal benefit from taxes
11. Business growth potential
12. Evidence of bringing value to the community from the prior community
13. Locally grown business
14. Family-friendly or family-supportive business practices
15. Environmental stewardship
16. Diverse types of jobs

Incentives

The Task Force considered many types of incentives. Of the ten incentives that made the first cut, seven were supported by a majority of Task Force members for at least one (often more) of the top four opportunities. Of those seven, the first five were considered to be appropriate for several of the four larger types of opportunities, while the sixth and seventh would generally only be appropriate to assist smaller businesses and could be considered in greater detail at a later date by a subsequent task force. The last three incentives were not supported by a majority of Task Force members for any of those four opportunities.

1. Master planning assistance
2. Local Improvement Districts (LIDs)
3. SDC financing or credits [Task Force discussion clarified that a majority of members were not in favor of a City write-off of SDC's for new development if that meant that either (1) system development was then underfunded, or (2) other development in Wilsonville would have to pay more to cover the difference. Acceptable would be

using TIF revenue to cover the SDC if it could reasonably be expected to be paid back by increased property-tax collections.]

4. Tax Increment Financing (TIF) — Several Task Force members distinguished between TIF zones, such as the program recently supported by Wilsonville voters, and larger Urban Renewal districts. In either case, the Task Force supported having a city-wide advisory vote. In the case of TIF zones, the Task Force recommended that they have specific and narrow scopes and apply to limited locations with a defined duration. Investment of public funds in TIF zones should be based on reasonable expectations for return on investment.
5. Urban renewal district — The Task Force clarified that its support of urban renewal district creation was limited in scope to specific project funding necessary to make development viable and leverage significant private investment: for example, to bring needed infrastructure to the Coffee Creek Industrial Area to facilitate development, or to assemble small parcels into larger parcels for resale and development. The Task Force also recommended that the City continue to conduct advisory votes prior to establishing new urban renewal districts and that any new district should be of limited duration and have a well-defined project list and scope so that the district is closed down and property-tax revenue returned to the other taxing districts as quickly as possible after planned urban renewal projects are completed and paid for.

6. Microenterprise and small business loans	The Task Force found these policies to be potentially desirable for small business, but less pertinent to its main objective of addressing incentives for large employers
7. Tenant improvement grants/loans	

8. Pre-development assistance (low-interest loan/grant)
9. Property price or lease price buy-down
10. Reduced city utility rates

Process

Though the Task Force did not address the details of how City staff would implement an incentive program, it did offer some guidance:

- Incentives should be used in special, limited cases, not in broad applications. Those special cases are probably ones where a new development is making a significant contribution to solving specific problems or capitalizing on specific opportunities.
- “Problem or Opportunity Addressed” should be the first cut at evaluating the desirability of providing special incentives to a proposed development or new business. The next section lists four situations (combinations of business type, size, and location where incentives seem most likely to be desirable. Situations that make it through that filter would move on to a more detailed evaluation based on “Business Attributes” to determine whether incentives are merited and, if so, what level.

Recommendations by type of opportunity

Opportunity 1: High-tech reuse of vacant warehouse space

In this opportunity, an international, high-tech company is interested in converting a large, vacant warehouse building into an R&D and manufacturing facility. Because of the extensive improvements required, upgrading the warehouse will require an investment of approximately \$25 million. The facility has the potential to create 75 new jobs that pay above-average wages.

Justification and criteria for consideration of incentives

Converting vacant warehouse space into a large R&D and manufacturing facility has a number of benefits to the City that justify providing incentives. In addition to creating high-wage jobs, the facility uses existing space and infrastructure efficiently. Reusing a vacant warehouse helps revitalize the surrounding area and could attract other businesses to the area.

To receive incentives, the facility would have to meet environmental and labor standards.

Appropriate incentives

The Task Force recommends using TIF Zones to provide property tax abatement incentives in this situation.

On March 12, 2013, Wilsonville citizens voted 79% for to 21% against the use of TIF Zones to provide incentives for manufacturing companies to convert vacant or underutilized industrial buildings.

Opportunity 2: Large traded-sector headquarters campus

In this opportunity, a large traded-sector company seeks to build a headquarters 'campus' facility. The company anticipates between \$25 million to \$75 million of new construction over several years and at least 75 new jobs at occupancy with more jobs to be added in the future. The proposed site for this development may require the construction of water, sewer and road infrastructure.

Justification and criteria for consideration of incentives

Attracting a large traded-sector campus has the potential to foster long-term economic growth, attract smaller companies in related industries, increase incomes in Wilsonville, increase both payroll tax and property-tax revenues, and provide fiscal benefits to the school district. A Task Force member described this scenario as a "perfect opportunity for Wilsonville."

When evaluating whether and what level of incentives to offer, the City should consider the number of jobs created, the specific location under consideration, and the positive business attributes of the company (as listed previously under "Business attributes"). The City should also seek to preserve the unique character of Wilsonville.

Appropriate incentives

Direct financial incentives may be appropriate.

- **Tax-Increment Financing.** TIF zone creation and financing, such as that recently supported by Wilsonville voters, can help fund necessary public infrastructure, support major projects, and encourage private sector investment. This tool is particularly applicable to vacant or under-utilized warehouses and other large buildings.
- **Urban Renewal District.** Geared to larger areas where public investments are expected to leverage significant private investment over time. Areas where this approach might be used include Coffee Creek, Basalt Creek, and Frog Pond.
- **Local Improvement District (LID).** A Local Improvement District may provide a useful incentive for attracting a large headquarters campus.
- **SDC Financing or Credits.** SDC financing may be appropriate in limited conditions or when used in conjunction with other incentives.

Opportunity 3: Greenfield industrial development

In this opportunity, an industrial developer is interested in constructing a very large industrial spec building in the Coffee Creek Industrial Area, but has been unable to reach acceptable terms with the property owners. Significant infrastructure investment is needed to make the Coffee Creek Industrial Area “shovel-ready” for development.

Justification and criteria for consideration of incentives

New industrial development in the Coffee Creek Industrial Area is a regional priority that will benefit the City of Wilsonville through job creation, an increased tax base, and long-term economic growth. Moreover, the area may be slow to develop without public incentives because of the scale of investment required. According to the City’s master concept plan for the Coffee Creek Industrial Area, over \$31 million in on- and off-site infrastructure improvements are needed. In addition, the area mostly consists of small, privately-owned parcels that will need to be aggregated into larger sites. As one Task Force member described the situation, “There are more issues in Coffee Creek than any one developer or business could address.”

Appropriate incentives

The Task Force recommends that the City consider four categories of incentives for potential greenfield industrial development projects:

- **Master Planning Assistance.** Master planning gives the City a guiding role in the development of this strategically important area, helps incentivize major projects and support growth, and is a role already being performed by the City. The City could pay for master planning or through Development Agreements require that the businesses that locate in Coffee Creek reimburse the City for master planning expenses.
- **Local Improvement Districts.** A main advantage of an LID incentive is that it does not typically require financial support from the City.

- **Tax Increment Financing (TIF).** TIF zone creation and financing, such as that recently supported by Wilsonville voters, was intended to apply to existing buildings. However, a similar approach could be taken to facilitate greenfield industrial development in isolated cases where the formation of a larger Urban Renewal district is not feasible.
- **Urban Renewal District.** Due to the large investments in public infrastructure required in this scenario, the formation of one or more Urban Renewal districts may be appropriate. One Task Force member described Urban Renewal as an "excellent resource for providing necessary public infrastructure for greenfield development."
- **SDC Financing or Credits.** SDC financing or credits can reduce up-front costs for developers at a relatively low cost to the City. This incentive may be useful for attracting desirable businesses. SDC financing would spread the developer's payment of SDCs out over a period of years, while SDC credits are commonly given when a developer constructs additional system capacity beyond that required for their development. SDC waivers were not recommended by the Task Force due to their effect on SDC rates and shifting the financial burden to others, unless covered by TIF funds where reimbursement will result from development in the area.

Opportunity 4: New medium-sized manufacturing

In this opportunity, a medium-sized manufacturing firm is considering relocating to several locations in the greater Portland area, including in Wilsonville. The company is scouting locations in the 50,000- to 65,000-square-foot range, and has found 10 sites in the greater Portland region that would work. Each site offers something beneficial for the company's operations; however, three of the sites are located in state-sanctioned Enterprise Zones used by the local jurisdiction that would abate an increase of local property-taxes for a three- to five-year period brought about by the company's investment.

Justification and criteria for consideration of incentives

For this opportunity, the Task Force did not come to consensus. In the view of Task Force members, incentives may be more suitable if the firm is considering relocating to Coffee Creek or an existing TIF zone. The specific type of manufacturing may be important; incentives may be appropriate if the business is in an emerging sector of the economy.

Appropriate incentives

No incentive was supported by a majority of Task Force members. For many incentives, a large number of Task Force members indicated that they were not sure whether an incentive would be appropriate. The specific business attributes of the business in question will be important in determining support for incentives. The incentives with the least opposition were:

- **Local Improvement District (LID).**
- **SDC Financing or Credits.**
- **Tenant Improvement Grants/Loans.**

Opportunity 5: Retaining and expanding existing businesses

The Task Force focused on big opportunities that would result in large levels of investment and job creation. That said, members recognized that small business retention and growth was identified as a value by the Economic Development Strategy Advisory Committee and by the community at large in the 2012 Community Survey.

The Task Force members felt they could not adequately consider all of the various types of small or existing businesses and what types of incentives may be appropriate, if any, within the allotted timeframe. Members of the Task Force suggested that the City Council and staff may want to further examine the possibility of incentives for small or existing businesses in the future to determine if there are situations when certain types of incentives might be warranted. The Wilsonville Chamber of Commerce, Small Business Development Center, and other organizations have the contacts to identify and the experience to assist small businesses. These organizations should be considered as resources when examining incentive possibilities for small and/or existing business.

Appendix A



City of
WILSONVILLE
OREGON

Economic Development Strategy Task Force Members

November 2012; updated March 2013

TASK FORCE CHAIR: City Councilor Scott Starr (ex-officio)

Members listed by economic/community sector; sorted alphabetically by last name

PRIVATE SECTOR

Major Employers / Industrial Manufacturers

- **Craig Olson**, Sr. Director/Site Manager, Rockwell Collins Head-Up Guidance Systems
- **Fred Robinson**, General Manager, Kinetics Climax, Inc.
- **Boyd Westover**, Plant Manager, Eaton Corporation, Portland Power Center

Small-Medium Employers / Retail-Service Businesses

- **Mychelle Ashlock**, Operations Manager, Northwest Rugs – Wilsonville
- **Gale Lasko**, General Manager/Partner, Lamb's Market at Wilsonville
- **Sandra Suran**, CPA, Principal, The Suran Group, LLC

Developers/Property Owners & Managers

- **Brenner Daniels**, Investment Advisor, Holland Partner Group
- **Susan Myers**, General Manager, Capital Realty Corp.

NON-PROFIT / RESIDENTIAL SECTOR

Business Association

- **Ray Phelps**, Past President, Wilsonville Chamber of Commerce
- **Doris Wehler**, Past President, Wilsonville Chamber of Commerce

Labor/Unions

- **Ray Lister**, Membership Development Coordinator, International Brotherhood of Electrical Workers (IBEW), Local 48

Residents/City Volunteers

- **Vince Alexander**, Wilsonville Resident (resigned December 2012)
- **Lonnie Gieber**, Committee Member, City of Wilsonville Budget Committee
- **Dick Spence**, Wilsonville Resident
- **Alan Steiger**, CPA, Committee Member, City of Wilsonville Budget Committee
- **Carol White**, Wilsonville Resident

PUBLIC SECTOR

Economic-Development Agencies

- **Catherine Comer**, Business & Economic Development Manager, Clackamas County Economic Development (resigned March 2013)
- **Danielle Cowan**, Executive Director, Clackamas County Tourism & Cultural Affairs

Local-Government Partners

- **Mike Duyck**, Fire Chief, Tualatin Valley Fire & Rescue District (TVFRD)
- **Dr. William Rhoades**, Superintendent, West Linn-Wilsonville School District

Workforce Development

- **Ron Adams**, Chair, Board of Education, Clackamas Community College
- **Lita Colligan**, Associate Vice President for Strategic Partnerships and Government Relations, Oregon Tech (OIT) Wilsonville

Appendix A

Economic Development Strategy Task Force Members' Brief Bios



Listed Alphabetically by Last Name

November 2012; updated March 2013

Ron Adams serves an elected representative since 2003 for Zone Five (West Linn and Wilsonville) and serves as Chair of the Board of Education for Clackamas Community College. Ron's career includes employment with Pacific Northwest Bell, district marketing manager for AT&T and program director of the Oregon Youth Conservation Corps. He has also served as an Oregon state representative and as chair of the undergraduate business program at Marylhurst University. Ron holds a degree in business from PSU and a master's degree in management from Marylhurst University. Ron represents Workforce Development interests on the task force.

Vince Alexander is a 17-year-long resident of Wilsonville. He is a retired Management Analyst, Project Manager and manufacturing Plant Manager. Vince represents Residents/City Volunteers interests on the task force. Vince resigned from the task force in December 2012.

Mychelle Ashlock, a Wilsonville resident, is the Operations Manager for NW Rugs – Wilsonville, one of five locations in Oregon, Nevada and Washington. Mychelle represents Small-Medium Employers / Retail-Service Businesses interests on the task force.

Lita Colligan is Associate Vice President of Strategic Partnerships and Government Relations for Oregon Tech, also known as Oregon Institute of Technology (OIT), the state's leading applied-sciences university. Oregon Tech consolidated its metro-area operations during 2012 into a new urban campus in Wilsonville, where the university offers bachelor's and master's degree programs and has existing partnerships with technology companies. Lita represents Education and Workforce Development interests on the task force.

Catherine Comer is Business & Economic Development Manager for Clackamas County Economic Development division. Formerly, she worked as Director of Economic Development and Urban Renewal Agency for the City of Canby. Catherine represents Economic-Development Agencies interests on the task force. Catherine resigned from the task force in March 2013.

Danielle Cowan, a Wilsonville resident, is Executive Director of Clackamas County Tourism & Cultural Affairs Department. Formerly, she worked as Public and Government Affairs Director for the City of Wilsonville and as the Policy & Communications Director for the Oregon Economic and Community Development Department. She also owned and operated her own small business. Danielle represents Economic-Development Agencies interests on the task force.

Brenner Daniels is Development Director and Investment Advisor for Holland Partner Group, a diversified multi-family residential housing developer based out of Vancouver, WA. Holland Partner Group is composed of five related companies that provide development, construction, redevelopment, acquisitions and management services for multi-family residential investment. Brenner was a member of the Wilsonville Economic Development Advisory Committee and looks forward to continued involvement in the Task Force. Brenner represents Developers/Property Owners & Managers interests on the task force.

Mike Duyck is the Fire Chief of Tualatin Valley Fire & Rescue District (TVFR), a combination agency with greater than 450 career firefighters and support staff and 100 volunteers. Prior to joining

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TVFR in 1995, Mike worked for the City of Lake Oswego. Chief Duyck serves as Vice-President of the Western Fire Chiefs Association (WFCA). His 17 years of service with the Fire District includes positions as Deputy Fire Chief, Assistant Chief, and all ranks within emergency services, as well as fleet services, human resources, logistics, and governmental affairs. Chief Duyck became TVF&R's Fire Chief on September 1, 2010. Mike represents Local-Government Partners interests on the task force.

Lonnie Gieber is a Wilsonville resident who serves on the Budget Task force. He has been in the financial services industry for over 25 years. Professionally, he is a Certified Financial Planner and one of the founders of the nonprofit community organization Random Kindness. Lonnie represents Residents/City Volunteers interests on the task force.

Gale Lasko is General Manager and Partner of Lamb's Market at Wilsonville, a 75-employee outlet of the family-owned, Lamb's five-store grocery chain. Lamb's Wilsonville is a full-service grocery store with service deli and scratch bakery. Gale has been a volunteer "meals on wheels" driver for the City of Wilsonville senior/community center for the past 17 years. Gale represents Small-Medium Employers / Retail-Service Businesses interests on the task force.

Ray Lister is a Wilsonville resident who works as Membership Development Coordinator with the International Brotherhood of Electrical Workers (IBEW) Local 48. He has worked as a General Journeyman Electrician in Electrical Construction. Ray represents the interests of Labor/Unions on the task force.

Susan Myers is General Manager for Capital Realty Corp., a locally owned and controlled commercial real-estate development and management firm. Under her supervision, Capital Realty developed and managed for over 10 years the Wilsonville Town Center shopping center and more recently the Wilsonville Town Center office building. Susan represents commercial Developers/Property Owners & Managers interests on the task force.

Craig Olson is Sr. Director and Wilsonville Site Manager for Rockwell Collins Head-up Guidance Systems (HGS™), a major aerospace industry manufacturer with nearly 500 employees in Wilsonville. Rockwell Collins HGS™ designs, develops, manufactures and supports Head-up Displays (HUD) and Helmet-mounted Displays (HMD) for commercial and military applications. Craig represents Major Employers / Industrial Manufacturers interests on the task force.

Ray Phelps is a Past President of the Wilsonville Chamber of Commerce, which represents Wilsonville-area businesses. Ray serves on the Wilsonville Planning Commission and is the Director of Regulatory Affairs for Allied/Republic Waste Services of Clackamas and Washington Counties, based in Wilsonville. He formerly served as Director of the Elections Division of the Oregon Secretary of State's Office and Director of Administration and Chief Financial Officer for Metro regional government. Ray represents the non-profit Business Association interests on the task force.

Dr. William (Bill) Rhoades is Superintendent, West Linn-Wilsonville School District. Previously he worked as assistant superintendent for Office of School Performance in the Hillsboro School District, chief academic officer of Bend-LaPine School District, and administrator in Woodburn School District. Bill represents Local-Government Partners interests on the task force.

Fred Robinson is a Wilsonville resident who is General Manager for Kinetics Climax, Inc., a leading metal-injection molding company that is a subsidiary of Freeport-McMoRan Copper & Gold Inc. Fred, who serves on the Wilsonville Chamber of Commerce board of directors, oversees a highly

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skilled workforce composed of 220 full-time employees. Fred represents Major Employers / Industrial Manufacturers interests on the task force.

Dick Spence is a long-time Wilsonville resident who formally worked for Xerox as a Logistics Auditor. He now works part time for the Wilsonville Chamber of Commerce. Dick serves on the Boards of the Wilsonville Library Foundation and Friends of the Library. Dick was honored as the "2011 Wilsonville First Citizen." Dick represents Residents/City Volunteers interests on the task force.

Scott Starr serves as an elected City Councilor on the Wilsonville City Council. Scott is Branch Manager for Guild Mortgage, a leading privately-held mortgage company in the Western United States, and is a past-president of the Wilsonville Chamber of Commerce. Scott represents the public sector and serves in an ex-officio capacity as chair of the task force.

Alan Steiger, CPA, is a Wilsonville resident who serves on the Wilsonville Budget Committee, and formerly served as Chair of the Wilsonville Public Library Board. Prior to retiring, he worked for 26 years as VP/Director of Finance for A-Dec, Inc., and subsequently for two years as CEO with Austin Industries of Newberg. Alan also served on the board of the OSCP (Oregon Society of Certified Public Accountants) Educational Foundation. Alan represents Residents/City Volunteers interests on the task force.

Sandra Suran, CPA, a Wilsonville resident, is the Principal of The Suran Group, LLC, a Wilsonville-based management consultancy specializing in organizational change. Previously, Sandra was a partner with KPMG Peat Marwick and was founding partner of Suran & Company, CPAs. She has served as the State of Oregon Small Business Advocate and on the boards of the Federal Reserve Bank of San Francisco, Oregon Mutual Insurance Company and as chair of the National Association of State Boards of Accountancy. Sandra represents Small-Medium Employers / Retail-Service Businesses interests on the task force.

Doris Wehler is a twice Past President of the Wilsonville Chamber of Commerce. She is co-owner of the Cookies By Design franchise in Beaverton and former operations manager and owner of TeleCheck Oregon. She serves on the West Linn-Wilsonville School District's Long Range Planning Committee. In 2003 she was named "Citizen of the Year" for her volunteer work. Doris represents the non-profit Business Association interests on the task force..

Boyd Westover, a Wilsonville resident, is the Plant Manager of Eaton Corporation's Portland Power Center in Wilsonville, where he oversees 70 full-time employees. Eaton is a global technology-leader in diversified power management solutions. The Portland Power Center provides power distribution and control equipment to the electrical markets. Boyd represents Major Employers / Industrial Manufacturers interests on the task force.

Carol White, a Wilsonville resident, retired after a 35-year-long career as Regional Sales Manager and Global Account Manager for AT&T / Lucent, where her responsibilities over the years included running a \$25 million business for the small business division and managing both Nike and PacifiCorp accounts globally. In retirement she ran a marketing consulting business for writers and small publishers. Carol represents Residents/City Volunteers interests on the task force.

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Appendix B: Glossary of Terms

Enterprise Zone – Not currently available in Wilsonville, a program authorized and administered by the State of Oregon and implemented locally that allows local jurisdictions to provide a time-limited reduction in property taxes within a geographically defined area, sometimes just on improvements or new equipment, to encourage private investment in a property. Wilsonville often competes with other communities that have Enterprise Zones when desirable businesses are considering alternative locations for expansion.

Systems Development Charge (SDC) Financing or Credits - SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. SDC credits allow developers to make necessary improvements to a site in lieu of paying SDCs or to receive reimbursement for construction of additional capacity.

Local Improvement District (LID) – A Local Improvement District (LID) is a method by which a group of property owners can share in the cost of infrastructure improvements. An LID is a geographic area where properties are subjected to a special assessment to finance improvements. Payments are spread out over several years and properties are assessed based on the cost of the project and the proportional benefit received.

Strategic Investment Zone or Program – Not currently available in Wilsonville, a program authorized by state law and implemented locally that exempts a portion of large capital investments from property taxes. Most often used for manufacturing firms and other "traded-sector" businesses. Wilsonville often competes with other communities that have Strategic Investment Zones when desirable businesses are considering alternative locations for expansion.

Tax Increment Financing (TIF) – The funding mechanism used in urban renewal districts to pay for projects. TIF is a public financing method that is used to fund redevelopment, infrastructure, and other community-improvement projects by using future gains in property taxes to pay back debt/financing obtained to fund current improvements. The principle underlying TIF is that completed projects will increase the value of real estate and generate additional property tax revenue. This increase in tax revenue is referred to as "tax increment." Tax Increment Financing dedicates tax increment within a certain defined district to finance the debt that is incurred to pay for projects within that district.

A Tax Increment Finance Zone (TIF Zone) – as recommended by the Task Force and approved by Wilsonville's voters, is a single-property urban renewal area established to incentivize business investment and job growth. The "debt" is the contractual monetary obligation of the Urban Renewal Agency to rebate a portion of the tax increment when a private business meets the requirements of the TIF Zone. TIF Zones will provide a partial rebate of paid property taxes (tax increment) to qualifying businesses that meet specific criteria, including significant capital

investment in the property (\$25,000,000 plus) and the creation of at least 75 new jobs with wages at least 25% above the Clackamas County average.

Traded Sector – A traded-sector business is one that sells products and services outside of the region or state and brings dollars back to the state.

Urban Renewal - A program authorized under state law and implemented locally that uses property tax revenues (tax increment) to finance upgrades in designated urban renewal areas of a city or county. These areas are called "blighted" by state statute and are typically underdeveloped and not contributing fully to the local economy. Urban renewal projects generally include public facilities, such as roads and sewers, but can include public buildings, parks, land assemblage, and developments that result from public/private partnerships. The premise of urban renewal is that as properties and infrastructure are upgraded, property values increase and contribute more to the local economy through increased property tax revenues which support all of the taxing jurisdictions upon closure of the urban renewal district.

Appendix C: History of the Task Force

Meetings and Documents of the Economic Development Strategy Task Force, November 2012 – March 2013

As an integral component of the City's economic development strategy process, the City formed a focused, limited-duration task force composed of leading community members and business managers who helped guide the process and make a recommendation to the City Council. The task force was composed of public- and private-sector leaders invested in Wilsonville who are opinion-setters and perform multiple roles in the community; see Appendix A in this report. The task force includes representatives of various sizes and types of businesses, developers, higher-education, chamber of commerce, neighborhoods and City volunteer boards and commissions.

The Economic Development Strategy Task Force focused on two sets of key issues unresolved from the first part of the economic development strategy process. The primary issues for consideration focused on business attributes and potential incentives for recruitment or retention/expansion.

The task force met seven times over the course of five months from November 2012 through March 2013, culminating in a set of recommendations to the City Council.

Note: The following list of documents contains embedded hyperlinks to PDF files on the City of Wilsonville website that may be downloaded.

November 8, 2012, Task Force Meeting

[November 8, 2012, Economic Development Strategy Task Force Notes](#)

[November 8, 2012, Economic Development Strategy Task Force Meeting Agenda](#)

[Economic Development Strategy Task Force Working Agreements & Ground Rules \(Charter\), Nov. 2012](#)

[Charge of the Economic Development Strategy Task Force, Nov. 2012](#)

[Economic Development Strategy Task Force Members by Economic/Community Sector, Oct. 2012](#)

[Economic Development Strategy Task Force Members' Brief Bios, Nov. 2012](#)

[Wilsonville Economic Opportunity Analysis \(EOA\) Update \(revised\), July 2012](#)

[Economic Development Strategy Summary, August 2012](#)

[Economic Development Strategy, August 2012](#)

November 28, 2012, Task Force Meeting

Article - "City Sets Bait For Big Business: Wilsonville's new Economic Development Task Force OKs using financial incentives to attract major corporations," Wilsonville Spokesman, Dec. 4, 2012

November 28, 2012, Economic Development Strategy Task Force Meeting Notes

November 28, 2012, Economic Development Strategy Task Force Meeting Agenda

ECONorthwest Memo for Meeting #2: Business Attributes and Incentives, Nov. 2012

Attachments for Meeting Memo:

- Existing City of Wilsonville Incentives;
- Enterprise Zones;
- Urban Renewal and Tax Increment Financing;
- Proposed Tax Increment Financing Zones (TIF Zones);
- Community Survey Results Pertaining to Economic Development;
- Portland Metro's Traded Sector

December 13, 2012, Task Force Meeting

December 13, 2012, Economic Development Strategy Task Force Meeting Notes

Full Text of City of Wilsonville Ballot Measure 3-421 for the Special Election on March 12, 2013: "Business Incentive Program for Investment and Job Creation by Manufacturers"

Resolution 2394, Staff Report and Draft Explanatory Statement for Ballot Measure, Jan. 4, 2013

Revised - Proposed Tax Increment Financing Zones (TIF Zones), Dec. 17, 2012

Article - "City Sends Tax Incentive Plan to the Voters: Residents will decide in March election if Wilsonville should offer financial incentives to manufactures who invest at least \$25 million," Wilsonville Spokesman, Dec. 26, 2012

City of Wilsonville City Recorder Notice of Receipt of Ballot Title, Dec. 18, 2012

Resolution 2390, Staff Report and Draft Ballot Measure Text, Dec. 17, 2012

December 13, 2012, Economic Development Strategy Task Force Meeting Agenda

ECONorthwest Memo for Meeting #3: Meeting Overview, Dec. 10, 2012

Revised Draft – Proposed Tax Increment Financing Zones (TIF Zones), Dec. 12, 2012

Resolution No. 2390: Staff Report, Resolution, Proposed Ballot Measure

Editorial - "Hard incentives may be necessary," Wilsonville Spokesman, Dec. 12, 2012

Communications to and from Task Force Members, Dec. 10, 2012:

- Response to Economic Development Question from Task Force Member Ron Adams
- Note from Task Force Member Danielle Cowan
- Response to Economic Development "Weighting" Criteria Suggestion from Task Force Member Carol White
- Responses to Urban Renewal-Related Questions from Task Force Member Doris Wehler
- Responses to Request for Email Addresses of Task Force from Task Force Member Lonnie Gieber
- Responses to Economic Development-Related Questions from Task Force Member Vince Alexander

January 10, 2013, Task Force Meeting

[January 10, 2013, Economic Development Strategy Task Force Meeting Notes](#)

[January 10, 2013, Economic Development Strategy Task Force Meeting Agenda](#)

[ECONorthwest Memo for Meeting #4: Meeting Overview on Business Attributes and Incentives, Jan. 10, 2013](#)

[Appendix A: Business Attributes and Incentives Table](#)

January 31, 2013, Task Force Meeting

[January 31, 2013 Economic Development Strategy Task Force Meeting Notes](#)

[January 31, 2013 Economic Development Strategy Task Force Meeting Agenda](#)

[ECONorthwest Memo for Meeting #5: Information to Frame the Discussion About Potential Use of Incentives, Jan. 28, 2013](#)

[Potential Incentives for Consideration, January 28, 2013](#)

[Scenarios for Consideration, January 28, 2013](#)

February 28, 2013, Task Force Meeting

[February 28, 2013, Economic Development Strategy Task Force Meeting Notes](#)

[February 28, 2013, Economic Development Strategy Task Force Meeting Agenda](#)

[Incentives/Scenarios Task Force Survey Results, draft, Feb 26., 2013](#)

[Memo, re Task Force Survey, Feb. 15, 2013](#)

[ECONorthwest Memo, re Instructions for the On-Line Survey](#)

March 20, 2013, Task Force Meeting

[March 20, 2013, Economic Development Strategy Task Force Meeting Notes](#)

[March 20, 2013, Economic Development Strategy Task Force Meeting Agenda](#)

[Summary of Comments by Task Force Members on the Draft Task Force Recommendations to City Council, March 20, 2013](#)

[ECONorthwest Memo for Meeting, RE Draft Recommendations from Task Force, March 11, 2013](#)

[Draft Recommendations from Task Force to City Council, March 13, 2013](#)

[Draft Appendices to Recommendations, March 13, 2013](#)

[Article, The Oregonian - "Wilsonville voters overwhelmingly approve Measure 3-421 in special election," March 12, 2013](#)

April 15, 2013, City Council Meeting

[April 15, 2013, Meeting Agenda, Staff Report and Resolution](#)

[Recommendations of the Economic Development Strategy Task Force on Business Attributes and Incentives, March 2013](#)

Wilsonville Economic Development Strategy Summary, August 2012



The Process

Why care about economic development?

Anyone following the news can see that governments at all levels are concerned about the health and development of their economies. For most households, jobs and income—the common objectives for local economic development—are quality of life, and things like high-quality, effective government services and environmental quality have indirect effects on business attraction and growth, and thus are important to economic development.

The private sector is the major driver of economic innovation and prosperity, but it relies on local governments for things like roads, other public facilities, and community services. Its success improves if it has local governments as willing and able partners in development.

Why create an economic development strategy?

Actions taken now affect future conditions; thoughtful actions will, on average, lead to more desirable consequences. The City's objective is to get multiple parties and interests to agree on an Economic Development Strategy to guide both (1) City investments and regulations, and (2) private supporting efforts. Agreement on a vision and key actions will make development more efficient and less contentious.

How was the Strategy developed?

With **people** and with **information**. An Economic Development Strategy Advisory Committee of residents, business people, and other stakeholders developed and reviewed comments on the vision, potential actions, and priority actions. It considered input from focus groups, interviews with business leaders, and Economic Summit, and surveys. It considered many reports and opinions to inform its conclusions (see sidebar).

What is special about the Strategy?

Wilsonville's development and fiscal problems are minor relative to those of most cities in Oregon (see sidebar on "factors"). The Advisory Committee believes the City can and should take a long view. Its actions in economic development should be *deliberative* (wait for businesses that fit the plan), *balanced* (economic development and quality of life are both important—the City can have both), *efficient* (the City's first priority should be to provide the land-use plan, infrastructure, and public services that are expected of it) and *fair* (do not make incentives for new business a standard practice—treat all businesses equally).

As the City implements the strategy, decision-makers must consider uncertainty and the need for flexibility in the Strategy. Wilsonville has many of the fundamentals necessary for it to do well economically relative to its regional neighbors. But the City has to make careful decisions that allow it to adapt its choices to changing circumstances.

Technical Basis for Recommended Actions

In thinking about Wilsonville's opportunities and constraints for economic growth over the next one to five years the Advisory Committee considered (1) the City's updated Economic Opportunity Analysis, (2) input from stakeholders in Wilsonville via focus groups, interviews, surveys, and the public Economic Summit (May 2012), and (3) staff and Committee knowledge of the economy in the Portland metropolitan region. The main factors that affect Wilsonville's economy include:

- *Regional/Interstate accessibility*
- *Vacant land base (especially Coffee Creek and Basalt Creek)*
- *Vacant commercial and industrial built space*
- *Existing businesses, including national and international employers*
- *Established and emerging business clusters*
- *New Oregon Tech campus*
- *Similar number of residents and jobs*
- *Tourism*
- *Commuting patterns*
- *High quality housing, but a need for more affordable housing*

Vision Statement

Wilsonville's sustained economic strength is fostered by a spirit of innovation and collaboration. Our residents and businesses wisely invest the time, energy, and money to assure that Wilsonville retains the quality of life we value. We leverage our excellent location, ample land supply, top quality infrastructure and transit system to deliver desired economic benefits.

For more information, contact:
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Appendix D

Actions

The City of Wilsonville will achieve its vision through actions that address *six categories of factors* that influence the expansion and location decisions of businesses:

1. Agreement on amount, type, location and pattern of development

Action 1.1. Describe business attributes and impacts that are supportive of Wilsonville's economic and community development goals. A task force is formed to consider, make recommendations, and deliver a report to City officials and staff on the desired community impacts of businesses, without singling out the specific types of businesses that the City should try to attract to Wilsonville. (Immediately in Year 1)

2. Land and buildings

Action 2.1. Promote reuse of vacant buildings, infill development, and redevelopment. City staff members make recommendations to City Council on policies and locations to promote reuse of vacant buildings, infill development on underutilized properties, and redevelopment of underutilized properties or obsolete buildings. (Years 1- 5)

Action 2.2. Establish and master plan development districts. The City will establish development districts with buildable land in places with a high priority for development, including developing land use policies to support the desired development forms. (Years 2 to 5 and beyond)

3. Transportation and other Infrastructure

Action 3.1. Coordinate capital improvement planning to ensure infrastructure availability on employment land. City staff will continue coordinating capital improvement planning and funding with land use, transportation and other infrastructure planning to ensure that infrastructure is available for employment land, especially areas identified as having a high priority for development. City staff will investigate and recommend a funding plan for the capital improvements. (Year 1, on-going)

Action 3.2. Expand the hours of operation for SMART. SMART will expand hours of operation, as funds become available, in order to provide improved access to public transit. This will enable workers to get to and from their jobs and students to get to and from their place of education using public transit. (Year 1, on-going)

4. Workforce development

Action 4.1. Connect businesses with organizations involved in workforce training and education. City staff will help businesses make connections with organizations that provide workforce training and education. (Year 1, on-going)

Action 4.2. Adopt a policy demonstrating support for Oregon Tech. The City Council will adopt a policy that expresses the City's willingness to collaborate with Oregon Tech to help it succeed in its mission of training and education and also supporting other institutions of higher education. (Year 1)

5. Quality of life and public service

Action 5.1. Ensure that regulations support quality of life. City staff will continue to review building and development policies and procedures to (1) ensure that regulations that guide economic development will lead to a better quality of life in a cost-effective manner, and (2) evaluate whether there are actions that the City should take to maintain and enhance the quality of life. (Year 1, continue in Years 2 to 5)

6. Business communication and services

Action 6.1. Develop a marketing plan. City staff will work with local partners in economic development to develop a marketing plan, including materials that document Wilsonville's advantages and amenities that are attractive to businesses. (Year 2)

Action 6.2. Develop criteria to guide the use of incentives to attract or retain businesses. Create a task force that will recommend criteria for the use of incentives to attract or retain businesses. The criteria should describe (1) where incentives would be used, (2) what businesses would qualify for incentives and under what conditions, (3) what types of incentives would be available to businesses, (4) the funding sources to support the incentives, and (5) expectations of businesses given incentives. (Year 1, immediately)

Action 6.3. Develop a program to assist existing businesses. City staff will develop a program to assist existing businesses. The program will include an outreach strategy to assess what assistance businesses want and need from the City and will evaluate the need for an economic development director at the City. (Year 2)

Action 6.4. Streamline development code and permitting process. City staff will evaluate opportunities to streamline the development code and permitting process and will also identify changes in processes that can be made without revising the code. (Years 2 to 5)

Appendix E

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January 10, 2013

Project #: 21182

TO: Economic Development Strategy Task Force
FROM: Terry Moore and Beth Goodman
SUBJECT: TASK FORCE MEETING #4:
BUSINESS ATTRIBUTES AND INCENTIVES

The City of Wilsonville established the Economic Development Strategy Task Force to address two actions prescribed by the Economic Development Strategy (EDS): (1) Describe business attributes and impacts that are supportive of Wilsonville's economic and community development goals (EDS Action 1.1), and (2) Develop criteria to guide the use of incentives to attract or retain businesses (EDS Action 6.2.).

The process for the Task Force had two phases. During the first phase (Nov-Dec 2012) the Task Force made recommendations to the City Council about language for a ballot measure about incentives to encourage re-use of vacant warehouse space. The Task Force met and discussed these issues at three meetings:

1. November 8. The Task Force agreed to adjust its schedule so that it would be able to comment on City Council actions about language for a ballot measure that will ask voters (in March 2013) whether they support the use of a particular incentive (a tax-increment-finance zone) to encourage businesses to make significant expansions and new investment in Wilsonville.
2. November 28. After a discussion of desired business outcomes (i.e., "what the city gets" in return for incentives), a majority of Task Force members said they support the use of some level of incentives for some types of economic development.
3. December 13. The Task Force members reviewed and commented on the draft ballot measure. Their comments went to the City Council for its consideration at its meeting on December 17th.

At that meeting the City Council approved a resolution to authorize a ballot measure for March 2013 entitled "Business Incentive Program for Investment and Job Creation by Manufacturers."

The first phase of the Task Force work is complete; the second phase begins with the January 10th meeting. The focus now shifts from the details of a very specific incentive to a broader discussion of business attributes and incentives.

Appendix E

As part of the first phase, staff provided the Task Force with background information on business attributes and incentives (meeting on November 21). That information directly relevant to the Phase-2 discussion and is included in this memorandum with a few updates (most notably to the process schedule).

The rest of this memorandum has three sections and an appendix:

Section I, Schedule

Section II, Business Attributes

Section III, Business Incentives

Appendix A, Business Attribute and Incentive Tables.

I. SCHEDULE

City staff and consultants propose this schedule:

- **January 10.** Begin broader discussion recommendation about business attributes and incentives.
- **January 31.** The Task Force will continue to discuss broader recommendations about business attributes and incentives. Depending on the progress made at the January 10th meeting, the Task Force may be ready to discuss a draft recommendation about incentives overall.
- **Late February (date to be determined).** If necessary, the Task Force will finalize discussions of the recommendations about incentives.

II. BUSINESS ATTRIBUTES

Table 1 (attached in Appendix A) lists the kinds of attributes that cities typically want their businesses to have. Desired business attributes should be very highly correlated to the purposes of economic development programs (they should be aimed at retaining, attracting, and expanding businesses with the desired attributes) and with levels of incentives (more for businesses that have more of the desired attributes).

We group the business attributes in Table 1 to give our view of a logical way to think about the business attributes:

- **Jobs for Wilsonville residents.** Residents of Wilsonville benefit by being employed by a business in Wilsonville, with high-paying (family wage) and fulfilling jobs. More residents will benefit if there are more jobs and if there is a diversity of jobs, which will probably increase the number of Wilsonville residents that will get those jobs.

The primary reason that workers want these jobs is the income they provide. Thus, for individual residents of Wilsonville, income is a partial double-count of jobs. Moreover, many (in many cases, most) of the new jobs will not be occupied by Wilsonville residents. Why would Wilsonville want to give incentives so that

people outside of Wilsonville can have jobs and income? There are reasons: they follow.

- **Total payroll and expenditures.** Increases in total payroll (income) has a multiplier effect of increasing spending in Wilsonville. Employees that are also residents will shop in Wilsonville stores, but so, to a lesser extent, will non-resident employees. The new business may buy some of its goods and services from other Wilsonville businesses. In short, other Wilsonville businesses may benefit by selling more goods and services.
- **Revenues for local governments.** Local funding for local services provided by municipalities and special districts can come from payroll taxes, income taxes, or property taxes. All of these taxes are sensitive to income. Payroll and income tax vary with changes in income. Property tax is also sensitive to income because households with more income can pay more for properties, which can increase property values. More income also means that households can and may pay more in fees for public facilities and services. Increasing the number of jobs and total payroll stabilizes the City's funding sources (e.g., payroll or property taxes, while the State benefits from increased income taxes). Community businesses are often substantial donors to civic programs as well as public facilities and services.
- **Broader public benefit.** Many of the broader benefits derive from the fact that the community has more revenue: it may be able to provide more and better schools, parks, civic spaces, and social programs. Or, there may be immediate benefits like getting buildings reused, neighborhoods rejuvenated, or brownfields cleaned up. A business may be part of a cluster that a city thinks has promise: it may want to give incentives to early businesses to catalyze future business growth.

In our opinion, the business attributes that dominate in municipal thinking are the ones that suggest jobs or fiscal benefits. Cities care about jobs for residents, but in a metropolitan area like Portland, most of the jobs could easily go to residents in other jurisdictions. Thus, the fiscal / revenue benefits are always near the top of the list when a city considers what it will get for the incentives it offers.

The list of business attributes in Table 1 is organized according to the categories above. The list is based on: (1) information in Wilsonville's existing economic development policies; (2) attributes discussed in the Economic Development Strategy; and (3) our years of experience working with cities in the Northwest and elsewhere. The list of attributes in Table 1 probably covers almost all of the common desirable attributes, but the Task Force may find others worth adding.

The immediate challenge for the Task Force is reviewing the business attributes and discussing whether other attributes should be included in the list or existing attributes should be dropped from the list. In conversations after December 13th, the Task Force will discuss the following about each attribute: its relative importance; how to measure it; and the threshold for offering an incentive.

III. BUSINESS INCENTIVES

Businesses care fundamentally about profitability, which is a function of revenues and costs. Although many for-profit businesses are extremely civic-minded, they are still focused primarily on making a profit for their owners or investors. Since businesses are focused on profits, it should not and probably does not make much difference *how* the incentive is funded; what matters is the expected value of the *amount* of the incentive.

How incentives are funded is important to the public sector. Funding sources for incentives affect who will pay for the incentives. The public sector cares whether funding for incentives is balanced, efficient, and fair.

The public sector can help businesses on either the revenue side or the cost side. Examples of revenue-side incentives: (1) at the state level, trade missions to foreign countries to market a business's product; (2) at the regional level, facilitating import substitution by creating a supply-chain clearing house (which expands a business's local sales; or (3) at the local level (where appropriate) agreeing to purchase needed municipal goods or services from a business.

Revenue-side incentives are rare; cost-side incentives are much more common. Table 2 shows common, direct (most frequently financial), cost-side incentives used to attract or retain businesses. The list is based on: (1) incentives commonly used by cities in the Portland region and (2) incentives commonly used in other cities in other regions of the country. The list probably covers almost all of the common incentives and techniques, but the Task Force may find others worth adding.

Table 2 (attached in Appendix A) distinguishes between an *incentive* (which is defined in the table by *what is offered* to businesses to reduce their costs: e.g., land assembly, training, taxes, or fees) and a *funding source or technique* (which is described in the table as the means by which the local government is going to raise the money that will provide the incentives). The funding sources that typically provide substantial funding for incentives are Urban Renewal and Enterprise Zones (Wilsonville does not qualify for the latter).

APPENDIX A: BUSINESS ATTRIBUTE AND INCENTIVE TABLES

Table 1. Common attributes of businesses that cities want

Attribute name	What it is	Why cities want it
Higher paying jobs	Jobs that pay higher than the regional average; often referred to as "Family-wage jobs"	Higher paying jobs increase the economic welfare of workers and bring more wealth into the community.
Job diversity	Adding jobs that are different from jobs at existing businesses, such as jobs that require different skills, education, or training.	Increasing job diversity provides employment opportunities for workers with a wide range of skills and may provide opportunities for workers who were unable to find local employment.
Total Payroll	The total amount paid to private sector employees at a business located in Wilsonville.	Higher total payroll brings wealth into the City and results in increased payroll taxes (to support SMART).
Property-tax payers	Private businesses that pay taxes based on assessed valuation of property, including real property and equipment.	Cities depend on property taxes to fund services and maintain infrastructure.
Business diversity	Encouraging growth of businesses in sectors not presently in the city to create more economic diversity of the city's business portfolio.	Increased economic diversity increases economic resilience, helping the economy perform better in recessions or other economic shocks.
Business clusters	<p>Businesses in similar or related industries may locate relatively near each other (in clusters) for the economic advantages of sharing: production inputs (e.g., materials or parts), a common labor pool with specific skills, or customers.</p> <p>Examples of business clusters in Wilsonville include: computer and electronic manufacturing, software engineering, transportation and warehousing, or wholesale distribution.</p>	Business clusters can help attract or grow more businesses in the same cluster. Cities may prefer business clusters with other desirable attributes, such as high paying jobs.
Support businesses	Businesses may provide unique support to existing businesses or businesses that may locate in Wilsonville.	Support businesses help other businesses grow within Wilsonville.

Attribute name	What it is	Why cities want it
Locally-grown businesses	Businesses that start in the city or businesses that move to the city when small and grow larger in the city.	Locally grown businesses often have stronger connection to the community, especially if upper management lives in the community. Such businesses may be more inclined to stay in the community as they grow. They may be more likely to make non-business contributions to the community, through philanthropy or engage in supporting efforts to enhance quality of life in the community (e.g., supporting the arts or recreation programs).
Traded-sector businesses	<p>Traded-sector businesses produce goods for export, generally out of the state or out of the country.</p> <p>Examples of traded-sector businesses in Wilsonville include most of the City's major employers, including Xerox, Mentor Graphics, Tyco Electronics Medical Products, Rockwell Collins, FLIR Systems, Kinetics Climax Inc, Hartung/Oregon Glass Co., Vision Plastics Inc, S S I Shredding Systems, Coherent, and Crimson Trace Corp.</p>	Traded sector-businesses often have higher paying jobs. They bring wealth into the community and state by selling their product out of the state.
Re-use of buildings	<p>When a business needs additional space, it may locate in a new building or in an existing building.</p> <p>Wilsonville's notable vacancies are in Town Center and several large vacant or underutilized industrial properties including:</p> <p>9805 Boeckman Road: "I-5 Logistics Center, fka Joes HQ/DC" – 300,000 SF</p> <p>25600 SW Parkway Center Drive: "Parkway Corporate Center, fka Hollywood Video DC" – 176,634 SF</p> <p>29899 SW Boones Ferry Road, Wilsonville: "Wilsonville Distribution Center" – 200,425 SF</p> <p>26755 SW 95th Ave., Class B Industrial/Warehouse – 165,810 SF</p> <p>27255 SW 95th Ave., Wilsonville: "fka Nike DC" – 501,000 SF</p>	<p>Having excessive or persistent vacancies in built space may make an area less attractive to other businesses or customers at existing businesses. When businesses locate in existing built space, they may make the surrounding area more attractive to other businesses through improvements they make to the building or through bringing more employees and customers into the area.</p> <p>Making use of existing buildings also increases the efficiency of public infrastructure investments, given that that infrastructure is already in place.</p>
Commitment to workforce development	Some businesses are committed to hiring workers who lack necessary training or skills but show potential for growth. The business will help develop the skills the business needs, through on-the-job training, skills or technical training, or formal education at a college or university.	One of the most important economic inputs is a pool of trained, skilled workers. Cities with a larger and/or more skilled workers are more attractive to other businesses that may locate in the city.

Attribute name	What it is	Why cities want it
Family supportive businesses	These businesses have policies or provide services that support workers with families, such as flexible working schedules or providing day care services.	Such businesses tend to attract employees who value a supportive work environment. As with workforce training programs, these things can benefit the community beyond the business.
Environmental stewards	Businesses may take a holistic perspective to environmental stewardship, such as offering transit passes to employees, occupying green buildings, or making a commitment to using less resources (e.g. recycling).	These businesses will be attracted to cities with high environmental quality and are more likely to work with the community to maintain and improve the environmental quality
Triple bottom line	Businesses value and invest in the community's economic, environmental, and social well being.	These businesses will be attracted to cities with high quality of life and are more likely to work with the community to maintain and improve quality of life

Table 2. Common direct incentives to attract or retain businesses

Incentive name	What it is and how it works	Fund sources/ fund impacted	Who is using it (examples)	Potential benefits	Potential drawbacks
Property or other tax abatements and credits					
Property Tax Abatements (Enterprise Zone, State of Oregon)	A time-limited reduction in property taxes, sometimes just on improvements or new equipment, to encourage private investment in a property.	Local taxing jurisdictions' general funds—cities, school districts, counties, etc.	Several tax abatements are authorized in State Statutes; many communities across the State use them. Some of the programs below are examples.	<ul style="list-style-type: none"> Increases the financial feasibility of property improvements. Often more politically acceptable than other funding sources; it does not require a budget allocation. 	<ul style="list-style-type: none"> Reduces general fund revenues for all overlapping taxing districts. If the site is in an urban renewal area, the abatement will reduce tax increment revenues (for increases in property value) to the urban renewal area. Can require ongoing monitoring to ensure compliance and accountability.
Electronic Commerce Zone (State of Oregon)	Qualifying businesses in the zone receive a credit against the business's annual state income or corporate excise tax liability based on 25% of the investment cost made in capital assets used in electronic-commerce operations.	State general fund (via income tax), and local general fund (via property taxes)	Hillsboro, Portland	<ul style="list-style-type: none"> Reduces the costs of operating a business, which increases the business' financial viability 	<ul style="list-style-type: none"> Limited to supporting just electronic commerce (transactions via the internet or an internet-based computer platform)
Strategic Investment Program (State of Oregon)	Exempts a portion of large capital investments from property taxes, Most often used for manufacturing firms and other "traded-sector" businesses.	Local taxing jurisdictions' general funds—cities, school districts, counties, etc.	Gresham, Clackamas County (currently, there are 3 SIZs in the State of Oregon)	<ul style="list-style-type: none"> Targeted specifically to support traded-sector firms Can be very beneficial for businesses, depending on the investment size, in terms of net present value 	<ul style="list-style-type: none"> Revisitation clause is necessary to ensure that the program is functioning for the jurisdiction and the business. Reduces general fund revenues for all overlapping taxing districts.

Incentive name	What it is and how it works	Fund sources/ fund impacted	Who is using it (examples)	Potential benefits	Potential drawbacks
Vertical Housing Development Zone (State of Oregon)	Subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments.	Local taxing jurisdictions' general funds—cities, school districts, counties, etc.	Gresham, Portland, Hillsboro, Springfield, Beaverton, Grants Pass, others	<ul style="list-style-type: none"> Targeted tool to support mixed-use development in places with locational advantages 	<ul style="list-style-type: none"> Reduces general fund revenues for all overlapping taxing districts.
Affordable Housing Tax Credit (State of Oregon)	Provides a state income tax credit for affordable housing equity investments that help reduce the financing costs for multi family rental units.. Applications must demonstrate a 20 year term that the benefit of the tax credit will be entirely passed on to reduce rents for the tenants.	Investments are made by institutional investors or high net worth individuals. State general fund is impacted.	Oregon Affordable Housing Tax Credit Program (OAHTC), many communities across Oregon	<ul style="list-style-type: none"> Targeted tool to support multi-family rentals or mixed-use development in places with locational advantages 	<ul style="list-style-type: none"> Reduces general fund revenues for all overlapping taxing districts if property tax abatement is sought by affordable housing providers and approved by local jurisdictions.
Low interest grants/loans					
CDBG Grants and Loans	Community Development Block Grants provide communities with resources to address a wide range of community development needs, including affordable housing and service provision, targeted to benefit low- and moderate-income persons. HUD Section 108 is one mechanism that increases the capacity of block grants to assist with economic development projects..	Federal HUD funds	CDBG funds are awarded by formula to qualified cities and counties throughout Oregon	<ul style="list-style-type: none"> Funds are fairly flexible in application Program has been run since 1974, and is seen as being fairly reliably 	<ul style="list-style-type: none"> Competitive process to secure loans/grants for individual projects Administration and projects must meet federal guidelines Amount of federal funding for CDBG has been diminishing over the past few years CDBG program is run through Clackamas County and is not in the control of the City.

Incentive name	What it is and how it works	Fund sources/ fund impacted	Who is using it (examples)	Potential benefits	Potential drawbacks
EB-5	Investment dollars for new commercial enterprises that will benefit the US economy and create at least 10 full-time jobs for every \$500,000 invested by foreigners seeking US citizenship.	Foreign investors	Distributed on a project-by-project basis through regional centers. EB5 is relatively new to Oregon and to date, few Oregon projects have been financed with EB-5 investments	<ul style="list-style-type: none"> • Relatively low-cost source of capital for appropriate projects 	<ul style="list-style-type: none"> • Must fall in an EB-5 eligible "targeted employment area" • Must meet job generation requirements
Industrial Development Bonds (State of Oregon)	Tax-exempt bonds issued by the state of Oregon that provide long-term financing for land, buildings and equipment for manufacturers.	Bonds are purchased by institutional investors		<ul style="list-style-type: none"> • Affordable interest rates and tax-exempt status assist in lowering capital expenses. • Generally provide the greatest benefit to the borrower for bonds of \$5 million or more. The Oregon Express Bond program is available for loans between \$500,000 and \$5 million. • Can pay for up to 100% of project's development costs 	<ul style="list-style-type: none"> • Requires State backing
Reduces business operation or capital costs					
Business License Fee Reduction	A reduction in or waiver of business license fees	General Fund	Gresham, others	<ul style="list-style-type: none"> • Reduces costs for business 	<ul style="list-style-type: none"> • Relatively small incentive that may not greatly affect a business' bottom line

Appendix E

Incentive name	What it is and how it works	Fund sources/ fund impacted	Who is using it (examples)	Potential benefits	Potential drawbacks
Tenant Improvement Grants/Loans	Assist property owners and new business owners with tenant improvements to the interiors of commercial spaces. Used for office and industrial assistance in addition to retail.	Urban Renewal and CDBG loans or grants, tax exempt revenue bonds	Gresham, Portland, others	<ul style="list-style-type: none"> Reduces costs of tenant improvements 	<ul style="list-style-type: none"> Often tied to job goals In some cases prevailing wage would apply
Workforce Assistance Programs	Specially designed workforce training programs that cities, community colleges and workforce training entities help to jointly provide to businesses to train existing and potential employees.	Varies	Beaverton, Gresham, Portland	<ul style="list-style-type: none"> Reduces difficulty of recruiting and cost of training staff Creates opportunities to partner with community colleges and other educational institutions Creates lasting benefits for individuals 	<ul style="list-style-type: none"> No clearly-delineated source of funds May require re-tooling of existing programs to ensure that the training programs are targeted to local industry needs
Working Capital or Equipment Assistance Loans	An injection of capital for operation or growth. A working capital loan is used clear up accounts payable, wages, etc., while an equipment loan is used to assist with acquisition of long-term assets.	Small Business Administration	Portland, others	<ul style="list-style-type: none"> Reduces operating costs for businesses, and increases financial viability 	<ul style="list-style-type: none"> Requires careful underwriting and program administration to reduce public sector risk
Microenterprise and Small Business Loans	Direct loans to help start-ups, micro-enterprises and small businesses expand or become established.	Urban Renewal, CDBG	Beaverton, Newberg, Portland	<ul style="list-style-type: none"> Targeted to support small businesses and start-ups Can be tailored to support local economic development strategies 	<ul style="list-style-type: none"> Requires careful underwriting and program administration to reduce public sector risk
International Trade Zone/ Global Tech Assist.	Allows businesses to obtain discounts from the U.S. government — including delayed, reduced or eliminated duty payments — if they ship products in and out of the zone.		Portland	<ul style="list-style-type: none"> Reduces costs for businesses that export or distribute goods in other countries. 	<ul style="list-style-type: none"> Requires complying with federal rules guiding activities in a Foreign Trade Zone.

Incentive name	What it is and how it works	Fund sources/ fund impacted	Who is using it (examples)	Potential benefits	Potential drawbacks
Business Incubator	Provides office space and common services (e.g., telecommunications, receptionist, copiers or printers, etc.) to small start-up businesses.		Portland	<ul style="list-style-type: none"> Helps reduce costs for small start-up business, encouraging growth of local businesses. 	<ul style="list-style-type: none"> Starting a business incubator requires a substantial amount of coordination and funding.
Reduces development costs					
Land Assembly	Assistance with the process of combining parcels together into one developable site. Sometimes takes the shape of technical assistance or expedited process. Other times, the public sector acquires the parcels, combines them, and sells to private party.	Urban Renewal, CDBG	Portland; Hillsboro; Gresham	<ul style="list-style-type: none"> Can help overcome development feasibility challenges by creating more viable redevelopment sites. In some cases, assembling the land increases its value on the open market for UR Agencies looking to re-sell 	<ul style="list-style-type: none"> Public agencies sometimes pay high appraised value for land because they often want to achieve multiple goals – this can impact costs of future public and private acquisitions
Property Price Buy-down	A public agency may chose to sell a property to qualifying developers at a price lower than fair market value to induce development.	Urban Renewal, CDBG	Commonly used tool across the state, especially in larger cities (Portland, Gresham, Hillsboro)	<ul style="list-style-type: none"> Increases development feasibility by reducing development costs Gives the public sector leverage to achieve its goals for the development via development agreement process with developer 	<ul style="list-style-type: none"> Requires careful underwriting and program administration to reduce public sector risk and ensure program compliance
Reduced Building Permit/Planning Fees or SDC buy down / waiver	Reduce various development fees as an incentive to induce qualifying types of development or building features (e.g. stormwater improvements through the Commercial Stormwater Fee Reduction).	General Fund or SDC fund, respectively	Commonly used tool, often in conjunction with development agreements or other development negotiation processes	<ul style="list-style-type: none"> Increases development feasibility by reducing soft costs for developers. Fee cost structures are within City control and can be easier to manipulate than other components of the development cost structure. 	<ul style="list-style-type: none"> Reduces revenues to provide permitting and compliance services If SDCs are reduced for some developments, that revenue burden will be shifted to others.

Incentive name	What it is and how it works	Fund sources/ fund impacted	Who is using it (examples)	Potential benefits	Potential drawbacks
Pre-development Assistance	Grants or low interest loans for evaluation of site constraints and opportunities, development feasibility, conceptual planning, etc. to reduce pre-development costs	Urban Renewal, CDBG	Portland, Hillsboro, others	<ul style="list-style-type: none"> Reduces what are often risky pre-development costs for developments that fulfill community goals. Enables developers and communities to explore wider range of project possibilities 	<ul style="list-style-type: none"> Can be perceived as favoring particular developers or property owners.
Reduces development costs					
SDC Financing or credits	SDC financing enables developers to stretch their SDC payment over time, thereby reducing upfront costs. Alternately, allows developers to make necessary improvements to the site in lieu of paying SDCs.	SDC fund / general fund. In some cases, there may be no financial impact	Gresham, Hillsboro, Portland	<ul style="list-style-type: none"> Reduced up-front costs for developers can enable quicker development timeframe and availability of property to be taxed. 	<ul style="list-style-type: none"> Reduces availability of SDC funds over the short term.
Expedited / Fast-Tracked Building Permits	Expedite building permits for pre-approved development types or green buildings	Limited costs.	Gresham, Portland, others	<ul style="list-style-type: none"> Can be targeted to a specific development type that is incented. Can save projects time in development process, which produces financial savings 	<ul style="list-style-type: none"> May not have a large enough impact on development bottom line to change financial viability of project.
Spurs investment in a specific area					
Façade Improvement Grants/Loans	Commonly used as part of the Main Street approach to economic development and in urban renewal plans, these are low or no interest loans, or matching grant funds to improve the façade of a building.	Urban Renewal and CDBG loans or grants,	Beaverton, Gresham, Oregon City, Portland, Sherwood, Astoria, others	<ul style="list-style-type: none"> A relatively low-cost approach to assisting property owners with improvements that creates a stronger environment for retail. 	<ul style="list-style-type: none"> Can be perceived as favoring some businesses or business areas over others.

Incentive name	What it is and how it works	Fund sources/ fund impacted	Who is using it (examples)	Potential benefits	Potential drawbacks
Sole Source SDCs	Retains SDCs paid by developers within a limited geographic area that directly benefits from new development, rather than being available for use city-wide	SDC funds	Portland, Bend	<ul style="list-style-type: none"> Enables SDC eligible improvements within smaller areas which can enhance catalytic and redevelopment value of area 	<ul style="list-style-type: none"> Reduces resources for SDC-funded projects in a broader geography Small geographic areas may not have sufficient SDC revenues to support bonds

26755 SW 95th Avenue Urban Renewal Plan



Prepared for the City of Wilsonville
August 5, 2013

City of Wilsonville

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I. DEFINITIONS

“Area” means the properties and rights of way located within this 26755 SW 95th Avenue Urban Renewal Plan urban renewal boundary.

“City” means the City of Wilsonville, Oregon.

“City Council” or “Council” means the City Council of the City of Wilsonville.

“Comprehensive Plan” means the City of Wilsonville Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Clackamas County.

“Economic Development Strategy Task Force” means a focused, limited-duration task force composed of leading community members and business managers who helped guide the Economic Development Strategy process and made a recommendation to the City Council.

“Enterprise Zones” means a program established by the State of Oregon in ORS 285C.045-.255, as amended, to provide tax incentives to businesses to locate in specifically designated areas of the state.

“Fiscal year” means the year commencing on July 1 and closing on June 30, the following year.

“Frozen base” means the total assessed value, including all real, personal, manufactured, and utility values within an urban renewal area at the time of plan approval. The county assessor certifies the assessed value after the approval of an urban renewal plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value of the frozen base.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan, pursuant to ORS 457.190, and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon revised statutes, specifically Chapter 457, which relates to urban renewal.

“Planning Commission” means the Wilsonville Planning Commission.

“Tax increment financing (TIF)” means the system that generates tax revenue through the division of taxes authorized by ORS 457.420 et.seq.

“Tax increment revenues” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the Area.

“TIF Zones” is the concept established by the Wilsonville City Council that is designed to offer incentives similar to enterprise zones, which stimulate property investment and employment opportunities. This concept is implemented as an urban renewal area.

“Urban renewal agency (agency)” means an urban renewal agency created under ORS 457.035 and 457.045. This agency is responsible for the administration of the urban renewal plan.

“Urban renewal plan” or “Plan” means this 26755 SW 95th Avenue Urban Renewal Plan, as it exists or is changed or modified from time to time, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135, and 457.220.

“Urban renewal project (project)” means any work or undertaking carried out under ORS 457.170 in the Area.

“Urban renewal report” means the official report that accompanies the urban renewal plan, pursuant to ORS 457.085(3).

II. INTRODUCTION

In February 2012, the City of Wilsonville established an Economic Development Advisory Committee (the “Committee”) to develop a strategy for the City’s economic development activities. After six months of public meetings, focus groups, interviews and an economic development summit, the Committee created an *Economic Development Strategy* that was adopted by the Wilsonville City Council in August 2012. The *Economic Development Strategy* describes a vision and principles for City economic development, and recommends twelve actions that are described in some detail. In particular, the *Economic Development Strategy* noted that the City should convene a task force to develop criteria to guide (1) the use of incentives to attract or retain businesses, (2) what businesses would qualify for incentives and under what conditions, (3) what types of incentives would be available to businesses, (4) the funding sources to support the incentives, and (5) expectations of businesses given incentives.

In November 2012, an Economic Development Strategy Task Force (the “Task Force”) was appointed and developed a framework for an incentive program that would more strategically position Wilsonville among its Portland metro-area competitors for economic development. The Task Force consisted of 21 individuals comprising a cross-section of the community. In the process of considering 10 different incentive options, single-property urban renewal districts, called Tax Increment Finance Zones (TIF Zones) emerged as one of the preferred incentive mechanisms. The Task Force recommendation to the Wilsonville City Council proposed the development of five TIF Zones. In Wilsonville, these urban renewal areas will fill a role similar to that of an Enterprise Zone, providing partial property tax rebates for qualifying investments occurring on the properties, thus encouraging companies to locate in Wilsonville and provide valuable economic benefits to the community. This proposal was taken before the City’s electorate in March 2013 and approved by 78.8 percent of voters.

While the TIF Zone incentive packages are similar to Enterprise Zones in concept, they will differ in several key ways in an attempt to make TIF Zones both a lower risk use of public funds and more attractive to potential investors. Each site selected to be a TIF Zone will require the creation of a separate urban renewal plan and report because each site will be its own, individual, urban renewal area. As established by the Task Force, TIF Zone properties must have 100,000 square feet or more of industrially-zoned building space that has the potential for conversion from warehousing to a higher-value, traded-sector use such as manufacturing.

The Agency has prepared the 26755 SW 95th Avenue Urban Renewal Plan based on the recommendations of the Task Force. This Plan establishes one of up to six urban renewal areas using the TIF Zone concept. The Plan contains goals, objectives, and projects for the development of the 26755 SW 95th Avenue Urban Renewal Area. The overall purpose of the Plan is to use tax increment financing to provide incentives for economic investment, to cure blight in underutilized buildings, using strategies that are competitive with Enterprise Zones in other communities in the region.

In general, the purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old or deteriorated buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, or other obstacles to development. The Area selected is an underutilized, industrial-zoned area of Wilsonville that has had a history of partial or complete vacancy and where existing conditions have presented a barrier to attracting new private sector financial investment to convert the Area to a higher-value, traded sector use.

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues – the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established – are used to accomplish projects identified by the urban renewal agency. In this case, other than administration, the Plan has only one project, which is repayment in the form of partial property tax reimbursement for qualifying capital infrastructure investment that increases assessed value and job creation.

The specific projects to be approved in this Plan are outlined in Sections IV and V.

Urban renewal is put into effect when the local government (the City of Wilsonville, in this case) adopts an urban renewal plan. The urban renewal plan defines the urban renewal area, states goals and objectives for the area, lists projects and programs that can be undertaken, provides a dollar limit on the funds that can be borrowed for urban renewal projects, and states how the plan may be changed in the future.

The Area, shown in Figure 1, consists of approximately 9.76 acres.

The Plan will be administered by the Wilsonville Urban Renewal Agency, which was activated by the Wilsonville City Council as the City's Urban Renewal Agency. Substantial changes to the Plan, if necessary, must be approved by the City Council, as outlined in Section X of this Plan.

An Urban Renewal Report, which accompanies the Plan, contains additional information, as required by ORS 457.085. The technical information in the Report includes:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact, in light of increased services;
- Reasons for selection of each Area in the Plan;
- The relationship between each project to be undertaken and the existing conditions;
- The total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the Area, and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

The Plan will be active for a maximum of 15 years as explained in Section V, subsection A, below. If no qualifying investment occurs in the Area that uses the Plan project incentives within five years after the effective date of the Plan, then the Plan will immediately be terminated. The maximum amount of indebtedness (amount of tax increment financing for projects and programs) that may be issued for the Plan is \$12,000,000. For TIF Zones, maximum indebtedness reflects the total of the tax repayment obligation to the qualifying company and represents the maximum amount of tax increment to be collected to meet this obligation as well as administrative costs.

III. GOALS AND OBJECTIVES

The goals of the Plan represent the basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve the goals. The urban renewal projects identified in Sections IV and V of the Plan are the specific means of meeting the objectives. The goals relate to adopted plans, as detailed in Section XI, and were developed with input from the Wilsonville Economic Development Strategy Task Force. The goals and objectives will be pursued as economically as is feasible and at the discretion of the urban renewal agency.

Goal 1: PUBLIC INVOLVEMENT

Maintain a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the urban renewal adoption process.

Objectives:

1. Provide opportunities for public input throughout the adoption process, including a public open house, Planning Commission meeting, and City Council hearing.
2. Provide information on urban renewal on the City of Wilsonville's website.

Goal 2: ECONOMY

Encourage the economic growth of the Area by encouraging local industrial investment and manufacturing jobs using existing infrastructure and promoting new use of vacant and underutilized industrial properties.

Objectives:

1. Provide steady, family-wage jobs for the community.
2. Generate investment that will bolster the local economy and provide revenue for local taxing jurisdictions.
3. Promote the reuse of vacant buildings and encourage infill development by providing incentives for investors to locate in an existing building or build on a site already in the middle of an industrial area and use the existing infrastructure.
4. Partner with public and private entities to incentivize and generate private investment.

Figure 1 – 26755 SW 95th Avenue Urban Renewal Area Boundary



Source: City of Wilsonville

IV. OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES

The primary project within the Area will be providing the return of incremental property taxes to developers as an incentive for redevelopment. Another small use of funds will be to pay for the preparation and administration of the Plan.

V. URBAN RENEWAL PROJECTS

The urban renewal projects authorized by the Plan are described below. These projects are consistent with the Wilsonville Economic Development Strategy and are in conformance with the Wilsonville Comprehensive Plan, as detailed in Section XI of this Plan.

As shown in the Report, urban renewal funds will primarily be used as an incentive to spur industrial development, investment, and job creation. The details of the projects are as follows:

A. Property tax rebates

This project offers an incentive to the private sector to convert under-utilized industrial buildings into higher value traded-sector uses, such as manufacturing. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Property tax rebate mechanics

The project will rebate up to 75% of the tax increment revenue for three years for each company that:

- Invests at least \$25 million in capital improvements and/or qualified equipment, and;
- Creates 75 or more new, permanent, full-time jobs that pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid which for 2012 is \$25.33/hour or \$52,693 annual wage rate.

Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.

Additional three- and five-year rebate periods could begin, after approval by the Agency, with any additional new capital investment and job creation meeting the above

minimum criteria, providing the potential for up to 10 years of rebates. Again, however, qualified investment needs to be made within five years of program adoption. This limits the potential life of the program and rebates to up to 15 years. Qualifying Businesses must be manufacturing firms. If no qualifying investment has been made in the Area within five years of the effective date of the Plan, the Area will be dissolved.

Any businesses receiving Area benefits will be monitored by the Agency for compliance with qualifying criteria and no rebate shall be given if the business fails to meet any of the qualifications. Additionally, if a business which has received a rebate discontinues business operations in the Area within two years after it receives each rebate payment it will be required to return all or a portion of the rebate as follows. Should a business discontinue business operations within the Area within 12 months after receiving a rebate, the business shall be required to reimburse the Agency 100% of the rebate payment. Should a business discontinue business operations within 24 months of receiving a rebate, the business shall be required to reimburse the Agency 50% of the rebate payment.

B. Debt repayment and project administration

This project will allow for the repayment of costs associated with the preparation, including the potential repayment of the initial planning costs for the development of the urban renewal plan, adoption, and implementation of the Plan. This project also includes ongoing administration of the Plan.

VI. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not authorize the acquisition and disposition of property.

VII. RELOCATION METHODS

No relocation assistance will be provided because this Plan does not authorize property acquisition. If relocation is required, the Agency will comply with relocation methods required under state law.

VIII. LAND USES

The proposed land use is industrial development. The maximum densities and building requirements are contained in the Wilsonville Development Code.

IX. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt and to finance the urban renewal projects authorized in the Plan. Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.)

A. General description of the proposed financing methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues; and/or
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in planning or undertaking project activities, or otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax increment financing and maximum indebtedness

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion, is \$12,000,000.

C. Prior indebtedness

Any indebtedness permitted by law and incurred by the Agency or the City of Wilsonville in connection with the preparation of this Plan or prior planning efforts

that support the preparation or implementation of this Plan may be repaid from tax increment revenues from the Area when, and if, such funds are available.

X. FUTURE AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments are amendments that:

- Add land to the urban renewal area, except for an addition of land that totals not more than 1% of the existing area of the urban renewal area; or
- Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Wilsonville, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

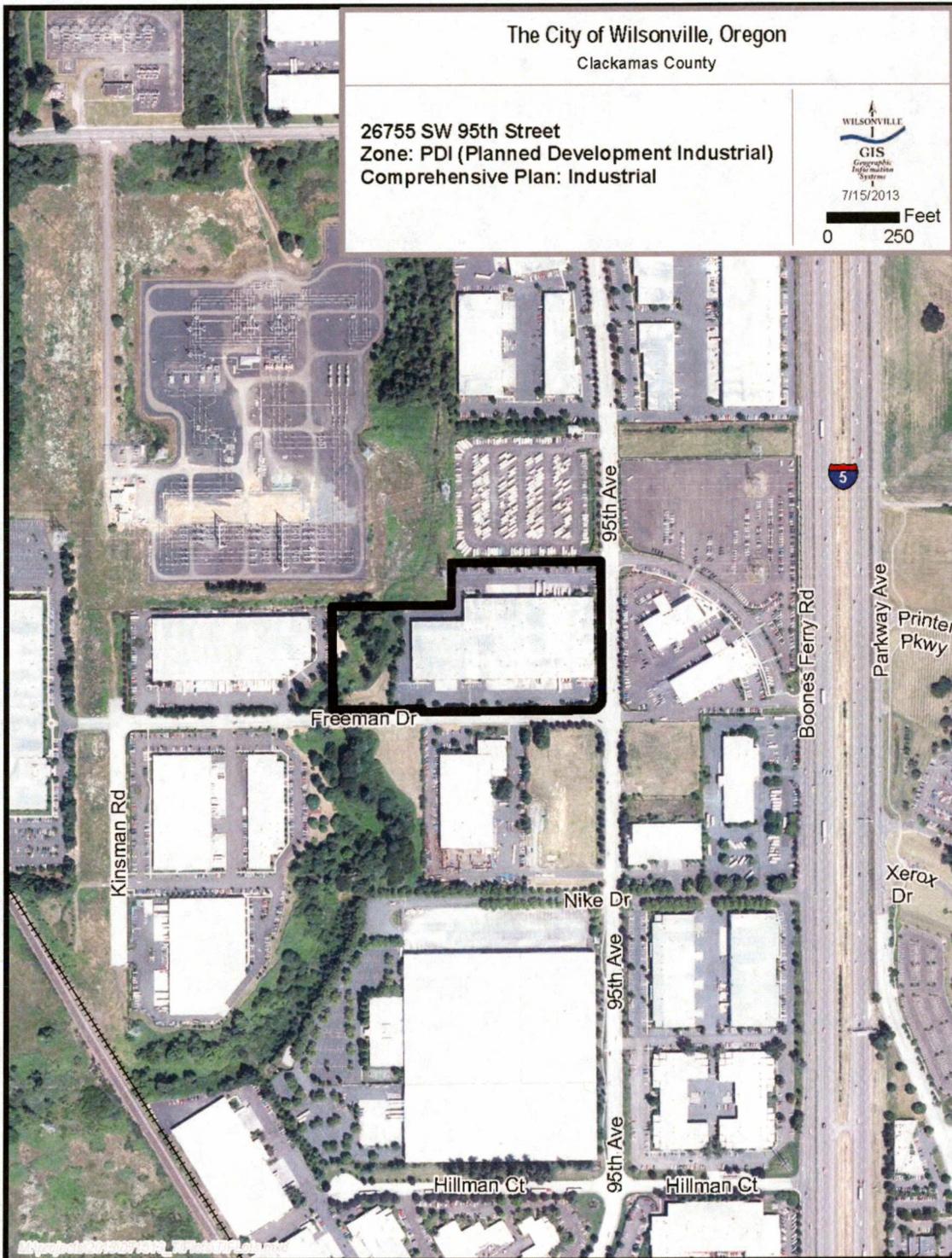
B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments in scope. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code

Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code that affect the Plan and/or the Area shall be incorporated automatically within the Plan without any separate action required by the Agency or the City Council.

Figure 2 – Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

XI. RELATIONSHIP TO LOCAL OBJECTIVES

The Plan relates to local planning and development objectives contained within the City of Wilsonville's Comprehensive Plan and Economic Development Strategy. The following section describes the purpose and intent of these plans, the particular goals and policies within each planning document to which the proposed Plan relates, and an explanation of how the Plan relates to these goals and policies. The numbering of the goals, policies, and implementation strategies will reflect the numbering that occurs in the original document. Italicized text is text that has **not** been taken directly from an original planning document. The Zoning and Comprehensive Plan designations are shown in Figure 2.

This is not a comprehensive list of all parts of the Wilsonville Comprehensive Plan that are supported by this Plan. This list includes the major goals and policies from the Comprehensive Plan that are supported. However, there may be other goals and policies that are not listed, but are still supported by this Plan.

A. City of Wilsonville Comprehensive Plan

The Wilsonville Comprehensive Plan was updated in January 2013. The Comprehensive Plan is an official statement of the goals, policies, implementation measures, and physical plan for the development of the City. The Plan documents the City's approach to the allocation of available resources for meeting current and anticipated future needs. In doing so, it records current thinking regarding economic and social conditions. Because these conditions change over time, the Plan must be directive, but flexible, and must also be periodically reviewed and revised to consider changes in circumstances.

Section A: Citizen Involvement

Goal 1.1 To encourage and provide means for interested parties to be involved in land use planning processes, on individual cases and City-wide programs and policies.

Policy 1.1.1 The City of Wilsonville shall provide opportunities for a wide range of public involvement in City planning programs and processes.

The Plan conforms with Goals 1.1 and Policy 1.1.1 by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine

that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. Later, a city-wide vote was held so that the community could weigh in on the decision of whether or not to use TIF Zones. Citizens were included in the adoption phase of the urban renewal plan through a public open house, Planning Commission meeting, and City Council hearing that was noticed as required in ORS 45.

Goal 1.2 For Wilsonville to have an interested, informed, and involved citizenry.

Implementation Measure 1.2.1.c. Establish procedures to allow interested parties reasonable access to information on which public bodies will base their land use planning decisions.

Policy 1.3 The City of Wilsonville shall coordinate with other agencies and organizations involved with Wilsonville's planning programs and policies.

The Plan conforms with Goals 1.2, Policy 1.3, and their Implementation Measures by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. In addition, taxing jurisdictions received formal notice, and, if desired, a briefing on the Plan. Representatives of the three major taxing jurisdictions were included as members of the Task Force that recommended the creation of TIF Zones.

Section C: Urban Growth Management

Goal 2.1 To allow for urban growth while maintaining community livability, consistent with the economics of development, City administration, and the provision of public facilities and services.

Implementation Measure 2.1.1.a. Allow development within the City where zoning has been approved and other requirements of the Comprehensive Plan have been met.

Implementation Measure 2.1.1.c. Encourage a balance between residential, industrial, and commercial land use, based on the provisions of this Comprehensive Plan.

Implementation Measure 2.1.1.d. Establish and maintain revenue sources to support the City's policies for urbanization and maintain needed public services and facilities.

Policy 2.1.1 The City of Wilsonville shall support the development of all land within the City, other than designated open spaces, consistent with the land use designations of the Comprehensive Plan.

The Plan conforms with Goal 2.1, Policy 2.1.1, and their Implementation Measures by providing financial incentives for the redevelopment of lands already designated as urban and already provided with infrastructure. By doing this, the Plan encourages growth and development within the urban growth boundary, and helps relieve pressures on lands outside of the urban growth boundary.

Section D: Land Use and Development

Goal 4.1 To have an attractive, functional, economically vital community with a balance of different types of land.

Policy 4.1.1 The City of Wilsonville shall make land use and planning decisions to achieve Goal 4.1.

Implementation Measure 4.1.1.d. In the process of administering the City's Comprehensive Plan, careful consideration will be given to the economic impacts of proposed policies, programs and regulations. Efforts will be made to simplify and streamline the planning and zoning review process while maintaining the quality of development.

Implementation Measure 4.1.1.e. The City shall protect existing and planned industrial and commercial lands from incompatible land uses, and will attempt to minimize deterrents to desired industrial and commercial development.

Implementation Measure 4.1.1.m. Encourage a balance between light industrial and residential growth within the City.

The Plan conforms with Goal 4.1, Policy 4.1.1, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will enrich the balanced land uses within Wilsonville. Also, by encouraging redevelopment of the Area, the Plan helps support an economically vital community by bringing jobs to the community and by reducing the number of vacant or underutilized industrial buildings in the City.

Policy 4.1.3 City of Wilsonville shall encourage light industry compatible with the residential and urban nature of the City.

Implementation Measure 4.1.3.a. Develop an attractive and economically sound community.

Implementation Measure 4.1.3.c. Favor capital intensive, rather than labor intensive, industries within the City.

Implementation Measure 4.1.3.e. Site industries where they can take advantage of existing transportation corridors such as the freeway, river, and railroad.

The Plan conforms with Goal 4.1, Policy 4.1.3, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will help maintain a healthy mix of industrial jobs and industry within the community, and will encourage industrial activities to sites where they can take advantage of existing transportation corridors and other infrastructure.

B. Wilsonville Economic Development Strategy

The Economic Development Strategy was completed in August 2012, and sets forth an economic strategy for Wilsonville that describes actions to be taken by the public sector for the purpose of stimulating private sector activity. This strategy was developed with the assistance of an advisory committee that met over the course of 4 months and considered input from the community provided in the form of focus groups, interviews with business leaders, an economic summit, public comments and a community survey. The end result was a vision statement for economic development in Wilsonville, and a list of 6 actions to be taken by the public sector. Specific actions that are directly supported by this Urban Renewal Plan are listed below, but other actions from the Economic Development Strategy will also benefit from the successful implementation of this Plan.

Action 2.1 Promote reuse of vacant building, infill development, and redevelopment.

Action 6.2 Develop criteria to guide the use of incentives to attract or retain businesses.

The projects in the Plan conform with the Economic Development Strategy. They will help to encourage the reuse of existing industrial buildings and infill development by providing an incentive package similar to that of neighboring communities. This incentive package will help incentivize and generate private investment, which will in turn provide jobs for the community and an increased tax base to support local services and infrastructure.

C. Wilsonville Development Code

The Wilsonville Development Code - Planning and Land Development was enacted for the purpose of promoting the general public welfare by ensuring procedural due process in the administration and enforcement of the City's Comprehensive Plan, Zoning, Design Review, Land Division, and Development Standards. It is contained as Chapter 4 of the Wilsonville Code.

The zoning designation for the property in the Area is PDI - Planned Development Industrial Zone. It is shown in Figure 2. The Plan is not proposing any new zones or

code amendments, nor are there any proposals that would modify any of the existing zones or land uses. The Plan will comply with all requirements of the existing zoning.

D. City of Wilsonville Transportation Systems Plan

The City of Wilsonville Transportation Systems Plan (TSP) was adopted by the Wilsonville City Council on June 17, 2013.

The TSP is the City's long-term transportation plan and is an element of its Comprehensive Plan. It includes policies, projects, and programs that could be implemented through the City's Capital Improvement Plan, development requirements, or grant funding.

The 2013 TSP process built upon two decades of community planning to create a complete community transportation plan that integrates all travel modes. Most of the policies and projects come from prior adopted plans, including the Comprehensive Plan, 2003 TSP, 2006 Bicycle and Pedestrian Master Plan, and 2008 Transit Master Plan. While the TSP replaces the 2003 TSP in its entirety, it updates and builds upon the 2006 Bicycle and Pedestrian Master Plan and 2008 Transit Master Plan. Where these documents may be in conflict, the new TSP takes precedence.

SW 95th Avenue is designated as a minor arterial, a truck route and a bicycle route.¹ The TSP Executive Summary identifies 95th Avenue Sidewalk Infill as a priority project to fill in gaps in the sidewalk network on the east side of 95th Avenue from Boeckman Road to Hillman Court, and construct transit stop improvements.² SW 95th Avenue also has a designated cross section deficiency.³ SW 95th Avenue is served by transit.

The Plan conforms with the City of Wilsonville Transportation System Plan as the redevelopment planned for the Area is an industrial use and SW 95th Avenue will be used as designated in the TSP. SW 95th Avenue is classified as a minor arterial, anticipating truck travel.

¹ City of Wilsonville Transportation System Plan, 2013, Figure 3-2 Functional Class Designations, p 3-6; Figure 3-4 Freight Routes, p 3-9; Figure 3-5 Bicycle Routes, p 3-11.

² City of Wilsonville Transportation System Plan, 2013, Executive Summary, p v.

³ City of Wilsonville Transportation System Plan, 2013, Figure 4-1 Roadway Cross-Section Deficiencies, p 4-5.

APPENDIX A: LEGAL DESCRIPTION

26755 SW 95TH AVENUE URBAN RENEWAL DISTRICT WILSONVILLE, OREGON

Lots and maps are taken from Assessor's Tax Maps from July, 2013, and attached hereto. The area is described as that land containing that lot or parcel of property situated in the City of Wilsonville, County of Clackamas, and the State of Oregon, lying in Section 11, Township 3 South, Range 1 West of the Willamette Meridian, bounded as follows:

BEGINNING at a point which bears South 01°34'29" West, 1501.90 feet, more or less, from the corner common to Sections 2 and 11, said point being the most Northerly Northwest corner of Parcel 1, Partition Plat 2001-119, records of said county, Assessor's Plat 3 1W 11;

1. Thence East along the North line of said Parcel 1, 525 feet, more or less, to the point of intersection of said North line with the West right-of-way line of 95th Avenue;
2. Thence South along said West right-of-way line and the extension thereof, 520 feet, more or less, to the point of intersection of said West right-of-way line with the Easterly extension of the North right-of-way line of Freeman Drive;
3. Thence West along said Easterly extension of said North right-of-way line and said North right-of-way line, 955 feet, more or less, to the Southwest corner of said Parcel 1;
4. Thence North along the West line of said Parcel 1, 362 feet, more or less, to the most Southerly Northwest corner of said Parcel 1;
5. Thence East along the North line of said Parcel 1, 418 feet, more or less, to a point which bears South 01°34' 29" West, 148 feet, more or less, from the Point of Beginning;
6. Thence North, 148 feet, more or less, to the **POINT OF BEGINNING**.

The described property, located entirely within the City of Wilsonville, County of Clackamas and the State of Oregon, contains **ten (10)**, acres, more or less.

Due to the possibility of errors in the acreage shown on the Assessor's Tax Maps used to compute the property acreage, the acreage given hereon should be considered accurate to the nearest 1 acre.

**REPORT ACCOMPANYING
26755 SW 95TH AVENUE
URBAN RENEWAL PLAN**



Prepared for the City of Wilsonville

August 5, 2013

**REPORT ACCOMPANYING
26755 SW 95TH AVENUE
URBAN RENEWAL PLAN**

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I. INTRODUCTION

The Report on the 26755 SW 95th Avenue Urban Renewal Plan (Report) contains background information and project details that pertain to the 26755 SW 95th Avenue Urban Renewal Plan (Plan). The Report is not a legal part of the Plan, but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides information required by ORS 457.085(3). The format of the Report is based on this statute. The Report documents not only the proposed projects in the Plan, but also documents the existing conditions in the 26755 SW 95th Avenue Urban Renewal Area (Area).

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility.

Figure 1 – 26755 SW 95th Avenue Urban Renewal Plan Area Boundary



II. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the 26755 SW 95th Avenue Urban Renewal Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

Land Use

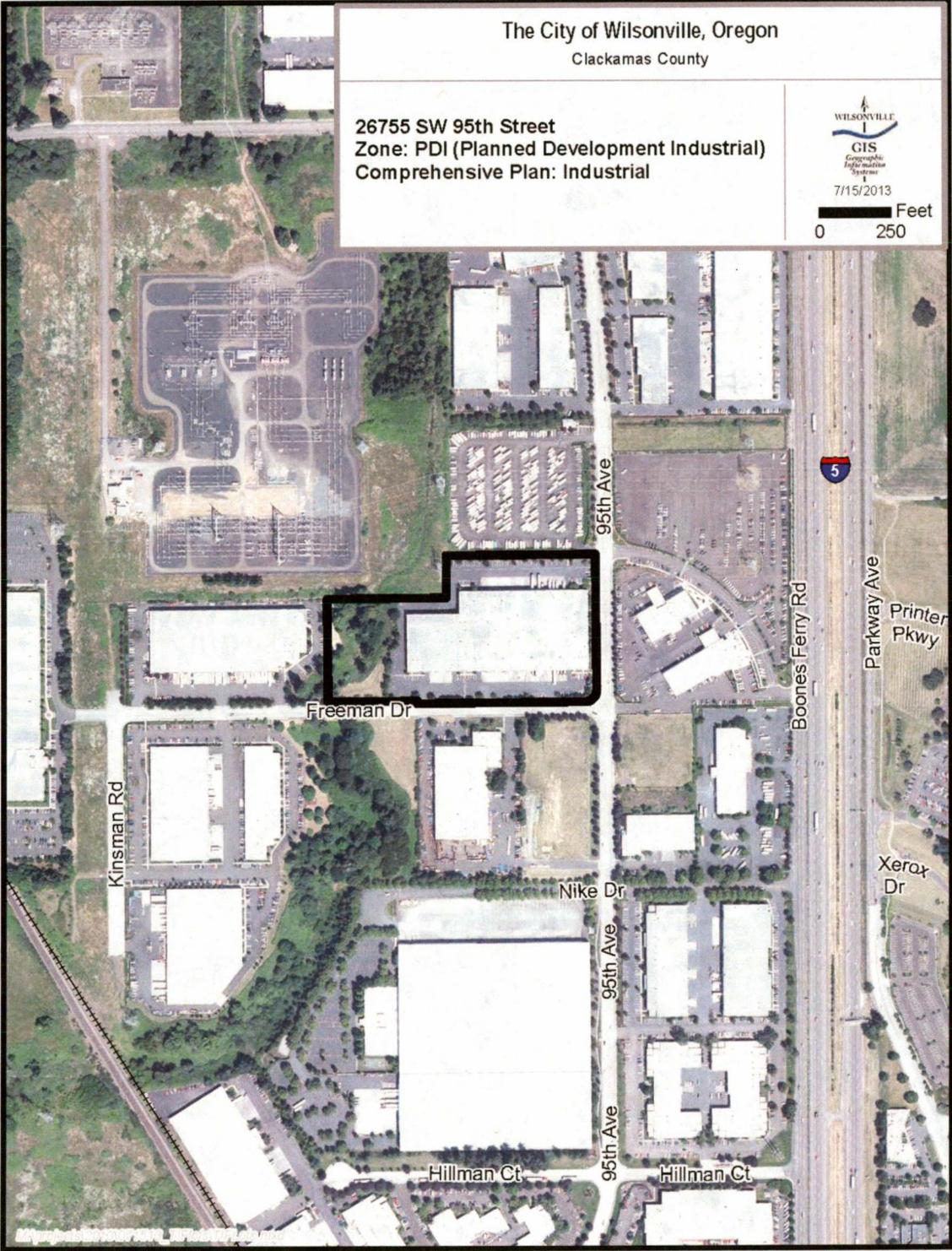
According to data obtained from the City of Wilsonville and the Clackamas County Assessor’s office, the Area, shown in Figure 1 above, contains 1 industrial use parcel that has 165,810 square feet of building space on 9.76 acres.

Zoning and Comprehensive Plan Designations

In the City of Wilsonville, the Wilsonville Development Code and the Wilsonville Comprehensive Plan designations differ. The development code establishes districts to control land use throughout the city and regulates development standards within these established use districts. The comprehensive plan designation indicates the type of use allowed on a parcel.

The comprehensive plan designation of the parcel is Industrial, and the zoning is Planned Industrial Development (PDI).

Figure 2 – Area Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

B. Infrastructure: Existing Conditions

Infrastructure

This section of the Report identifies the existing infrastructure in the Area. However, because this Area consists of only one parcel, this section will instead evaluate the infrastructure directly serving this parcel, along with an evaluation of the conditions of the infrastructure on the parcel itself. Information was obtained from documentation by City of Wilsonville staff.

1. Streets/Sidewalks/Pathways/Bike Lanes

The street servicing the property, SW 95th Avenue, is a minor arterial that is in good condition and meets City standards. SW 95th Avenue has adequate streetscape, sidewalks, curbs, and bike lanes.

There are currently no planned projects for SW 95th Avenue in the Capital Improvement Plan (CIP) or other planning documents.

2. Water

The water pipe serving the Area is a 2" domestic/2" irrigation that should be adequate for the current or future needs of the Area. There are no projects planned for the water infrastructure serving the Area in the CIP or other planning documents.

3. Storm Drainage Master Plan

The storm drain service in the Area is adequate for current and future use, and there are no planned projects for storm drain infrastructure serving the Area in the CIP or other planning documents. However, a building expansion or the addition of impervious surface could trigger new on-site stormwater improvements.

4. Sanitary Sewer

Sewer service to the Area is more than adequate for the current and future needs of the Area, and there are no planned projects for sewer infrastructure serving the Area in the CIP or other planning documents.

5. Parks

There are no public parks in the Area. The 2007 Parks and Recreation Master Plan identifies project P12 Industrial Area Waysides in the northwest industrial area of Wilsonville, which is currently underserved by parks or recreation facilities. These projects are not in the City's short or mid-term Capital Improvement Program and have not been sited.

6. Public Parking

There is no public parking in the Area, but there is a bank of private head-in parking along the south, west, and north ends of the building that should provide parking for over 150 vehicles.

7. Wetlands

Approximately 92,315 SF along the Area's western boundary along the Basalt Creek tributary is identified as wetland and within the City's Significant Resource Overlay Zone.

8. Conditions of Buildings

The building has 165,810 square feet of space. It has been mostly vacant and is considered underutilized.

C. Social Conditions

There is only one industrial parcel in the Area and there are no residents that reside within the Area.

D. Economic Conditions

Taxable Value of Property Within the Area

According to the Clackamas County Assessor's office, the estimated 2011/2012 total assessed value of the real property in the Area is \$6,800,000. The total assessed value including personal property is \$7,064,499. The building is underutilized, and if it was fully utilized and converted to a traded-sector use such as manufacturing, the values would increase.

The frozen base is estimated to be \$7,064,499.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX (Impact of the Tax Increment Financing) of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The project being considered for future use of urban renewal is an economic development project. The use of urban renewal funding for this project allows the City to provide an attractive industrial development incentive program that will be competitive with neighboring communities' Enterprise Zone programs. It also allows

the city to tap a different funding source besides the City of Wilsonville's general funds to support this program.

All necessary infrastructure to serve the Area is in place and none of the systems are slated for improvements in the CIP. Converting the building structure in the Area to optimized use will take advantage of the existing infrastructure. Because the structure will incur a change in use from warehousing to manufacturing, or another traded-sector use that meets program criteria, there may be a need for additional police and fire services. However, since this structure already exists and has received these services before, these are not totally new service requirements. In addition, a vacant structure can sometimes be vulnerable to vandalism, criminal activity and fire risk. Bringing the structure back to full use will help prevent such risks.

The revenue sharing feature of this urban renewal plan allows for tax increment to be shared with taxing jurisdictions including the City of Wilsonville at the onset of receipt by the Agency of tax increment funds. These funds will help offset any increased services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to cure blight by providing the ability to fund an economic incentive program to encourage private sector investment in an underutilized and/or vacant parcel of industrial zoned land.

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area, including how they relate to the existing conditions in the Area, are described below:

A. Property Tax Rebates

This project offers an incentive to the private sector to convert underutilized industrial buildings into higher value traded-sector uses, such as manufacturing, in the Area. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Existing Conditions:

This parcel is currently vacant and/or underutilized. It has 165,810 square feet of building space on 9.76 acres.

B. Debt Service and Administration

This project will allow for the repayment of costs associated with the preparation (including the potential repayment of the initial planning costs for the development of the urban renewal plan) adoption, and implementation of the 26755 SW 95th Avenue Urban Renewal Plan. This project also includes ongoing administration and any financing costs associated with the Plan.

Existing Conditions:

As there is currently no urban renewal program for this Area, these activities do not exist.

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The costs of the projects are shown in Table 1. The sources of funds are tax increment revenues. A three percent annual inflation factor is used. These funds will be allocated to the following projects:

- Repayment of a portion of the urban renewal planning costs will occur in the first year that tax increment funds are received (\$12,000 in FY 2013-14, adjusted annually for inflation increases).
- Approximately \$15,000 in FY 2013-14, adjusted for inflation, will be allocated for program administration annually.
- The project will rebate up to 75% of the net tax increment revenue for three years for each qualifying company if the average wage of the 75 or more new jobs pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid, which for 2012 is \$25.33/hour or \$52,693 annual wage rate. Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County at the time the rebate is paid, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.
- Any net tax increment revenues in excess of what is needed for administrative expenses or tax rebates will be distributed to the impacted taxing jurisdictions.

Table 1 – Estimated Project Allocations

TIF Use	Amount
URA Administration	\$141,367
Rebate	\$11,821,851
Total	\$11,963,218

Source: ECONorthwest, TIF: Tax Increment Funds

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The anticipated latest completion date of the projects in the 27655 SW 95th Avenue Urban Renewal Plan will be June 30 of the fiscal year ending 15 years after the approval of the Plan. If investments do not occur as outlined in the program guidelines, the Plan may be terminated earlier at the discretion of the Agency.

VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 2 shows a scenario for how this urban renewal plan may be implemented. This scenario relies on an investment by the developer of over \$407,000,000, in three successive years, receiving \$11,821,851 in tax rebates from tax increment funds received by the Agency. This results in approximately \$12 million in maximum indebtedness, and represents the maximum investment anticipated in the building. Lower investment levels will result in lower actual tax rebates and lower actual maximum indebtedness used. When a developer negotiates an agreement with the City, the projected rebate and revenue sharing numbers will be reevaluated, but may not exceed the \$12 million maximum indebtedness established in this Plan.

Table 2. Investment Schedule

Year	Investment Amount		
	Schedule 1	Schedule 2	Schedule 3
2013			
2014			
2015	137,000,000		
2016		135,000,000	
2017			135,000,000
2018			

Source: ECONorthwest

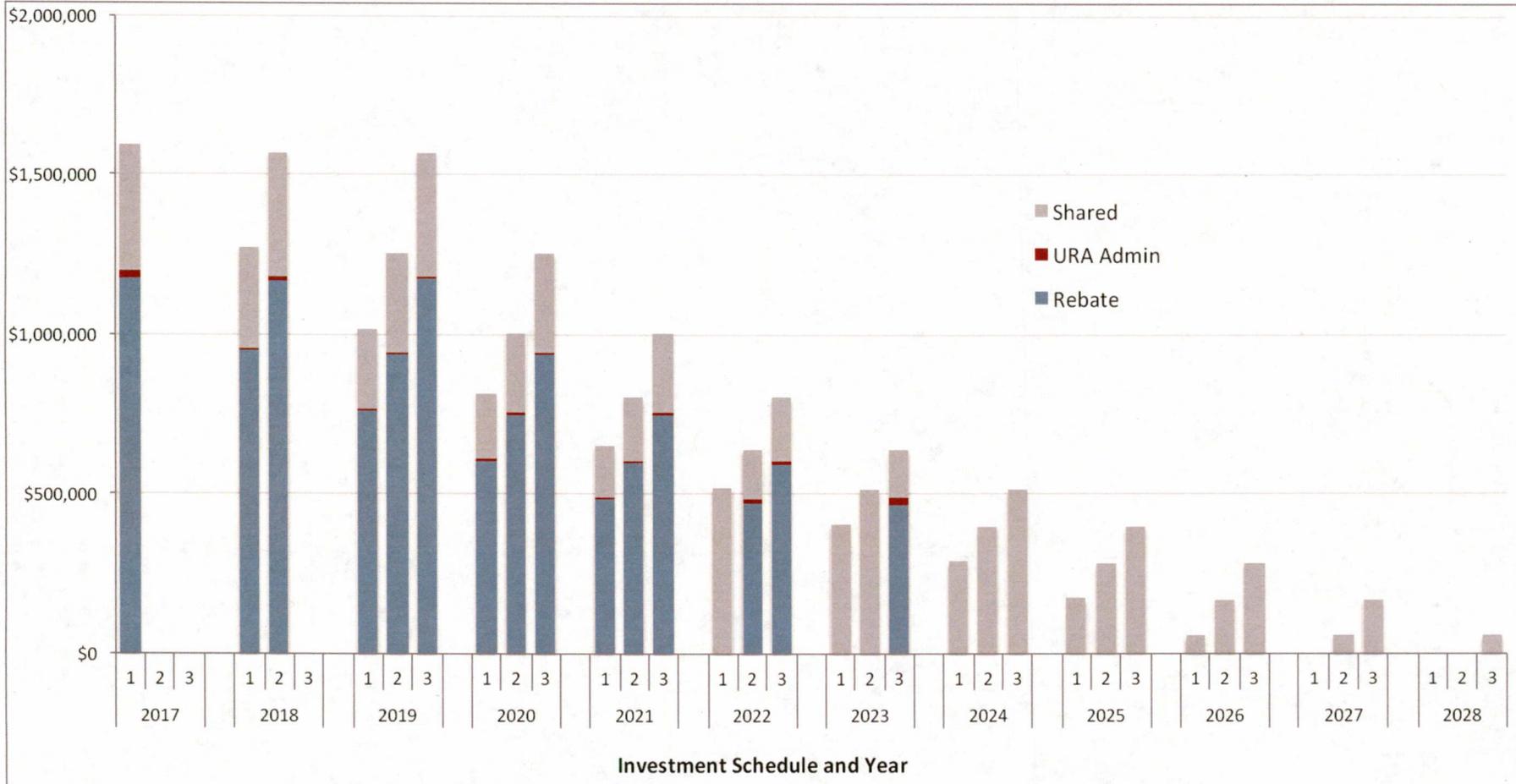
The tax increment revenues and their allocation to administrative costs, developer rebates, and the taxing jurisdictions' share of the increased property tax revenue are shown in Table 3. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

It is anticipated that all expenditures of tax increment funding will be completed within 15 years. The maximum indebtedness is \$12,000,000. In the scenario detailed in Tables 2 and 3, the term of the rebate expires before all of the manufacturer's

investment in equipment has depreciated. The result of this is the taxing jurisdictions begin to receive 100% of the TIF revenues in fiscal year 2023-24, and the total amount shared with taxing jurisdictions for the entire duration of the Area ends up being much higher than the net 25% share that is guaranteed during the time the developer is receiving rebates. Table 2 shows the total projected rebate to the developer in this scenario would be \$11,821,851 dollars, while the amount received by taxing jurisdictions is estimated at \$8,247,490 dollars over the 15 year life of the Plan. This is actually 40.8% of the total tax increment revenue.

Chart 1 depicts this scenario. Each individual investment provides rebates to the developer, and a portion of extra tax increment to taxing jurisdictions, for a five-year period, with any remaining increment shared with the taxing jurisdictions when that rebate period expires. The three investments are depicted in consecutive years, as shown by the 1,2,3 on the horizontal axis of the chart. As shown, once any one investment reaches the 6th year, all of the tax increment from that investment is shared with the taxing jurisdictions. This would be accomplished through an under levy.

Chart 1. Investment, Amortization, and Rebate Schedule



Source: ECONorthwest

There will be no loans or bonds issued. The amount of funding to service the maximum indebtedness will be raised through the payment of tax increment from the County Assessor's office. Because the project payments are predicated upon the annual tax increment on a formulaic basis allocating first to administrative costs, then a 75/25 split of increment between the developer and impacted taxing jurisdictions, the Plan will be financially feasible. No payments will be made without first receiving the increment from the assessor.

Table 3 – Tax Increment Revenues and Allocations to Project Costs Sample Scenario

FYE	URA Admin	Rebate	Shared	Total
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	\$28,883	\$1,172,736	\$390,911	\$1,592,530
2018	\$17,390	\$2,119,437	\$706,479	\$2,843,306
2019	\$17,912	\$2,869,511	\$956,504	\$3,843,927
2020	\$18,449	\$2,292,519	\$764,173	\$3,075,141
2021	\$19,002	\$1,830,780	\$610,260	\$2,460,042
2022	\$19,572	\$1,069,956	\$878,472	\$1,968,000
2023	\$20,159	\$466,912	\$1,075,757	\$1,562,828
2024	-	-	\$1,204,211	\$1,204,211
2025	-	-	\$859,716	\$859,716
2026	-	-	\$515,223	\$515,223
2027	-	-	\$228,592	\$228,592
2028	-	-	\$57,192	\$57,192
2029	-	-	-	-
2030	-	-	-	-
Total	\$141,367	\$11,821,851	\$8,247,490	\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, URA: Urban Renewal Area

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues in the sample scenario, as shown above, are based on projections of the assessed value of investment that could occur within the Area, depreciation of the investment and the total tax rate that will apply in the Area. The assumptions include assumptions of development, as identified in the TIF Zones concept by the City of Wilsonville. Although these assumptions are used as a basis for evaluating the Plan, the financial feasibility is predicated on the simple formula that increased revenues will be shared by the City for administration, by the developer and by the taxing jurisdictions. No payments will be made until tax increment is received from the County Assessor. These payments will be distributed on a formula that includes payments for administrative costs, then a 75/25 split between the developer and impacted taxing jurisdictions.

Table 4 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (not adjusted for under-collection, penalties, and interest). These projections of increment are the basis for the projections in Table 3. These projections include shared revenue with impacted taxing jurisdictions.

Table 5 shows the investment and depreciation assumptions used in preparing the financial analysis. In this scenario, all investment is assumed to be equipment, and so it is depreciated. The depreciation schedule used in this scenario is a half-year convention over a 10-year recovery period that was published by the Internal Revenue Service in its annual report for how to depreciate property. Depreciation is an annual income tax deduction that allows you to recover the cost or other basis of certain property over the time you use the property. It is an allowance for the wear and tear, deterioration, or obsolescence of the property. In this case, all the investment in property is assumed to depreciate to zero after 10 years. Property can be depreciated at different times throughout the year, depending on the accounting method used. Under the half year convention, you treat all property placed in service or disposed of during a tax year as placed in service or disposed of at the midpoint of the year. This means that a one-half year of depreciation is allowed for the year the property is placed in service or disposed of.

However, as stated above, for purposes of financial feasibility, the fact that no payments will be made until tax increment is received establishes financial feasibility.

Table 4 – Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Assessed Value	Frozen Base	Excess Value	Tax Rate	TIF
2013	\$7,064,499	\$7,064,499	\$0	13.0968	-
2014	\$7,064,499	\$7,064,499	\$0	13.0936	-
2015	\$7,064,499	\$7,064,499	\$0	13.0793	-
2016	\$7,064,499	\$7,064,499	\$0	12.9159	-
2017	\$130,364,499	\$7,064,499	\$123,300,000	12.9159	\$1,592,530
2018	\$227,204,499	\$7,064,499	\$220,140,000	12.9159	\$2,843,306
2019	\$304,676,499	\$7,064,499	\$297,612,000	12.9159	\$3,843,927
2020	\$245,154,099	\$7,064,499	\$238,089,600	12.9159	\$3,075,141
2021	\$197,530,699	\$7,064,499	\$190,466,200	12.9159	\$2,460,042
2022	\$159,434,799	\$7,064,499	\$152,370,300	12.9159	\$1,968,000
2023	\$128,064,799	\$7,064,499	\$121,000,300	12.9159	\$1,562,828
2024	\$100,299,299	\$7,064,499	\$93,234,800	12.9159	\$1,204,211
2025	\$73,627,099	\$7,064,499	\$66,562,600	12.9159	\$859,716
2026	\$46,955,099	\$7,064,499	\$39,890,600	12.9159	\$515,223
2027	\$24,762,999	\$7,064,499	\$17,698,500	12.9159	\$228,592
2028	\$11,492,499	\$7,064,499	\$4,428,000	12.9159	\$57,192
2029	\$7,064,499	\$7,064,499	\$0	12.9159	-
2030	\$7,064,499	\$7,064,499	\$0	12.9159	-
Total					\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, TIF Revenue: Tax Increment Revenue

Table 5 – Projected Investments and Depreciation Schedules

Calendar Year	FYE	Investment Schedule 1			Investment Schedule 2			Investment Schedule 3			Total RMV
		Value	Depreciation	RMV	Value	Depr.	RMV	Value	Depr.	RMV	
2013	2015										
2014	2016										
2015	2017	\$137,000,000	10.00%	\$123,300,000							\$123,300,000
2016	2018		18.00%	\$98,640,000	\$135,000,000	10.00%	\$121,500,000				\$220,140,000
2017	2019		14.40%	\$78,912,000		18.00%	\$97,200,000	\$135,000,000	10.00%	\$121,500,000	\$297,612,000
2018	2020		11.52%	\$63,129,600		14.40%	\$77,760,000		18.00%	\$97,200,000	\$238,089,600
2019	2021		9.22%	\$50,498,200		11.52%	\$62,208,000		14.40%	\$77,760,000	\$190,466,200
2020	2022		7.37%	\$40,401,300		9.22%	\$49,761,000		11.52%	\$62,208,000	\$152,370,300
2021	2023		6.55%	\$31,427,800		7.37%	\$39,811,500		9.22%	\$49,761,000	\$121,000,300
2022	2024		6.55%	\$22,454,300		6.55%	\$30,969,000		7.37%	\$39,811,500	\$93,234,800
2023	2025		6.56%	\$13,467,100		6.55%	\$22,126,500		6.55%	\$30,969,000	\$66,562,600
2024	2026		6.55%	\$4,493,600		6.56%	\$13,270,500		6.55%	\$22,126,500	\$39,890,600
2025	2027		3.28%	-		6.55%	\$4,428,000		6.56%	\$13,270,500	\$17,698,500
2026	2028					3.28%	-		6.55%	\$4,428,000	\$4,428,000
2027	2029								3.28%	-	\$0
2028	2030										

FYE: Fiscal Year End RMV: Real Market Value Depr.: Depreciation
 Source: ECONorthwest

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the new maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated for a 15-year period and are shown in Tables 6a and 6b. Table 6a shows the general government taxing jurisdictions and Table 6b shows the education taxing jurisdictions.

The concept for this plan, as defined by the City of Wilsonville, includes a 25% share of net tax increment proceeds with the affected taxing jurisdictions. This formula for revenue sharing is different than the formula described in Oregon Revised Statutes (ORS). Revenue sharing is part of the 2009 legislative changes to urban renewal and means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the area. By statute, the share is a percentage basis dependent upon the tax rates of the taxing jurisdictions. The first threshold is 10% of the original maximum indebtedness. At the 10% threshold, the urban renewal agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The second threshold is set at 12.5% of the maximum indebtedness. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

The West Linn-Wilsonville School District and the Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. The formula for funding schools, as changed in the 2013 legislative session, is \$6,852 per pupil for FY 2013-14 and \$7,081 per pupil for FY 2014-15, an increase over the 2012 levels. According to the State of Oregon Department of Education, there was approximately

\$1 billion dollars of increased revenues allocated to school financing in the 2013 legislative session.¹

Tables 6a and 6b show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. It assumes the growth as projected in the other tables in this Report. **It does not offset the foregone revenues with the expected new revenues. Although the taxing jurisdictions are shown to forego approximately \$12 million, as shown in Tables 6a and 6b, they will receive approximately \$8 million, as shown in Table 3. Over the life of the Plan, the taxing jurisdictions will receive over 40% of the total tax increment revenues produced by this sample scenario.**

There is always some discussion about the true impact of urban renewal on the taxing jurisdictions as there is one line of thought that some of the growth projected would not occur “but for” urban renewal. In this case, the building is underutilized either through vacancy or type of use, and expectations are that it will remain underutilized in the future without developer incentives. Given this, there would be no expectation that any increase of property taxes would come from this building without the use of urban renewal.

There is no anticipated change in revenue for affected taxing jurisdictions upon termination of the Plan, which is expected in 15 years. All projected investment is equipment, and equipment’s assessed value depreciates over time. By the time the Area expires, all equipment will be fully depreciated, so there will be no additional assessed value to tax. However, the taxing jurisdictions are receiving 25% of the net increment during the time period the developer is receiving 75% of the net increment, and they are receiving 100% of the increment for the remaining time frame of the Area, as shown in Table 3. If there are any improvements to the building itself, or increases in value of the building itself, the taxing jurisdictions would realize the increased taxes from those investments.

¹ Phone interview with Jan McComb, State of Oregon Department of Education, July 11, 2013.

Table 6a – Projected Impact on Taxing District Permanent Rate Levies (General Government)

FYE	Clackamas County	Tualatin Valley Fire & Rescue	City of Wilsonville	Port of Portland	Metro	COUNTY EXTENSION & 4-H	COUNTY LIBRARY	COUNTY SOIL CONS	VECTOR CONTROL	Subtotal
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	(223,673)	(141,896)	(234,502)	(6,522)	(8,987)	(4,652)	(36,972)	(4,652)	(605)	(662,461)
2018	(397,755)	(252,332)	(417,012)	(11,597)	(15,982)	(8,272)	(65,746)	(8,272)	(1,075)	(1,178,043)
2019	(537,473)	(340,967)	(563,494)	(15,671)	(21,595)	(11,178)	(88,841)	(11,178)	(1,453)	(1,591,850)
2020	(430,170)	(272,895)	(450,997)	(12,543)	(17,284)	(8,946)	(71,105)	(8,946)	(1,163)	(1,274,049)
2021	(344,323)	(218,435)	(360,994)	(10,040)	(13,835)	(7,161)	(56,915)	(7,161)	(931)	(1,019,795)
2022	(202,808)	(128,659)	(212,627)	(5,913)	(8,149)	(4,218)	(33,523)	(4,218)	(548)	(600,663)
2023	(90,665)	(57,517)	(95,054)	(2,644)	(3,643)	(1,886)	(14,986)	(1,886)	(245)	(268,526)
2024	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
Total	(2,226,867)	(1,412,701)	(2,334,680)	(64,930)	(89,475)	(46,313)	(368,088)	(46,313)	(6,020)	(6,595,387)

Source: ECONorthwest.

Table 6b – Projected Impact on Taxing District Permanent Rate Levies (Education and Totals)

FYE	COM COLL CLACK (perm)	ESD CLACKAMAS	SCH WLINN/WILS (perm)	Education Subtotal	General Government Subtotal	Total
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	(51,932)	(34,302)	(452,927)	(539,161)	(662,461)	(1,201,622)
2018	(92,349)	(60,998)	(805,436)	(958,783)	(1,178,043)	(2,136,826)
2019	(124,789)	(82,425)	(1,088,359)	(1,295,573)	(1,591,850)	(2,887,423)
2020	(99,876)	(65,969)	(871,075)	(1,036,920)	(1,274,049)	(2,310,969)
2021	(79,944)	(52,804)	(697,240)	(829,988)	(1,019,795)	(1,849,783)
2022	(47,087)	(31,102)	(410,677)	(488,866)	(600,663)	(1,089,529)
2023	(21,050)	(13,904)	(183,592)	(218,546)	(268,526)	(487,072)
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	(517,027)	(341,504)	(4,509,306)	(5,367,837)	(6,595,387)	(11,963,224)

Source: ECONorthwest. Please refer to the explanation of the schools funding in the preceding section.

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base, including all real, personal, manufactured, and utility properties in the Urban Renewal Area, is projected to be \$7,064,499. The total assessed value of the City of Wilsonville is \$2,368,094,165. There are two existing urban renewal areas, as shown in Table 7. These two areas, plus the 27655 SW 95th Avenue Area, total 2.86% of the total assessed value of the City of Wilsonville, well below the 25% maximum. The 27655 SW 95th Avenue Area has 9.76 acres, including right-of-way, and the City of Wilsonville has 4,712 acres; the other two existing urban renewal areas total 1,023 acres. Therefore, 21.92% of the City's acreage is in an urban renewal area, below the 25% state limit.

Table 7 – Urban Renewal Area Conformance with Assessed Value and Acreage Limits

Urban Renewal Area	Assessed Value	Acres
26755 SW 95 th Avenue	\$7,064,499	9.76
Year 2000 Plan	\$44,087,806	567
West Side Plan	\$16,526,288	456
City of Wilsonville	\$2,368,094,165	4,712
Percent of Assessed Value in Urban Renewal	2.86%	
Percent of Acreage in Urban Renewal		21.92%

Source: City of Wilsonville, Clackamas County Assessor, U.S. Census Bureau

XI. RELOCATION REPORT

There is no relocation report required for the Plan. No relocation activities are anticipated.

9805 SW Boeckman Road Urban Renewal Plan



Prepared for the City of Wilsonville
August 5, 2013

City of Wilsonville

List of Participants

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I. DEFINITIONS

“Area” means the properties and rights of way located within this 9805 SW Boeckman Urban Renewal Plan urban renewal boundary.

“City” means the City of Wilsonville, Oregon.

“City Council” or “Council” means the City Council of the City of Wilsonville.

“Comprehensive Plan” means the City of Wilsonville Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Clackamas County.

“Economic Development Strategy Task Force” means a focused, limited-duration task force composed of leading community members and business managers who helped guide the Economic Development Strategy process and made a recommendation to the City Council.

“Enterprise Zones” means a program established by the State of Oregon in ORS 285C.045-.255, as amended, to provide tax incentives to businesses to locate in specifically designated areas of the state.

“Fiscal year” means the year commencing on July 1 and closing on June 30, the following year.

“Frozen base” means the total assessed value, including all real, personal, manufactured, and utility values within an urban renewal area at the time of plan approval. The county assessor certifies the assessed value after the approval of an urban renewal plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value of the frozen base.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan, pursuant to ORS 457.190, and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon revised statutes, specifically Chapter 457, which relates to urban renewal.

“Planning Commission” means the Wilsonville Planning Commission.

“Tax increment financing (TIF)” means the system that generates tax revenue through the division of taxes authorized by ORS 457.420 et.seq.

“Tax increment revenues” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the Area.

“TIF Zones” is the concept established by the Wilsonville City Council that is designed to offer incentives similar to enterprise zones, which stimulate property investment and employment opportunities. This concept is implemented as an urban renewal area.

“Urban renewal agency (agency)” means an urban renewal agency created under ORS 457.035 and 457.045. This agency is responsible for the administration of the urban renewal plan.

“Urban renewal plan” or “Plan” means this 9805 SW Boeckman Road Urban Renewal Plan, as it exists or is changed or modified from time to time, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135, and 457.220.

“Urban renewal project (project)” means any work or undertaking carried out under ORS 457.170 in the Area.

“Urban renewal report” means the official report that accompanies the urban renewal plan, pursuant to ORS 457.085(3).

II. INTRODUCTION

In February 2012, the City of Wilsonville established an Economic Development Advisory Committee (the “Committee”) to develop a strategy for the City’s economic development activities. After six months of public meetings, focus groups, interviews and an economic development summit, the Committee created an *Economic Development Strategy* that was adopted by the Wilsonville City Council in August 2012. The *Economic Development Strategy* describes a vision and principles for City economic development, and recommends twelve actions that are described in some detail. In particular, the *Economic Development Strategy* noted that the City should convene a task force to develop criteria to guide (1) the use of incentives to attract or retain businesses, (2) what businesses would qualify for incentives and under what conditions, (3) what types of incentives would be available to businesses, (4) the funding sources to support the incentives, and (5) expectations of businesses given incentives.

In November 2012, an Economic Development Strategy Task Force (the “Task Force”) was appointed and developed a framework for an incentive program that would more strategically position Wilsonville among its Portland metro-area competitors for economic development. The Task Force consisted of 21 individuals comprising a cross-section of the community. In the process of considering 10 different incentive options, single-property urban renewal districts, called Tax Increment Finance Zones (TIF Zones) emerged as one of the preferred incentive mechanisms. The Task Force recommendation to the Wilsonville City Council proposed the development of five TIF Zones. In Wilsonville, these urban renewal areas will fill a role similar to that of an Enterprise Zone, providing partial property tax rebates for qualifying investments occurring on the properties, thus encouraging companies to locate in Wilsonville and provide valuable economic benefits to the community. This proposal was taken before the City’s electorate in March 2013 and approved by 78.8 percent of voters.

While the TIF Zone incentive packages are similar to Enterprise Zones in concept, they will differ in several key ways in an attempt to make TIF Zones both a lower risk use of public funds and more attractive to potential investors. Each site selected to be a TIF Zone will require the creation of a separate urban renewal plan and report because each site will be its own, individual, urban renewal area. As established by the Task Force, TIF Zone properties must have 100,000 square feet or more of industrially-zoned building space that has the potential for conversion from warehousing to a higher-value, traded-sector use such as manufacturing.

The Agency has prepared the 9805 SW Boeckman Road Urban Renewal Plan (Plan) based on the recommendations of the Task Force. This Plan establishes the second of up to six urban renewal areas using the TIF Zone concept. The Plan contains goals, objectives, and projects for the development of the 9805 SW Boeckman Road Urban Renewal Area (Area). The overall purpose of the Plan is to use tax increment financing to provide incentives for economic investment, to cure blight in underutilized buildings, using strategies that are competitive with Enterprise Zones in other communities in the region.

In general, the purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old or deteriorated buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, or other obstacles to development. The Area selected is an underutilized, industrial-zoned area of Wilsonville that has had a history of partial or complete vacancy and where existing conditions have presented a barrier to attracting new private sector financial investment to convert the Area to a higher-value, traded sector use.

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues – the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established – are used to accomplish projects identified by the urban renewal agency. In this case, other than administration, the Plan has only one project, which is repayment in the form of partial property tax reimbursement for qualifying capital infrastructure investment that increases assessed value and job creation.

The specific projects to be approved in this Plan are outlined in Sections IV and V.

Urban renewal is put into effect when the local government (the City of Wilsonville, in this case) adopts an urban renewal plan. The urban renewal plan defines the urban renewal area, states goals and objectives for the area, lists projects and programs that can be undertaken, provides a dollar limit on the funds that can be borrowed for urban renewal projects, and states how the plan may be changed in the future.

The Area, shown in Figure 1, consists of approximately 24.98 acres.

The Plan will be administered by the Wilsonville Urban Renewal Agency, which was activated by the Wilsonville City Council as the City's Urban Renewal Agency.

Substantial changes to the Plan, if necessary, must be approved by the City Council, as outlined in Section X of this Plan.

An Urban Renewal Report, which accompanies the Plan, contains additional information, as required by ORS 457.085. The technical information in the Report includes:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact, in light of increased services;
- Reasons for selection of each Area in the Plan;
- The relationship between each project to be undertaken and the existing conditions;
- The total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the Area, and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

The Plan will be active for a maximum of 15 years as explained in Section V, subsection A, below. If no qualifying investment occurs in the Area that uses the Plan project incentives within five years after the effective date of the Plan, then the Plan will immediately be terminated. The maximum amount of indebtedness (amount of tax increment financing for projects and programs) that may be issued for the Plan is \$12,000,000. For TIF Zones, maximum indebtedness reflects the total of the tax repayment obligation to the qualifying company and represents the maximum amount of tax increment to be collected to meet this obligation as well as administrative costs.

III. GOALS AND OBJECTIVES

The goals of the Plan represent the basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve the goals. The urban renewal projects identified in Sections IV and V of the Plan are the specific means of meeting the objectives. The goals relate to adopted plans, as detailed in Section XI, and were developed with input from the Wilsonville Economic Development Strategy Task Force. The goals and objectives will be pursued as economically as is feasible and at the discretion of the urban renewal agency.

Goal 1: PUBLIC INVOLVEMENT

Maintain a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the urban renewal adoption process.

Objectives:

1. Provide opportunities for public input throughout the adoption process, including a public open house, Planning Commission meeting, and City Council hearing.
2. Provide information on urban renewal on the City of Wilsonville's website.

Goal 2: ECONOMY

Encourage the economic growth of the Area by encouraging local industrial investment and manufacturing jobs using existing infrastructure and promoting new use of vacant and underutilized industrial properties.

Objectives:

1. Provide steady, family-wage jobs for the community.
2. Generate investment that will bolster the local economy and provide revenue for local taxing jurisdictions.
3. Promote the reuse of vacant buildings and encourage infill development by providing incentives for investors to locate in an existing building or build on a site already in the middle of an industrial area and use the existing infrastructure.
4. Partner with public and private entities to incentivize and generate private investment.

Figure 1 – 9805 SW Boeckman Road Urban Renewal Area Boundary



Source: City of Wilsonville

IV. OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES

The primary project within the Area will be providing the return of incremental property taxes to developers as an incentive for redevelopment. Another small use of funds will be to pay for the preparation and administration of the Plan.

V. URBAN RENEWAL PROJECTS

The urban renewal projects authorized by the Plan are described below. These projects are consistent with the Wilsonville Economic Development Strategy and are in conformance with the Wilsonville Comprehensive Plan, as detailed in Section XI of this Plan.

As shown in the Report, urban renewal funds will primarily be used as an incentive to spur industrial development, investment, and job creation. The details of the projects are as follows:

A. Property tax rebates

This project offers an incentive to the private sector to convert under-utilized industrial buildings into higher value traded-sector uses, such as manufacturing. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Property tax rebate mechanics

The project will rebate up to 75% of the tax increment revenue for three years for each company that:

- Invests at least \$25 million in capital improvements and/or qualified equipment, and;
- Creates 75 or more new, permanent, full-time jobs that pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid which for 2012 is \$25.33/hour or \$52,693 annual wage rate.

Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.

Additional three- and five-year rebate periods could begin, after approval by the Agency, with any additional new capital investment and job creation meeting the above minimum criteria, providing the potential for up to 10 years of rebates. Again, however, qualified investment needs to be made within five years of program adoption. This limits the potential life of the program and rebates to up to 15 years. Qualifying Businesses must be manufacturing firms. If no qualifying investment has been made in the Area within five years of the effective date of the Plan, the Area will be dissolved.

Any businesses receiving Area benefits will be monitored by the Agency for compliance with qualifying criteria and no rebate shall be given if the business fails to meet any of the qualifications. Additionally, if a business which has received a rebate discontinues business operations in the Area within two years after it receives each rebate payment it will be required to return all or a portion of the rebate as follows. Should a business discontinue business operations within the Area within 12 months after receiving a rebate, the business shall be required to reimburse the Agency 100% of the rebate payment. Should a business discontinue business operations within 24 months of receiving a rebate, the business shall be required to reimburse the Agency 50% of the rebate payment.

B. Debt repayment and project administration

This project will allow for the repayment of costs associated with the preparation, including the potential repayment of the initial planning costs for the development of the urban renewal plan, adoption, and implementation of the Plan. This project also includes ongoing administration of the Plan.

VI. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not authorize the acquisition and disposition of property.

VII. RELOCATION METHODS

No relocation assistance will be provided because this Plan does not authorize property acquisition. If relocation is required, the Agency will comply with relocation methods required under state law.

VIII. LAND USES

The proposed land use is industrial development. The maximum densities and building requirements are contained in the Wilsonville Development Code.

IX. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt and to finance the urban renewal projects authorized in the Plan. Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.)

A. General description of the proposed financing methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues; and/or
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in planning or undertaking project activities, or otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax increment financing and maximum indebtedness

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion, is \$12,000,000.

C. Prior indebtedness

Any indebtedness permitted by law and incurred by the Agency or the City of Wilsonville in connection with the preparation of this Plan or prior planning efforts that support the preparation or implementation of this Plan may be repaid from tax increment revenues from the Area when, and if, such funds are available.

X. FUTURE AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments are amendments that:

- Add land to the urban renewal area, except for an addition of land that totals not more than 1% of the existing area of the urban renewal area; or
- Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided

to individuals or households within the City of Wilsonville, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments in scope. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code

Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code that affect the Plan and/or the Area shall be incorporated automatically within the Plan without any separate action required by the Agency or the City Council.

Figure 2 – Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

XI. RELATIONSHIP TO LOCAL OBJECTIVES

The Plan relates to local planning and development objectives contained within the City of Wilsonville's Comprehensive Plan and Economic Development Strategy. The following section describes the purpose and intent of these plans, the particular goals and policies within each planning document to which the proposed Plan relates, and an explanation of how the Plan relates to these goals and policies. The numbering of the goals, policies, and implementation strategies will reflect the numbering that occurs in the original document. Italicized text is text that has **not** been taken directly from an original planning document. The Zoning and Comprehensive Plan designations are shown in Figure 2.

This is not a comprehensive list of all parts of the Wilsonville Comprehensive Plan that are supported by this Plan. This list includes the major goals and policies from the Comprehensive Plan that are supported. However, there may be other goals and policies that are not listed, but are still supported by this Plan.

A. City of Wilsonville Comprehensive Plan

The Wilsonville Comprehensive Plan was updated in January 2013. The Comprehensive Plan is an official statement of the goals, policies, implementation measures, and physical plan for the development of the City. The Plan documents the City's approach to the allocation of available resources for meeting current and anticipated future needs. In doing so, it records current thinking regarding economic and social conditions. Because these conditions change over time, the Plan must be directive, but flexible, and must also be periodically reviewed and revised to consider changes in circumstances.

Section A: Citizen Involvement

Goal 1.1 To encourage and provide means for interested parties to be involved in land use planning processes, on individual cases and City-wide programs and policies.

Policy 1.1.1 The City of Wilsonville shall provide opportunities for a wide range of public involvement in City planning programs and processes.

The Plan conforms with Goals 1.1 and Policy 1.1.1 by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and

helped decide how these incentives should work. Later, a city-wide vote was held so that the community could weigh in on the decision of whether or not to use TIF Zones. Citizens were included in the adoption phase of the urban renewal plan through a public open house, Planning Commission meeting, and City Council hearing that was noticed as required in ORS 45.

Goal 1.2 For Wilsonville to have an interested, informed, and involved citizenry.

Implementation Measure 1.2.1.c. Establish procedures to allow interested parties reasonable access to information on which public bodies will base their land use planning decisions.

Policy 1.3 The City of Wilsonville shall coordinate with other agencies and organizations involved with Wilsonville's planning programs and policies.

The Plan conforms with Goals 1.2, Policy 1.3, and their Implementation Measures by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. In addition, taxing jurisdictions received formal notice, and, if desired, a briefing on the Plan. Representatives of the three major taxing jurisdictions were included as members of the Task Force that recommended the creation of TIF Zones.

Section C: Urban Growth Management

Goal 2.1 To allow for urban growth while maintaining community livability, consistent with the economics of development, City administration, and the provision of public facilities and services.

Implementation Measure 2.1.1.a. Allow development within the City where zoning has been approved and other requirements of the Comprehensive Plan have been met.

Implementation Measure 2.1.1.c. Encourage a balance between residential, industrial, and commercial land use, based on the provisions of this Comprehensive Plan.

Implementation Measure 2.1.1.d. Establish and maintain revenue sources to support the City's policies for urbanization and maintain needed public services and facilities.

Policy 2.1.1 The City of Wilsonville shall support the development of all land within the City, other than designated open spaces, consistent with the land use designations of the Comprehensive Plan.

The Plan conforms with Goal 2.1, Policy 2.1.1, and their Implementation Measures by providing financial incentives for the redevelopment of lands already designated as urban and already provided with infrastructure. By doing this, the Plan encourages growth and development within the urban growth boundary, and helps relieve pressures on lands outside of the urban growth boundary.

Section D: Land Use and Development

Goal 4.1 To have an attractive, functional, economically vital community with a balance of different types of land.

Policy 4.1.1 The City of Wilsonville shall make land use and planning decisions to achieve Goal 4.1.

Implementation Measure 4.1.1.d. In the process of administering the City's Comprehensive Plan, careful consideration will be given to the economic impacts of proposed policies, programs and regulations. Efforts will be made to simplify and streamline the planning and zoning review process while maintaining the quality of development.

Implementation Measure 4.1.1.e. The City shall protect existing and planned industrial and commercial lands from incompatible land uses, and will attempt to minimize deterrents to desired industrial and commercial development.

Implementation Measure 4.1.1.m. Encourage a balance between light industrial and residential growth within the City.

The Plan conforms with Goal 4.1, Policy 4.1.1, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will enrich the balanced land uses within Wilsonville. Also, by encouraging redevelopment of the Area, the Plan helps support an economically vital community by bringing jobs to the community and by reducing the number of vacant or underutilized industrial buildings in the City.

Policy 4.1.3 City of Wilsonville shall encourage light industry compatible with the residential and urban nature of the City.

Implementation Measure 4.1.3.a. Develop an attractive and economically sound community.

Implementation Measure 4.1.3.c. Favor capital intensive, rather than labor intensive, industries within the City.

Implementation Measure 4.1.3.e. Site industries where they can take advantage of existing transportation corridors such as the freeway, river, and railroad.

The Plan conforms with Goal 4.1, Policy 4.1.3, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will help maintain a healthy mix of industrial jobs and industry within the community, and will encourage industrial activities to sites where they can take advantage of existing transportation corridors and other infrastructure.

B. Wilsonville Economic Development Strategy

The Economic Development Strategy was completed in August 2012, and sets forth an economic strategy for Wilsonville that describes actions to be taken by the public sector for the purpose of stimulating private sector activity. This strategy was developed with the assistance of an advisory committee that met over the course of 4 months and considered input from the community provided in the form of focus groups, interviews with business leaders, an economic summit, public comments and a community survey. The end result was a vision statement for economic development in Wilsonville, and a list of 6 actions to be taken by the public sector. Specific actions that are directly supported by this Urban Renewal Plan are listed below, but other actions from the Economic Development Strategy will also benefit from the successful implementation of this Plan.

Action 2.1 Promote reuse of vacant building, infill development, and redevelopment.

Action 6.2 Develop criteria to guide the use of incentives to attract or retain businesses.

The projects in the Plan conform with the Economic Development Strategy. They will help to encourage the reuse of existing industrial buildings and infill development by providing an incentive package similar to that of neighboring communities. This incentive package will help incentivize and generate private investment, which will in turn provide jobs for the community and an increased tax base to support local services and infrastructure.

C. Wilsonville Development Code

The Wilsonville Development Code - Planning and Land Development was enacted for the purpose of promoting the general public welfare by ensuring procedural due process in the administration and enforcement of the City's Comprehensive Plan, Zoning, Design Review, Land Division, and Development Standards. It is contained as Chapter 4 of the Wilsonville Code.

The zoning designation for the property in the Area is PDI - Planned Development Industrial Zone. It is shown in Figure 2. The Plan is not proposing any new zones or

code amendments, nor are there any proposals that would modify any of the existing zones or land uses. The Plan will comply with all requirements of the existing zoning.

D. City of Wilsonville Transportation Systems Plan

The City of Wilsonville Transportation Systems Plan (TSP) was adopted by the Wilsonville City Council on June 17, 2013.

The TSP is the City's long-term transportation plan and is an element of its Comprehensive Plan. It includes policies, projects, and programs that could be implemented through the City's Capital Improvement Plan, development requirements, or grant funding.

The 2013 TSP process built upon two decades of community planning to create a complete community transportation plan that integrates all travel modes. Most of the policies and projects come from prior adopted plans, including the Comprehensive Plan, 2003 TSP, 2006 Bicycle and Pedestrian Master Plan, and 2008 Transit Master Plan. While the TSP replaces the 2003 TSP in its entirety, it updates and builds upon the 2006 Bicycle and Pedestrian Master Plan and 2008 Transit Master Plan. Where these documents may be in conflict, the new TSP takes precedence.

SW Boeckman Road is designated as a minor arterial, a truck route and a bicycle route.¹ The TSP Executive Summary identifies several SW Boeckman Road projects as being a high priority, including bridge and corridor improvements, dip improvements and urban upgrades, and sidewalk and bikelane infill.² SW Boeckman Road is also identified as having a cross section deficiency near the Area.³ Public bus lines do run along SW Boeckman Road, and though they do not run all the way east to the Area, the Area is considered to be within the SMART Service Area.

The Plan conforms with the City of Wilsonville Transportation System Plan as the redevelopment planned for the Area is an industrial use and SW Boeckman Avenue will be used as designated in the TSP. SW Boeckman Avenue is classified as a minor arterial, anticipating truck travel.

¹ City of Wilsonville Transportation System Plan, 2013, Figure 3-2 Functional Class Designations, p 3-6; Figure 3-4 Freight Routes, p 3-9; Figure 3-5 Bicycle Routes, p 3-11.

² City of Wilsonville Transportation System Plan, 2013, Executive Summary, p v.

³ City of Wilsonville Transportation System Plan, 2013, Figure 4-1 Roadway Cross-Section Deficiencies, p 4-5.

APPENDIX A: LEGAL DESCRIPTION

9805 SW BOECKMAN ROAD URBAN RENEWAL DISTRICT WILSONVILLE, OREGON

Lots and maps are taken from Assessor's Tax Maps from July, 2013, and attached hereto. The area is described as that land containing that lot or parcel of property situated in the City of Wilsonville, County of Clackamas, and the State of Oregon, lying in Section 11, Township 3 South, Range 1 West of the Willamette Meridian, bounded as follows:

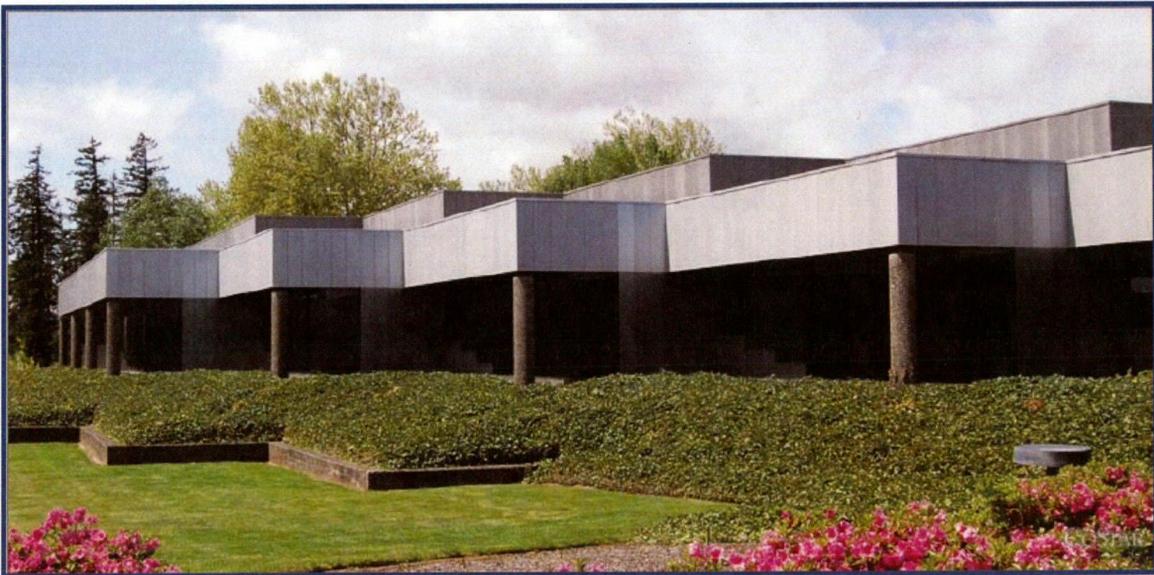
Commencing at a point common to Sections 11 and 14, Township 3 South, Range 1 West, Willamette Meridian, Clackamas County, Oregon. Thence North, 1320 feet, more or less; Thence West, 780 feet, more or less, to the point of intersection of the Northeast corner of Tax Lot 900, and the Oregon Electric Railroad Company's West right-of-way line, Assessor's Plat 3 1W 11C, and being the **POINT OF BEGINNING**.

1. Thence South along said West right-of-way line, 1403 feet, more or less, to the point of intersection of said Oregon Electric Railroad Company's West right-of-way line, and the North right-of-way line of Boeckman Road;
2. Thence West along said North right-of-way line, 1087 feet, more or less, to the point of intersection of said North right-of-way line and the East right-of-way line of proposed Kinsman Road
3. Thence North along said East right-of-way line, 1260 feet, more or less, to the Northwest corner of said Tax Lot 900;
4. Thence East, 525 feet, more or less, to the **POINT OF BEGINNING**.

The described property, located entirely within the City of Wilsonville, County of Clackamas and the State of Oregon, contains **twenty five (25)**, acres, more or less.

Due to the possibility of errors in the acreage shown on the Assessor's Tax Maps used to compute the property acreage, the acreage given hereon should be considered accurate to the nearest 1 acre.

**REPORT ACCOMPANYING
9805 SW BOECKMAN ROAD
URBAN RENEWAL PLAN**



Prepared for the City of Wilsonville

August 5, 2013

**REPORT ACCOMPANYING
9805 SW BOECKMAN ROAD
URBAN RENEWAL PLAN**

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DRAFT

I. INTRODUCTION

The Report on the 9805 SW Boeckman Road Urban Renewal Plan (Report) contains background information and project details that pertain to the 9805 SW Boeckman Road Urban Renewal Plan (Plan). The Report is not a legal part of the Plan, but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides information required by ORS 457.085(3). The format of the Report is based on this statute. The Report documents not only the proposed projects in the Plan, but also documents the existing conditions in the 9805 SW Boeckman Road Urban Renewal Area (Area).

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility.

Figure 1 – 9805 SW Boeckman Road Urban Renewal Plan Area Boundary



Source: City of Wilsonville

II. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the 9805 SW Boeckman Road Urban Renewal Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

Land Use

According to data obtained from the City of Wilsonville and the Clackamas County Assessor’s office, the Area, shown in Figure 1 above, contains 1 industrial use parcel that has 301,000 square feet of building space on 24.98 acres.

Zoning and Comprehensive Plan Designations

In the City of Wilsonville, the Wilsonville Development Code and the Wilsonville Comprehensive Plan designations differ. The development code establishes districts to control land use throughout the city and regulates development standards within these established use districts. The comprehensive plan designation indicates the type of use allowed on a parcel.

The comprehensive plan designation of the parcel is Industrial, and the zoning is Planned Industrial Development (PDI).

Figure 2 – Area Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

B. Infrastructure: Existing Conditions

Infrastructure

This section of the Report identifies the existing infrastructure in the Area. However, because this Area consists of only one parcel, this section will instead evaluate the infrastructure directly serving this parcel, along with an evaluation of the conditions of the infrastructure on the parcel itself. Information was obtained from documentation by City of Wilsonville staff.

1. Streets/Sidewalks/Pathways/Bike Lanes

The street servicing the property, SW Boeckman Road, is a minor arterial that is in good condition and meets City standards. SW Boeckman Road has adequate streetscape, sidewalks, curbs, and bike lanes.

There are several planned projects for SW Boeckman Road in the Capital Improvement Plan (CIP), but none of them are in the immediate vicinity of the Area.

2. Water

The water pipe serving the Area is a 3" domestic / 1.5" irrigation that should be adequate for the current or future needs of the Area. There are no projects planned for the water infrastructure serving the Area in the CIP or other planning documents

3. Storm Drainage Master Plan

The storm drain service in the Area is adequate for current and future use, and there are no planned projects for storm drain infrastructure serving the Area in the CIP or other planning documents. However, a building expansion or the addition of impervious surface could trigger new on-site stormwater improvements.

4. Sanitary Sewer

Sewer service to the Area is more than adequate for the current and future needs of the Area, and there are no planned projects for sewer infrastructure serving the Area in the CIP or other planning documents.

5. Parks

There are no public parks in the Area. The 2007 Parks and Recreation Master Plan identifies project P12 Industrial Area Waysides in the northwest industrial area of Wilsonville, which is currently underserved by parks or recreation facilities. These projects are not in the City's short or mid-term Capital Improvement Program and have not been sited.

6. Public Parking

There is no public parking in the Area, but there is a bank of private head-in parking along the south end of the building that should provide parking for over 150 vehicles.

7. Wetlands

Approximately 127,361 SF along the Area's western boundary is identified as the Coffee Creek wetland buffer and is within the City's Significant Resource Overlay Zone (SROZ).

8. Conditions of Buildings

The building has 301,000 square feet of space. It is currently vacant.

C. Social Conditions

There is only one industrial parcel in the Area and there are no residents that reside within the Area.

D. Economic Conditions

Taxable Value of Property Within the Area

According to the Clackamas County Assessor's office, the estimated 2011/2012 total assessed value of the real property in the Area is \$10,879,601. The building is underutilized, and if it was fully utilized and converted to a traded-sector use such as manufacturing, the values would increase.

The frozen base is estimated to be \$10,879,601.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX (Impact of the Tax Increment Financing) of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The project being considered for future use of urban renewal is an economic development project. The use of urban renewal funding for this project allows the City to provide an attractive industrial development incentive program that will be competitive with neighboring communities' Enterprise Zone programs. It also allows the city to tap a different funding source besides the City of Wilsonville's general funds to support this program.

All necessary infrastructure to serve the Area is in place and none of the systems are slated for improvements in the CIP. Converting the building structure in the Area to optimized use will take advantage of the existing infrastructure. Because the structure will incur a change in use from warehousing to manufacturing, or another traded-sector use that meets program criteria, there may be a need for additional police and fire services. However, since this structure already exists and has received these services before, these are not totally new service requirements. In addition, a vacant structure can sometimes be vulnerable to vandalism, criminal activity and fire risk. Bringing the structure back to full use will help prevent such risks.

The revenue sharing feature of this urban renewal plan allows for tax increment to be shared with taxing jurisdictions including the City of Wilsonville at the onset of receipt by the Agency of tax increment funds. These funds will help offset any increased services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to cure blight by providing the ability to fund an economic incentive program to encourage private sector investment in an underutilized and/or vacant parcel of industrial zoned land.

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area, including how they relate to the existing conditions in the Area, are described below:

A. Property Tax Rebates

This project offers an incentive to the private sector to convert underutilized industrial buildings into higher value traded-sector uses, such as manufacturing, in the Area. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Existing Conditions:

This parcel is currently vacant and/or underutilized. It has 301,000 square feet of building space on 24.98 acres.

B. Debt Service and Administration

This project will allow for the repayment of costs associated with the preparation (including the potential repayment of the initial planning costs for the development of the urban renewal plan) adoption, and implementation of the 9805 SW Boeckman Road Urban Renewal Plan. This project also includes ongoing administration and any financing costs associated with the Plan.

Existing Conditions:

As there is currently no urban renewal program for this Area, these activities do not exist.

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The costs of the projects are shown in Table 1. The sources of funds are tax increment revenues. A three percent annual inflation factor is used. These funds will be allocated to the following projects:

- Repayment of a portion of the urban renewal planning costs will occur in the first year that tax increment funds are received (\$12,000 in FY 2013-14, adjusted annually for inflation increases).
- Approximately \$15,000 in FY 2013-14, adjusted for inflation, will be allocated for program administration annually.
- The project will rebate up to 75% of the net tax increment revenue for three years for each qualifying company if the average wage of the 75 or more new jobs pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid, which for 2012 is \$25.33/hour or \$52,693 annual wage rate. Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County at the time the rebate is paid, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.
- Any net tax increment revenues in excess of what is needed for administrative expenses or tax rebates will be distributed to the impacted taxing jurisdictions.

Table 1 – Estimated Project Allocations

TIF Use	Amount
URA Administration	\$141,367
Rebate	\$11,821,851
Total	\$11,963,218

Source: ECONorthwest, TIF: Tax Increment Funds

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The anticipated latest completion date of the projects in the 9805 SW Boeckman Road Urban Renewal Plan will be June 30 of the fiscal year ending 15 years after the approval of the Plan. If investments do not occur as outlined in the program guidelines, the Plan may be terminated earlier at the discretion of the Agency.

VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 2 shows a scenario for how this urban renewal plan may be implemented. This scenario relies on an investment by the developer of over \$407,000,000, in three successive years, receiving \$11,821,851 in tax rebates from tax increment funds received by the Agency. This results in approximately \$12 million in maximum indebtedness, and represents the maximum investment anticipated in the building. Lower investment levels will result in lower actual tax rebates and lower actual maximum indebtedness used. When a developer negotiates an agreement with the City, the projected rebate and revenue sharing numbers will be reevaluated, but may not exceed the \$12 million maximum indebtedness established in this Plan.

Table 2. Investment Schedule

Year	Investment Amount		
	Schedule 1	Schedule 2	Schedule 3
2013			
2014			
2015	\$ 137,000,000		
2016		\$135,000,000	
2017			\$135,000,000
2018			

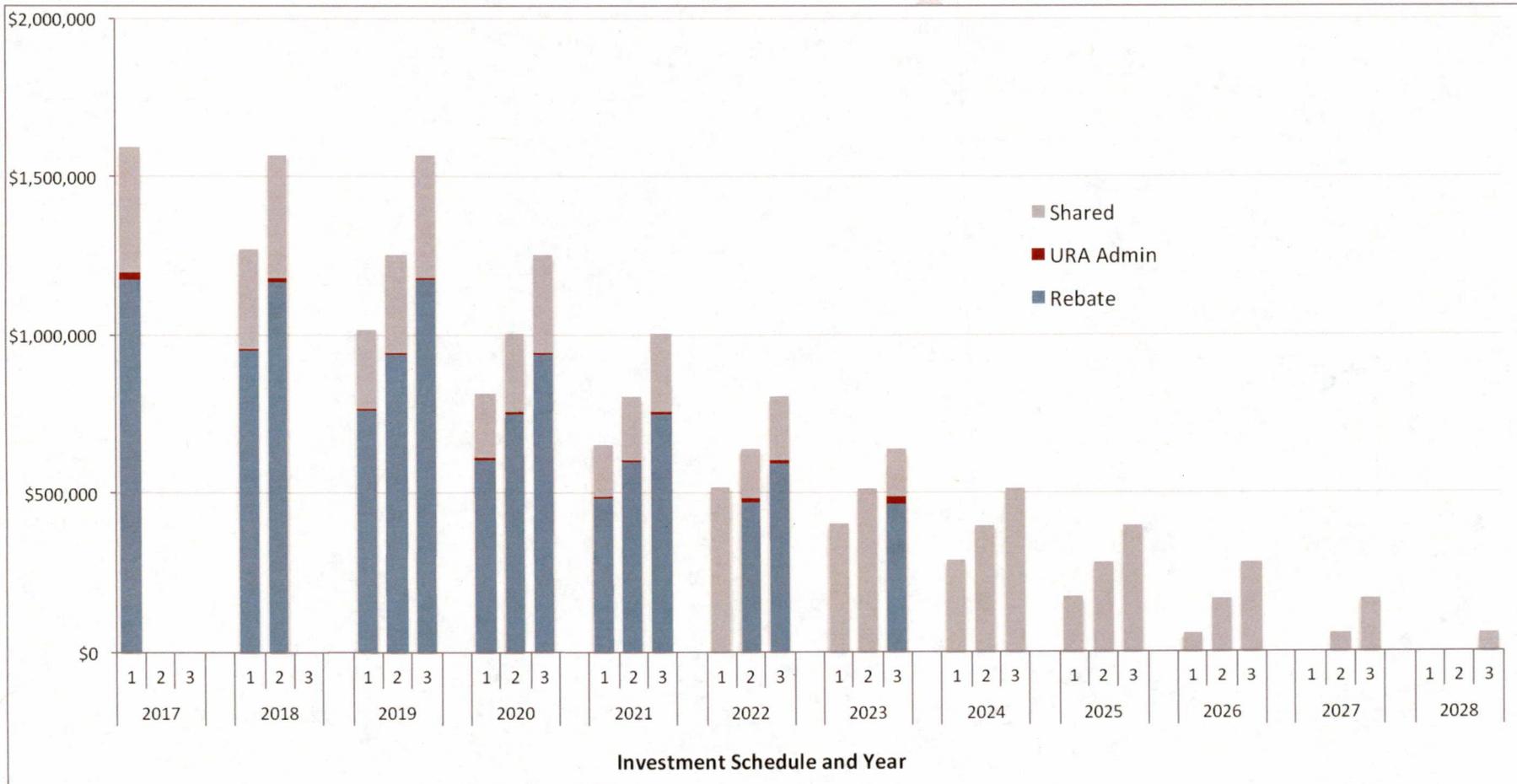
Source: ECONorthwest

The tax increment revenues and their allocation to administrative costs, developer rebates, and the taxing jurisdictions' share of the increased property tax revenue are shown in Table 3. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

It is anticipated that all expenditures of tax increment funding will be completed within 15 years. The maximum indebtedness is \$12,000,000. In the scenario detailed in Tables 2 and 3, the term of the rebate expires before all of the manufacturer's investment in equipment has depreciated. The result of this is the taxing jurisdictions begin to receive 100% of the TIF revenues in fiscal year 2023-24, and the total amount shared with taxing jurisdictions for the entire duration of the Area ends up being much higher than the net 25% share that is guaranteed during the time the developer is receiving rebates. Table 2 shows the total projected rebate to the developer in this scenario would be \$11,821,851 dollars, while the amount received by taxing jurisdictions is estimated at \$8,247,490 dollars over the 15 year life of the Plan. This is actually 40.8% of the total tax increment revenue.

Chart 1 depicts this scenario. Each individual investment provides rebates to the developer, and a portion of extra tax increment to taxing jurisdictions, for a five-year period, with any remaining increment shared with the taxing jurisdictions when that rebate period expires. The three investments are depicted in consecutive years, as shown by the 1,2,3 on the horizontal axis of the chart. As shown, once any one investment reaches the 6th year, all of the tax increment from that investment is shared with the taxing jurisdictions. This would be accomplished through an under levy.

Chart 1. Investment, Amortization, and Rebate Schedule



Source: ECONorthwest

There will be no loans or bonds issued. The amount of funding to service the maximum indebtedness will be raised through the payment of tax increment from the County Assessor's office. Because the project payments are predicated upon the annual tax increment on a formulaic basis allocating first to administrative costs, then a 75/25 split of increment between the developer and impacted taxing jurisdictions, the Plan will be financially feasible. No payments will be made without first receiving the increment from the assessor.

Table 3 – Tax Increment Revenues and Allocations to Project Costs Sample Scenario

FYE	URA Admin	Rebate	Shared	Total
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	\$28,883	\$1,172,736	\$390,911	\$1,592,530
2018	\$17,390	\$2,119,437	\$706,479	\$2,843,306
2019	\$17,912	\$2,869,511	\$956,504	\$3,843,927
2020	\$18,449	\$2,292,519	\$764,173	\$3,075,141
2021	\$19,002	\$1,830,780	\$610,260	\$2,460,042
2022	\$19,572	\$1,069,956	\$878,472	\$1,968,000
2023	\$20,159	\$466,912	\$1,075,757	\$1,562,828
2024	-	-	\$1,204,211	\$1,204,211
2025	-	-	\$859,716	\$859,716
2026	-	-	\$515,223	\$515,223
2027	-	-	\$228,592	\$228,592
2028	-	-	\$57,192	\$57,192
2029	-	-	-	-
2030	-	-	-	-
Total	\$141,367	\$11,821,851	\$8,247,490	\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, URA: Urban Renewal Area

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues in the sample scenario, as shown above, are based on projections of the assessed value of investment that could occur within the Area, depreciation of the investment and the total tax rate that will apply in the Area. The assumptions include assumptions of development, as identified in the TIF Zones concept by the City of Wilsonville. Although these assumptions are used as a basis for evaluating the Plan, the financial feasibility is predicated on the simple formula that increased revenues will be shared by the City for administration, by the developer and by the taxing jurisdictions. No payments will be made until tax increment is received from the County Assessor. These payments will be distributed on a formula that includes payments for administrative costs, then a 75/25 split between the developer and impacted taxing jurisdictions.

Table 4 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (not adjusted for under-collection, penalties, and interest). These projections of increment are the basis for the projections in Table 3. These projections include shared revenue with impacted taxing jurisdictions.

Table 5 shows the investment and depreciation assumptions used in preparing the financial analysis. In this scenario, all investment is assumed to be equipment, and so it is depreciated. The depreciation schedule used in this scenario is a half-year convention over a 10-year recovery period that was published by the Internal Revenue Service in its annual report for how to depreciate property. Depreciation is an annual income tax deduction that allows you to recover the cost or other basis of certain property over the time you use the property. It is an allowance for the wear and tear, deterioration, or obsolescence of the property. In this case, all the investment in property is assumed to depreciate to zero after 10 years. Property can be depreciated at different times throughout the year, depending on the accounting method used. Under the half-year convention, you treat all property placed in service or disposed of during a tax year as placed in service or disposed of at the midpoint of the year. This means that a one-half year of depreciation is allowed for the year the property is placed in service or disposed of.

However, as stated above, for purposes of financial feasibility, the fact that no payments will be made until tax increment is received establishes financial feasibility.

Table 4 – Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Assessed Value	Frozen Base	Excess Value	Tax Rate	TIF
2013	\$10,879,601	\$10,879,601	\$0	13.0968	-
2014	\$10,879,601	\$10,879,601	\$0	13.0936	-
2015	\$10,879,601	\$10,879,601	\$0	13.0793	-
2016	\$10,879,601	\$10,879,601	\$0	12.9159	-
2017	\$134,179,601	\$10,879,601	\$123,300,000	12.9159	\$1,592,530
2018	\$231,019,601	\$10,879,601	\$220,140,000	12.9159	\$2,843,306
2019	\$308,491,601	\$10,879,601	\$297,612,000	12.9159	\$3,843,927
2020	\$248,969,201	\$10,879,601	\$238,089,600	12.9159	\$3,075,141
2021	\$201,345,801	\$10,879,601	\$190,466,200	12.9159	\$2,460,042
2022	\$163,249,901	\$10,879,601	\$152,370,300	12.9159	\$1,968,000
2023	\$131,879,901	\$10,879,601	\$121,000,300	12.9159	\$1,562,828
2024	\$104,114,401	\$10,879,601	\$93,234,800	12.9159	\$1,204,211
2025	\$77,442,201	\$10,879,601	\$66,562,600	12.9159	\$859,716
2026	\$50,770,201	\$10,879,601	\$39,890,600	12.9159	\$515,223
2027	\$28,578,101	\$10,879,601	\$17,698,500	12.9159	\$228,592
2028	\$15,307,601	\$10,879,601	\$4,428,000	12.9159	\$57,192
2029	\$10,879,601	\$10,879,601	\$0	12.9159	-
2030	\$10,879,601	\$10,879,601	\$0	12.9159	-
Total					\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, TIF: Tax Increment Funds

Table 5 – Projected Investments and Depreciation Schedules

Calendar Year	FYE	Investment Schedule 1			Investment Schedule 2			Investment Schedule 3			Total RMV
		Value	Depreciation	RMV	Value	Depr.	RMV	Value	Depr.	RMV	
2013	2015										
2014	2016										
2015	2017	\$137,000,000	10.00%	\$123,300,000							\$123,300,000
2016	2018		18.00%	\$98,640,000	\$135,000,000	10.00%	\$121,500,000				\$220,140,000
2017	2019		14.40%	\$78,912,000		18.00%	\$97,200,000	\$135,000,000	10.00%	\$121,500,000	\$297,612,000
2018	2020		11.52%	\$63,129,600		14.40%	\$77,760,000		18.00%	\$97,200,000	\$238,089,600
2019	2021		9.22%	\$50,498,200		11.52%	\$62,208,000		14.40%	\$77,760,000	\$190,466,200
2020	2022		7.37%	\$40,401,300		9.22%	\$49,761,000		11.52%	\$62,208,000	\$152,370,300
2021	2023		6.55%	\$31,427,800		7.37%	\$39,811,500		9.22%	\$49,761,000	\$121,000,300
2022	2024		6.55%	\$22,454,300		6.55%	\$30,969,000		7.37%	\$39,811,500	\$93,234,800
2023	2025		6.56%	\$13,467,100		6.55%	\$22,126,500		6.55%	\$30,969,000	\$66,562,600
2024	2026		6.55%	\$4,493,600		6.56%	\$13,270,500		6.55%	\$22,126,500	\$39,890,600
2025	2027		3.28%	-		6.55%	\$4,428,000		6.56%	\$13,270,500	\$17,698,500
2026	2028					3.28%	-		6.55%	\$4,428,000	\$4,428,000
2027	2029								3.28%	-	\$0
2028	2030										

FYE: Fiscal Year End RMV: Real Market Value Depr.: Depreciation
 Source: ECONorthwest

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the new maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated for a 15-year period and are shown in Tables 6a and 6b. Table 6a shows the general government taxing jurisdictions and Table 6b shows the education taxing jurisdictions.

The concept for this plan, as defined by the City of Wilsonville, includes a 25% share of net tax increment proceeds with the affected taxing jurisdictions. This formula for revenue sharing is different than the formula described in Oregon Revised Statutes (ORS). Revenue sharing is part of the 2009 legislative changes to urban renewal and means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the area. By statute, the share is a percentage basis dependent upon the tax rates of the taxing jurisdictions. The first threshold is 10% of the original maximum indebtedness. At the 10% threshold, the urban renewal agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The second threshold is set at 12.5% of the maximum indebtedness. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

The West Linn-Wilsonville School District and the Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. The formula for funding schools, as changed in the 2013 legislative session, is \$6,852 per pupil for FY 2013-14 and \$7,081 per pupil for FY 2014-15, an increase over the 2012 levels. According to the State of Oregon Department of Education,

there was approximately \$1 billion dollars of increased revenues allocated to school financing in the 2013 legislative session.¹

Tables 6a and 6b show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. It assumes the growth as projected in the other tables in this Report. **It does not offset the foregone revenues with the expected new revenues. Although the taxing jurisdictions are shown to forego approximately \$12 million, as shown in Tables 6a and 6b, they will receive approximately \$8 million, as shown in Table 3. Over the life of the Plan, the taxing jurisdictions will receive over 40% of the total tax increment revenues produced by this sample scenario.**

There is always some discussion about the true impact of urban renewal on the taxing jurisdictions as there is one line of thought that some of the growth projected would not occur "but for" urban renewal. In this case, the building is underutilized either through vacancy or type of use, and expectations are that it will remain underutilized in the future without developer incentives. Given this, there would be no expectation that any increase of property taxes would come from this building without the use of urban renewal.

There is no anticipated change in revenue for affected taxing jurisdictions upon termination of the Plan, which is expected in 15 years. All projected investment is equipment, and equipment's assessed value depreciates over time. By the time the Area expires, all equipment will be fully depreciated, so there will be no additional assessed value to tax. However, the taxing jurisdictions are receiving 25% of the net increment during the time period the developer is receiving 75% of the net increment, and they are receiving 100% of the increment for the remaining time frame of the Area, as shown in Table 3. If there are any improvements to the building itself, or increases in value of the building itself, the taxing jurisdictions would realize the increased taxes from those investments.

¹ Phone interview with Jan McComb, State of Oregon Department of Education, July 11, 2013.

Table 6a – Projected Impact on Taxing District Permanent Rate Levies (General Government)

FYE	Clackamas County	Tualatin Valley Fire & Rescue	City of Wilsonville	Port of Portland	Metro	COUNTY EXTENSION & 4-H	COUNTY LIBRARY	COUNTY SOIL CONS	VECTOR CONTROL	Subtotal
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	(223,673)	(141,896)	(234,502)	(6,522)	(8,987)	(4,652)	(36,972)	(4,652)	(605)	(662,461)
2018	(397,755)	(252,332)	(417,012)	(11,597)	(15,982)	(8,272)	(65,746)	(8,272)	(1,075)	(1,178,043)
2019	(537,473)	(340,967)	(563,494)	(15,671)	(21,595)	(11,178)	(88,841)	(11,178)	(1,453)	(1,591,850)
2020	(430,170)	(272,895)	(450,997)	(12,543)	(17,284)	(8,946)	(71,105)	(8,946)	(1,163)	(1,274,049)
2021	(344,323)	(218,435)	(360,994)	(10,040)	(13,835)	(7,161)	(56,915)	(7,161)	(931)	(1,019,795)
2022	(202,808)	(128,659)	(212,627)	(5,913)	(8,149)	(4,218)	(33,523)	(4,218)	(548)	(600,663)
2023	(90,665)	(57,517)	(95,054)	(2,644)	(3,643)	(1,886)	(14,986)	(1,886)	(245)	(268,526)
2024	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
Total	(2,226,867)	(1,412,701)	(2,334,680)	(64,930)	(89,475)	(46,313)	(368,088)	(46,313)	(6,020)	(6,595,387)

Source: ECONorthwest.

Table 6b – Projected Impact on Taxing District Permanent Rate Levies (Education and Totals)

FYE	COM COLL CLACK (perm)	ESD CLACKAMAS	SCH WLINN/WILS (perm)	Education Subtotal	General Government Subtotal	Total
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	(51,932)	(34,302)	(452,927)	(539,161)	(662,461)	(1,201,622)
2018	(92,349)	(60,998)	(805,436)	(958,783)	(1,178,043)	(2,136,826)
2019	(124,789)	(82,425)	(1,088,359)	(1,295,573)	(1,591,850)	(2,887,423)
2020	(99,876)	(65,969)	(871,075)	(1,036,920)	(1,274,049)	(2,310,969)
2021	(79,944)	(52,804)	(697,240)	(829,988)	(1,019,795)	(1,849,783)
2022	(47,087)	(31,102)	(410,677)	(488,866)	(600,663)	(1,089,529)
2023	(21,050)	(13,904)	(183,592)	(218,546)	(268,526)	(487,072)
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	(517,027)	(341,504)	(4,509,306)	(5,367,837)	(6,595,387)	(11,963,224)

Source: ECONorthwest. Please refer to the explanation of the schools funding in the preceding section.

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base, including all real, personal, manufactured, and utility properties in the Urban Renewal Area, is projected to be \$10,879,601. The total assessed value of the City of Wilsonville is \$2,368,094,165. There are three existing urban renewal areas, as shown in Table 7. These three areas, plus the 9805 SW Boeckman Road Area, total 3.32% of the total assessed value of the City of Wilsonville, well below the 25% maximum. The 9805 SW Boeckman Road Area has 24.98 acres, including right-of-way, and the City of Wilsonville has 4,614.4 acres; the other three existing urban renewal areas total 1,032.76 acres. Therefore, 22.45% of the City's acreage is in an urban renewal area, below the 25% state limit.

Table 7 – Urban Renewal Area Conformance with Assessed Value and Acreage Limits

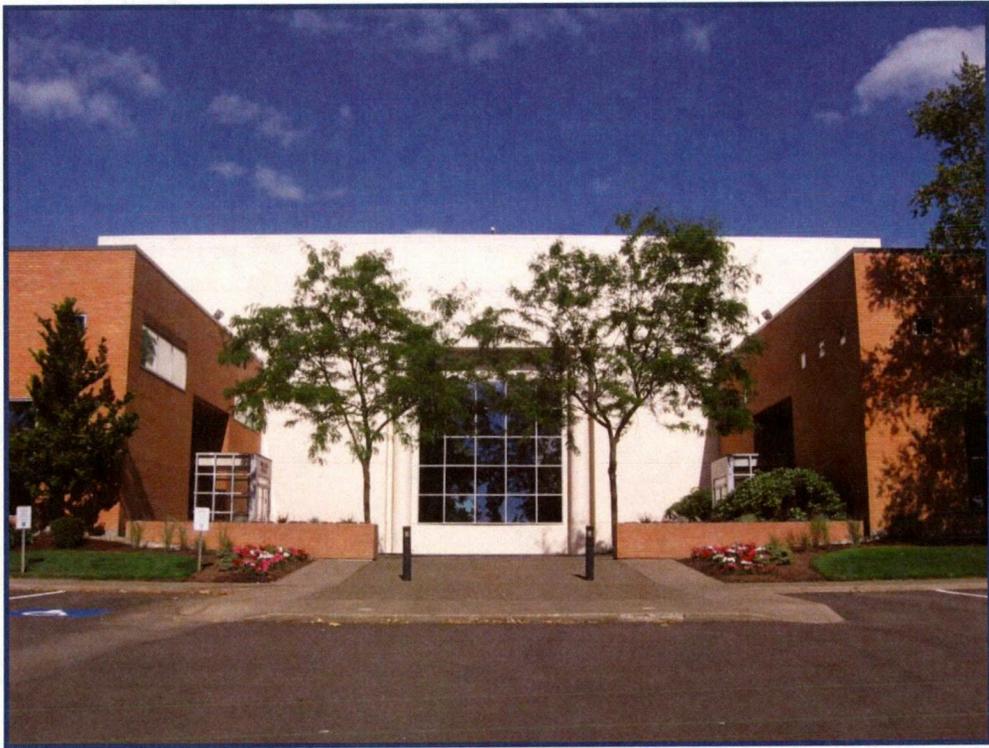
Urban Renewal Area	Assessed Value	Acres
9805 SW Boeckman Road	\$10,879,601	24.98
26755 SW 95 th Avenue	\$7,064,499	9.76
Year 2000 Plan	\$44,087,806	567
West Side Plan	\$16,526,288	456
City of Wilsonville	\$2,368,094,165	4,712
Percent of Assessed Value in Urban Renewal	3.32%	
Percent of Acreage in Urban Renewal		22.45%

Source: City of Wilsonville, Clackamas County Assessor, U.S. Census Bureau

XI. RELOCATION REPORT

There is no relocation report required for the Plan. No relocation activities are anticipated.

25600 SW Parkway Center Drive Urban Renewal Plan



Prepared for the City of Wilsonville
August 5, 2013

City of Wilsonville

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I. DEFINITIONS

“Area” means the properties and rights of way located within this 25600 SW Parkway Center Drive Urban Renewal Plan urban renewal boundary.

“City” means the City of Wilsonville, Oregon.

“City Council” or “Council” means the City Council of the City of Wilsonville.

“Comprehensive Plan” means the City of Wilsonville Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Clackamas County.

“Economic Development Strategy Task Force” means a focused, limited-duration task force composed of leading community members and business managers who helped guide the Economic Development Strategy process and made a recommendation to the City Council.

“Enterprise Zones” means a program established by the State of Oregon in ORS 285C.045-.255, as amended, to provide tax incentives to businesses to locate in specifically designated areas of the state.

“Fiscal year” means the year commencing on July 1 and closing on June 30, the following year.

“Frozen base” means the total assessed value, including all real, personal, manufactured, and utility values within an urban renewal area at the time of plan approval. The county assessor certifies the assessed value after the approval of an urban renewal plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value of the frozen base.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan, pursuant to ORS 457.190, and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon revised statutes, specifically Chapter 457, which relates to urban renewal.

“Planning Commission” means the Wilsonville Planning Commission.

“Tax increment financing (TIF)” means the system that generates tax revenue through the division of taxes authorized by ORS 457.420 et.seq.

“Tax increment revenues” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the Area.

“TIF Zones” is the concept established by the Wilsonville City Council that is designed to offer incentives similar to enterprise zones, which stimulate property investment and employment opportunities. This concept is implemented as an urban renewal area.

“Urban renewal agency (agency)” means an urban renewal agency created under ORS 457.035 and 457.045. This agency is responsible for the administration of the urban renewal plan.

“Urban renewal plan” or “Plan” means 25600 SW Parkway Center Drive, as it exists or is changed or modified from time to time, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135, and 457.220.

“Urban renewal project (project)” means any work or undertaking carried out under ORS 457.170 in the Area.

“Urban renewal report” means the official report that accompanies the urban renewal plan, pursuant to ORS 457.085(3).

II. INTRODUCTION

In February 2012, the City of Wilsonville established an Economic Development Advisory Committee (the "Committee") to develop a strategy for the City's economic development activities. After six months of public meetings, focus groups, interviews and an economic development summit, the Committee created an *Economic Development Strategy* that was adopted by the Wilsonville City Council in August 2012. The *Economic Development Strategy* describes a vision and principles for City economic development, and recommends twelve actions that are described in some detail. In particular, the *Economic Development Strategy* noted that the City should convene a task force to develop criteria to guide (1) the use of incentives to attract or retain businesses, (2) what businesses would qualify for incentives and under what conditions, (3) what types of incentives would be available to businesses, (4) the funding sources to support the incentives, and (5) expectations of businesses given incentives.

In November 2012, an Economic Development Strategy Task Force (the "Task Force") was appointed and developed a framework for an incentive program that would more strategically position Wilsonville among its Portland metro-area competitors for economic development. The Task Force consisted of 21 individuals comprising a cross-section of the community. In the process of considering 10 different incentive options, single-property urban renewal districts, called Tax Increment Finance Zones (TIF Zones) emerged as one of the preferred incentive mechanisms. The Task Force recommendation to the Wilsonville City Council proposed the development of five TIF Zones. In Wilsonville, these urban renewal areas will fill a role similar to that of an Enterprise Zone, providing partial property tax rebates for qualifying investments occurring on the properties, thus encouraging companies to locate in Wilsonville and provide valuable economic benefits to the community. This proposal was taken before the City's electorate in March 2013 and approved by 78.8 percent of voters.

While the TIF Zone incentive packages are similar to Enterprise Zones in concept, they will differ in several key ways in an attempt to make TIF Zones both a lower risk use of public funds and more attractive to potential investors. Each site selected to be a TIF Zone will require the creation of a separate urban renewal plan and report because each site will be its own, individual, urban renewal area. As established by the Task Force, TIF Zone properties must have 100,000 square feet or more of industrially-zoned building space that has the potential for conversion from warehousing to a higher-value, traded-sector use such as manufacturing.

The Agency has prepared 25600 SW Parkway Center Drive Urban Renewal Plan (Plan) based on the recommendations of the Task Force. This Plan establishes the third of up to six urban renewal areas using the TIF Zone concept. The Plan contains goals, objectives, and projects for the development of 25600 SW Parkway Center Drive Urban Renewal Area (Area) . The overall purpose of the Plan is to use tax increment financing to provide incentives for economic investment, to cure blight in underutilized buildings, using strategies that are competitive with Enterprise Zones in other communities in the region.

In general, the purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old or deteriorated buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, or other obstacles to development. The Area selected is an underutilized, industrial-zoned area of Wilsonville that has had a history of partial or complete vacancy and where existing conditions have presented a barrier to attracting new private sector financial investment to convert the Area to a higher-value, traded sector use.

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues – the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established – are used to accomplish projects identified by the urban renewal agency. In this case, other than administration, the Plan has only one project, which is repayment in the form of partial property tax reimbursement for qualifying capital infrastructure investment that increases assessed value and job creation.

The specific projects to be approved in this Plan are outlined in Sections IV and V.

Urban renewal is put into effect when the local government (the City of Wilsonville, in this case) adopts an urban renewal plan. The urban renewal plan defines the urban renewal area, states goals and objectives for the area, lists projects and programs that can be undertaken, provides a dollar limit on the funds that can be borrowed for urban renewal projects, and states how the plan may be changed in the future.

The Area, shown in Figure 1, consists of approximately 10.35 acres.

The Plan will be administered by the Wilsonville Urban Renewal Agency, which was activated by the Wilsonville City Council as the City's Urban Renewal Agency.

Substantial changes to the Plan, if necessary, must be approved by the City Council, as outlined in Section X of this Plan.

An Urban Renewal Report, which accompanies the Plan, contains additional information, as required by ORS 457.085. The technical information in the Report includes:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact, in light of increased services;
- Reasons for selection of each Area in the Plan;
- The relationship between each project to be undertaken and the existing conditions;
- The total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the Area, and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

The Plan will be active for a maximum of 15 years as explained in Section V, subsection A, below. If no qualifying investment occurs in the Area that uses the Plan project incentives within five years after the effective date of the Plan, then the Plan will immediately be terminated. The maximum amount of indebtedness (amount of tax increment financing for projects and programs) that may be issued for the Plan is \$12,000,000. For TIF Zones, maximum indebtedness reflects the total of the tax repayment obligation to the qualifying company and represents the maximum amount of tax increment to be collected to meet this obligation as well as administrative costs.

III. GOALS AND OBJECTIVES

The goals of the Plan represent the basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve the goals. The urban renewal projects identified in Sections IV and V of the Plan are the specific means of meeting the objectives. The goals relate to adopted plans, as detailed in Section XI, and were developed with input from the Wilsonville Economic Development Strategy Task Force. The goals and objectives will be pursued as economically as is feasible and at the discretion of the urban renewal agency.

Goal 1: PUBLIC INVOLVEMENT

Maintain a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the urban renewal adoption process.

Objectives:

1. Provide opportunities for public input throughout the adoption process, including a public open house, Planning Commission meeting, and City Council hearing.
2. Provide information on urban renewal on the City of Wilsonville's website.

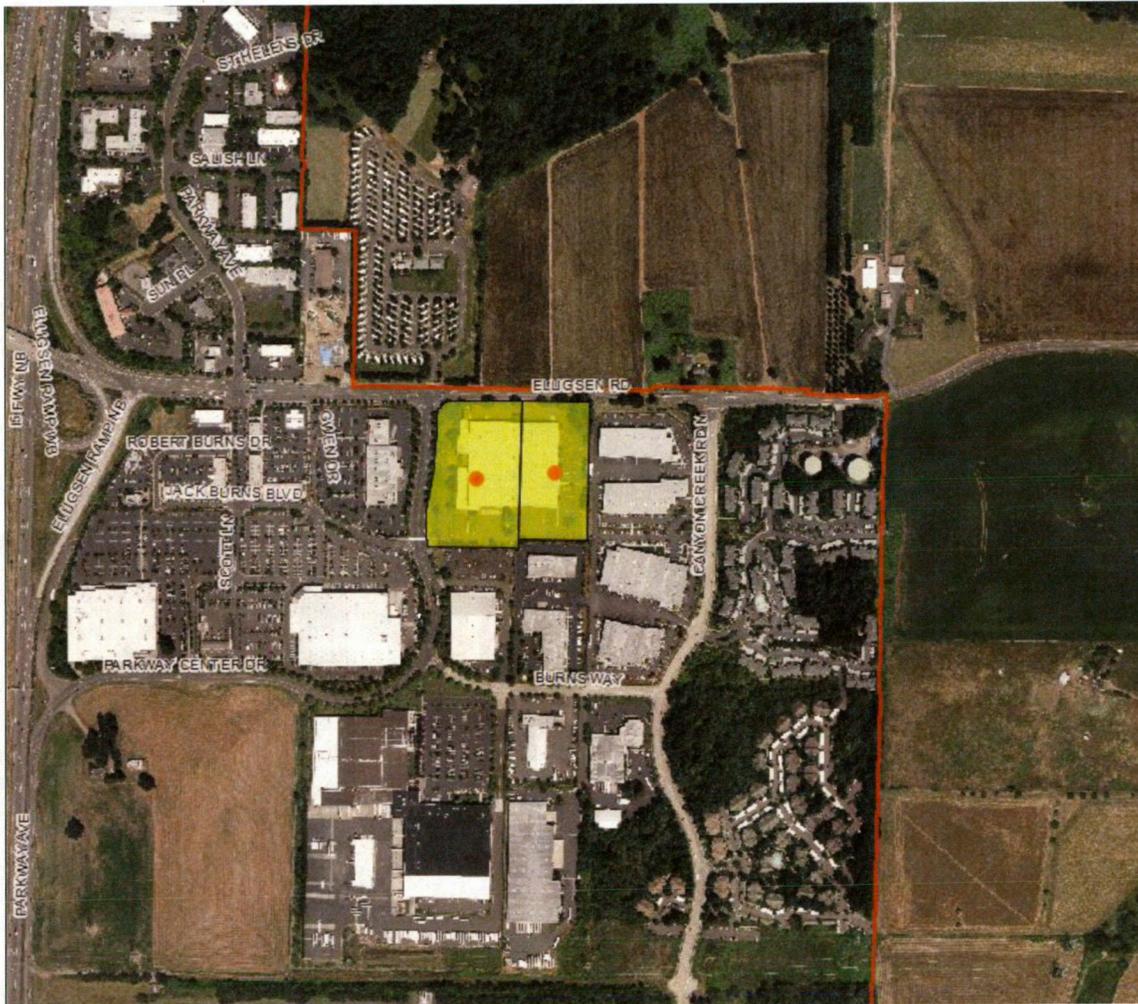
Goal 2: ECONOMY

Encourage the economic growth of the Area by encouraging local industrial investment and manufacturing jobs using existing infrastructure and promoting new use of vacant and underutilized industrial properties.

Objectives:

1. Provide steady, family-wage jobs for the community.
2. Generate investment that will bolster the local economy and provide revenue for local taxing jurisdictions.
3. Promote the reuse of vacant buildings and encourage infill development by providing incentives for investors to locate in an existing building or build on a site already in the middle of an industrial area and use the existing infrastructure.
4. Partner with public and private entities to incentivize and generate private investment.

Figure 1 – 25600 SW Parkway Center Drive Urban Renewal Area Boundary



Source: City of Wilsonville

IV. OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES

The primary project within the Area will be providing the return of incremental property taxes to developers as an incentive for redevelopment. Another small use of funds will be to pay for the preparation and administration of the Plan.

V. URBAN RENEWAL PROJECTS

The urban renewal projects authorized by the Plan are described below. These projects are consistent with the Wilsonville Economic Development Strategy and are in conformance with the Wilsonville Comprehensive Plan, as detailed in Section XI of this Plan.

As shown in the Report, urban renewal funds will primarily be used as an incentive to spur industrial development, investment, and job creation. The details of the projects are as follows:

A. Property tax rebates

This project offers an incentive to the private sector to convert under-utilized industrial buildings into higher value traded-sector uses, such as manufacturing. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Property tax rebate mechanics

The project will rebate up to 75% of the tax increment revenue for three years for each company that:

- Invests at least \$25 million in capital improvements and/or qualified equipment, and;
- Creates 75 or more new, permanent, full-time jobs that pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid which for 2012 is \$25.33/hour or \$52,693 annual wage rate.

Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.

Additional three- and five-year rebate periods could begin, after approval by the Agency, with any additional new capital investment and job creation meeting the above minimum criteria, providing the potential for up to 10 years of rebates. Again, however, qualified investment needs to be made within five years of program adoption. This limits the potential life of the program and rebates to up to 15 years. Qualifying Businesses must be manufacturing firms. If no qualifying investment has been made in the Area within five years of the effective date of the Plan, the Area will be dissolved.

Any businesses receiving Area benefits will be monitored by the Agency for compliance with qualifying criteria and no rebate shall be given if the business fails to meet any of the qualifications. Additionally, if a business which has received a rebate discontinues business operations in the Area within two years after it receives each rebate payment it will be required to return all or a portion of the rebate as follows. Should a business discontinue business operations within the Area within 12 months after receiving a rebate, the business shall be required to reimburse the Agency 100% of the rebate payment. Should a business discontinue business operations within 24 months of receiving a rebate, the business shall be required to reimburse the Agency 50% of the rebate payment.

B. Debt repayment and project administration

This project will allow for the repayment of costs associated with the preparation, including the potential repayment of the initial planning costs for the development of the urban renewal plan, adoption, and implementation of the Plan. This project also includes ongoing administration of the Plan.

VI. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not authorize the acquisition and disposition of property.

VII. RELOCATION METHODS

No relocation assistance will be provided because this Plan does not authorize property acquisition. If relocation is required, the Agency will comply with relocation methods required under state law.

VIII. LAND USES

The proposed land use is industrial development. The maximum densities and building requirements are contained in the Wilsonville Development Code.

IX. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt and to finance the urban renewal projects authorized in the Plan. Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.)

A. General description of the proposed financing methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues; and/or
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in planning or undertaking project activities, or otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax increment financing and maximum indebtedness

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion, is \$12,000,000.

C. Prior indebtedness

Any indebtedness permitted by law and incurred by the Agency or the City of Wilsonville in connection with the preparation of this Plan or prior planning efforts that support the preparation or implementation of this Plan may be repaid from tax increment revenues from the Area when, and if, such funds are available.

X. FUTURE AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments are amendments that:

- Add land to the urban renewal area, except for an addition of land that totals not more than 1% of the existing area of the urban renewal area; or
- Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Wilsonville, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments in scope. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code

Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code that affect the Plan and/or the Area shall be incorporated automatically within the Plan without any separate action required by the Agency or the City Council.

Figure 2 – Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

XI. RELATIONSHIP TO LOCAL OBJECTIVES

The Plan relates to local planning and development objectives contained within the City of Wilsonville's Comprehensive Plan and Economic Development Strategy. The following section describes the purpose and intent of these plans, the particular goals and policies within each planning document to which the proposed Plan relates, and an explanation of how the Plan relates to these goals and policies. The numbering of the goals, policies, and implementation strategies will reflect the numbering that occurs in the original document. Italicized text is text that has **not** been taken directly from an original planning document. The Zoning and Comprehensive Plan designations are shown in Figure 2.

This is not a comprehensive list of all parts of the Wilsonville Comprehensive Plan that are supported by this Plan. This list includes the major goals and policies from the Comprehensive Plan that are supported. However, there may be other goals and policies that are not listed, but are still supported by this Plan.

A. City of Wilsonville Comprehensive Plan

The Wilsonville Comprehensive Plan was updated in January 2013. The Comprehensive Plan is an official statement of the goals, policies, implementation measures, and physical plan for the development of the City. The Plan documents the City's approach to the allocation of available resources for meeting current and anticipated future needs. In doing so, it records current thinking regarding economic and social conditions. Because these conditions change over time, the Plan must be directive, but flexible, and must also be periodically reviewed and revised to consider changes in circumstances.

Section A: Citizen Involvement

Goal 1.1 To encourage and provide means for interested parties to be involved in land use planning processes, on individual cases and City-wide programs and policies.

Policy 1.1.1 The City of Wilsonville shall provide opportunities for a wide range of public involvement in City planning programs and processes.

The Plan conforms with Goals 1.1 and Policy 1.1.1 by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine

that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. Later, a city-wide vote was held so that the community could weigh in on the decision of whether or not to use TIF Zones. Citizens were included in the adoption phase of the urban renewal plan through a public open house, Planning Commission meeting, and City Council hearing that was noticed as required in ORS 45.

Goal 1.2 For Wilsonville to have an interested, informed, and involved citizenry.

Implementation Measure 1.2.1.c. Establish procedures to allow interested parties reasonable access to information on which public bodies will base their land use planning decisions.

Policy 1.3 The City of Wilsonville shall coordinate with other agencies and organizations involved with Wilsonville's planning programs and policies.

The Plan conforms with Goals 1.2, Policy 1.3, and their Implementation Measures by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. In addition, taxing jurisdictions received formal notice, and, if desired, a briefing on the Plan. Representatives of the three major taxing jurisdictions were included as members of the Task Force that recommended the creation of TIF Zones.

Section C: Urban Growth Management

Goal 2.1 To allow for urban growth while maintaining community livability, consistent with the economics of development, City administration, and the provision of public facilities and services.

Implementation Measure 2.1.1.a. Allow development within the City where zoning has been approved and other requirements of the Comprehensive Plan have been met.

Implementation Measure 2.1.1.c. Encourage a balance between residential, industrial, and commercial land use, based on the provisions of this Comprehensive Plan.

Implementation Measure 2.1.1.d. Establish and maintain revenue sources to support the City's policies for urbanization and maintain needed public services and facilities.

Policy 2.1.1 The City of Wilsonville shall support the development of all land within the City, other than designated open spaces, consistent with the land use designations of the Comprehensive Plan.

The Plan conforms with Goal 2.1, Policy 2.1.1, and their Implementation Measures by providing financial incentives for the redevelopment of lands already designated as urban and already provided with infrastructure. By doing this, the Plan encourages growth and development within the urban growth boundary, and helps relieve pressures on lands outside of the urban growth boundary.

Section D: Land Use and Development

Goal 4.1 To have an attractive, functional, economically vital community with a balance of different types of land.

Policy 4.1.1 The City of Wilsonville shall make land use and planning decisions to achieve Goal 4.1.

Implementation Measure 4.1.1.d. In the process of administering the City's Comprehensive Plan, careful consideration will be given to the economic impacts of proposed policies, programs and regulations. Efforts will be made to simplify and streamline the planning and zoning review process while maintaining the quality of development.

Implementation Measure 4.1.1.e. The City shall protect existing and planned industrial and commercial lands from incompatible land uses, and will attempt to minimize deterrents to desired industrial and commercial development.

Implementation Measure 4.1.1.m. Encourage a balance between light industrial and residential growth within the City.

The Plan conforms with Goal 4.1, Policy 4.1.1, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will enrich the balanced land uses within Wilsonville. Also, by encouraging redevelopment of the Area, the Plan helps support an economically vital community by bringing jobs to the community and by reducing the number of vacant or underutilized industrial buildings in the City.

Policy 4.1.3 City of Wilsonville shall encourage light industry compatible with the residential and urban nature of the City.

Implementation Measure 4.1.3.a. Develop an attractive and economically sound community.

Implementation Measure 4.1.3.c. Favor capital intensive, rather than labor intensive, industries within the City.

Implementation Measure 4.1.3.e. Site industries where they can take advantage of existing transportation corridors such as the freeway, river, and railroad.

The Plan conforms with Goal 4.1, Policy 4.1.3, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will help maintain a healthy mix of industrial jobs and industry within the community, and will encourage industrial activities to sites where they can take advantage of existing transportation corridors and other infrastructure.

B. Wilsonville Economic Development Strategy

The Economic Development Strategy was completed in August 2012, and sets forth an economic strategy for Wilsonville that describes actions to be taken by the public sector for the purpose of stimulating private sector activity. This strategy was developed with the assistance of an advisory committee that met over the course of 4 months and considered input from the community provided in the form of focus groups, interviews with business leaders, an economic summit, public comments and a community survey. The end result was a vision statement for economic development in Wilsonville, and a list of 6 actions to be taken by the public sector. Specific actions that are directly supported by this Urban Renewal Plan are listed below, but other actions from the Economic Development Strategy will also benefit from the successful implementation of this Plan.

Action 2.1 Promote reuse of vacant building, infill development, and redevelopment.

Action 6.2 Develop criteria to guide the use of incentives to attract or retain businesses.

The projects in the Plan conform with the Economic Development Strategy. They will help to encourage the reuse of existing industrial buildings and infill development by providing an incentive package similar to that of neighboring communities. This incentive package will help incentivize and generate private investment, which will in turn provide jobs for the community and an increased tax base to support local services and infrastructure.

C. Wilsonville Development Code

The Wilsonville Development Code - Planning and Land Development was enacted for the purpose of promoting the general public welfare by ensuring procedural due process in the administration and enforcement of the City's Comprehensive Plan, Zoning, Design Review, Land Division, and Development Standards. It is contained as Chapter 4 of the Wilsonville Code.

The zoning designation for the property in the Area is PDI - Planned Development Industrial Zone. It is shown in Figure 2. The Plan is not proposing any new zones or

code amendments, nor are there any proposals that would modify any of the existing zones or land uses. The Plan will comply with all requirements of the existing zoning.

D. City of Wilsonville Transportation Systems Plan

The City of Wilsonville Transportation Systems Plan (TSP) was adopted by the Wilsonville City Council on June 17, 2013.

The TSP is the City's long-term transportation plan and is an element of its Comprehensive Plan. It includes policies, projects, and programs that could be implemented through the City's Capital Improvement Plan, development requirements, or grant funding.

The 2013 TSP process built upon two decades of community planning to create a complete community transportation plan that integrates all travel modes. Most of the policies and projects come from prior adopted plans, including the Comprehensive Plan, 2003 TSP, 2006 Bicycle and Pedestrian Master Plan, and 2008 Transit Master Plan. While the TSP replaces the 2003 TSP in its entirety, it updates and builds upon the 2006 Bicycle and Pedestrian Master Plan and 2008 Transit Master Plan. Where these documents may be in conflict, the new TSP takes precedence.

25600 SW Parkway Center Drive is designated as a major arterial, a truck route and a bicycle route.¹ The TSP Executive Summary identifies two 25600 SW Parkway Center Drive projects as being a high priority, an urban upgrade and a center trail connector.² 25600 SW Parkway Center Drive is also identified as having a cross section deficiency near the Area.³ Public bus lines do run along 25600 SW Parkway Center Drive, and there are multiple bus stops near the Area.

The Plan conforms with the City of Wilsonville Transportation System Plan as the redevelopment planned for the Area is an industrial use and 25600 SW Parkway Center Drive will be used as designated in the TSP. 25600 SW Parkway Center Drive is classified as a major arterial, anticipating truck travel.

¹ City of Wilsonville Transportation System Plan, 2013, Figure 3-2 Functional Class Designations, p 3-6; Figure 3-4 Freight Routes, p 3-9; Figure 3-5 Bicycle Routes, p 3-11.

² City of Wilsonville Transportation System Plan, 2013, Executive Summary, p v.

³ City of Wilsonville Transportation System Plan, 2013, Figure 4-1 Roadway Cross-Section Deficiencies, p 4-5.

APPENDIX A: LEGAL DESCRIPTION

25600 SW PARKWAY CENTER DRIVE URBAN RENEWAL DISTRICT WILSONVILLE, OREGON

Lots and maps are taken from Assessor's Tax Maps from July, 2013, and attached hereto. The area is described as that land containing all lots or parcels of property situated in the City of Wilsonville, County of Washington, and the State of Oregon, lying in Section 1, Township 3 South, Range 1 West of the Willamette Meridian, bounded as follows:

Commencing at a point common to Sections 1, 2, 11 and 12, Township 3 South, Range 1 West, Willamette Meridian, Washington County, Oregon. Thence East along the South line of said Section 1, 1330 feet, more or less, to the Southeast corner of Parcel 2, Partition Plat 1991-082, records of said county. Thence North along the East line of said Parcel 2, 673 feet, more or less, to the Southeast corner of Tax Lot 1508, records of said county, Assessor's Plat 3 1W 1, and being the **POINT OF BEGINNING**.

1. Thence West along the South line of said Tax Lot 1508, 305 feet, more or less, to a point on the East line of Tax Lot 1507;
2. Thence South along said East line, 41 feet, more or less, to the Southeast corner of said Tax Lot 1507;
3. Thence West along the South line of said Tax Lot 1507, 412 feet, more or less, to the point of intersection of said South line with the East right-of-way line of Parkway Avenue;
4. Thence North along said East right-of-way line and the extension thereof, 665 feet, more or less, to the point of intersection of said East right-of-way line with the Westerly extension of the South right-of-way line of Elligsen Road;
5. Thence East along said Westerly extension of said South right-of-way line and said South right-of-way line, 686 feet, more or less, to the Northeast corner of said Tax Lot 1508;
6. Thence South along the East line of said Tax Lot 1508, 622 feet, more or less, to the **POINT OF BEGINNING**.

The described property, located entirely within the City of Wilsonville, County of Washington, and the State of Oregon, contains **ten (10)**, acres, more or less.

Due to the possibility of errors in the acreage shown on the Assessor's tax maps used to compute the property acreage, the acreage given hereon should be considered accurate to the nearest 1 acre.

DRAFT

**REPORT ACCOMPANYING
25600 SW PARKWAY CENTER DRIVE
URBAN RENEWAL PLAN**



Prepared for the City of Wilsonville

August 5, 2013

**REPORT ACCOMPANYING
25600 SW PARKWAY CENTER DRIVE
URBAN RENEWAL PLAN**

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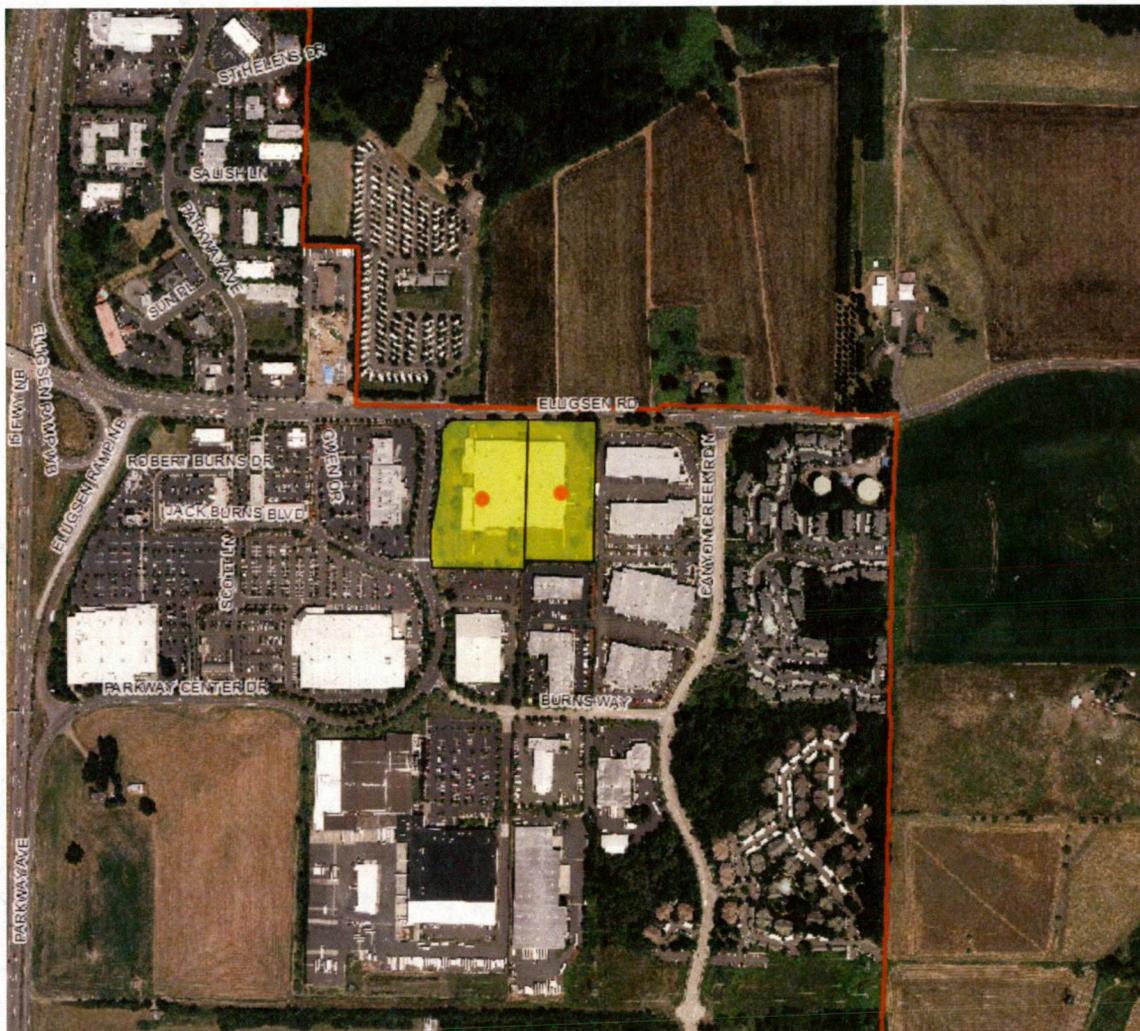
I. INTRODUCTION

The Report on the 25600 SW Parkway Center Drive Urban Renewal Plan (Report) contains background information and project details that pertain to the 25600 SW Parkway Center Drive Urban Renewal Plan (Plan). The Report is not a legal part of the Plan, but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides information required by ORS 457.085(3). The format of the Report is based on this statute. The Report documents not only the proposed projects in the Plan, but also documents the existing conditions in the 25600 SW Parkway Center Drive Urban Renewal Area (Area).

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility.

Figure 1 – 25600 SW Parkway Center Drive Urban Renewal Plan Area Boundary



Source: City of Wilsonville

II. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the 25600 SW Parkway Center Drive Urban Renewal Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

Land Use

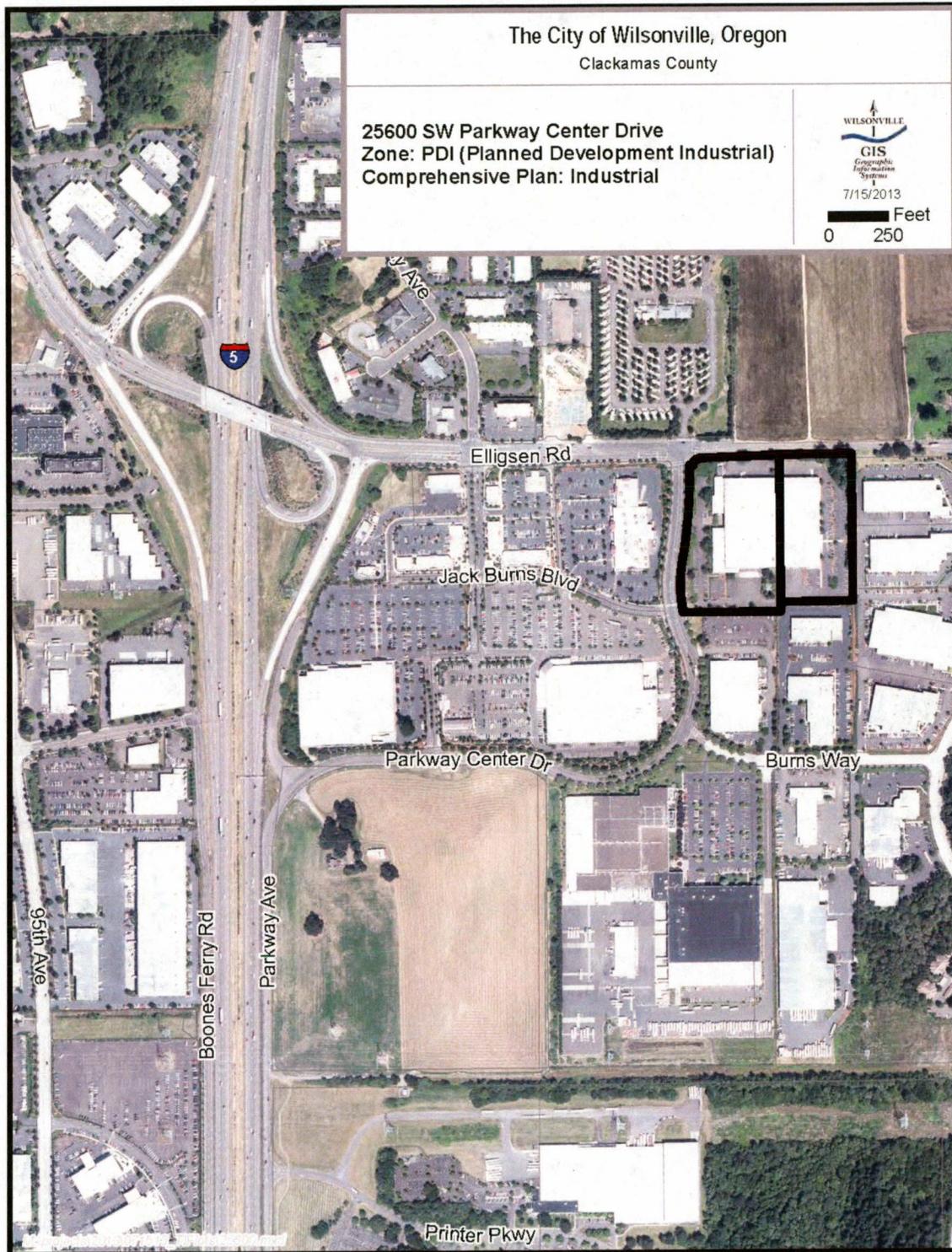
According to data obtained from the City of Wilsonville and the Clackamas County Assessor’s office, the Area, shown in Figure 1 above, contains 2 industrial use parcels that have a building with 177,288 square feet of building space on 10.35 acres.

Zoning and Comprehensive Plan Designations

In the City of Wilsonville, the Wilsonville Development Code and the Wilsonville Comprehensive Plan designations differ. The development code establishes districts to control land use throughout the city and regulates development standards within these established use districts. The comprehensive plan designation indicates the type of use allowed on a parcel.

The comprehensive plan designation of the parcels is Industrial, and the zoning is Planned Industrial Development (PDI).

Figure 2 – Area Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

B. Infrastructure: Existing Conditions

Infrastructure

This section of the Report identifies the existing infrastructure in the Area. However, because this Area consists of only two parcels, this section will instead evaluate the infrastructure directly serving these parcels, along with an evaluation of the conditions of the infrastructure on the parcels themselves. Information was obtained from documentation by City of Wilsonville staff.

1. Streets/Sidewalks/Pathways/Bike Lanes

The street servicing the building, SW Parkway Center Drive, is a major arterial that is in good condition and meets City standards. SW Parkway Center Drive has adequate streetscape, sidewalks, curbs, and bike lanes.

There are currently two priority projects in the Capital Improvement Plan planned for SW Parkway Center Drive, an urban upgrade and a center trail connector.

2. Water

The water pipe serving the Area is a 2" domestic/2" irrigation that should be adequate for the current or future needs of the Area. There are no projects planned for the water infrastructure serving the Area in the CIP or other planning documents

3. Storm Drainage Master Plan

The storm drain service in the Area is adequate for current and future use, and there are no planned projects for storm drain infrastructure serving the Area in the CIP or other planning documents. However, a building expansion or the addition of impervious surface could trigger new on-site stormwater improvements.

4. Sanitary Sewer

Sewer service to the Area is more than adequate for the current and future needs of the Area, and there are no planned projects for sewer infrastructure serving the Area in the CIP or other planning documents.

5. Parks

There are no public parks in the Area. The 2007 Parks and Recreation Master Plan identifies project P12 Industrial Area Waysides in the northwest industrial area of Wilsonville, which is currently underserved by parks or recreation facilities. These

projects are not in the City's short or mid-term Capital Improvement Program and have not been sited.

6. Public Parking

There is no public parking in the Area, but there are banks of private head-in parking along the south, west, and east ends of the building that should provide parking for over 260 vehicles.

7. Wetlands

There are no wetlands or Significant Resource Overlay Zoning in or immediately around the Area.

8. Conditions of Buildings

The building has 177,288 square feet of space and is currently vacant.

C. Social Conditions

There are only two industrial parcels in the Area and there are no residents that reside within the Area.

D. Economic Conditions

Taxable Value of Property Within the Area

According to the Clackamas County Assessor's office, the estimated 2011/2012 total assessed value of the real property in the Area is \$7,476,210. The building is underutilized, and if it was fully utilized and converted to a traded-sector use such as manufacturing, the values would increase.

The frozen base is estimated to be \$7,476,210.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX (Impact of the Tax Increment Financing) of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The project being considered for future use of urban renewal is an economic development project. The use of urban renewal funding for this project allows the City to provide an attractive industrial development incentive program that will be competitive with neighboring communities' Enterprise Zone programs. It also allows

the city to tap a different funding source besides the City of Wilsonville's general funds to support this program.

All necessary infrastructure to serve the Area is in place and none of the systems are slated for improvements in the CIP. Converting the building structure in the Area to optimized use will take advantage of the existing infrastructure. Because the structure will incur a change in use from warehousing to manufacturing, or another traded-sector use that meets program criteria, there may be a need for additional police and fire services. However, since this structure already exists and has received these services before, these are not totally new service requirements. In addition, a vacant structure can sometimes be vulnerable to vandalism, criminal activity and fire risk. Bringing the structure back to full use will help prevent such risks.

The revenue sharing feature of this urban renewal plan allows for tax increment to be shared with taxing jurisdictions including the City of Wilsonville at the onset of receipt by the Agency of tax increment funds. These funds will help offset any increased services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to cure blight by providing the ability to fund an economic incentive program to encourage private sector investment in an underutilized and/or vacant parcel of industrial zoned land.

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area, including how they relate to the existing conditions in the Area, are described below:

A. Property Tax Rebates

This project offers an incentive to the private sector to convert underutilized industrial buildings into higher value traded-sector uses, such as manufacturing, in the Area. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Existing Conditions:

This building is currently vacant and/or underutilized. It has 177,288 square feet of building space on 10.35 acres.

B. Debt Service and Administration

This project will allow for the repayment of costs associated with the preparation (including the potential repayment of the initial planning costs for the development of the urban renewal plan) adoption, and implementation of the 25600 SW Parkway Center Drive Urban Renewal Plan. This project also includes ongoing administration and any financing costs associated with the Plan.

Existing Conditions:

As there is currently no urban renewal program for this Area, these activities do not exist.

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The costs of the projects are shown in Table 1. The sources of funds are tax increment revenues. A three percent annual inflation factor is used. These funds will be allocated to the following projects:

- Repayment of a portion of the urban renewal planning costs will occur in the first year that tax increment funds are received (\$12,000 in FY 2013-14, adjusted annually for inflation increases).
- Approximately \$15,000 in FY 2013-14, adjusted for inflation, will be allocated for program administration annually.
- The project will rebate up to 75% of the net tax increment revenue for three years for each qualifying company if the average wage of the 75 or more new jobs pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid, which for 2012 is \$25.33/hour or \$52,693 annual wage rate. Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County at the time the rebate is paid, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.
- Any net tax increment revenues in excess of what is needed for administrative expenses or tax rebates will be distributed to the impacted taxing jurisdictions.

Table 1 – Estimated Project Allocations

TIF Use	Amount
URA Administration	\$141,367
Rebate	\$11,821,851
Total	\$11,963,218

Source: ECONorthwest, TIF: Tax Increment Funds

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The anticipated latest completion date of the projects in the 25600 SW Parkway Center Drive Urban Renewal Plan will be June 30 of the fiscal year ending 15 years after the approval of the Plan. If investments do not occur as outlined in the program guidelines, the Plan may be terminated earlier at the discretion of the Agency.

VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 2 shows a scenario for how this urban renewal plan may be implemented. This scenario relies on an investment by the developer of over \$407,000,000, in three successive years, receiving \$11,821,851 in tax rebates from tax increment funds received by the Agency. This results in approximately \$12 million in maximum indebtedness, and represents the maximum investment anticipated in the building. Lower investment levels will result in lower actual tax rebates and lower actual maximum indebtedness used. When a developer negotiates an agreement with the City, the projected rebate and revenue sharing numbers will be reevaluated, but may not exceed the \$12 million maximum indebtedness established in this Plan.

Table 2. Investment Schedule

Year	Investment Amount		
	Schedule 1	Schedule 2	Schedule 3
2013			
2014			
2015	137,000,000		
2016		135,000,000	
2017			135,000,000
2018			

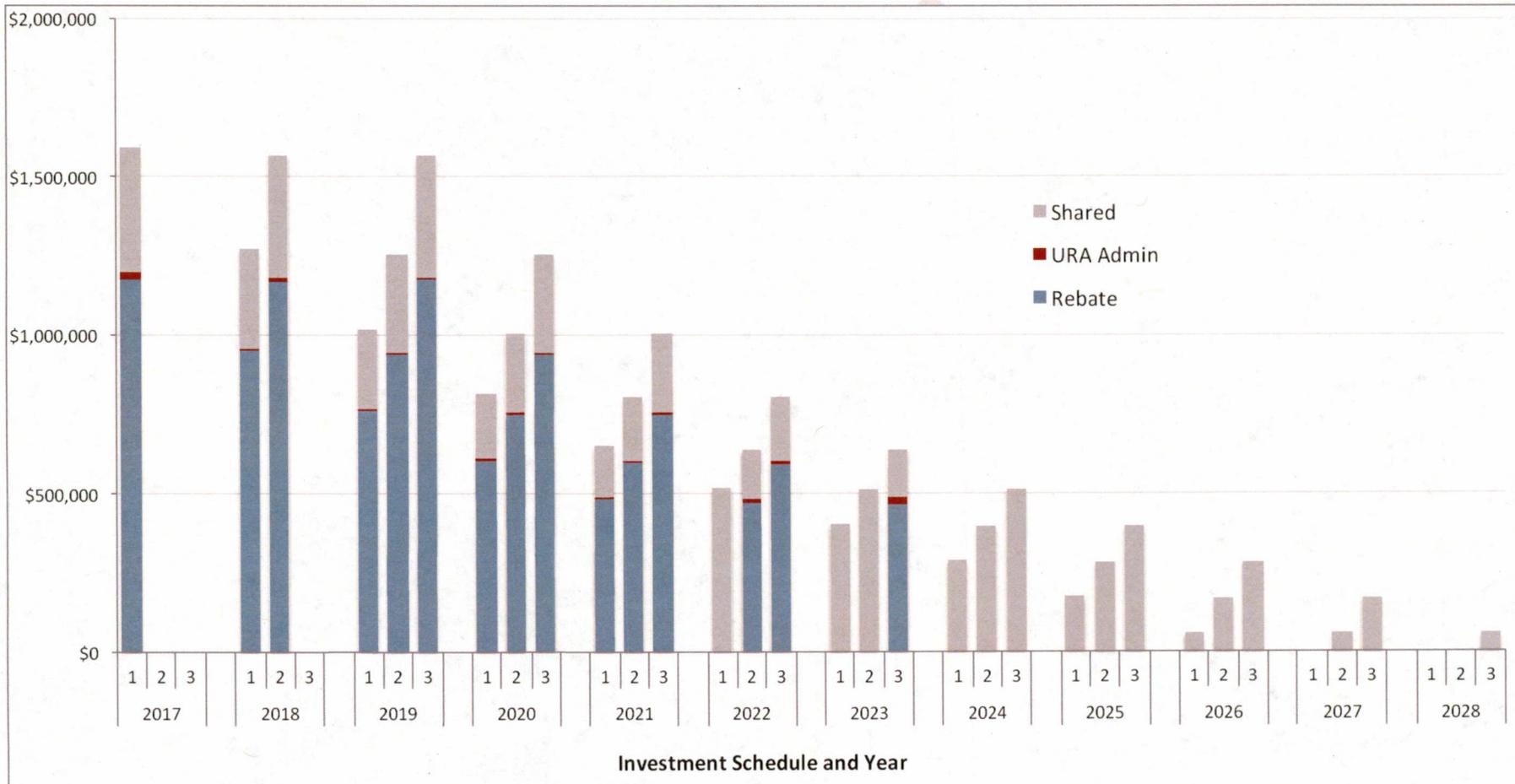
Source: ECONorthwest

The tax increment revenues and their allocation to administrative costs, developer rebates, and the taxing jurisdictions' share of the increased property tax revenue are shown in Table 3. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

It is anticipated that all expenditures of tax increment funding will be completed within 15 years. The maximum indebtedness is \$12,000,000. In the scenario detailed in Tables 2 and 3, the term of the rebate expires before all of the manufacturer's investment in equipment has depreciated. The result of this is the taxing jurisdictions begin to receive 100% of the TIF revenues in fiscal year 2023-24, and the total amount shared with taxing jurisdictions for the entire duration of the Area ends up being much higher than the net 25% share that is guaranteed during the time the developer is receiving rebates. Table 2 shows the total projected rebate to the developer in this scenario would be \$11,821,851 dollars, while the amount received by taxing jurisdictions is estimated at \$8,247,490 dollars over the 15 year life of the Plan. This is actually 40.8% of the total tax increment revenue.

Chart 1 depicts this scenario. Each individual investment provides rebates to the developer, and a portion of extra tax increment to taxing jurisdictions, for a five-year period, with any remaining increment shared with the taxing jurisdictions when that rebate period expires. The three investments are depicted in consecutive years, as shown by the 1,2,3 on the horizontal axis of the chart. As shown, once any one investment reaches the 6th year, all of the tax increment from that investment is shared with the taxing jurisdictions. This would be accomplished through an under levy.

Chart 1. Investment, Amortization, and Rebate Schedule



Source: ECONorthwest

There will be no loans or bonds issued. The amount of funding to service the maximum indebtedness will be raised through the payment of tax increment from the County Assessor's office. Because the project payments are predicated upon the annual tax increment on a formulaic basis allocating first to administrative costs, then a 75/25 split of increment between the developer and impacted taxing jurisdictions, the Plan will be financially feasible. No payments will be made without first receiving the increment from the assessor.

Table 3 – Tax Increment Revenues and Allocations to Project Costs Sample Scenario

FYE	URA Admin	Rebate	Shared	Total
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	\$28,883	\$1,104,988	\$368,330	\$1,502,201
2018	\$17,390	\$1,998,481	\$666,161	\$2,682,032
2019	\$17,912	\$2,705,988	\$901,996	\$3,625,896
2020	\$18,449	\$2,161,701	\$720,567	\$2,900,717
2021	\$19,002	\$1,726,129	\$575,376	\$2,320,507
2022	\$19,572	\$1,008,435	\$828,366	\$1,856,373
2023	\$20,159	\$439,571	\$1,014,453	\$1,474,183
2024	-	-	\$1,135,908	\$1,135,908
2025	-	-	\$810,952	\$810,952
2026	-	-	\$485,999	\$485,999
2027	-	-	\$215,626	\$215,626
2028	-	-	\$53,948	\$53,948
2029	-	-	-	-
2030	-	-	-	-
Total	\$141,367	\$11,145,293	\$7,777,682	\$19,064,342

Source: ECONorthwest, FYE: Fiscal Year End, URA: Urban Renewal Area

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues in the sample scenario, as shown above, are based on projections of the assessed value of investment that could occur within the Area, depreciation of the investment and the total tax rate that will apply in the Area. The assumptions include assumptions of development, as identified in the TIF Zones concept by the City of Wilsonville. Although these assumptions are used as a basis for evaluating the Plan, the financial feasibility is predicated on the simple formula that increased revenues will be shared by the City for administration, by the developer and by the taxing jurisdictions. No payments will be made until tax increment is received from the County Assessor. These payments will be distributed on a formula that includes payments for administrative costs, then a 75/25 split between the developer and impacted taxing jurisdictions.

Table 4 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (not adjusted for under-collection, penalties, and interest). These projections of increment are the basis for the projections in Table 3. These projections include shared revenue with impacted taxing jurisdictions.

Table 5 shows the investment and depreciation assumptions used in preparing the financial analysis. In this scenario, all investment is assumed to be equipment, and so it is depreciated. The depreciation schedule used in this scenario is a half-year convention over a 10-year recovery period that was published by the Internal Revenue Service in its annual report for how to depreciate property. Depreciation is an annual income tax deduction that allows you to recover the cost or other basis of certain property over the time you use the property. It is an allowance for the wear and tear, deterioration, or obsolescence of the property. In this case, all the investment in property is assumed to depreciate to zero after 10 years. Property can be depreciated at different times throughout the year, depending on the accounting method used. Under the half-year convention, you treat all property placed in service or disposed of during a tax year as placed in service or disposed of at the midpoint of the year. This means that a one-half year of depreciation is allowed for the year the property is placed in service or disposed of.

However, as stated above, for purposes of financial feasibility, the fact that no payments will be made until tax increment is received establishes financial feasibility.

Table 4 – Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Assessed Value	Frozen Base	Excess Value	Tax Rate	TIF
2013	\$7,476,210	\$7,476,210	\$0	12.3549	-
2014	\$7,476,210	\$7,476,210	\$0	12.3522	-
2015	\$7,476,210	\$7,476,210	\$0	12.3467	-
2016	\$7,476,210	\$7,476,210	\$0	12.1833	-
2017	\$130,776,210	\$7,476,210	\$123,300,000	12.1833	\$1,502,201
2018	\$227,616,210	\$7,476,210	\$220,140,000	12.1833	\$2,682,032
2019	\$305,088,210	\$7,476,210	\$297,612,000	12.1833	\$3,625,896
2020	\$245,565,810	\$7,476,210	\$238,089,600	12.1833	\$2,900,717
2021	\$197,942,410	\$7,476,210	\$190,466,200	12.1833	\$2,320,507
2022	\$159,846,510	\$7,476,210	\$152,370,300	12.1833	\$1,856,373
2023	\$128,476,510	\$7,476,210	\$121,000,300	12.1833	\$1,474,183
2024	\$100,711,010	\$7,476,210	\$93,234,800	12.1833	\$1,135,908
2025	\$74,038,810	\$7,476,210	\$66,562,600	12.1833	\$810,952
2026	\$47,366,810	\$7,476,210	\$39,890,600	12.1833	\$485,999
2027	\$25,174,710	\$7,476,210	\$17,698,500	12.1833	\$215,626
2028	\$11,904,210	\$7,476,210	\$4,428,000	12.1833	\$53,948
2029	\$7,476,210	\$7,476,210	\$0	12.1833	-
2030	\$7,476,210	\$7,476,210	\$0	12.1833	-
Total					\$19,064,342

Source: ECONorthwest, FYE: Fiscal Year End, TIF Revenue: Tax Increment Revenue

Table 5 – Projected Investments and Depreciation Schedules

Calendar Year	FYE	Investment Schedule 1			Investment Schedule 2			Investment Schedule 3			Total RMV
		Value	Depreciation	RMV	Value	Depr.	RMV	Value	Depr.	RMV	
2013	2015										
2014	2016										
2015	2017	\$137,000,000	10.00%	\$123,300,000							\$123,300,000
2016	2018		18.00%	\$98,640,000	\$135,000,000	10.00%	\$121,500,000				\$220,140,000
2017	2019		14.40%	\$78,912,000		18.00%	\$97,200,000	\$135,000,000	10.00%	\$121,500,000	\$297,612,000
2018	2020		11.52%	\$63,129,600		14.40%	\$77,760,000		18.00%	\$97,200,000	\$238,089,600
2019	2021		9.22%	\$50,498,200		11.52%	\$62,208,000		14.40%	\$77,760,000	\$190,466,200
2020	2022		7.37%	\$40,401,300		9.22%	\$49,761,000		11.52%	\$62,208,000	\$152,370,300
2021	2023		6.55%	\$31,427,800		7.37%	\$39,811,500		9.22%	\$49,761,000	\$121,000,300
2022	2024		6.55%	\$22,454,300		6.55%	\$30,969,000		7.37%	\$39,811,500	\$93,234,800
2023	2025		6.56%	\$13,467,100		6.55%	\$22,126,500		6.55%	\$30,969,000	\$66,562,600
2024	2026		6.55%	\$4,493,600		6.56%	\$13,270,500		6.55%	\$22,126,500	\$39,890,600
2025	2027		3.28%	-		6.55%	\$4,428,000		6.56%	\$13,270,500	\$17,698,500
2026	2028					3.28%	-		6.55%	\$4,428,000	\$4,428,000
2027	2029								3.28%	-	\$0
2028	2030										

FYE: Fiscal Year End RMV: Real Market Value Depr.: Depreciation
 Source: ECONorthwest

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the new maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated for a 15-year period and are shown in Tables 6a and 6b. Table 6a shows the general government taxing jurisdictions and Table 6b shows the education taxing jurisdictions.

The concept for this plan, as defined by the City of Wilsonville, includes a 25% share of net tax increment proceeds with the affected taxing jurisdictions. This formula for revenue sharing is different than the formula described in Oregon Revised Statutes (ORS). Revenue sharing is part of the 2009 legislative changes to urban renewal and means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the area. By statute, the share is a percentage basis dependent upon the tax rates of the taxing jurisdictions. The first threshold is 10% of the original maximum indebtedness. At the 10% threshold, the urban renewal agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The second threshold is set at 12.5% of the maximum indebtedness. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

The West Linn-Wilsonville School District and the Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. The formula for funding schools, as changed in the 2013 legislative session, is \$6,852 per pupil for FY 2013-14 and \$7,081 per pupil for FY 2014-15, an increase over the 2012 levels. According to the State of Oregon Department of Education,

there was approximately \$1 billion dollars of increased revenues allocated to school financing in the 2013 legislative session.¹

Tables 6a and 6b show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. It assumes the growth as projected in the other tables in this Report. **It does not offset the foregone revenues with the expected new revenues. Although the taxing jurisdictions are shown to forego approximately \$12 million, as shown in Table 6a and 6b, they will receive approximately \$8 million, as shown in Table 3. Over the life of the Plan, the taxing jurisdictions will receive over 40% of the total tax increment revenues produced by this sample scenario.**

There is always some discussion about the true impact of urban renewal on the taxing jurisdictions as there is one line of thought that some of the growth projected would not occur “but for” urban renewal. In this case, the building is underutilized either through vacancy or type of use, and expectations are that it will remain underutilized in the future without developer incentives. Given this, there would be no expectation that any increase of property taxes would come from this building without the use of urban renewal.

There is no anticipated change in revenue for affected taxing jurisdictions upon termination of the Plan, which is expected in 15 years. All projected investment is equipment, and equipment’s assessed value depreciates over time. By the time the Area expires, all equipment will be fully depreciated, so there will be no additional assessed value to tax. However, the taxing jurisdictions are receiving 25% of the net increment during the time period the developer is receiving 75% of the net increment, and they are receiving 100% of the increment for the remaining time frame of the Area, as shown in Table 3. If there are any improvements to the building itself, or increases in value of the building itself, the taxing jurisdictions would realize the increased taxes from those investments.

¹ Phone interview with Jan McComb, State of Oregon Department of Education, July 11, 2013.

Table 6a – Projected Impact on Taxing District Permanent Rate Levies (General Government)

FYE	Washington County	Tualatin Valley Fire & Rescue	City of Wilsonville	City of Wilsonville (GO)	Port of Portland	Metro	Metro (GO)	General Government Subtotal
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	(209,253)	(141,947)	(234,586)	-	(6,524)	(8,990)	-	(601,300)
2018	(372,024)	(252,362)	(417,063)	-	(11,599)	(15,984)	-	(1,069,032)
2019	(502,689)	(340,999)	(563,547)	-	(15,673)	(21,597)	-	(1,444,505)
2020	(402,342)	(272,928)	(451,051)	-	(12,544)	(17,286)	-	(1,156,151)
2021	(322,060)	(218,469)	(361,050)	-	(10,041)	(13,837)	-	(925,457)
2022	(189,716)	(128,694)	(212,684)	-	(5,915)	(8,151)	-	(545,160)
2023	(84,842)	(57,553)	(95,113)	-	(2,645)	(3,645)	-	(243,798)
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
Total	(2,082,926)	(1,412,952)	(2,335,094)	-	(64,941)	(89,490)	-	(5,985,403)

Source: ECONorthwest.

Table 6b – Projected Impact on Taxing District Permanent Rate Levies (Education and Totals)

Portland Community College (perm)	Portland Community College (GO)	Clackamas County ESD	West Linn SD (perm)	West Linn SD (GO)	Education Subtotal	General Government Subtotal	Total
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(26,320)	(18,846)	(34,314)	(453,091)	-	(532,571)	(1,666,442)	(1,133,871)
(46,793)	(33,506)	(61,006)	(805,534)	-	(946,839)	(2,962,710)	(2,015,871)
(63,227)	(45,274)	(82,433)	(1,088,460)	-	(1,279,394)	(4,003,293)	(2,723,899)
(50,606)	(36,237)	(65,977)	(871,180)	-	(1,024,000)	(3,204,151)	(2,180,151)
(40,508)	(29,006)	(52,812)	(697,348)	-	(819,674)	(2,564,805)	(1,745,131)
(23,862)	(17,087)	(31,110)	(410,788)	-	(482,847)	(1,510,854)	(1,028,007)
(10,671)	(7,641)	(13,913)	(183,706)	-	(215,931)	(675,660)	(459,729)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(261,987)	(187,597)	(341,565)	(4,510,107)	-	(5,301,256)	(16,587,915)	(11,286,659)

Source: ECONorthwest. Please refer to the explanation of the schools funding in the preceding section.

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base, including all real, personal, manufactured, and utility properties in the Urban Renewal Area, is projected to be \$7,476,210. The total assessed value of the City of Wilsonville is \$2,368,094,165. There are four existing urban renewal areas, as shown in Table 7. These four areas, plus the 25600 SW Parkway Center Drive Area, total 3.63% of the total assessed value of the City of Wilsonville, well below the 25% maximum. The 25600 SW Parkway Center Drive Area has 10.35 acres, including right-of-way, and the City of Wilsonville has 4,712 acres; the other four existing urban renewal areas total 1,057.74 acres. Therefore, 22.67% of the City's acreage is in an urban renewal area, below the 25% state limit.

Table 7 – Urban Renewal Area Conformance with Assessed Value and Acreage Limits

Urban Renewal Area	Assessed Value	Acres
25600 SW Parkway Center Drive	\$7,476,210	10.35
9805 SW Boeckman Road	\$10,879,601	24.98
26755 SW 95 th Avenue	\$7,064,499	9.76
Year 2000 Plan	\$44,087,806	567
West Side Plan	\$16,526,288	456
City of Wilsonville	\$2,368,094,165	4,712
Percent of Assessed Value in Urban Renewal	3.63%	
Percent of Acreage in Urban Renewal		22.67%

Source: City of Wilsonville, Clackamas County Assessor, U.S. Census Bureau

XI. RELOCATION REPORT

There is no relocation report required for the Plan. No relocation activities are anticipated.

29899 SW Boones Ferry Road Urban Renewal Plan



Prepared for the City of Wilsonville
August 5, 2013

City of Wilsonville

List of Participants

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(Urban Renewal Board is also Wilsonville City Council)

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I. DEFINITIONS

“Area” means the properties and rights of way located within this 29899 SW Boones Ferry Road Urban Renewal Plan urban renewal boundary.

“City” means the City of Wilsonville, Oregon.

“City Council” or “Council” means the City Council of the City of Wilsonville.

“Comprehensive Plan” means the City of Wilsonville Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Clackamas County.

“Economic Development Strategy Task Force” means a focused, limited-duration task force composed of leading community members and business managers who helped guide the Economic Development Strategy process and made a recommendation to the City Council.

“Enterprise Zones” means a program established by the State of Oregon in ORS 285C.045-.255, as amended, to provide tax incentives to businesses to locate in specifically designated areas of the state.

“Fiscal year” means the year commencing on July 1 and closing on June 30, the following year.

“Frozen base” means the total assessed value, including all real, personal, manufactured, and utility values within an urban renewal area at the time of plan approval. The county assessor certifies the assessed value after the approval of an urban renewal plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value of the frozen base.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan, pursuant to ORS 457.190, and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon revised statutes, specifically Chapter 457, which relates to urban renewal.

“Planning Commission” means the Wilsonville Planning Commission.

“Tax increment financing (TIF)” means the system that generates tax revenue through the division of taxes authorized by ORS 457.420 et.seq.

“Tax increment revenues” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the Area.

“TIF Zones” is the concept established by the Wilsonville City Council that is designed to offer incentives similar to enterprise zones, which stimulate property investment and employment opportunities. This concept is implemented as an urban renewal area.

“Urban renewal agency (agency)” means an urban renewal agency created under ORS 457.035 and 457.045. This agency is responsible for the administration of the urban renewal plan.

“Urban renewal plan” or “Plan” means this 29899 SW Boones Ferry Road Urban Renewal Plan, as it exists or is changed or modified from time to time, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135, and 457.220.

“Urban renewal project (project)” means any work or undertaking carried out under ORS 457.170 in the Area.

“Urban renewal report” means the official report that accompanies the urban renewal plan, pursuant to ORS 457.085(3).

II. INTRODUCTION

In February 2012, the City of Wilsonville established an Economic Development Advisory Committee (the “Committee”) to develop a strategy for the City’s economic development activities. After six months of public meetings, focus groups, interviews and an economic development summit, the Committee created an *Economic Development Strategy* that was adopted by the Wilsonville City Council in August 2012. The *Economic Development Strategy* describes a vision and principles for City economic development, and recommends twelve actions that are described in some detail. In particular, the *Economic Development Strategy* noted that the City should convene a task force to develop criteria to guide (1) the use of incentives to attract or retain businesses, (2) what businesses would qualify for incentives and under what conditions, (3) what types of incentives would be available to businesses, (4) the funding sources to support the incentives, and (5) expectations of businesses given incentives.

In November 2012, an Economic Development Strategy Task Force (the “Task Force”) was appointed and developed a framework for an incentive program that would more strategically position Wilsonville among its Portland metro-area competitors for economic development. The Task Force consisted of 21 individuals comprising a cross-section of the community. In the process of considering 10 different incentive options, single-property urban renewal districts, called Tax Increment Finance Zones (TIF Zones) emerged as one of the preferred incentive mechanisms. The Task Force recommendation to the Wilsonville City Council proposed the development of five TIF Zones. In Wilsonville, these urban renewal areas will fill a role similar to that of an Enterprise Zone, providing partial property tax rebates for qualifying investments occurring on the properties, thus encouraging companies to locate in Wilsonville and provide valuable economic benefits to the community. This proposal was taken before the City’s electorate in March 2013 and approved by 78.8 percent of voters.

While the TIF Zone incentive packages are similar to Enterprise Zones in concept, they will differ in several key ways in an attempt to make TIF Zones both a lower risk use of public funds and more attractive to potential investors. Each site selected to be a TIF Zone will require the creation of a separate urban renewal plan and report because each site will be its own, individual, urban renewal area. As established by the Task Force, TIF Zone properties must have 100,000 square feet or more of industrially-zoned building space that has the potential for conversion from warehousing to a higher-value, traded-sector use such as manufacturing.

The Agency has prepared the 29899 SW Boones Ferry Road Urban Renewal Plan (Plan) based on the recommendations of the Task Force. This Plan establishes the fifth of up to six urban renewal areas using the TIF Zone concept. The Plan contains goals, objectives, and projects for the development of the 29899 SW Boones Ferry Road Urban Renewal Area (Area). The overall purpose of the Plan is to use tax increment financing to provide incentives for economic investment, to cure blight in underutilized buildings, using strategies that are competitive with Enterprise Zones in other communities in the region.

In general, the purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old or deteriorated buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, or other obstacles to development. The Area selected is an underutilized, industrial-zoned area of Wilsonville that has had a history of partial or complete vacancy and where existing conditions have presented a barrier to attracting new private sector financial investment to convert the Area to a higher-value, traded sector use.

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues – the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established – are used to accomplish projects identified by the urban renewal agency. In this case, other than administration, the Plan has only one project, which is repayment in the form of partial property tax reimbursement for qualifying capital infrastructure investment that increases assessed value and job creation.

The specific projects to be approved in this Plan are outlined in Sections IV and V.

Urban renewal is put into effect when the local government (the City of Wilsonville, in this case) adopts an urban renewal plan. The urban renewal plan defines the urban renewal area, states goals and objectives for the area, lists projects and programs that can be undertaken, provides a dollar limit on the funds that can be borrowed for urban renewal projects, and states how the plan may be changed in the future.

The Area, shown in Figure 1, consists of approximately 15.40 acres.

The Plan will be administered by the Wilsonville Urban Renewal Agency, which was activated by the Wilsonville City Council as the City's Urban Renewal Agency.

Substantial changes to the Plan, if necessary, must be approved by the City Council, as outlined in Section X of this Plan.

An Urban Renewal Report, which accompanies the Plan, contains additional information, as required by ORS 457.085. The technical information in the Report includes:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact, in light of increased services;
- Reasons for selection of each Area in the Plan;
- The relationship between each project to be undertaken and the existing conditions;
- The total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the Area, and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

The Plan will be active for a maximum of 15 years as explained in Section V, subsection A, below. If no qualifying investment occurs in the Area that uses the Plan project incentives within five years after the effective date of the Plan, then the Plan will immediately be terminated. The maximum amount of indebtedness (amount of tax increment financing for projects and programs) that may be issued for the Plan is \$12,000,000. For TIF Zones, maximum indebtedness reflects the total of the tax repayment obligation to the qualifying company and represents the maximum amount of tax increment to be collected to meet this obligation as well as administrative costs.

III. GOALS AND OBJECTIVES

The goals of the Plan represent the basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve the goals. The urban renewal projects identified in Sections IV and V of the Plan are the specific means of meeting the objectives. The goals relate to adopted plans, as detailed in Section XI, and were developed with input from the Wilsonville Economic Development Strategy Task Force. The goals and objectives will be pursued as economically as is feasible and at the discretion of the urban renewal agency.

Goal 1: PUBLIC INVOLVEMENT

Maintain a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the urban renewal adoption process.

Objectives:

1. Provide opportunities for public input throughout the adoption process, including a public open house, Planning Commission meeting, and City Council hearing.
2. Provide information on urban renewal on the City of Wilsonville's website.

Goal 2: ECONOMY

Encourage the economic growth of the Area by encouraging local industrial investment and manufacturing jobs using existing infrastructure and promoting new use of vacant and underutilized industrial properties.

Objectives:

1. Provide steady, family-wage jobs for the community.
2. Generate investment that will bolster the local economy and provide revenue for local taxing jurisdictions.
3. Promote the reuse of vacant buildings and encourage infill development by providing incentives for investors to locate in an existing building or build on a site already in the middle of an industrial area and use the existing infrastructure.
4. Partner with public and private entities to incentivize and generate private investment.

Figure 1 – 29899 SW Boones Ferry Road Urban Renewal Area Boundary



Source: City of Wilsonville

IV. OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES

The primary project within the Area will be providing the return of incremental property taxes to developers as an incentive for redevelopment. Another small use of funds will be to pay for the preparation and administration of the Plan.

V. URBAN RENEWAL PROJECTS

The urban renewal projects authorized by the Plan are described below. These projects are consistent with the Wilsonville Economic Development Strategy and are in conformance with the Wilsonville Comprehensive Plan, as detailed in Section XI of this Plan.

As shown in the Report, urban renewal funds will primarily be used as an incentive to spur industrial development, investment, and job creation. The details of the projects are as follows:

A. Property tax rebates

This project offers an incentive to the private sector to convert under-utilized industrial buildings into higher value traded-sector uses, such as manufacturing. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Property tax rebate mechanics

The project will rebate up to 75% of the tax increment revenue for three years for each company that:

- Invests at least \$25 million in capital improvements and/or qualified equipment, and;
- Creates 75 or more new, permanent, full-time jobs that pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid which for 2012 is \$25.33/hour or \$52,693 annual wage rate.

Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.

Additional three- and five-year rebate periods could begin, after approval by the Agency, with any additional new capital investment and job creation meeting the above

minimum criteria, providing the potential for up to 10 years of rebates. Again, however, qualified investment needs to be made within five years of program adoption. This limits the potential life of the program and rebates to up to 15 years. Qualifying Businesses must be manufacturing firms. If no qualifying investment has been made in the Area within five years of the effective date of the Plan, the Area will be dissolved.

Any businesses receiving Area benefits will be monitored by the Agency for compliance with qualifying criteria and no rebate shall be given if the business fails to meet any of the qualifications. Additionally, if a business which has received a rebate discontinues business operations in the Area within two years after it receives each rebate payment it will be required to return all or a portion of the rebate as follows. Should a business discontinue business operations within the Area within 12 months after receiving a rebate, the business shall be required to reimburse the Agency 100% of the rebate payment. Should a business discontinue business operations within 24 months of receiving a rebate, the business shall be required to reimburse the Agency 50% of the rebate payment.

B. Debt repayment and project administration

This project will allow for the repayment of costs associated with the preparation, including the potential repayment of the initial planning costs for the development of the urban renewal plan, adoption, and implementation of the Plan. This project also includes ongoing administration of the Plan.

VI. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not authorize the acquisition and disposition of property.

VII. RELOCATION METHODS

No relocation assistance will be provided because this Plan does not authorize property acquisition. If relocation is required, the Agency will comply with relocation methods required under state law.

VIII. LAND USES

The proposed land use is industrial development. The maximum densities and building requirements are contained in the Wilsonville Development Code.

IX. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt and to finance the urban renewal projects authorized in the Plan. Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.)

A. General description of the proposed financing methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues; and/or
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in planning or undertaking project activities, or otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax increment financing and maximum indebtedness

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion, is \$12,000,000.

C. Prior indebtedness

Any indebtedness permitted by law and incurred by the Agency or the City of Wilsonville in connection with the preparation of this Plan or prior planning efforts

that support the preparation or implementation of this Plan may be repaid from tax increment revenues from the Area when, and if, such funds are available.

X. FUTURE AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments are amendments that:

- Add land to the urban renewal area, except for an addition of land that totals not more than 1% of the existing area of the urban renewal area; or
- Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Wilsonville, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments in scope. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code

Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code that affect the Plan and/or the Area shall be incorporated automatically within the Plan without any separate action required by the Agency or the City Council.

XI. RELATIONSHIP TO LOCAL OBJECTIVES

The Plan relates to local planning and development objectives contained within the City of Wilsonville's Comprehensive Plan and Economic Development Strategy. The following section describes the purpose and intent of these plans, the particular goals and policies within each planning document to which the proposed Plan relates, and an explanation of how the Plan relates to these goals and policies. The numbering of the goals, policies, and implementation strategies will reflect the numbering that occurs in the original document. Italicized text is text that has **not** been taken directly from an original planning document. The Zoning and Comprehensive Plan designations are shown in Figure 2.

This is not a comprehensive list of all parts of the Wilsonville Comprehensive Plan that are supported by this Plan. This list includes the major goals and policies from the Comprehensive Plan that are supported. However, there may be other goals and policies that are not listed, but are still supported by this Plan.

A. City of Wilsonville Comprehensive Plan

The Wilsonville Comprehensive Plan was updated in January 2013. The Comprehensive Plan is an official statement of the goals, policies, implementation measures, and physical plan for the development of the City. The Plan documents the City's approach to the allocation of available resources for meeting current and anticipated future needs. In doing so, it records current thinking regarding economic and social conditions. Because these conditions change over time, the Plan must be directive, but flexible, and must also be periodically reviewed and revised to consider changes in circumstances.

Section A: Citizen Involvement

Goal 1.1 To encourage and provide means for interested parties to be involved in land use planning processes, on individual cases and City-wide programs and policies.

Policy 1.1.1 The City of Wilsonville shall provide opportunities for a wide range of public involvement in City planning programs and processes.

The Plan conforms with Goals 1.1 and Policy 1.1.1 by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine

that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. Later, a city-wide vote was held so that the community could weigh in on the decision of whether or not to use TIF Zones. Citizens were included in the adoption phase of the urban renewal plan through a public open house, Planning Commission meeting, and City Council hearing that was noticed as required in ORS 45.

Goal 1.2 For Wilsonville to have an interested, informed, and involved citizenry.

Implementation Measure 1.2.1.c. Establish procedures to allow interested parties reasonable access to information on which public bodies will base their land use planning decisions.

Policy 1.3 The City of Wilsonville shall coordinate with other agencies and organizations involved with Wilsonville's planning programs and policies.

The Plan conforms with Goals 1.2, Policy 1.3, and their Implementation Measures by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. In addition, taxing jurisdictions received formal notice, and, if desired, a briefing on the Plan. Representatives of the three major taxing jurisdictions were included as members of the Task Force that recommended the creation of TIF Zones.

Section C: Urban Growth Management

Goal 2.1 To allow for urban growth while maintaining community livability, consistent with the economics of development, City administration, and the provision of public facilities and services.

Implementation Measure 2.1.1.a. Allow development within the City where zoning has been approved and other requirements of the Comprehensive Plan have been met.

Implementation Measure 2.1.1.c. Encourage a balance between residential, industrial, and commercial land use, based on the provisions of this Comprehensive Plan.

Implementation Measure 2.1.1.d. Establish and maintain revenue sources to support the City's policies for urbanization and maintain needed public services and facilities.

Policy 2.1.1 The City of Wilsonville shall support the development of all land within the City, other than designated open spaces, consistent with the land use designations of the Comprehensive Plan.

The Plan conforms with Goal 2.1, Policy 2.1.1, and their Implementation Measures by providing financial incentives for the redevelopment of lands already designated as urban and already provided with infrastructure. By doing this, the Plan encourages growth and development within the urban growth boundary, and helps relieve pressures on lands outside of the urban growth boundary.

Section D: Land Use and Development

Goal 4.1 To have an attractive, functional, economically vital community with a balance of different types of land.

Policy 4.1.1 The City of Wilsonville shall make land use and planning decisions to achieve Goal 4.1.

Implementation Measure 4.1.1.d. In the process of administering the City's Comprehensive Plan, careful consideration will be given to the economic impacts of proposed policies, programs and regulations. Efforts will be made to simplify and streamline the planning and zoning review process while maintaining the quality of development.

Implementation Measure 4.1.1.e. The City shall protect existing and planned industrial and commercial lands from incompatible land uses, and will attempt to minimize deterrents to desired industrial and commercial development.

Implementation Measure 4.1.1.m. Encourage a balance between light industrial and residential growth within the City.

The Plan conforms with Goal 4.1, Policy 4.1.1, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will enrich the balanced land uses within Wilsonville. Also, by encouraging redevelopment of the Area, the Plan helps support an economically vital community by bringing jobs to the community and by reducing the number of vacant or underutilized industrial buildings in the City.

Policy 4.1.3 City of Wilsonville shall encourage light industry compatible with the residential and urban nature of the City.

Implementation Measure 4.1.3.a. Develop an attractive and economically sound community.

Implementation Measure 4.1.3.c. Favor capital intensive, rather than labor intensive, industries within the City.

Implementation Measure 4.1.3.e. Site industries where they can take advantage of existing transportation corridors such as the freeway, river, and railroad.

The Plan conforms with Goal 4.1, Policy 4.1.3, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will help maintain a healthy mix of industrial jobs and industry within the community, and will encourage industrial activities to sites where they can take advantage of existing transportation corridors and other infrastructure.

B. Wilsonville Economic Development Strategy

The Economic Development Strategy was completed in August 2012, and sets forth an economic strategy for Wilsonville that describes actions to be taken by the public sector for the purpose of stimulating private sector activity. This strategy was developed with the assistance of an advisory committee that met over the course of 4 months and considered input from the community provided in the form of focus groups, interviews with business leaders, an economic summit, public comments and a community survey. The end result was a vision statement for economic development in Wilsonville, and a list of 6 actions to be taken by the public sector. Specific actions that are directly supported by this Urban Renewal Plan are listed below, but other actions from the Economic Development Strategy will also benefit from the successful implementation of this Plan.

Action 2.1 Promote reuse of vacant building, infill development, and redevelopment.

Action 6.2 Develop criteria to guide the use of incentives to attract or retain businesses.

The projects in the Plan conform with the Economic Development Strategy. They will help to encourage the reuse of existing industrial buildings and infill development by providing an incentive package similar to that of neighboring communities. This incentive package will help incentivize and generate private investment, which will in turn provide jobs for the community and an increased tax base to support local services and infrastructure.

C. Wilsonville Development Code

The Wilsonville Development Code - Planning and Land Development was enacted for the purpose of promoting the general public welfare by ensuring procedural due process in the administration and enforcement of the City's Comprehensive Plan, Zoning, Design Review, Land Division, and Development Standards. It is contained as Chapter 4 of the Wilsonville Code.

The zoning designation for the property in the Area is PDI - Planned Development Industrial Zone. It is shown in Figure 2. The Plan is not proposing any new zones or

code amendments, nor are there any proposals that would modify any of the existing zones or land uses. The Plan will comply with all requirements of the existing zoning.

D. City of Wilsonville Transportation Systems Plan

The City of Wilsonville Transportation Systems Plan (TSP) was adopted by the Wilsonville City Council on June 17, 2013.

The TSP is the City's long-term transportation plan and is an element of its Comprehensive Plan. It includes policies, projects, and programs that could be implemented through the City's Capital Improvement Plan, development requirements, or grant funding.

The 2013 TSP process built upon two decades of community planning to create a complete community transportation plan that integrates all travel modes. Most of the policies and projects come from prior adopted plans, including the Comprehensive Plan, 2003 TSP, 2006 Bicycle and Pedestrian Master Plan, and 2008 Transit Master Plan. While the TSP replaces the 2003 TSP in its entirety, it updates and builds upon the 2006 Bicycle and Pedestrian Master Plan and 2008 Transit Master Plan. Where these documents may be in conflict, the new TSP takes precedence.

SW Boones Ferry Road is designated as a collector, a truck route and a bicycle route.¹ The TSP Executive Summary identifies two high priority projects for SW Boones Ferry Road, both relating to pedestrian and bikeway improvements.² The road also has a designated cross section deficiency near the Area.³ SW Boones Ferry Road is served by transit, and there are multiple bus stops near the Area.

The Plan conforms with the City of Wilsonville Transportation System Plan as the redevelopment planned for the Area is an industrial use and SW Boones Ferry Road will be used as designated in the TSP. SW Boones Ferry Road is classified as a collector, anticipating truck travel.

¹ City of Wilsonville Transportation System Plan, 2013, Figure 3-2 Functional Class Designations, p 3-6; Figure 3-4 Freight Routes, p 3-9; Figure 3-5 Bicycle Routes, p 3-11.

² City of Wilsonville Transportation System Plan, 2013, Executive Summary, p v.

³ City of Wilsonville Transportation System Plan, 2013, Figure 4-1 Roadway Cross-Section Deficiencies, p 4-5.

APPENDIX A: LEGAL DESCRIPTION

29899 SW BOONES FERRY ROAD URBAN RENEWAL DISTRICT WILSONVILLE, OREGON

Lots and maps are taken from Assessor's Tax Maps from July, 2013, and attached hereto. The area is described as that land containing all lots or parcels of property situated in the City of Wilsonville, County of Clackamas, and the State of Oregon, lying in Section 14, Township 3 South, Range 1 West of the Willamette Meridian, bounded as follows:

Commencing at a point common to Sections 14 and 23, Township 3 South, Range 1 West, Willamette Meridian, Clackamas County, Oregon. Thence West along the South line of said Section 14, 110 feet, more or less; Thence North, 49 feet, more or less, to the point of intersection with the North right-of-way line of Wilsonville Road, and the East right-of-way line of the Oregon Electric Railroad, also being the Southwest corner of Parcel 2, Partition Plat 2003-082, records of said county, Assessor's Plat 3 1W 14D, and being the **POINT OF BEGINNING**.

1. Thence North along said East right-of-way line, 928 feet, more or less, to the Northwest corner of said Parcel 2
2. Thence East, 1091 feet, more or less, to the Northeast corner of said Parcel 2;
3. Thence South along the East line of said Parcel 2, 146 feet, more or less;
4. Thence Southeast continuing along said East line, 117 feet, more or less, to the point of intersection with said East Line, and the Northwesterly right-of-way line of Boones Ferry Road;
5. Thence Southwest along said Northwesterly right-of-way line, 563 feet, more or less;
6. Thence Northwest along the South line of said Parcel 2, 191 feet, more or less;
7. Thence Southwest continuing along said South line of said Parcel 2, 265 feet, more or less;
8. Thence Northwest continuing along said South line of said Parcel 2, 141 feet, more or less;
9. Thence South continuing along said South line of said Parcel 2, 60 feet, more or less;

10. Thence West continuing along said South line of said Parcel 2, 354 feet, more or less;
11. Thence South, 251 feet, more or less, to the point of intersection of the most Southerly Southeast corner of said Parcel 2, and the North right-of-way line of Wilsonville Road;
12. Thence West along said North right-of-way line, 60 feet, more or less, to the **POINT OF BEGINNING.**

The described property, located entirely within the City of Wilsonville, County of Washington, and the State of Oregon, contains **sixteen (16)**, acres, more or less.

Due to the possibility of errors in the acreage shown on the Assessor's tax maps used to compute the property acreage, the acreage given hereon should be considered accurate to the nearest 1 acre.

DRAFT

**REPORT ACCOMPANYING
29899 SW BOONES FERRY ROAD
URBAN RENEWAL PLAN**



Prepared for the City of Wilsonville

August 5, 2013

**REPORT ACCOMPANYING
29899 SW BOONES FERRY ROAD
URBAN RENEWAL PLAN**

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I. INTRODUCTION

The Report on the 29899 SW Boones Ferry Road Urban Renewal Plan (Report) contains background information and project details that pertain to the 29899 SW Boones Ferry Road Urban Renewal Plan (Plan). The Report is not a legal part of the Plan, but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides information required by ORS 457.085(3). The format of the Report is based on this statute. The Report documents not only the proposed projects in the Plan, but also documents the existing conditions in the 29899 SW Boones Ferry Road Urban Renewal Area (Area).

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility.

Figure 1 – 29899 SW Boones Ferry Road Urban Renewal Plan Area Boundary



Source: City of Wilsonville

II. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the 29899 SW Boones Ferry Road Urban Renewal Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

Land Use

According to data obtained from the City of Wilsonville and the Clackamas County Assessor’s office, the Area, shown in Figure 1 above, contains 1 industrial use parcel that has 250,650 square feet of building space on 15.40 acres.

Zoning and Comprehensive Plan Designations

In the City of Wilsonville, the Wilsonville Development Code and the Wilsonville Comprehensive Plan designations differ. The development code establishes districts to control land use throughout the city and regulates development standards within these established use districts. The comprehensive plan designation indicates the type of use allowed on a parcel.

The comprehensive plan designation of the parcel is Industrial, and the zoning is Planned Industrial Development (PDI).

B. Infrastructure: Existing Conditions

Infrastructure

This section of the Report identifies the existing infrastructure in the Area. However, because this Area consists of only one parcel, this section will instead evaluate the infrastructure directly serving this parcel, along with an evaluation of the conditions of the infrastructure on the parcel itself. Information was obtained from documentation by City of Wilsonville staff.

1. Streets/Sidewalks/Pathways/Bike Lanes

The street servicing the property, SW Boones Ferry Road, is a collector that is in good condition and meets City standards. SW Boones Ferry Road has adequate streetscape, sidewalks, curbs, and bike lanes.

There are currently two priority projects for SW Boones Ferry Road in the Capital Improvement Plan, both relating to pedestrian and bikeway improvements.

2. Water

The water pipe serving the Area is a 1.5" domestic/1.5" irrigation that should be adequate for the current or future needs of the Area. There are no projects planned for the water infrastructure serving the Area in the CIP or other planning documents

3. Storm Drainage Master Plan

The storm drain service in the Area is adequate for current and future use, and there are no planned projects for storm drain infrastructure serving the Area in the CIP or other planning documents. However, a building expansion or the addition of impervious surface could trigger new on-site stormwater improvements.

4. Sanitary Sewer

Sewer service to the Area is more than adequate for the current and future needs of the Area, and there are no planned projects for sewer infrastructure serving the Area in the CIP or other planning documents.

5. Parks

There are no public parks in the Area. The 2007 Parks and Recreation Master Plan identifies project P12 Industrial Area Waysides in the northwest industrial area of Wilsonville, which is currently underserved by parks or recreation facilities. These projects are not in the City's short or mid-term Capital Improvement Program and have not been sited.

6. Public Parking

There is no public parking in the Area, but there are banks of private head-in parking along the south, west, and east ends of the building that should provide parking for over 100 vehicles.

7. Wetlands

There are no wetlands or Significant Resource Overlay Zoning in or immediately around the Area.

8. Conditions of Buildings

The building has 250,650 square feet of space. It is currently used for warehousing and is considered underutilized.

C. Social Conditions

There is only one industrial parcel in the Area and there are no residents that reside within the Area.

D. Economic Conditions

Taxable Value of Property Within the Area

According to the Clackamas County Assessor's office, the estimated 2011/2012 total assessed value of the real property in the Area is \$ 13,505,100. The total assessed value including personal property is \$14,458,913. The building is underutilized, and if it was fully utilized and converted to a traded-sector use such as manufacturing, the values would increase.

The frozen base is estimated to be \$14,458,913.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX (Impact of the Tax Increment Financing) of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The project being considered for future use of urban renewal is an economic development project. The use of urban renewal funding for this project allows the City to provide an attractive industrial development incentive program that will be competitive with neighboring communities' Enterprise Zone programs. It also allows

the city to tap a different funding source besides the City of Wilsonville's general funds to support this program.

All necessary infrastructure to serve the Area is in place and none of the systems are slated for improvements in the CIP. Converting the building structure in the Area to optimized use will take advantage of the existing infrastructure. Because the structure will incur a change in use from warehousing to manufacturing, or another traded-sector use that meets program criteria, there may be a need for additional police and fire services. However, since this structure already exists and has received these services before, these are not totally new service requirements. In addition, a vacant structure can sometimes be vulnerable to vandalism, criminal activity and fire risk. Bringing the structure back to full use will help prevent such risks.

The revenue sharing feature of this urban renewal plan allows for tax increment to be shared with taxing jurisdictions including the City of Wilsonville at the onset of receipt by the Agency of tax increment funds. These funds will help offset any increased services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to cure blight by providing the ability to fund an economic incentive program to encourage private sector investment in an underutilized and/or vacant parcel of industrial zoned land.

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area, including how they relate to the existing conditions in the Area, are described below:

A. Property Tax Rebates

This project offers an incentive to the private sector to convert underutilized industrial buildings into higher value traded-sector uses, such as manufacturing, in the Area. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Existing Conditions:

This parcel is currently vacant and/or underutilized. It has 250,650 square feet of building space on 15.40 acres.

B. Debt Service and Administration

This project will allow for the repayment of costs associated with the preparation (including the potential repayment of the initial planning costs for the development of the urban renewal plan) adoption, and implementation of the 29899 SW Boones Ferry Road Urban Renewal Plan. This project also includes ongoing administration and any financing costs associated with the Plan.

Existing Conditions:

As there is currently no urban renewal program for this Area, these activities do not exist.

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The costs of the projects are shown in Table 1. The sources of funds are tax increment revenues. A three percent annual inflation factor is used. These funds will be allocated to the following projects:

- Repayment of a portion of the urban renewal planning costs will occur in the first year that tax increment funds are received (\$12,000 in FY 2013-14, adjusted annually for inflation increases).
- Approximately \$15,000 in FY 2013-14, adjusted for inflation, will be allocated for program administration annually.
- The project will rebate up to 75% of the net tax increment revenue for three years for each qualifying company if the average wage of the 75 or more new jobs pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid, which for 2012 is \$25.33/hour or \$52,693 annual wage rate. Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County at the time the rebate is paid, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.
- Any net tax increment revenues in excess of what is needed for administrative expenses or tax rebates will be distributed to the impacted taxing jurisdictions.

Table 1 – Estimated Project Allocations

TIF Use	Amount
URA Administration	\$141,367
Rebate	\$11,821,851
Total	\$11,963,218

Source: ECONorthwest, TIF: Tax Increment Funds

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The anticipated latest completion date of the projects in the 29899 SW Boones Ferry Road Urban Renewal Plan will be June 30 of the fiscal year ending 15 years after the approval of the Plan. If investments do not occur as outlined in the program guidelines, the Plan may be terminated earlier at the discretion of the Agency.

VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 2 shows a scenario for how this urban renewal plan may be implemented. This scenario relies on an investment by the developer of over \$407,000,000, in three successive years, receiving \$11,821,851 in tax rebates from tax increment funds received by the Agency. This results in approximately \$12 million in maximum indebtedness, and represents the maximum investment anticipated in the building. Lower investment levels will result in lower actual tax rebates and lower actual maximum indebtedness used. When a developer negotiates an agreement with the City, the projected rebate and revenue sharing numbers will be reevaluated, but may not exceed the \$12 million maximum indebtedness established in this Plan.

Table 2. Investment Schedule

Year	Investment Amount		
	Schedule 1	Schedule 2	Schedule 3
2013			
2014			
2015	137,000,000		
2016		135,000,000	
2017			135,000,000
2018			

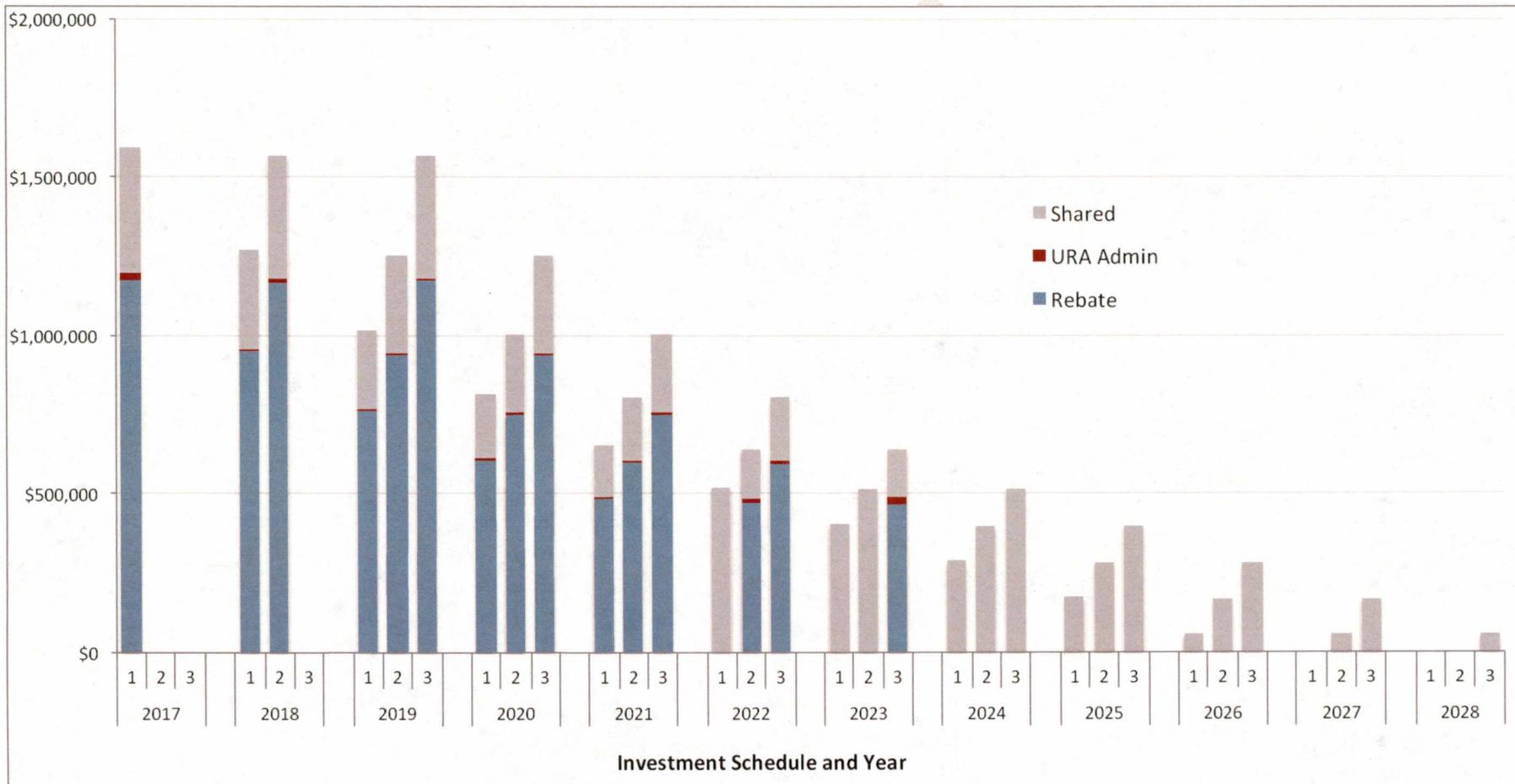
Source: ECONorthwest

The tax increment revenues and their allocation to administrative costs, developer rebates, and the taxing jurisdictions' share of the increased property tax revenue are shown in Table 3. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

It is anticipated that all expenditures of tax increment funding will be completed within 15 years. The maximum indebtedness is \$12,000,000. In the scenario detailed in Tables 2 and 3, the term of the rebate expires before all of the manufacturer's investment in equipment has depreciated. The result of this is the taxing jurisdictions begin to receive 100% of the TIF revenues in fiscal year 2023-24, and the total amount shared with taxing jurisdictions for the entire duration of the Area ends up being much higher than the net 25% share that is guaranteed during the time the developer is receiving rebates. Table 2 shows the total projected rebate to the developer in this scenario would be \$11,821,851 dollars, while the amount received by taxing jurisdictions is estimated at \$8,247,490 dollars over the 15 year life of the Plan. This is actually 40.8% of the total tax increment revenue.

Chart 1 depicts this scenario. Each individual investment provides rebates to the developer, and a portion of extra tax increment to taxing jurisdictions, for a five-year period, with any remaining increment shared with the taxing jurisdictions when that rebate period expires. The three investments are depicted in consecutive years, as shown by the 1,2,3 on the horizontal axis of the chart. As shown, once any one investment reaches the 6th year, all of the tax increment from that investment is shared with the taxing jurisdictions. This would be accomplished through an under levy.

Chart 1. Investment, Amortization, and Rebate Schedule



Source: ECONorthwest

There will be no loans or bonds issued. The amount of funding to service the maximum indebtedness will be raised through the payment of tax increment from the County Assessor's office. Because the project payments are predicated upon the annual tax increment on a formulaic basis allocating first to administrative costs, then a 75/25 split of increment between the developer and impacted taxing jurisdictions, the Plan will be financially feasible. No payments will be made without first receiving the increment from the assessor.

Table 3 – Tax Increment Revenues and Allocations to Project Costs Sample Scenario

FYE	URA Admin	Rebate	Shared	Total
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	\$28,883	\$1,172,736	\$390,911	\$1,592,530
2018	\$17,390	\$2,119,437	\$706,479	\$2,843,306
2019	\$17,912	\$2,869,511	\$956,504	\$3,843,927
2020	\$18,449	\$2,292,519	\$764,173	\$3,075,141
2021	\$19,002	\$1,830,780	\$610,260	\$2,460,042
2022	\$19,572	\$1,069,956	\$878,472	\$1,968,000
2023	\$20,159	\$466,912	\$1,075,757	\$1,562,828
2024	-	-	\$1,204,211	\$1,204,211
2025	-	-	\$859,716	\$859,716
2026	-	-	\$515,223	\$515,223
2027	-	-	\$228,592	\$228,592
2028	-	-	\$57,192	\$57,192
2029	-	-	-	-
2030	-	-	-	-
Total	\$141,367	\$11,821,851	\$8,247,490	\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, URA: Urban Renewal Area

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues in the sample scenario, as shown above, are based on projections of the assessed value of investment that could occur within the Area, depreciation of the investment and the total tax rate that will apply in the Area. The assumptions include assumptions of development, as identified in the TIF Zones concept by the City of Wilsonville. Although these assumptions are used as a basis for evaluating the Plan, the financial feasibility is predicated on the simple formula that increased revenues will be shared by the City for administration, by the developer and by the taxing jurisdictions. No payments will be made until tax increment is received from the County Assessor. These payments will be distributed on a formula that includes payments for administrative costs, then a 75/25 split between the developer and impacted taxing jurisdictions.

Table 4 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (not adjusted for under-collection, penalties, and interest). These projections of increment are the basis for the projections in Table 3. These projections include shared revenue with impacted taxing jurisdictions.

Table 5 shows the investment and depreciation assumptions used in preparing the financial analysis. In this scenario, all investment is assumed to be equipment, and so it is depreciated. The depreciation schedule used in this scenario is a half-year convention over a 10-year recovery period that was published by the Internal Revenue Service in its annual report for how to depreciate property. Depreciation is an annual income tax deduction that allows you to recover the cost or other basis of certain property over the time you use the property. It is an allowance for the wear and tear, deterioration, or obsolescence of the property. In this case, all the investment in property is assumed to depreciate to zero after 10 years. Property can be depreciated at different times throughout the year, depending on the accounting method used. Under the half-year convention, you treat all property placed in service or disposed of during a tax year as placed in service or disposed of at the midpoint of the year. This means that a one-half year of depreciation is allowed for the year the property is placed in service or disposed of.

However, as stated above, for purposes of financial feasibility, the fact that no payments will be made until tax increment is received establishes financial feasibility.

Table 4 – Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Assessed Value	Frozen Base	Excess Value	Tax Rate	TIF
2013	\$14,458,913	\$14,458,913	\$0	13.0968	-
2014	\$14,458,913	\$14,458,913	\$0	13.0936	-
2015	\$14,458,913	\$14,458,913	\$0	13.0793	-
2016	\$14,458,913	\$14,458,913	\$0	12.9159	-
2017	\$137,758,913	\$14,458,913	\$123,300,000	12.9159	\$1,592,530
2018	\$234,598,913	\$14,458,913	\$220,140,000	12.9159	\$2,843,306
2019	\$312,070,913	\$14,458,913	\$297,612,000	12.9159	\$3,843,927
2020	\$252,548,513	\$14,458,913	\$238,089,600	12.9159	\$3,075,141
2021	\$204,925,113	\$14,458,913	\$190,466,200	12.9159	\$2,460,042
2022	\$166,829,213	\$14,458,913	\$152,370,300	12.9159	\$1,968,000
2023	\$135,459,213	\$14,458,913	\$121,000,300	12.9159	\$1,562,828
2024	\$107,693,713	\$14,458,913	\$93,234,800	12.9159	\$1,204,211
2025	\$81,021,513	\$14,458,913	\$66,562,600	12.9159	\$859,716
2026	\$54,349,513	\$14,458,913	\$39,890,600	12.9159	\$515,223
2027	\$32,157,413	\$14,458,913	\$17,698,500	12.9159	\$228,592
2028	\$18,886,913	\$14,458,913	\$4,428,000	12.9159	\$57,192
2029	\$14,458,913	\$14,458,913	\$0	12.9159	-
2030	\$14,458,913	\$14,458,913	\$0	12.9159	-
Total					\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, TIF: Tax Increment Funds

Table 5 – Projected Investments and Depreciation Schedules

Calendar Year	FYE	Investment Schedule 1			Investment Schedule 2			Investment Schedule 3			Total RMV
		Value	Depreciation	RMV	Value	Depr.	RMV	Value	Depr.	RMV	
2013	2015										
2014	2016										
2015	2017	\$137,000,000	10.00%	\$123,300,000							\$123,300,000
2016	2018		18.00%	\$98,640,000	\$135,000,000	10.00%	\$121,500,000				\$220,140,000
2017	2019		14.40%	\$78,912,000		18.00%	\$97,200,000	\$135,000,000	10.00%	\$121,500,000	\$297,612,000
2018	2020		11.52%	\$63,129,600		14.40%	\$77,760,000		18.00%	\$97,200,000	\$238,089,600
2019	2021		9.22%	\$50,498,200		11.52%	\$62,208,000		14.40%	\$77,760,000	\$190,466,200
2020	2022		7.37%	\$40,401,300		9.22%	\$49,761,000		11.52%	\$62,208,000	\$152,370,300
2021	2023		6.55%	\$31,427,800		7.37%	\$39,811,500		9.22%	\$49,761,000	\$121,000,300
2022	2024		6.55%	\$22,454,300		6.55%	\$30,969,000		7.37%	\$39,811,500	\$93,234,800
2023	2025		6.56%	\$13,467,100		6.55%	\$22,126,500		6.55%	\$30,969,000	\$66,562,600
2024	2026		6.55%	\$4,493,600		6.56%	\$13,270,500		6.55%	\$22,126,500	\$39,890,600
2025	2027		3.28%	-		6.55%	\$4,428,000		6.56%	\$13,270,500	\$17,698,500
2026	2028					3.28%	-		6.55%	\$4,428,000	\$4,428,000
2027	2029								3.28%	-	\$0
2028	2030										

FYE: Fiscal Year End RMV: Real Market Value Depr.: Depreciation
 Source: ECONorthwest

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the new maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated for a 15-year period and are shown in Tables 6a and 6b. Table 6a shows the general government taxing jurisdictions and Table 6b shows the education taxing jurisdictions.

The concept for this plan, as defined by the City of Wilsonville, includes a 25% share of net tax increment proceeds with the affected taxing jurisdictions. This formula for revenue sharing is different than the formula described in Oregon Revised Statutes (ORS). Revenue sharing is part of the 2009 legislative changes to urban renewal and means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the area. By statute, the share is a percentage basis dependent upon the tax rates of the taxing jurisdictions. The first threshold is 10% of the original maximum indebtedness. At the 10% threshold, the urban renewal agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The second threshold is set at 12.5% of the maximum indebtedness. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

The West Linn-Wilsonville School District and the Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. The formula for funding schools, as changed in the 2013 legislative session, is \$6,852 per pupil for FY 2013-14 and \$7,081 per pupil for FY 2014-15, an increase over the 2012 levels. According to the State of Oregon Department of Education,

there was approximately \$1 billion dollars of increased revenues allocated to school financing in the 2013 legislative session.¹

Tables 6a and 6b show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. It assumes the growth as projected in the other tables in this Report. **It does not offset the foregone revenues with the expected new revenues. Although the taxing jurisdictions are shown to forego approximately \$12 million, as shown in Tables 6a and 6b, they will receive approximately \$8 million, as shown in Table 3. Over the life of the Plan, the taxing jurisdictions will receive over 40% of the total tax increment revenues produced by this sample scenario.**

There is always some discussion about the true impact of urban renewal on the taxing jurisdictions as there is one line of thought that some of the growth projected would not occur "but for" urban renewal. In this case, the building is underutilized either through vacancy or type of use, and expectations are that it will remain underutilized in the future without developer incentives. Given this, there would be no expectation that any increase of property taxes would come from this building without the use of urban renewal.

There is no anticipated change in revenue for affected taxing jurisdictions upon termination of the Plan, which is expected in 15 years. All projected investment is equipment, and equipment's assessed value depreciates over time. By the time the Area expires, all equipment will be fully depreciated, so there will be no additional assessed value to tax. However, the taxing jurisdictions are receiving 25% of the net increment during the time period the developer is receiving 75% of the net increment, and they are receiving 100% of the increment for the remaining time frame of the Area, as shown in Table 3. If there are any improvements to the building itself, or increases in value of the building itself, the taxing jurisdictions would realize the increased taxes from those investments.

¹ Phone interview with Jan McComb, State of Oregon Department of Education, July 11, 2013.

Table 6a – Projected Impact on Taxing District Permanent Rate Levies (General Government)

FYE	Clackamas County	Tualatin Valley Fire & Rescue	City of Wilsonville	Port of Portland	Metro	COUNTY EXTENSION & 4-H	COUNTY LIBRARY	COUNTY SOIL CONS	VECTOR CONTROL	Subtotal
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	(223,673)	(141,896)	(234,502)	(6,522)	(8,987)	(4,652)	(36,972)	(4,652)	(605)	(662,461)
2018	(397,755)	(252,332)	(417,012)	(11,597)	(15,982)	(8,272)	(65,746)	(8,272)	(1,075)	(1,178,043)
2019	(537,473)	(340,967)	(563,494)	(15,671)	(21,595)	(11,178)	(88,841)	(11,178)	(1,453)	(1,591,850)
2020	(430,170)	(272,895)	(450,997)	(12,543)	(17,284)	(8,946)	(71,105)	(8,946)	(1,163)	(1,274,049)
2021	(344,323)	(218,435)	(360,994)	(10,040)	(13,835)	(7,161)	(56,915)	(7,161)	(931)	(1,019,795)
2022	(202,808)	(128,659)	(212,627)	(5,913)	(8,149)	(4,218)	(33,523)	(4,218)	(548)	(600,663)
2023	(90,665)	(57,517)	(95,054)	(2,644)	(3,643)	(1,886)	(14,986)	(1,886)	(245)	(268,526)
2024	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
Total	(2,226,867)	(1,412,701)	(2,334,680)	(64,930)	(89,475)	(46,313)	(368,088)	(46,313)	(6,020)	(6,595,387)

Source: ECONorthwest.

Table 6b – Projected Impact on Taxing District Permanent Rate Levies (Education and Totals)

FYE	COM COLL CLACK (perm)	ESD CLACKAMAS	SCH WLINN/WILS (perm)	Education Subtotal	General Government Subtotal	Total
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	(51,932)	(34,302)	(452,927)	(539,161)	(662,461)	(1,201,622)
2018	(92,349)	(60,998)	(805,436)	(958,783)	(1,178,043)	(2,136,826)
2019	(124,789)	(82,425)	(1,088,359)	(1,295,573)	(1,591,850)	(2,887,423)
2020	(99,876)	(65,969)	(871,075)	(1,036,920)	(1,274,049)	(2,310,969)
2021	(79,944)	(52,804)	(697,240)	(829,988)	(1,019,795)	(1,849,783)
2022	(47,087)	(31,102)	(410,677)	(488,866)	(600,663)	(1,089,529)
2023	(21,050)	(13,904)	(183,592)	(218,546)	(268,526)	(487,072)
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	(517,027)	(341,504)	(4,509,306)	(5,367,837)	(6,595,387)	(11,963,224)

Source: ECONorthwest. Please refer to the explanation of the schools funding in the preceding section.

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base, including all real, personal, manufactured, and utility properties in the Urban Renewal Area, is projected to be \$14,458,913. The total assessed value of the City of Wilsonville is \$2,368,094,165. There are six existing urban renewal areas, as shown in Table 7. These six areas, plus the 29899 SW Boones Ferry Road Area, total 4.94% of the total assessed value of the City of Wilsonville, well below the 25% maximum. The 29899 SW Boones Ferry Road Area has 15.40 acres, including right-of-way, and the City of Wilsonville has 4,712 acres; the other six existing urban renewal areas total 1,094.16 acres. Therefore, 23.55% of the City's acreage is in an urban renewal area, below the 25% state limit.

Table 7 – Urban Renewal Area Conformance with Assessed Value and Acreage Limits

Urban Renewal Area	Assessed Value	Acres
29899 SW Boones Ferry Road	\$14,458,913	15.40
27255 SW 95 th Avenue	\$16,608,823	26.07
25600 SW Parkway Center Drive	\$7,476,210	10.35
9805 SW Boeckman Road	\$10,879,601	24.98
26755 SW 95 th Avenue	\$7,064,499	9.76
Year 2000 Plan	\$44,087,806	567
West Side Plan	\$16,526,288	456
City of Wilsonville	\$2,368,094,165	4,712
Percent of Assessed Value in Urban Renewal	4.94%	
Percent of Acreage in Urban Renewal		23.55%

Source: City of Wilsonville, Clackamas County Assessor, U.S. Census Bureau

XI. RELOCATION REPORT

There is no relocation report required for the Plan. No relocation activities are anticipated.

27255 SW 95th Avenue Urban Renewal Plan



Prepared for the City of Wilsonville
August 5, 2013

City of Wilsonville

List of Participants

Urban Renewal Board Chair: Tim Knapp

Urban Renewal Board Members: Julie Fitzgerald
Richard Goddard
Scott Starr
Susie Stevens

(Urban Renewal Board is also Wilsonville City Council)

Planning Commission: Ben Altman, Chair
Eric Postma, Vice Chair
Al Levit
Marta McGuire
Peter Hurley
Phyllis Millan
Ray Phelps

Economic Development Strategy Task Force:

Ron Adams, Chair, Board of Education, Clackamas Community College
Vince Alexander, Wilsonville Resident (resigned December 2012)
Mychelle Ashlock, Operations Manager, Northwest Rugs – Wilsonville
Lita Colligan, Associate Vice President for Strategic Partnerships and
Government Relations, Oregon Tech (OIT) Wilsonville
Catherine Comer, Business & Economic Development Manager,
Clackamas County Economic Development (resigned March 2013)
Danielle Cowan, Executive Director, Clackamas County Tourism & Cultural
Affairs
Brenner Daniels, Investment Advisor, Holland Partner Group
Mike Duyck, Fire Chief, Tualatin Valley Fire & Rescue District (TVFRD)
Lonnie Gieber, Committee Member, City of Wilsonville Budget Committee
Gale Lasko, General Manager/Partner, Lamb's Market at Wilsonville
Ray Lister, Membership Development Coordinator, International Brotherhood of
Electrical Workers (IBEW), Local 48
Susan Myers, General Manager, Capital Realty Corp.

Craig Olson, Sr. Director/Site Manager, Rockwell Collins Head-Up Guidance Systems

Ray Phelps, Past President, Wilsonville Chamber of Commerce

Dr. William Rhoades, Superintendent, West Linn-Wilsonville School District

Fred Robinson, General Manager, Kinetics Climax, Inc.

Dick Spence, Wilsonville Resident

Alan Steiger, CPA, Committee Member, City of Wilsonville Budget Committee

Sandra Suran, CPA, Principal, The Suran Group, LLC

Doris Wehler, Past President, Wilsonville Chamber of Commerce

Boyd Westover, Plant Manager, Eaton Corporation, Portland Power Center

Carol White, Wilsonville Resident

City Manager:	Bryan Cosgrove
Community Development Director:	Nancy Kraushaar
Finance Director:	Joanne Ossanna
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I. DEFINITIONS

“Area” means the properties and rights of way located within this 27255 SW 95th Avenue Urban Renewal Plan urban renewal boundary.

“City” means the City of Wilsonville, Oregon.

“City Council” or “Council” means the City Council of the City of Wilsonville.

“Comprehensive Plan” means the City of Wilsonville Comprehensive Plan and its implementing ordinances, policies, and standards.

“County” means Clackamas County.

“Economic Development Strategy Task Force” means a focused, limited-duration task force composed of leading community members and business managers who helped guide the Economic Development Strategy process and made a recommendation to the City Council.

“Enterprise Zones” means a program established by the State of Oregon in ORS 285C.045-.255, as amended, to provide tax incentives to businesses to locate in specifically designated areas of the state.

“Fiscal year” means the year commencing on July 1 and closing on June 30, the following year.

“Frozen base” means the total assessed value, including all real, personal, manufactured, and utility values within an urban renewal area at the time of plan approval. The county assessor certifies the assessed value after the approval of an urban renewal plan.

“Increment” means that part of the assessed value of a taxing district attributable to any increase in the assessed value of the property located in an urban renewal area, or portion thereof, over the assessed value of the frozen base.

“Maximum indebtedness” means the amount of the principal of indebtedness included in a plan, pursuant to ORS 457.190, and does not include indebtedness incurred to refund or refinance existing indebtedness.

“ORS” means the Oregon revised statutes, specifically Chapter 457, which relates to urban renewal.

“Planning Commission” means the Wilsonville Planning Commission.

“Tax increment financing (TIF)” means the system that generates tax revenue through the division of taxes authorized by ORS 457.420 et.seq.

“Tax increment revenues” means the funds allocated by the assessor to an urban renewal area due to increases in assessed value over the frozen base within the Area.

“TIF Zones” is the concept established by the Wilsonville City Council that is designed to offer incentives similar to enterprise zones, which stimulate property investment and employment opportunities. This concept is implemented as an urban renewal area.

“Urban renewal agency (agency)” means an urban renewal agency created under ORS 457.035 and 457.045. This agency is responsible for the administration of the urban renewal plan.

“Urban renewal plan” or “Plan” means this 27255 SW 95th Avenue Urban Renewal Plan, as it exists or is changed or modified from time to time, as provided in ORS 457.085, 457.095, 457.105, 457.115, 457.120, 457.125, 457.135, and 457.220.

“Urban renewal project (project)” means any work or undertaking carried out under ORS 457.170 in the Area.

“Urban renewal report” means the official report that accompanies the urban renewal plan, pursuant to ORS 457.085(3).

II. INTRODUCTION

In February 2012, the City of Wilsonville established an Economic Development Advisory Committee (the “Committee”) to develop a strategy for the City’s economic development activities. After six months of public meetings, focus groups, interviews and an economic development summit, the Committee created an *Economic Development Strategy* that was adopted by the Wilsonville City Council in August 2012. The *Economic Development Strategy* describes a vision and principles for City economic development, and recommends twelve actions that are described in some detail. In particular, the *Economic Development Strategy* noted that the City should convene a task force to develop criteria to guide (1) the use of incentives to attract or retain businesses, (2) what businesses would qualify for incentives and under what conditions, (3) what types of incentives would be available to businesses, (4) the funding sources to support the incentives, and (5) expectations of businesses given incentives.

In November 2012, an Economic Development Strategy Task Force (the “Task Force”) was appointed and developed a framework for an incentive program that would more strategically position Wilsonville among its Portland metro-area competitors for economic development. The Task Force consisted of 21 individuals comprising a cross-section of the community. In the process of considering 10 different incentive options, single-property urban renewal districts, called Tax Increment Finance Zones (TIF Zones) emerged as one of the preferred incentive mechanisms. The Task Force recommendation to the Wilsonville City Council proposed the development of five TIF Zones. In Wilsonville, these urban renewal areas will fill a role similar to that of an Enterprise Zone, providing partial property tax rebates for qualifying investments occurring on the properties, thus encouraging companies to locate in Wilsonville and provide valuable economic benefits to the community. This proposal was taken before the City’s electorate in March 2013 and approved by 78.8 percent of voters.

While the TIF Zone incentive packages are similar to Enterprise Zones in concept, they will differ in several key ways in an attempt to make TIF Zones both a lower risk use of public funds and more attractive to potential investors. Each site selected to be a TIF Zone will require the creation of a separate urban renewal plan and report because each site will be its own, individual, urban renewal area. As established by the Task Force, TIF Zone properties must have 100,000 square feet or more of industrially-zoned building space that has the potential for conversion from warehousing to a higher-value, traded-sector use such as manufacturing.

The Agency has prepared the 27255 SW 95th Avenue Urban Renewal Plan (Plan) based on the recommendations of the Task Force. This Plan establishes the fourth of up to six urban renewal areas using the TIF Zone concept. The Plan contains goals, objectives, and projects for the development of the 27255 SW 95th Avenue Urban Renewal Area (Area). The overall purpose of the Plan is to use tax increment financing to provide incentives for economic investment, to cure blight in underutilized buildings, using strategies that are competitive with Enterprise Zones in other communities in the region.

In general, the purpose of urban renewal is to improve specific areas of a city that are poorly developed or underdeveloped. These areas can have old or deteriorated buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, or other obstacles to development. The Area selected is an underutilized, industrial-zoned area of Wilsonville that has had a history of partial or complete vacancy and where existing conditions have presented a barrier to attracting new private sector financial investment to convert the Area to a higher-value, traded sector use.

Urban renewal allows for the use of tax increment financing, a financing source that is unique to urban renewal, to fund its projects. Tax increment revenues – the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established – are used to accomplish projects identified by the urban renewal agency. In this case, other than administration, the Plan has only one project, which is repayment in the form of partial property tax reimbursement for qualifying capital infrastructure investment that increases assessed value and job creation.

The specific projects to be approved in this Plan are outlined in Sections IV and V.

Urban renewal is put into effect when the local government (the City of Wilsonville, in this case) adopts an urban renewal plan. The urban renewal plan defines the urban renewal area, states goals and objectives for the area, lists projects and programs that can be undertaken, provides a dollar limit on the funds that can be borrowed for urban renewal projects, and states how the plan may be changed in the future.

The Area, shown in Figure 1, consists of approximately 26.07 acres.

The Plan will be administered by the Wilsonville Urban Renewal Agency, which was activated by the Wilsonville City Council as the City's Urban Renewal Agency.

Substantial changes to the Plan, if necessary, must be approved by the City Council, as outlined in Section X of this Plan.

An Urban Renewal Report, which accompanies the Plan, contains additional information, as required by ORS 457.085. The technical information in the Report includes:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact, in light of increased services;
- Reasons for selection of each Area in the Plan;
- The relationship between each project to be undertaken and the existing conditions;
- The total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of funds required in the Area, and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the urban renewal area; and
- A relocation report.

The Plan will be active for a maximum of 15 years as explained in Section V, subsection A, below. If no qualifying investment occurs in the Area that uses the Plan project incentives within five years after the effective date of the Plan, then the Plan will immediately be terminated. The maximum amount of indebtedness (amount of tax increment financing for projects and programs) that may be issued for the Plan is \$12,000,000. For TIF Zones, maximum indebtedness reflects the total of the tax repayment obligation to the qualifying company and represents the maximum amount of tax increment to be collected to meet this obligation as well as administrative costs.

III. GOALS AND OBJECTIVES

The goals of the Plan represent the basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve the goals. The urban renewal projects identified in Sections IV and V of the Plan are the specific means of meeting the objectives. The goals relate to adopted plans, as detailed in Section XI, and were developed with input from the Wilsonville Economic Development Strategy Task Force. The goals and objectives will be pursued as economically as is feasible and at the discretion of the urban renewal agency.

Goal 1: PUBLIC INVOLVEMENT

Maintain a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the urban renewal adoption process.

Objectives:

1. Provide opportunities for public input throughout the adoption process, including a public open house, Planning Commission meeting, and City Council hearing.
2. Provide information on urban renewal on the City of Wilsonville's website.

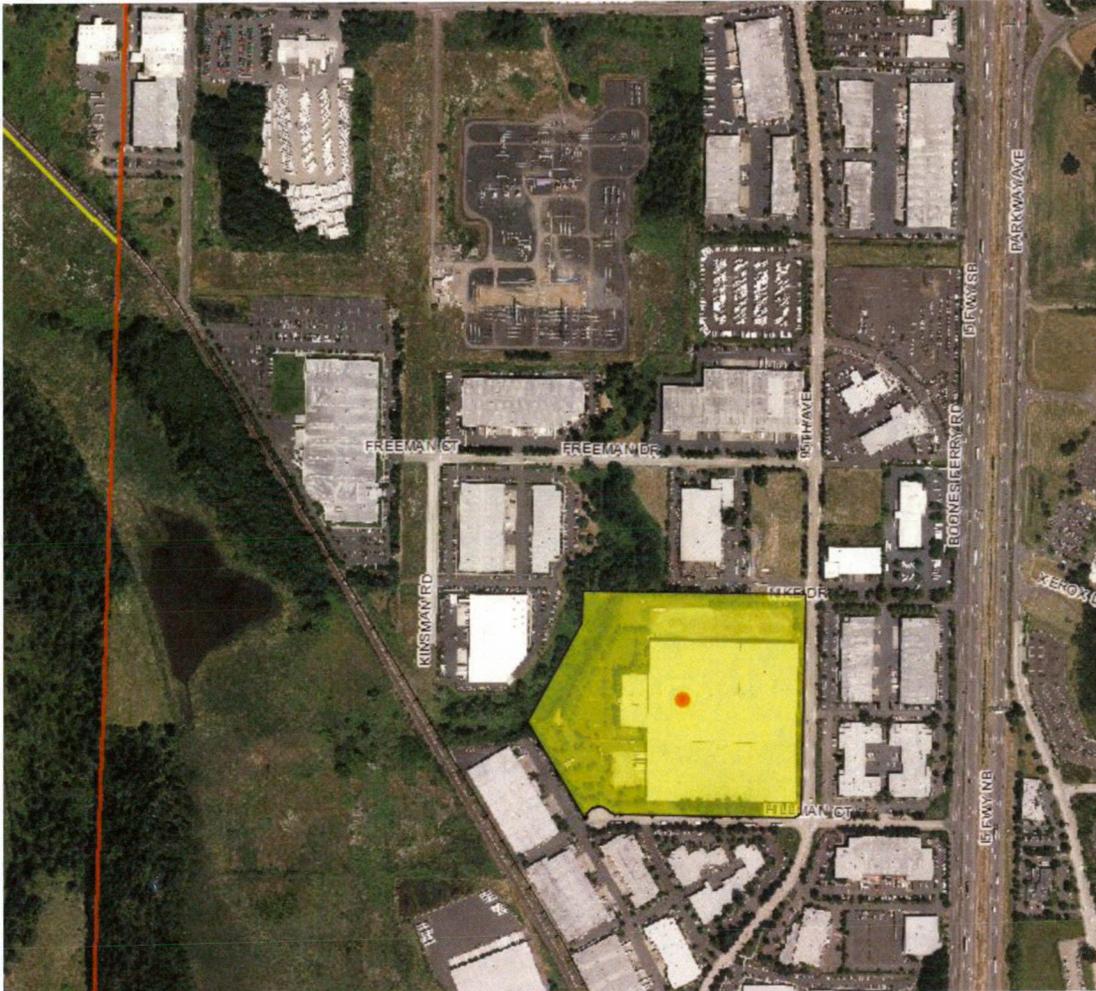
Goal 2: ECONOMY

Encourage the economic growth of the Area by encouraging local industrial investment and manufacturing jobs using existing infrastructure and promoting new use of vacant and underutilized industrial properties.

Objectives:

1. Provide steady, family-wage jobs for the community.
2. Generate investment that will bolster the local economy and provide revenue for local taxing jurisdictions.
3. Promote the reuse of vacant buildings and encourage infill development by providing incentives for investors to locate in an existing building or build on a site already in the middle of an industrial area and use the existing infrastructure.
4. Partner with public and private entities to incentivize and generate private investment.

Figure 1 – 27255 SW 95th Avenue Urban Renewal Area Boundary



Source: City of Wilsonville

IV. OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES

The primary project within the Area will be providing the return of incremental property taxes to developers as an incentive for redevelopment. Another small use of funds will be to pay for the preparation and administration of the Plan.

V. URBAN RENEWAL PROJECTS

The urban renewal projects authorized by the Plan are described below. These projects are consistent with the Wilsonville Economic Development Strategy and are in conformance with the Wilsonville Comprehensive Plan, as detailed in Section XI of this Plan.

As shown in the Report, urban renewal funds will primarily be used as an incentive to spur industrial development, investment, and job creation. The details of the projects are as follows:

A. Property tax rebates

This project offers an incentive to the private sector to convert under-utilized industrial buildings into higher value traded-sector uses, such as manufacturing. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Property tax rebate mechanics

The project will rebate up to 75% of the tax increment revenue for three years for each company that:

- Invests at least \$25 million in capital improvements and/or qualified equipment, and;
- Creates 75 or more new, permanent, full-time jobs that pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid which for 2012 is \$25.33/hour or \$52,693 annual wage rate.

Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.

Additional three- and five-year rebate periods could begin, after approval by the Agency, with any additional new capital investment and job creation meeting the above

minimum criteria, providing the potential for up to 10 years of rebates. Again, however, qualified investment needs to be made within five years of program adoption. This limits the potential life of the program and rebates to up to 15 years. Qualifying Businesses must be manufacturing firms. If no qualifying investment has been made in the Area within five years of the effective date of the Plan, the Area will be dissolved.

Any businesses receiving Area benefits will be monitored by the Agency for compliance with qualifying criteria and no rebate shall be given if the business fails to meet any of the qualifications. Additionally, if a business which has received a rebate discontinues business operations in the Area within two years after it receives each rebate payment it will be required to return all or a portion of the rebate as follows. Should a business discontinue business operations within the Area within 12 months after receiving a rebate, the business shall be required to reimburse the Agency 100% of the rebate payment. Should a business discontinue business operations within 24 months of receiving a rebate, the business shall be required to reimburse the Agency 50% of the rebate payment.

B. Debt repayment and project administration

This project will allow for the repayment of costs associated with the preparation, including the potential repayment of the initial planning costs for the development of the urban renewal plan, adoption, and implementation of the Plan. This project also includes ongoing administration of the Plan.

VI. PROPERTY ACQUISITION AND DISPOSITION

The Plan does not authorize the acquisition and disposition of property.

VII. RELOCATION METHODS

No relocation assistance will be provided because this Plan does not authorize property acquisition. If relocation is required, the Agency will comply with relocation methods required under state law.

VIII. LAND USES

The proposed land use is industrial development. The maximum densities and building requirements are contained in the Wilsonville Development Code.

IX. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on debt and to finance the urban renewal projects authorized in the Plan. Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. (Under current law, the property taxes for general obligation (GO) bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.)

A. General description of the proposed financing methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues; and/or
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in planning or undertaking project activities, or otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax increment financing and maximum indebtedness

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency, as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion, is \$12,000,000.

C. Prior indebtedness

Any indebtedness permitted by law and incurred by the Agency or the City of Wilsonville in connection with the preparation of this Plan or prior planning efforts

that support the preparation or implementation of this Plan may be repaid from tax increment revenues from the Area when, and if, such funds are available.

X. FUTURE AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments are amendments that:

- Add land to the urban renewal area, except for an addition of land that totals not more than 1% of the existing area of the urban renewal area; or
- Increase the maximum amount of indebtedness that can be issued or incurred under the Plan.

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan, under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Planning Commission, and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Wilsonville, as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and 457.115.

B. Minor Amendments

Minor Amendments are amendments that are not Substantial Amendments in scope. Minor Amendments require approval by the Agency by resolution.

C. Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code

Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Development Code that affect the Plan and/or the Area shall be incorporated automatically within the Plan without any separate action required by the Agency or the City Council.

Figure 2 – Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

XI. RELATIONSHIP TO LOCAL OBJECTIVES

The Plan relates to local planning and development objectives contained within the City of Wilsonville's Comprehensive Plan and Economic Development Strategy. The following section describes the purpose and intent of these plans, the particular goals and policies within each planning document to which the proposed Plan relates, and an explanation of how the Plan relates to these goals and policies. The numbering of the goals, policies, and implementation strategies will reflect the numbering that occurs in the original document. Italicized text is text that has **not** been taken directly from an original planning document. The Zoning and Comprehensive Plan designations are shown in Figure 2.

This is not a comprehensive list of all parts of the Wilsonville Comprehensive Plan that are supported by this Plan. This list includes the major goals and policies from the Comprehensive Plan that are supported. However, there may be other goals and policies that are not listed, but are still supported by this Plan.

A. City of Wilsonville Comprehensive Plan

The Wilsonville Comprehensive Plan was updated in January 2013. The Comprehensive Plan is an official statement of the goals, policies, implementation measures, and physical plan for the development of the City. The Plan documents the City's approach to the allocation of available resources for meeting current and anticipated future needs. In doing so, it records current thinking regarding economic and social conditions. Because these conditions change over time, the Plan must be directive, but flexible, and must also be periodically reviewed and revised to consider changes in circumstances.

Section A: Citizen Involvement

Goal 1.1 To encourage and provide means for interested parties to be involved in land use planning processes, on individual cases and City-wide programs and policies.

Policy 1.1.1 The City of Wilsonville shall provide opportunities for a wide range of public involvement in City planning programs and processes.

The Plan conforms with Goals 1.1 and Policy 1.1.1 by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine

that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. Later, a city-wide vote was held so that the community could weigh in on the decision of whether or not to use TIF Zones. Citizens were included in the adoption phase of the urban renewal plan through a public open house, Planning Commission meeting, and City Council hearing that was noticed as required in ORS 45.

Goal 1.2 For Wilsonville to have an interested, informed, and involved citizenry.

Implementation Measure 1.2.1.c. Establish procedures to allow interested parties reasonable access to information on which public bodies will base their land use planning decisions.

Policy 1.3 The City of Wilsonville shall coordinate with other agencies and organizations involved with Wilsonville's planning programs and policies.

The Plan conforms with Goals 1.2, Policy 1.3, and their Implementation Measures by involving the citizens of Wilsonville in both the creation of the TIF Zone framework and in the decision of whether or not to use that framework to encourage economic development. The Economic Development Strategy Task Force was comprised of a cross-section of members of the community and it helped to both determine that urban renewal areas, then called TIF Zones, were appropriate to use in Wilsonville, and helped decide how these incentives should work. In addition, taxing jurisdictions received formal notice, and, if desired, a briefing on the Plan. Representatives of the three major taxing jurisdictions were included as members of the Task Force that recommended the creation of TIF Zones.

Section C: Urban Growth Management

Goal 2.1 To allow for urban growth while maintaining community livability, consistent with the economics of development, City administration, and the provision of public facilities and services.

Implementation Measure 2.1.1.a. Allow development within the City where zoning has been approved and other requirements of the Comprehensive Plan have been met.

Implementation Measure 2.1.1.c. Encourage a balance between residential, industrial, and commercial land use, based on the provisions of this Comprehensive Plan.

Implementation Measure 2.1.1.d. Establish and maintain revenue sources to support the City's policies for urbanization and maintain needed public services and facilities.

Policy 2.1.1 The City of Wilsonville shall support the development of all land within the City, other than designated open spaces, consistent with the land use designations of the Comprehensive Plan.

The Plan conforms with Goal 2.1, Policy 2.1.1, and their Implementation Measures by providing financial incentives for the redevelopment of lands already designated as urban and already provided with infrastructure. By doing this, the Plan encourages growth and development within the urban growth boundary, and helps relieve pressures on lands outside of the urban growth boundary.

Section D: Land Use and Development

Goal 4.1 To have an attractive, functional, economically vital community with a balance of different types of land.

Policy 4.1.1 The City of Wilsonville shall make land use and planning decisions to achieve Goal 4.1.

Implementation Measure 4.1.1.d. In the process of administering the City's Comprehensive Plan, careful consideration will be given to the economic impacts of proposed policies, programs and regulations. Efforts will be made to simplify and streamline the planning and zoning review process while maintaining the quality of development.

Implementation Measure 4.1.1.e. The City shall protect existing and planned industrial and commercial lands from incompatible land uses, and will attempt to minimize deterrents to desired industrial and commercial development.

Implementation Measure 4.1.1.m. Encourage a balance between light industrial and residential growth within the City.

The Plan conforms with Goal 4.1, Policy 4.1.1, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will enrich the balanced land uses within Wilsonville. Also, by encouraging redevelopment of the Area, the Plan helps support an economically vital community by bringing jobs to the community and by reducing the number of vacant or underutilized industrial buildings in the City.

Policy 4.1.3 City of Wilsonville shall encourage light industry compatible with the residential and urban nature of the City.

Implementation Measure 4.1.3.a. Develop an attractive and economically sound community.

Implementation Measure 4.1.3.c. Favor capital intensive, rather than labor intensive, industries within the City.

Implementation Measure 4.1.3.e. Site industries where they can take advantage of existing transportation corridors such as the freeway, river, and railroad.

The Plan conforms with Goal 4.1, Policy 4.1.3, and their Implementation Measures by encouraging the redevelopment of local industrial buildings. This redevelopment will help maintain a healthy mix of industrial jobs and industry within the community, and will encourage industrial activities to sites where they can take advantage of existing transportation corridors and other infrastructure.

B. Wilsonville Economic Development Strategy

The Economic Development Strategy was completed in August 2012, and sets forth an economic strategy for Wilsonville that describes actions to be taken by the public sector for the purpose of stimulating private sector activity. This strategy was developed with the assistance of an advisory committee that met over the course of 4 months and considered input from the community provided in the form of focus groups, interviews with business leaders, an economic summit, public comments and a community survey. The end result was a vision statement for economic development in Wilsonville, and a list of 6 actions to be taken by the public sector. Specific actions that are directly supported by this Urban Renewal Plan are listed below, but other actions from the Economic Development Strategy will also benefit from the successful implementation of this Plan.

Action 2.1 Promote reuse of vacant building, infill development, and redevelopment.

Action 6.2 Develop criteria to guide the use of incentives to attract or retain businesses.

The projects in the Plan conform with the Economic Development Strategy. They will help to encourage the reuse of existing industrial buildings and infill development by providing an incentive package similar to that of neighboring communities. This incentive package will help incentivize and generate private investment, which will in turn provide jobs for the community and an increased tax base to support local services and infrastructure.

C. Wilsonville Development Code

The Wilsonville Development Code - Planning and Land Development was enacted for the purpose of promoting the general public welfare by ensuring procedural due process in the administration and enforcement of the City's Comprehensive Plan, Zoning, Design Review, Land Division, and Development Standards. It is contained as Chapter 4 of the Wilsonville Code.

The zoning designation for the property in the Area is PDI - Planned Development Industrial Zone. It is shown in Figure 2. The Plan is not proposing any new zones or

code amendments, nor are there any proposals that would modify any of the existing zones or land uses. The Plan will comply with all requirements of the existing zoning.

D. City of Wilsonville Transportation Systems Plan

The City of Wilsonville Transportation Systems Plan (TSP) was adopted by the Wilsonville City Council on June 17, 2013.

The TSP is the City's long-term transportation plan and is an element of its Comprehensive Plan. It includes policies, projects, and programs that could be implemented through the City's Capital Improvement Plan, development requirements, or grant funding.

The 2013 TSP process built upon two decades of community planning to create a complete community transportation plan that integrates all travel modes. Most of the policies and projects come from prior adopted plans, including the Comprehensive Plan, 2003 TSP, 2006 Bicycle and Pedestrian Master Plan, and 2008 Transit Master Plan. While the TSP replaces the 2003 TSP in its entirety, it updates and builds upon the 2006 Bicycle and Pedestrian Master Plan and 2008 Transit Master Plan. Where these documents may be in conflict, the new TSP takes precedence.

27255 SW 95th Avenue is designated as a minor arterial, a truck route and a bicycle route.¹ The TSP Executive Summary identifies 95th Avenue Sidewalk Infill as a priority project to fill in gaps in the sidewalk network on the east side of 95th Avenue from Boeckman Road to Hillman Court, and construct transit stop improvements.² SW 95th Avenue also has a designated cross section deficiency.³ SW 95th Avenue is served by transit, and there are multiple bus stops near the Area.

The Plan conforms with the City of Wilsonville Transportation System Plan as the redevelopment planned for the Area is an industrial use and SW 95th Avenue will be used as designated in the TSP. SW 95th Avenue is classified as a minor arterial, anticipating truck travel.

¹ City of Wilsonville Transportation System Plan, 2013, Figure 3-2 Functional Class Designations, p 3-6; Figure 3-4 Freight Routes, p 3-9; Figure 3-5 Bicycle Routes, p 3-11.

² City of Wilsonville Transportation System Plan, 2013, Executive Summary, p v.

³ City of Wilsonville Transportation System Plan, 2013, Figure 4-1 Roadway Cross-Section Deficiencies, p 4-5.

APPENDIX A: LEGAL DESCRIPTION

27255 SW 95TH AVENUE URBAN RENEWAL DISTRICT WILSONVILLE, OREGON

Lots and maps are taken from Assessor's Tax Maps from July, 2013, and attached hereto. The area is described as that land containing that lot or parcel of property situated in the City of Wilsonville, County of Clackamas, and the State of Oregon, lying in Section 11, Township 3 South, Range 1 West of the Willamette Meridian, bounded as follows:

BEGINNING at a point which bears East, 2161 feet, more or less, from the corner common to Sections 10 and 11, said point being the Northwest corner of Tax Lot 3101, Assessor's Plat 3 1W 11.

1. Thence East along the North line of said Tax Lot 3101, 1112 feet, more or less, to the point of intersection of said North line with the West right-of-way line of 95th Avenue;
2. Thence South along said West right-of-way line and the extension thereof, 1018 feet, more or less, to the point of intersection of said West right-of-way line with the Easterly extension of the North right-of-way line of Hillman Court;
3. Thence West along said Easterly extension of said North right-of-way line and said North right-of-way line, 1011 feet, more or less, to the Southwest corner of said Tax Lot 3101;
4. Thence Northwest along the West line of said Tax Lot 3101, 517 feet, more or less;
5. Thence Northeast along said West line of said Tax Lot 3101, 510 feet, more or less, to a point which bears South, 148 feet, more or less, from the Point of Beginning;
6. Thence North, 148 feet, more or less, to the **POINT OF BEGINNING**.

The described property, located entirely within the City of Wilsonville, County of Clackamas and the State of Oregon, contains **twenty six (26)**, acres, more or less.

Due to the possibility of errors in the acreage shown on the Assessor's Tax Maps used to compute the property acreage, the acreage given hereon should be considered accurate to the nearest 1 acre.

**REPORT ACCOMPANYING
27255 SW 95TH AVENUE
URBAN RENEWAL PLAN**



Prepared for the City of Wilsonville

August 5, 2013

**REPORT ACCOMPANYING
27255 SW 95TH AVENUE
URBAN RENEWAL PLAN**

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DRAFT

I. INTRODUCTION

The Report on the 27255 SW 95th Avenue Urban Renewal Plan (Report) contains background information and project details that pertain to the 27255 SW 95th Avenue Urban Renewal Plan (Plan). The Report is not a legal part of the Plan, but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides information required by ORS 457.085(3). The format of the Report is based on this statute. The Report documents not only the proposed projects in the Plan, but also documents the existing conditions in the 27255 SW 95th Avenue Urban Renewal Area (Area).

The Report provides the analysis required to meet the standards of ORS 457.085(3), including financial feasibility.

DRAFT

II. EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACTS ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the 27255 SW 95th Avenue Urban Renewal Area and documents the occurrence of “blighted areas,” as defined by ORS 457.010(1).

A. Physical Conditions

Land Use

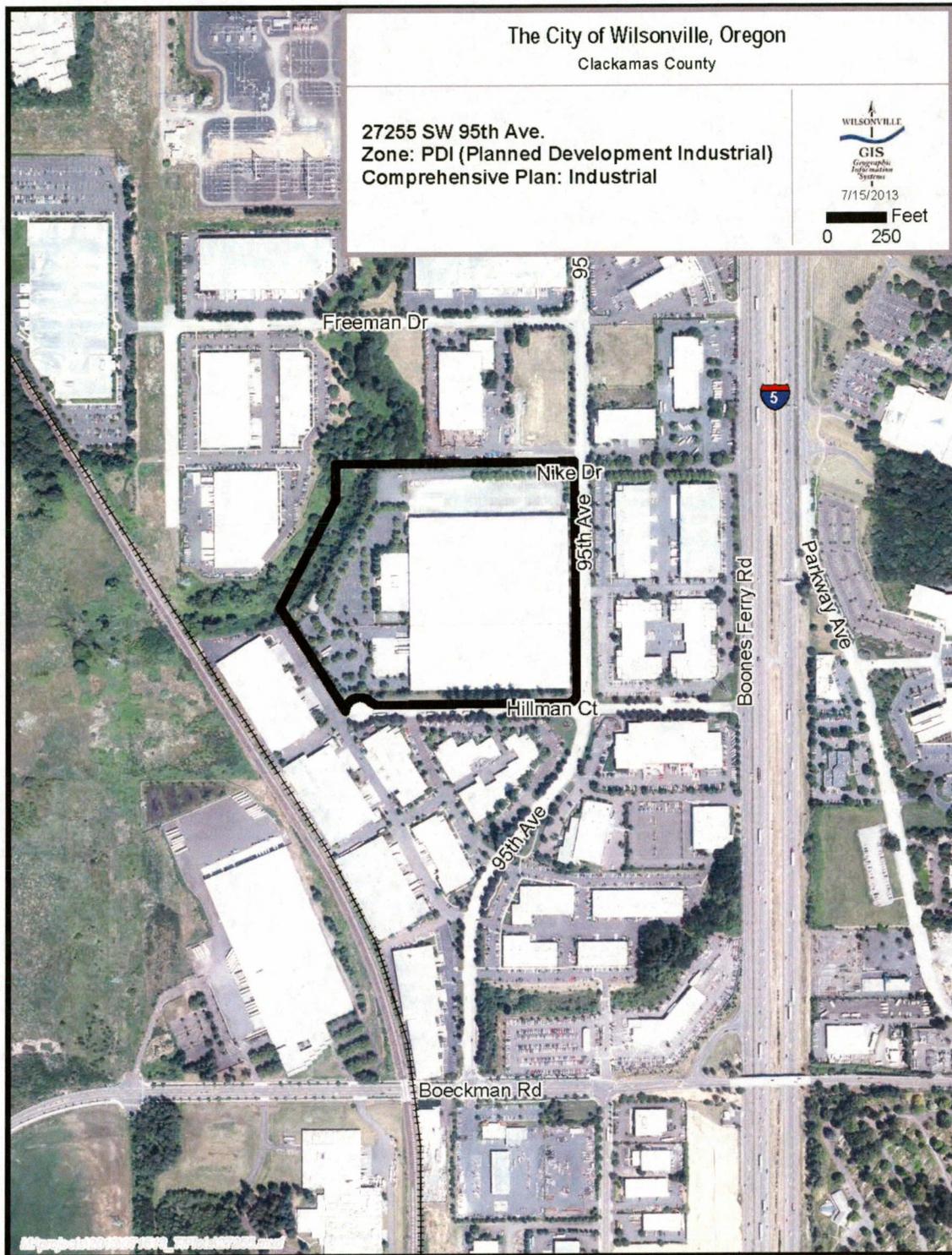
According to data obtained from the City of Wilsonville and the Clackamas County Assessor’s office, the Area, shown in Figure 1 above, contains 1 industrial use parcel that has 508,277 square feet of building space on 26.07 acres.

Zoning and Comprehensive Plan Designations

In the City of Wilsonville, the Wilsonville Development Code and the Wilsonville Comprehensive Plan designations differ. The development code establishes districts to control land use throughout the city and regulates development standards within these established use districts. The comprehensive plan designation indicates the type of use allowed on a parcel.

The comprehensive plan designation of the parcel is Industrial, and the zoning is Planned Industrial Development (PDI).

Figure 2 – Area Zoning and Comprehensive Plan Designations



Source: City of Wilsonville

B. Infrastructure: Existing Conditions

Infrastructure

This section of the Report identifies the existing infrastructure in the Area. However, because this Area consists of only one parcel, this section will instead evaluate the infrastructure directly serving this parcel, along with an evaluation of the conditions of the infrastructure on the parcel itself. Information was obtained from documentation by City of Wilsonville staff.

1. Streets/Sidewalks/Pathways/Bike Lanes

The street servicing the property, SW 95th Avenue, is a minor arterial that is in good condition and meets City standards. SW 95th Avenue has adequate streetscape, sidewalks, curbs, and bike lanes.

There are currently a number of priority projects planned for SW 95th Avenue in the Capital Improvement Plan, including sidewalk infill and transit stop improvements.

2. Water

The water pipe serving the Area is a 2" domestic that should be adequate for the current or future needs of the Area. There are no projects planned for the water infrastructure serving the Area in the CIP or other planning documents

3. Storm Drainage Master Plan

The storm drain service in the Area is adequate for current and future use, and there are no planned projects for storm drain infrastructure serving the Area in the CIP or other planning documents. However, a building expansion or the addition of impervious surface could trigger new on-site stormwater improvements.

4. Sanitary Sewer

Sewer service to the Area is more than adequate for the current and future needs of the Area, and there are no planned projects for sewer infrastructure serving the Area in the CIP or other planning documents.

5. Parks

There are no public parks in the Area. The 2007 Parks and Recreation Master Plan identifies project P12 Industrial Area Waysides in the northwest industrial area of Wilsonville, which is currently underserved by parks or recreation facilities. These projects are not in the City's short or mid-term Capital Improvement Program and have not been sited.

6. Public Parking

There is no public parking in the Area, but there is parking along the south and west ends of the building that should provide parking for over 250 vehicles.

7. Wetlands

Approximately 91,784 SF along the Area's western boundary borders the Basalt Creek wetlands and is within the City's Significant Resource Overlay Zone.

8. Conditions of Buildings

The building has 508,277 square feet of space. It is currently used for warehousing and is considered underutilized.

C. Social Conditions

There is only one industrial parcel in the Area and there are no residents that reside within the Area.

D. Economic Conditions

Taxable Value of Property Within the Area

According to the Clackamas County Assessor's office, the estimated 2011/2012 total assessed value of the real property in the Area is \$15,982,441. The total assessed value including personal property is \$16,608,823. The building is underutilized, and if it was fully utilized and converted to a traded-sector use such as manufacturing, the values would increase.

The frozen base is estimated to be \$16,608,823.

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (affected taxing districts) is described in Section IX (Impact of the Tax Increment Financing) of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

The project being considered for future use of urban renewal is an economic development project. The use of urban renewal funding for this project allows the City to provide an attractive industrial development incentive program that will be competitive with neighboring communities' Enterprise Zone programs. It also allows the city to tap a different funding source besides the City of Wilsonville's general funds to support this program.

All necessary infrastructure to serve the Area is in place and none of the systems are slated for improvements in the CIP. Converting the building structure in the Area to optimized use will take advantage of the existing infrastructure. Because the structure will incur a change in use from warehousing to manufacturing, or another traded-sector use that meets program criteria, there may be a need for additional police and fire services. However, since this structure already exists and has received these services before, these are not totally new service requirements. In addition, a vacant structure can sometimes be vulnerable to vandalism, criminal activity and fire risk. Bringing the structure back to full use will help prevent such risks.

The revenue sharing feature of this urban renewal plan allows for tax increment to be shared with taxing jurisdictions including the City of Wilsonville at the onset of receipt by the Agency of tax increment funds. These funds will help offset any increased services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

The reason for selecting the Area is to cure blight by providing the ability to fund an economic incentive program to encourage private sector investment in an underutilized and/or vacant parcel of industrial zoned land.

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

The projects identified for the Area, including how they relate to the existing conditions in the Area, are described below:

A. Property Tax Rebates

This project offers an incentive to the private sector to convert underutilized industrial buildings into higher value traded-sector uses, such as manufacturing, in the Area. This project will provide tax rebates of a portion of incremental property tax increases to qualifying investments in the Area.

Existing Conditions:

This parcel is currently vacant and/or underutilized. It has 508,277 square feet of building space on 26.07 acres.

B. Debt Service and Administration

This project will allow for the repayment of costs associated with the preparation (including the potential repayment of the initial planning costs for the development of the urban renewal plan) adoption, and implementation of the 27255 SW 95th Avenue Urban Renewal Plan. This project also includes ongoing administration and any financing costs associated with the Plan.

Existing Conditions:

As there is currently no urban renewal program for this Area, these activities do not exist.

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The costs of the projects are shown in Table 1. The sources of funds are tax increment revenues. A three percent annual inflation factor is used. These funds will be allocated to the following projects:

- Repayment of a portion of the urban renewal planning costs will occur in the first year that tax increment funds are received (\$12,000 in FY 2013-14, adjusted annually for inflation increases).
- Approximately \$15,000 in FY 2013-14, adjusted for inflation, will be allocated for program administration annually.
- The project will rebate up to 75% of the net tax increment revenue for three years for each qualifying company if the average wage of the 75 or more new jobs pay a minimum of 125% of the average Clackamas County wage rate (not including benefits) in effect at the time the rebate is paid, which for 2012 is \$25.33/hour or \$52,693 annual wage rate. Two additional years (five total) of property tax rebates are available if the average wage of the 75 or more new jobs pay 150% of average wages paid in Clackamas County at the time the rebate is paid, which for 2012 equals \$30.40 per hour, or a \$63,230 annual wage.
- Any net tax increment revenues in excess of what is needed for administrative expenses or tax rebates will be distributed to the impacted taxing jurisdictions.

Table 1 – Estimated Project Allocations

TIF Use	Amount
URA Administration	\$141,367
Rebate	\$11,821,851
Total	\$11,963,218

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The anticipated latest completion date of the projects in the 27255 SW 95th Avenue Urban Renewal Plan will be June 30 of the fiscal year ending 15 years after the approval of the Plan. If investments do not occur as outlined in the program guidelines, the Plan may be terminated earlier at the discretion of the Agency.

VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 2 shows a scenario for how this urban renewal plan may be implemented. This scenario relies on an investment by the developer of over \$407,000,000, in three successive years, receiving \$11,821,851 in tax rebates from tax increment funds received by the Agency. This results in approximately \$12 million in maximum indebtedness, and represents the maximum investment anticipated in the building. Lower investment levels will result in lower actual tax rebates and lower actual maximum indebtedness used. When a developer negotiates an agreement with the City, the projected rebate and revenue sharing numbers will be reevaluated, but may not exceed the \$12 million maximum indebtedness established in this Plan.

Table 2. Investment Schedule

Year	Investment Amount		
	Schedule 1	Schedule 2	Schedule 3
2013			
2014			
2015	137,000,000		
2016		135,000,000	
2017			135,000,000
2018			

Source: ECONorthwest

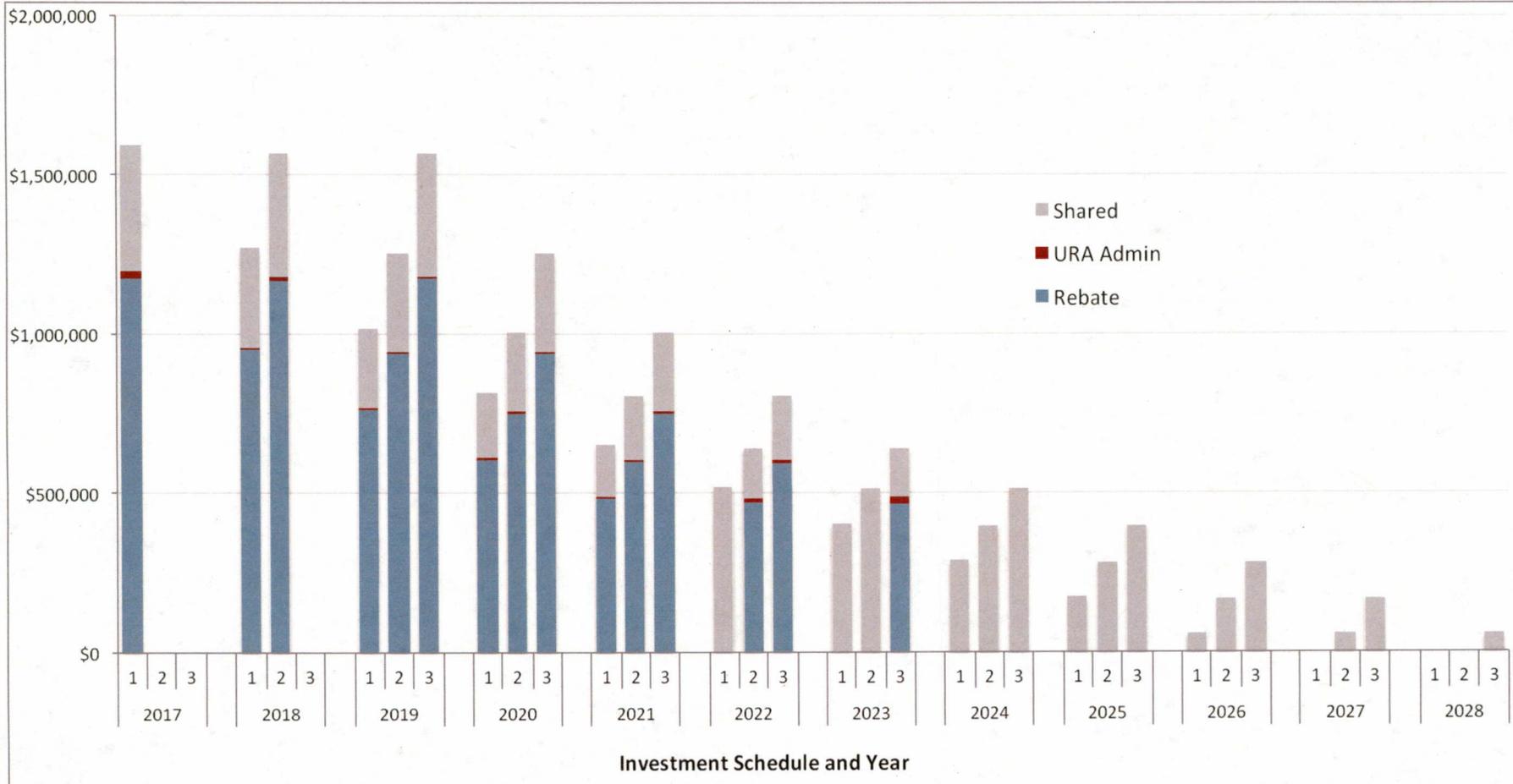
The tax increment revenues and their allocation to administrative costs, developer rebates, and the taxing jurisdictions' share of the increased property tax revenue are shown in Table 3. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue

sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

It is anticipated that all expenditures of tax increment funding will be completed within 15 years. The maximum indebtedness is \$12,000,000. In the scenario detailed in Tables 2 and 2, the term of the rebate expires before all of the manufacturer's investment in equipment has depreciated. The result of this is the taxing jurisdictions begin to receive 100% of the TIF revenues in fiscal year 2023-24, and the total amount shared with taxing jurisdictions for the entire duration of the Area ends up being much higher than the net 25% share that is guaranteed during the time the developer is receiving rebates. Table 2 shows the total projected rebate to the developer in this scenario would be \$11,821,851 dollars, while the amount received by taxing jurisdictions is estimated at \$8,247,490 dollars over the 15 year life of the Plan. This is actually 40.8% of the total tax increment revenue.

Chart 1 depicts this scenario. Each individual investment provides rebates to the developer, and a portion of extra tax increment to taxing jurisdictions, for a five-year period, with any remaining increment shared with the taxing jurisdictions when that rebate period expires. The three investments are depicted in consecutive years, as shown by the 1,2,3 on the horizontal axis of the chart. As shown, once any one investment reaches the 6th year, all of the tax increment from that investment is shared with the taxing jurisdictions. This would be accomplished through an under levy.

Chart 1. Investment, Amortization, and Rebate Schedule



Source: ECONorthwest

There will be no loans or bonds issued. The amount of funding to service the maximum indebtedness will be raised through the payment of tax increment from the County Assessor's office. Because the project payments are predicated upon the annual tax increment on a formulaic basis allocating first to administrative costs, then a 75/25 split of increment between the developer and impacted taxing jurisdictions, the Plan will be financially feasible. No payments will be made without first receiving the increment from the assessor.

Table 3 – Tax Increment Revenues and Allocations to Project Costs Sample Scenario

FYE	URA Admin	Rebate	Shared	Total
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	\$28,883	\$1,172,736	\$390,911	\$1,592,530
2018	\$17,390	\$2,119,437	\$706,479	\$2,843,306
2019	\$17,912	\$2,869,511	\$956,504	\$3,843,927
2020	\$18,449	\$2,292,519	\$764,173	\$3,075,141
2021	\$19,002	\$1,830,780	\$610,260	\$2,460,042
2022	\$19,572	\$1,069,956	\$878,472	\$1,968,000
2023	\$20,159	\$466,912	\$1,075,757	\$1,562,828
2024	-	-	\$1,204,211	\$1,204,211
2025	-	-	\$859,716	\$859,716
2026	-	-	\$515,223	\$515,223
2027	-	-	\$228,592	\$228,592
2028	-	-	\$57,192	\$57,192
2029	-	-	-	-
2030	-	-	-	-
Total	\$141,367	\$11,821,851	\$8,247,490	\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, URA: Urban Renewal Area

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues in the sample scenario, as shown above, are based on projections of the assessed value of investment that could occur within the Area, depreciation of the investment and the total tax rate that will apply in the Area. The assumptions include assumptions of development, as identified in the TIF Zones concept by the City of Wilsonville. Although these assumptions are used as a basis for evaluating the Plan, the financial feasibility is predicated on the simple formula that increased revenues will be shared by the City for administration, by the developer and by the taxing jurisdictions. No payments will be made until tax increment is received from the County Assessor. These payments will be distributed on a formula that includes payments for administrative costs, then a 75/25 split between the developer and impacted taxing jurisdictions.

Table 4 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues (not adjusted for under-collection, penalties, and interest). These projections of increment are the basis for the projections in Table 3. These projections include shared revenue with impacted taxing jurisdictions.

Table 5 shows the investment and depreciation assumptions used in preparing the financial analysis. In this scenario, all investment is assumed to be equipment, and so it is depreciated. The depreciation schedule used in this scenario is a half-year convention over a 10-year recovery period that was published by the Internal Revenue Service in its annual report for how to depreciate property. Depreciation is an annual income tax deduction that allows you to recover the cost or other basis of certain property over the time you use the property. It is an allowance for the wear and tear, deterioration, or obsolescence of the property. In this case, all the investment in property is assumed to depreciate to zero after 10 years. Property can be depreciated at different times throughout the year, depending on the accounting method used. Under the half-year convention, you treat all property placed in service or disposed of during a tax year as placed in service or disposed of at the midpoint of the year. This means that a one-half year of depreciation is allowed for the year the property is placed in service or disposed of.

However, as stated above, for purposes of financial feasibility, the fact that no payments will be made until tax increment is received establishes financial feasibility.

Table 4 – Projected Incremental Assessed Value, Tax Rates, and Tax Increment Revenues

FYE	Assessed Value	Frozen Base	Excess Value	Tax Rate	TIF
2013	\$16,608,823	\$16,608,823	\$0	13.0968	-
2014	\$16,608,823	\$16,608,823	\$0	13.0936	-
2015	\$16,608,823	\$16,608,823	\$0	13.0793	-
2016	\$16,608,823	\$16,608,823	\$0	12.9159	-
2017	\$139,908,823	\$16,608,823	\$123,300,000	12.9159	\$1,592,530
2018	\$236,748,823	\$16,608,823	\$220,140,000	12.9159	\$2,843,306
2019	\$314,220,823	\$16,608,823	\$297,612,000	12.9159	\$3,843,927
2020	\$254,698,423	\$16,608,823	\$238,089,600	12.9159	\$3,075,141
2021	\$207,075,023	\$16,608,823	\$190,466,200	12.9159	\$2,460,042
2022	\$168,979,123	\$16,608,823	\$152,370,300	12.9159	\$1,968,000
2023	\$137,609,123	\$16,608,823	\$121,000,300	12.9159	\$1,562,828
2024	\$109,843,623	\$16,608,823	\$93,234,800	12.9159	\$1,204,211
2025	\$83,171,423	\$16,608,823	\$66,562,600	12.9159	\$859,716
2026	\$56,499,423	\$16,608,823	\$39,890,600	12.9159	\$515,223
2027	\$34,307,323	\$16,608,823	\$17,698,500	12.9159	\$228,592
2028	\$21,036,823	\$16,608,823	\$4,428,000	12.9159	\$57,192
2029	\$16,608,823	\$16,608,823	\$0	12.9159	-
2030	\$16,608,823	\$16,608,823	\$0	12.9159	-
Total					\$20,210,708

Source: ECONorthwest, FYE: Fiscal Year End, TIF Revenue: Tax Increment Revenue

Table 5 – Projected Investments and Depreciation Schedules

Calendar Year	FYE	Investment Schedule 1			Investment Schedule 2			Investment Schedule 3			Total RMV
		Value	Depreciation	RMV	Value	Depr.	RMV	Value	Depr.	RMV	
2013	2015										
2014	2016										
2015	2017	\$137,000,000	10.00%	\$123,300,000							\$123,300,000
2016	2018		18.00%	\$98,640,000	\$135,000,000	10.00%	\$121,500,000				\$220,140,000
2017	2019		14.40%	\$78,912,000		18.00%	\$97,200,000	\$135,000,000	10.00%	\$121,500,000	\$297,612,000
2018	2020		11.52%	\$63,129,600		14.40%	\$77,760,000		18.00%	\$97,200,000	\$238,089,600
2019	2021		9.22%	\$50,498,200		11.52%	\$62,208,000		14.40%	\$77,760,000	\$190,466,200
2020	2022		7.37%	\$40,401,300		9.22%	\$49,761,000		11.52%	\$62,208,000	\$152,370,300
2021	2023		6.55%	\$31,427,800		7.37%	\$39,811,500		9.22%	\$49,761,000	\$121,000,300
2022	2024		6.55%	\$22,454,300		6.55%	\$30,969,000		7.37%	\$39,811,500	\$93,234,800
2023	2025		6.56%	\$13,467,100		6.55%	\$22,126,500		6.55%	\$30,969,000	\$66,562,600
2024	2026		6.55%	\$4,493,600		6.56%	\$13,270,500		6.55%	\$22,126,500	\$39,890,600
2025	2027		3.28%	-		6.55%	\$4,428,000		6.56%	\$13,270,500	\$17,698,500
2026	2028					3.28%	-		6.55%	\$4,428,000	\$4,428,000
2027	2029								3.28%	-	\$0
2028	2030										

FYE: Fiscal Year End RMV: Real Market Value Depr.: Depreciation
 Source: ECONorthwest

IX. IMPACT OF THE TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the new maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the urban renewal area.

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. These projections are for impacts estimated for a 15-year period and are shown in Tables 6a and 6b. Table 6a shows the general government taxing jurisdictions and Table 6b shows the education taxing jurisdictions.

The concept for this plan, as defined by the City of Wilsonville, includes a 25% share of net tax increment proceeds with the affected taxing jurisdictions. This formula for revenue sharing is different than the formula described in Oregon Revised Statutes (ORS). Revenue sharing is part of the 2009 legislative changes to urban renewal and means that, at thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in the area. By statute, the share is a percentage basis dependent upon the tax rates of the taxing jurisdictions. The first threshold is 10% of the original maximum indebtedness. At the 10% threshold, the urban renewal agency will receive the full 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold, and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The second threshold is set at 12.5% of the maximum indebtedness. Since revenue sharing is anticipated at the onset of the Plan, and this revenue sharing exceeds the potential amount of distributions through revenue sharing required in ORS 457.470, the revenue sharing in ORS 457.470 has been waived by the taxing jurisdictions.

The West Linn-Wilsonville School District and the Education Service District are not *directly* affected by the tax increment financing, but the amounts of their taxes divided for the urban renewal plan are shown in the following tables. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes foregone, due to the use of tax increment financing, are substantially replaced with State School Fund revenues, as determined by a funding formula at the state level. The formula for funding schools, as changed in the 2013 legislative session, is \$6,852 per pupil for FY 2013-14 and \$7,081 per pupil for FY 2014-15, an increase over the 2012 levels. According to the State of Oregon Department of Education,

there was approximately \$1 billion dollars of increased revenues allocated to school financing in the 2013 legislative session.¹

Tables 6a and 6b show the projected impacts to permanent rate levies of taxing districts as a result of this Plan. It assumes the growth as projected in the other tables in this Report. **It does not offset the foregone revenues with the expected new revenues. Although the taxing jurisdictions are shown to forego approximately \$12 million, as shown in Table 6a and 6b, they will receive approximately \$8 million, as shown in Table 3. Over the life of the Plan, the taxing jurisdictions will receive over 40% of the total tax increment revenues produced by this sample scenario.**

There is always some discussion about the true impact of urban renewal on the taxing jurisdictions as there is one line of thought that some of the growth projected would not occur “but for” urban renewal. In this case, the building is underutilized either through vacancy or type of use, and expectations are that it will remain underutilized in the future without developer incentives. Given this, there would be no expectation that any increase of property taxes would come from this building without the use of urban renewal.

There is no anticipated change in revenue for affected taxing jurisdictions upon termination of the Plan, which is expected in 15 years. All projected investment is equipment, and equipment’s assessed value depreciates over time. By the time the Area expires, all equipment will be fully depreciated, so there will be no additional assessed value to tax. However, the taxing jurisdictions are receiving 25% of the net increment during the time period the developer is receiving 75% of the net increment, and they are receiving 100% of the increment for the remaining time frame of the Area, as shown in Table 3. If there are any improvements to the building itself, or increases in value of the building itself, the taxing jurisdictions would realize the increased taxes from those investments.

¹ Phone interview with Jan McComb, State of Oregon Department of Education, July 11, 2013.

Table 6a – Projected Impact on Taxing District Permanent Rate Levies (General Government)

FYE	Clackamas County	Tualatin Valley Fire & Rescue	City of Wilsonville	Port of Portland	Metro	COUNTY EXTENSION & 4-H	COUNTY LIBRARY	COUNTY SOIL CONS	VECTOR CONTROL	Subtotal
2013	-	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-
2017	(223,673)	(141,896)	(234,502)	(6,522)	(8,987)	(4,652)	(36,972)	(4,652)	(605)	(662,461)
2018	(397,755)	(252,332)	(417,012)	(11,597)	(15,982)	(8,272)	(65,746)	(8,272)	(1,075)	(1,178,043)
2019	(537,473)	(340,967)	(563,494)	(15,671)	(21,595)	(11,178)	(88,841)	(11,178)	(1,453)	(1,591,850)
2020	(430,170)	(272,895)	(450,997)	(12,543)	(17,284)	(8,946)	(71,105)	(8,946)	(1,163)	(1,274,049)
2021	(344,323)	(218,435)	(360,994)	(10,040)	(13,835)	(7,161)	(56,915)	(7,161)	(931)	(1,019,795)
2022	(202,808)	(128,659)	(212,627)	(5,913)	(8,149)	(4,218)	(33,523)	(4,218)	(548)	(600,663)
2023	(90,665)	(57,517)	(95,054)	(2,644)	(3,643)	(1,886)	(14,986)	(1,886)	(245)	(268,526)
2024	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-	-
Total	(2,226,867)	(1,412,701)	(2,334,680)	(64,930)	(89,475)	(46,313)	(368,088)	(46,313)	(6,020)	(6,595,387)

Source: ECONorthwest.

Table 6b – Projected Impact on Taxing District Permanent Rate Levies (Education and Totals)

FYE	COM COLL CLACK (perm)	ESD CLACKAMAS	SCH WLINN/WILS (perm)	Education Subtotal	General Government Subtotal	Total
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	(51,932)	(34,302)	(452,927)	(539,161)	(662,461)	(1,201,622)
2018	(92,349)	(60,998)	(805,436)	(958,783)	(1,178,043)	(2,136,826)
2019	(124,789)	(82,425)	(1,088,359)	(1,295,573)	(1,591,850)	(2,887,423)
2020	(99,876)	(65,969)	(871,075)	(1,036,920)	(1,274,049)	(2,310,969)
2021	(79,944)	(52,804)	(697,240)	(829,988)	(1,019,795)	(1,849,783)
2022	(47,087)	(31,102)	(410,677)	(488,866)	(600,663)	(1,089,529)
2023	(21,050)	(13,904)	(183,592)	(218,546)	(268,526)	(487,072)
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030	-	-	-	-	-	-
Total	(517,027)	(341,504)	(4,509,306)	(5,367,837)	(6,595,387)	(11,963,224)

Source: ECONorthwest. Please refer to the explanation of the schools funding in the preceding section.

X. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25% for municipalities under 50,000 in population. As noted below, the frozen base, including all real, personal, manufactured, and utility properties in the Urban Renewal Area, is projected to be \$16,608,823. The total assessed value of the City of Wilsonville is \$2,368,094,165. There are five existing urban renewal areas, as shown in Table 7. These five areas, plus the 27255 SW 95th Avenue Area, total 4.33% of the total assessed value of the City of Wilsonville, well below the 25% maximum. The 27255 SW 95th Avenue Area has 26.07 acres, including right-of-way, and the City of Wilsonville has 4,712 acres; the other five existing urban renewal areas total 1,068.09 acres. Therefore, 23.22% of the City's acreage is in an urban renewal area, below the 25% state limit.

Table 7 – Urban Renewal Area Conformance with Assessed Value and Acreage Limits

Urban Renewal Area	Assessed Value	Acres
27255 SW 95 th Avenue	\$16,608,823	26.07
25600 SW Parkway Center Drive	\$7,476,210	10.35
9805 SW Boeckman Road	\$10,879,601	24.98
26755 SW 95 th Avenue	\$7,064,499	9.76
Year 2000 Plan	\$44,087,806	567
West Side Plan	\$16,526,288	456
City of Wilsonville	\$2,368,094,165	4,712
Percent of Assessed Value in Urban Renewal	4.33%	
Percent of Acreage in Urban Renewal		23.22%

Source: City of Wilsonville, Clackamas County Assessor, U.S. Census Bureau

XI. RELOCATION REPORT

There is no relocation report required for the Plan. No relocation activities are anticipated.