

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
January 17, 2012
22560 SW Pine Street, Sherwood Oregon 97140**

URA BOARD REGULAR MEETING

1. **CALL TO ORDER:** Chair Keith Mays called the meeting to order at 7:52 pm.
2. **URA BOARD PRESENT:** Chair Keith Mays, Linda Henderson, Robyn Folsom, Bill Butterfield, Matt Langer, and Krisanna Clark. Dave Grant was absent.
3. **STAFF PRESENT:** City Manager Pro Tem Tom Pessemier, Finance Director Craig Gibons, Public Works Director Craig Sheldon, Economic Development Manager Tom Nelson, Planning Manager Julia Hajduk, Police Captain Jim Reed, Administrative Assistant Kirsten Allen and City Recorder Sylvia Murphy.

Chair Mays addressed the Consent Agenda and asked for a motion.

4. **CONSENT AGENDA:**

A. Approval of November 1, 2011 URA Board of Directors Meeting Minutes

MOTION: FROM LINDA HENDERSON TO APPROVE THE CONSENT AGENDA, SECONDED BY BILL BUTTERFIELD. ALL PRESENT BOARD MEMBERS VOTED IN FAVOR (DAVE GRANT WAS ABSENT).

Chair Mays addressed the next agenda item.

5. **NEW BUSINESS**

A. URA Resolution 2012-001 Recommending a Substantial Amendment to the Urban Renewal Plan to Increase Maximum Indebtedness

Tom Nelson, Economic Development Manager and Elaine Howard, with Elaine Howard Consulting came forward. Tom presented a power point presentation regarding what the URA Board has accomplished since August 2000 (see record, Exhibit A). Tom reminded the board that Resolution 2000-1098 was adopted in August 2000 to approve the Urban Renewal Plan, and showed pictures illustrating what the district looked like. Tom stated that a major part of the plan was to remove blighting influences in the Urban Renewal District. Tom stated that visitors, residents, and former residents continue to compliment the redevelopment of Old Town.

Tom explained the cannery project, stating that Capstone Development LLC has proposed the redevelopment of the area that will include about a \$30 million investment at full build out. Tom discussed the purchase of the old machine shop on Washington Street and stated that it will be converted to a Community Center with retail space, set to be completed this year.

Tom stated that the URA invested \$1,000,000 to improve the railroad crossing and intersection at Langer Farms Parkway and Oregon Street. Tom stated that the URA also provided funding for turf fields, made a contribution to the new stadium at the high school, and to the Sherwood indoor field house. Tom stated the URA purchased blighted property adjacent to the Senior Center for a proposed project to be developed in partnership with a Washington County non-profit organization and said the purchase also included a needed right-of-way for the extension of the Cedar Creek Trail.

Tom stated that the URA has invested in properties and removed blight, stating that some of the properties will have a public use, such as infrastructure, the cannery plaza, and the community center, while other properties can be resold for private development; stating that with the \$5.6 million spent, as much as \$4 million could be recouped from selling the properties after the public uses have been put to use.

Tom showed a list of façade grants for properties throughout Old Town totaling approximately \$180,000. Tom stated that the façade grants provided an incentive for façade redevelopment that has resulted in about \$1,000,000 in private development on those properties. Tom referred the Board to page 9 in the packet for a list of the projects done to date for the life of the URA.

Ms. Robyn Folsom asked about the discrepancy between the amount spent on the purchase of the Old School House between the presentation, which stated \$550,000 and the packet, which stated \$619,627. Tom explained that the property was purchased for \$550,000, but there were additional costs for demolition and environmental issues which is reflected in the packet. Ms. Folsom asked if there was a timeline for being able to recoup some of the funds. Tom answered that the URA has an agreement with Capstone Development for their portion of the property by 2017. Tom stated that the Old School House property and the Robin Hood Theater property are market related and once other developers see the success of current development in old town there will be more demand for the Robin Hood lot. Ms. Folsom asked regarding the appraised values dropping. Tom stated that the Robin Hood lot was appraised in 2009 and concurred with Ms. Folsom that the Old School house would not recoup the amount it was purchased for unless the Board waited. Tom stated that a piece of property purchased on Main Street for a water quality facility will be put on the market for sale after a lot line adjustment.

Ms. Henderson asked for clarification of the narrative on page 9 of the packet regarding the \$3.4 million to be used for the cannery project, and if it was meant to be for the Community Center. Tom explained that the Cannery Project includes the Plaza and the Community Center, and confirmed that most of the remainder is for the Community Center. Ms. Henderson asked if the purchase of the center is included in the \$9 million listed. Tom confirmed.

Ms. Folsom asked regarding the money spent for Oregon Street / Langer Farms Parkway intersection and asked for clarification on if the work was done because of a federal grant. Tom confirmed and stated there was a need to get the signal installed in a timely manner.

Ms. Henderson asked if a million dollars was spent. Tom answered that a million dollars was the URA contribution. Mayor Mays added that the rest came from Washington County and street transportation funds. Tom Pessemier added that the final accounting was not complete, that the County's money will be spent before the URA money. Ms. Henderson expressed that she thought there would be some savings on the project. Mr. Pessemier stated he hoped there would be.

Tom Nelson asked if there were questions from the Board regarding the substantial amendment to the Urban Renewal Plan based on the material reviewed in the packet and at a previous work session, stating that there is a demand for additional maximum indebtedness to complete projects which includes the downtown streets. Tom added that when first looking at the substantial amendment there was not a list of projects with the total amount needed, but looked instead at the amount allowed using the indexing offered by the 2009 legislature. Tom stated that a substantial amendment gives an allowance for future revenues that can be used for the Urban Renewal projects. Tom stated that this method of substantial amendment is allowed only once, so the URA will ask for the full indexed 20% allowed and should the Board decide not to spend the money, the bonds could be defeased early or other projects could be chosen.

Elaine Howard added that another thing that happened in the 2009 legislature was that it now allows cities to take less than the full amount of the tax increment proceeds, which allows the Board to take less each year or to shut down the District at any time as long as the Board can maintain commitments on any outstanding bonds. Ms. Howard pointed out that there are many projects within the Urban Renewal District that remain on the capital improvements project list as prioritized by the City Engineer, and there are a number of other projects that could be allocated funding. Ms. Howard stated that a minor amendment is another funding possibility and offered to explain the process.

Tom Nelson explained that part of the process for the substantial amendment was public noticing requirements and meetings with the Planning Commission, TVF&R and the Washington County Board of Commissioners.

Mayor Mays asked for questions from the Board.

Ms. Folsom asked what qualified as a successful Urban Renewal District. Ms. Howard answered that there are no actual metrics to measure success, but her measure was the feel of the community, a show of development, and private investment, such as the commitment from Capstone Development. Ms. Howard stated that communities want private development money to leverage with Urban Renewal dollars. Ms. Howard stated that it was possible to have higher levels of investment in Sherwood's Old Town, but there does not seem to be a high vacancy rate, and there are a lot of thriving small businesses. Ms. Howard commented on how the library has created a central core to downtown and there is a lot of pedestrian activity on the streets. Ms. Howard commented that there were still a large percentage of properties in the district that are underdeveloped and constitute a blight that can be addressed.

Ms. Folsom asked if it was typical for Urban Renewal districts to spend so much money on streets. Ms. Howard confirmed and stated that there are not a lot of good funding sources for streets and streets are one of the prime objectives, along with streetscapes and plazas, which bring people to downtown and help make them want to come back.

Ms. Folsom asked what is in the City Budget for the re-pavement of streets like Lincoln, Pine and Willamette. Tom Pessemier replied by breaking the projects into two categories: Re-pavement, or the rehabilitation of the pavement surfaces, and Capacity Improvements which increases the capacity and adds sidewalks. Mr. Pessemier stated that there has been a lot of discussion about the lack of funding to keep up with the street maintenance program, and the City adopted measures last year to help maintain the Pavement Condition Index rating for streets by adopting a new fee structure. Mayor Mays added that those fees supplement the shared revenue the city receives from the State along with the fuel tax. Mr. Pessemier commented that Lincoln Street was paved with some of those dollars. Mr. Pessemier stated that roadway capacity improvements are mainly funded by System Development Charges through the County which fund around 29% of the funds required to maintain collector and arterial streets and can only be used on collector and arterial streets. Mr. Pessemier stated there is also a City transportation SDC fee which could potentially fund projects. Mayor Mays asked if the city pursues County MSTIP (Major Streets Transportation Improvement Program) money. Mr. Pessemier confirmed and stated money was received for Sherwood Blvd from the American Recovery and Reinvestment Act (ARRA). Mayor Mays stated that the steady revenue for street maintenance comes from the fuel tax and the transportation road fee, with money for street capacity improvements coming from SDC's, the occasional County MSTIP or federal ARRA money.

Mr. Butterfield commented that the Board can choose between taking the money and getting the projects done or decide which projects have to be done with the \$3.4 million available and find other funding in the future. Mr. Butterfield asked what was to be gained from Oregon Street improvements. Tom Nelson answered that projects on the list have been added by Council or were part of the original plan and they cannot be done without additional funding. Tom stated the \$3.4 million is money that will be spent on the Community center, which means the downtown streets project would not get done. Tom stated that the improvements on Oregon Street are important because of the Tonquin industrial area, and the street is the last transportation link into Sherwood that is substandard. Tom stated the Tonquin Industrial area is intended to be annexed and will be a freight corridor when it is developed. Tom stated that the area between the fire station and the roundabout is a blighted area, adding that the tannery site is likely to be redeveloped. Tom stated there is no source of revenue for the redevelopment of a street like Oregon Street. Mr. Butterfield asked if the land were redeveloped wouldn't the businesses pay for it. Tom answered that it would not include the whole street. Tom added that Council had identified to staff the other projects on the list as important.

Ms. Linda Henderson inquired about the \$3.3 million estimate for Oregon Street. Tom answered that they were engineer estimates. Ms. Henderson asked at what point will the final decision on projects will be made, adding that the list was generated in 2000, new projects have been added every year, and there are projects on the list that may never be done. Ms. Henderson commented that \$10 million was a large amount of money in addition

to extending the life of the district and expressed her concerns about a list of projects that were vetted publically without requirements to complete them. Ms. Henderson commented that it takes time to complete capital projects, but that many of the projects would get done fairly quickly. Tom answered that it is planned to complete the streets construction project this construction season, Oregon Street within the next couple of years, depending on annexation and development, and the other streets would be done as staff time allowed.

Ms. Henderson asked that the Board consider that the Community Center funding was between seven hundred and eight hundred thousand dollars short of what is wanted for the facility. Mayor Mays added that a work session was needed to make that determination. Ms. Henderson stated she wondered if less money could be spent on studies to provide more money that could be used over the life of the Community Center.

Mayor Mays stated that the Board could act on the resolution today and have a work session or continue the resolution and have a work session. Ms. Henderson confirmed the meeting timeline with Tom Nelson. Tom stated he would meet with the School District next. Ms. Henderson stated she wanted feedback from the school district in order to vote on a list of projects. Tom stated that tonight's vote was for recommending a substantial amendment and not voting on a list. Tom added that the list of identified projects can change, but the dollar amount is set and gives the Urban Renewal Agency permission to expend that amount on worthy projects. Tom suggested that council meet in a joint session with SURPAC to review the list and make a recommendation on priorities.

Ms. Henderson asked how delaying a decision would affect the process. Ms. Howard reminded the Board that City Council has final approval and stated that the Board was voting on starting the process; which means engaging the taxing agencies and looking at the variables. Ms. Howard stated that meeting with the agencies may provide feedback to include other projects, but that the plan contains goals and objectives that have to be met and the project list must meet those constraints. Ms. Howard reiterated that amending the maximum indebtedness can only be done once without going through the legal process, therefore allowing the taxing jurisdictions a vote and that this is what the proposal before the Board is. Ms. Howard stated that the report has identified many opportunities, including the Community Center, to allocate the funding.

Mr. Butterfield asked how the substantial amendment would affect the average rate payer in the city. Ms. Howard answered that it is close to nothing and further explained that on any general obligation bonds or local option levies passed before October 2001, the amount of taxes not paid by the Urban Renewal area is reallocated on to the rest of the taxpayers. Ms. Howard stated that in the City of Keizer the amount was around \$3 a year and offered to do the specific calculation for Sherwood. Mr. Butterfield stated he would like to see actual numbers.

Ms. Henderson asked if that number was a function of when the district was retired. Tom answered that it does not increase taxes on any of the citizens. Ms. Henderson stated it is an increase because it remains a tax for longer. Tom stated that the tax increment will be shared among the other taxing jurisdictions after all the debt is paid, so the taxes don't go down, but the taxes get reallocated to another entity. Ms. Howard added that the general

obligation bonds and local option levies will be recalculated after the district is closed and there will be a very small change in the tax bill because the taxes will be allocated over a larger portion of property owners. Ms. Howard stated that some of the bonds and levies may expire before the district is closed and each one will have to be looked at individually.

Tom Pessemier commented that he remembered two that expire within the next two fiscal years. Mayor Mays added that the school district had some. Ms. Howard confirmed the type of Urban Renewal District that Sherwood has is a Window District and school bonds count.

Ms. Henderson asked regarding the project list if there were any properties listed, that were currently not in the district, meaning the district would have to be amended to bring additional property in. Tom answered no, unless the Tonquin area was annexed, which would mean a sliver of property would be added for infrastructure to the area and would be added to the boundary with a 1% amendment.

Ms. Henderson asked for clarification on the property acquisition line item with a \$500,000 value. Tom answered that it was earmarked for potentially having to purchase property for public parking.

Ms. Folsom stated her desire to finish the downtown streetscape because it was an overdue commitment made to the citizens. Tom answered that it was up to the Board to prioritize projects and direct staff when to complete them. Tom added that he understood Phase II of the streetscape was to be completed this year.

Ms. Folsom posed the question of going into debt because it can be done, stating that in lean economic times, how does the need of the City outweigh the need of another taxing agency. Mayor Mays commented that the City will find out as other taxing agencies are engaged. Tom commented that these projects are intended to drive redevelopment which will help them all, plus in the case of TVF&R making traffic improvements cuts down their response time which is a benefit to them. Tom stated the improvements are not just for us, but for the greater community.

Ms. Folsom asked for feedback from the community, stating that she does not like taking on debt and wants to know how the citizens feel about it. Ms. Folsom stated she would like to see the downtown streets done and start paying back the debt in 2017.

Mr. Langer asked regarding the graph on page 61 of the URA packet and asked for an explanation on the public's behalf. Ms. Howard explained that in the 2009 legislature they changed what happens under a substantial amendment and setup trigger points for revenue sharing with taxing jurisdictions and those trigger points are reflected on the chart. Ms. Howard explained that the point that the revenue comes in, off of the tax increment financing, equals 10% of the original maximum indebtedness you start sharing with the impacted taxing jurisdictions. Ms. Howard added that under the current plan there would not be any sharing with those other jurisdictions until the plan is closed out in 2018 and under the amendment the taxing jurisdictions start getting revenue off of the increased value in the area in the year 2014 so that although they go three years longer without

getting the full amount they start to get something, so there is some positive tradeoff to them as shown in Table 17. Ms. Howard stipulated that the projections are based on development occurring and a 3.5% increase in value in the area and the projections are not actual but are estimates based on data received. Ms. Howard stated that this is new to substantial amendments and is a positive benefit to the taxing jurisdictions.

Ms. Howard commented that there are very few economic development tools for cities to use, that there used to be community block grants, federal money, and more state money to help communities develop and there really aren't those funds any more. Ms. Howard remarked that urban renewal is a way to develop roads and to encourage vacant parcels to develop. Ms. Howard commented that Oregon Street was a vital project because of the vacant land around it. Ms. Howard stated that if all of the vacant land were to be put to productive use it would provide jobs and increase the tax base and help all of the taxing jurisdictions, because in just a three year time period they would start seeing the increase in value off of the property. Ms. Howard stated that Urban renewal is a very powerful tool and the only economic development tool for Cities other than using general fund money. Ms. Howard stated that in order to facilitate and to catalyze development this is the tool to use.

Ms. Folsom asked for further explanation of the numbers in parentheses on Table 17. Ms. Howard answered that in 2014 to 2018 with the new maximum indebtedness the taxing jurisdictions get a positive amount of money, in 2019 negative values are shown because the district would have been closed in 2018, the chart shows the net financial impact and the amount the taxing jurisdictions will forego for an additional three years. Tom added that this is not reflective of the money they are receiving now. Ms. Folsom reminded the citizens that this information could be found in the URA Packet that was available online. Mayor Mays added that if you add up the estimated distribution under a major amendment it is equal to about a year, in essence extending the district by three years is more like two years because of the collective estimated shared revenue. Tom Nelson stated that there could be enough property sold in the interim that the rest of the debt could be defeased.

Ms. Clark asked regarding the Traffic and Parking Studies on Table 12 on page 54 of the packet and questioned if there was a state requirement to conduct studies as part of the process therefore using a portion of the funds to do them. Mayor Mays stated that he was not aware of a requirement. Mr. Pessemier stated that a Parking Study has been discussed for a long period of time and was part of the original plan. Mr. Pessemier stated in regards to the Traffic Rerouting Study and Plans for Old Town, that success in old town will create traffic flow issues and failure to resolve those issues will have an opposite effect of promoting growth and increased value. Mr. Pessemier explained that this project is farther in the future, but not doing so would end up hurting the district by the lack of foresight.

Mr. Langer asked regarding further clarification on the graph on page 61 per year 2017 where the URA is capped off. Tom Nelson explained that in 2017, URA collections plateau, as illustrated by the blue line, and any additional revenue coming in because of growth and development are divided among the other taxing jurisdictions, as illustrated by the red line. Mr. Langer commented that growth rate is an estimate and there is no limit to the amount

that could be redistributed to the other taxing jurisdictions. Tom agreed that a conservative approach in predicting revenue was taken.

Mr. Langer stated that it sounded like the Board was discussing increasing taxes by \$10.9 million, but that it was a discussion about whether to continue to use the money for URA projects and investing in infrastructure or ending the URA and the \$10.9 million would go back to the redistribution process into all of the other taxing jurisdictions. Tom Nelson clarified that the amount was \$10.7 million.

Ms. Howard added that schools need growth in the community, and to create growth in the community, incentives need to be provided. Ms. Howard stated that school districts should want urban renewal, because although it takes money from the schools now, in the long run it increases their funding and their per student ratios.

Ms. Folsom stated that this was the beginning of the process and moving forward tonight meant opening up to broader conversations with the Planning Commission, SURPAC, the community, and the taxing jurisdictions. Ms. Howard commented that a vote from the Board did not mean the City Council has approved the amendment.

With no other Board questions, Chair Mays made a motion.

MOTION: FROM CHAIR KEITH MAYS TO ADOPT URA RESOLUTION 2012-001, SECONDED BY MATT LANGER. ALL PRESENT BOARD MEMBERS VOTED IN FAVOR (DAVE GRANT WAS ABSENT).

Chair Mays addressed the next agenda item.

6. **STAFF REPORTS:** There were no staff reports.
7. **ADJOURN:** Chair Mays adjourned the URA Board meeting at 8:55 pm.


Sylvia Murphy, CMC, District Recorder


Keith S. Mays, Chair