

Annual Report for Fiscal Year Ending June 30th, 2013



Home of the Tualatin River National Wildlife Refuge

FY2012/2013

Sherwood Urban Renewal Agency

This report fulfills the requirements, prescribed in ORS.457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

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SHERWOOD URBAN RENEWAL AGENCY

SHERWOOD URBAN RENEWAL AREA HISTORY

The Sherwood Urban Renewal Plan (Plan) was adopted and approved by ordinance on August 29, 2000. The URA “maximum indebtedness”, as defined by statute, is \$45,133,469. There are 595.84 acres designated in the Sherwood Urban Renewal Area.

The Sherwood Urban Renewal Agency was formed to redevelop underutilized and blighted areas in Sherwood, including Old Town. While a separate and distinct agency was formed according to Oregon statute, the governing board consists of the same group of people as the Sherwood City Council. This is common among URAs throughout Oregon. The agency and its activities are funded by tax increment financing.

The Plan was developed under the guidance of the Sherwood Urban Renewal Plan Advisory Committee. The committee met three times during the course of the planning process and also participated in a public workshop. All meetings were open to the public for discussion and comment. The Sherwood Urban Renewal Plan Advisory Committee (SURPAC) continues to meet regularly to develop recommendations to the Urban Renewal Agency on the implementation of the plan.

The Plan was amended in February of 2012 by Ordinance 2012-005 to increase the maximum indebtedness by \$9,785,869 from \$35,347,600 to \$45,133,469. The increase in maximum indebtedness was for the addition of projects to the Plan which will improve the transportation systems, both street and trail, within the Area. It will also add to the capacity to provide additional revenues to existing projects within the Plan.

Goals

When developing the URA Plan and Report, SURPAC formulated a series of Goals and Objectives to guide activities funded by, or related to the URA. The Goals and Objectives are listed in the Plan, and the goals are reiterated here:

Goal A - Promote private development redevelopment, and rehabilitation in both Old Town and Six Corners to help create jobs, tax revenues, and self-sustaining and vibrant commercial districts.

Goal B - Upgrade the stock of existing structures in Old Town Sherwood which contribute to its small-town character, but which are run down or do not meet current Code requirements.

Goal C - Improve existing streets and construct missing street links to improve connectivity within both districts, to improve and enhance public open spaces as an integral part of each district, and to enhance livability.

Goal D - Improve and repair utilities to allow efficient development of the two areas.

Goal E - Develop convenient, attractive parking facilities close to shopping, entertainment and business destinations.

Goal F - Maintain, remodel and construct public facilities, including City Hall, Library, the Old School, the Hite House, Old City Hall, and a potential library expansion or relocation, to strengthen and reinforce Old Town as the historic center of Sherwood, and to serve as an anchor for the Old Town economy.

Goal G – Develop a strategy to make cultural arts a contributor to Sherwood’s culture and economy focusing efforts on Old Town.

Maximum Indebtedness

Table 1 – Maximum Indebtedness Calculations

| Maximum Indebtedness (MI) | |
|-------------------------------|--------------|
| Total Maximum Indebtedness | \$45,133,469 |
| MI Expended through June 2013 | \$37,484,003 |
| Remaining MI | \$7,649,466 |

Source: City of Sherwood Finance Department

A full copy of the Sherwood Urban Renewal Plan and Report can be found on the City of Sherwood website at: <http://www.sherwoodoregon.gov/urban-renewal-agency>

The project to be implemented in 2013/14 is the development of the Cannery Square project into a retail and community center space. Funding has been accessed through an \$8.5 million loan from the State of Oregon Infrastructure Finance Authority and from tax increment revenue.

FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

Money Received

ORS 457.460 (A)

The statute states, "the amount of money received during the preceding fiscal year under ORS 457.20 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460" must be reported.

In FY 2012/2013 the Sherwood URA received \$3,131,778¹ in tax revenue, which includes adjustments, interest and discounts.

Money Expended

ORS 457.460 (B)

The statute states, "The purposes and amounts for which money received under ORS 457.420 to 457.460 and from indebtedness incurred under 457.420 to 457.460 were expended during the preceding fiscal year" must be reported. This means any money received through urban renewal and spent on urban renewal activities, and this information is shown in Table 2, below.

Table 2 - Expenditures During FY 2012/2013

| Item | Expenditure |
|------------------------|-------------|
| Personal Services | \$169,452 |
| Materials and Services | \$222,053 |
| Capital Outlay | \$2,415,557 |
| Debt Service | \$1,925,718 |
| Total | \$4,732,780 |

Source: City of Sherwood URA FY13 Budget to Actual Spreadsheets

¹ 2012/13 Sherwood Urban Renewal Financial Report, p10.

Estimated Revenues

ORS 457.460 (C)

The statute states, "An estimate of moneys to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460" must be reported. This means an estimate of all income to be gained from urban renewal in the upcoming year.

The estimated tax revenues for FY 2013/14 are \$3,354,100. Interest and sale of assets account for \$172,000 for a total expected revenue of \$3,526,100².

Proposed Budget for Current Fiscal Year

ORS 457.460 (D)

The statute states, "A budget setting forth the purposes and estimated amounts for which the moneys which have been or will be received under ORS 457.420 to 457.460 and from indebtedness incurred under 457.420 to 457.460 are to be expended during the current fiscal year" must be reported. This means a compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund. This information is shown in Table 3.

² 2013/14 Sherwood Urban Renewal Adopted Budget, p4.

Table 3 - Proposed Budget for FY 2013/2014

| | 2013/14 Operations | 2013/14 Capital |
|----------------------------|-----------------------|--------------------|
| RESOURCES | | |
| Available Cash on Hand | \$3,728,269 | \$1,209,953 |
| Taxes Collected | \$3,354,100 | - |
| Interest Income | \$12,000 | - |
| Sale of Fixed Assets | \$160,000 | |
| Transfers in | | \$3,371,126 |
| Issuance of Long Term Debt | | \$2,601,112 |
| TOTAL RESOURCES | \$7,254,369 | \$7,182,191 |
| EXPENDITURES | | |
| Personal Services | \$79,480 | \$167,218 |
| Materials and Services | \$182,624 | \$105,796 |
| Capital Outlay | - | \$5,699,224 |
| Debt Service: | | |
| Principal | \$931,517 | - |
| Interest | \$652,818 | - |
| Total Debt Service | \$1,584,335 | - |
| TOTAL EXPENDITURES | \$1,846,439 | \$5,972,238 |
| Transfers Out | \$3,371,126 | |
| Contingency | \$2,036,804 | \$1,209,953 |
| TOTAL USES | \$7,254,369 | \$7,182,191 |

Source: City of Sherwood FY 13/14 Adopted Budget, p 4-5.

Impact on Taxing Districts

ORS 457.460 (E)

The statute states, " An analysis of the impact, if any, of carrying out the urban renewal plan on the tax collections for the preceding year for all taxing districts included under ORS 457.430" must be shown. This means showing how much money local taxing districts (eg. county, schools, community college, TVF&R) forego due to urban renewal. These figures reflect truncation loss and urban renewal compression loss. This information is from Washington County Assessor records and is shown in Table 4, below.

Table 4 - Impact on Taxing Districts FY 2012/2013

| Taxing District | Revenue Foregone Permanent Rate | Revenue Foregone Local Option |
|---|---------------------------------|-------------------------------|
| Sherwood School District* | \$824,207 | |
| City of Sherwood | \$564,729 | |
| Washington County | \$385,042 | \$100,977 |
| Tualatin Valley Fire and Rescue | \$260,630 | \$42,665 |
| Portland Community College | \$48,401 | |
| NW Regional Education Service District* | \$26,288 | |
| Metro | \$16,543 | |
| Port of Portland | \$11,907 | |
| Total | \$2,137,747 | \$147,113 |

Source: Washington County Assessor's Information

*The Sherwood School District and the NW Regional 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 charts. 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 because of the use of Tax Increment Financing are replaced, as determined by a funding formula at the State level with State School Fund revenues.