

City Council Workshop Minutes

June 28, 2011

Dundee City Hall

Call to Order

Mayor Crawford called the meeting to order at 7:00 P.M.

Council and Staff Attendance

Present: Mayor Crawford, Councilors Adlong, Miller, Munson, Nelson, Pugsley and Reddell.
Staff member: Rob Daykin, City Administrator.

Public Attendance

Suzanne Dufner, Mid-Willamette Valley Council of Governments (COG) and Nancy Boyer, COG.

Urban Renewal

City Administrator Daykin introduced Suzanne Dufner and Nancy Boyer, both of Mid-Willamette Valley Council of Governments (COG). Suzanne Dufner passed out a handout on urban renewal, a financial tool which can help implement improvements to deteriorated, vacant or underutilized areas and remove blight, which can include undersized underground utilities, sidewalks, etc.

Councilor Nelson inquired if it could include overhead utilities. Dufner confirmed it could if there is an area which is visually impaired. Urban renewal funds are usually leveraged with other funding sources such as System Development Charges (SDCs), Local Improvement Districts (LIDs), or grant monies. Projects can include:

- undergrounding of overhead utilities
- street improvement
- utility improvements
- public uses development, such as a plaza or park
- pedestrian facilities
- rehabilitating deteriorated buildings
- land acquisition, example: combine and develop parcels which might not develop by their self

Councilor Adlong questioned the rehabilitation of buildings. Dufner advised you would identify projects, which you would fund with urban renewal in your plan. She noted the goal of urban renewal is to leverage the private dollars to stretch them. The City of Woodburn is an example where businesses can apply to the City for funds to beautify their buildings and work with the City's vision for the area. Adlong noted the Quonset hut on Highway 99W as an example. Dufner confirmed it could be considered as long as it was in the defined urban renewal area. To make urban renewal successful you want to encourage developments in the first years of a plan, which will make the increment grow over the plan's horizon.

Elements of an Urban Renewal District:

- *A feasibility study*
- *Develop an urban renewal plan considering findings of blight, goals and objectives, list of projects, funding sources, and financial projections.*

C. Nelson inquired if the area needed to be contiguous. Dufner relayed her understanding is it does, but there can be separate districts within the 25% of the land area or the assessed value. Boyer stated the need to justify why you are drawing the area's boundary.

- *Notice to taxing districts and city residents and placement on the agenda for the Yamhill County Board of Commissioners.*

C. Adlong inquired if there are other Urban Renewal Districts in Yamhill County. Dufner replied not at the moment, but it is under consideration by the City of McMinnville.

C. Nelson asked if the property values are removed from the books for the taxing districts. Daykin replied the total assessed value in the Urban Renewal District is frozen the year the plan is adopted; the growth in the base is the tax increment financing for the life of the plan. The long-term benefit is, when Urban Renewal District goes away, the tax revenues will be higher than they would have been without urban renewal. Daykin clarified it comes from the increased tax revenue from the increased values. Dufner referred to Newport's successful Urban Renewal District. She noted the Dundee school district would see minimal impact as the taxing district for the schools is shared with all the school districts statewide.

Councilor Reddell questioned the impact of the economic downturn on Urban Renewal Districts. C. Nelson shared that Tualatin's district closed this year and they have funds remaining. Dufner agreed that the economy would have an impact on the success of a district. Reddell noted this is predicated on the belief that property values will be higher at the end of the plan. Boyer added that the City of Independence is in that situation. If you owe the debt you will have to make up in some other way; an alternative option is to incur debt after the revenue has been collected.

Councilor Pugsley questioned if the plan could be written to spend only what is realized. Boyer replied that approach would utilize short-term borrowing. In smaller cities you need to be more persistent and patient with the revenue income.

C. A. Daykin inquired if there are professional consultants specializing in Urban Renewal. Boyer affirmed there are including Tashman and Spencer & Kupper in Portland. The COG can assist with feasibility studies and with an urban renewal consultant to review financial projections and give legal counsel. The City Planner and staff can help prepare a plan.

C. Nelson asked the location of Carlton's Urban Renewal District. Dufner stated it encompasses the historic downtown, surrounding residential and vacant industrial land to the north. They just passed their district a couple of years ago to address an undersized waterline issue, streetscape improvements, and undergrounding of utilities. They are waiting for the revenue stream prior to borrowing. C. Adlong questioned the private development, which occurred in Carlton. Dufner advised that some of the development would have happened without the urban renewal district. C. Nelson clarified that other tax districts do not receive any benefit from development, which would have occurred without the district. Dufner confirmed.

C.A. Daykin asked the strategy for sub-districts, if it would allow closure of a sub-district and move the rest of the area forward. They were not aware, but noted that legislation has changed the plan requirements. Dufner added it is important to consult with taxing districts early to determine any impact by the Urban Renewal District to them. How you draw the boundary can minimize the impact to the tax district. It can be difficult to amend your plan, back through the original Urban Renewal District plan process, with a plan amendment.

C. Pugsley asked if there was organized opposition to Carlton's Urban Renewal District. Dufner replied that the Fire Department voiced concerns at the loss of tax revenues. Pugsley asked if the development community was supportive of it. Dufner advised an Urban Renewal Advisory Committee was formed who supported the plan and communicated the issues with the citizens.

C. Nelson asked if 100% of the funds generated from the Urban Renewal District needed to be spent within the district. Boyer advised there are projects you can utilize outside of the district,

but they have to benefit the district. She cited the urban renewal projects in Newport, where the north side project was able to fund part of the south side wastewater treatment plant project because they benefited from it. She cautioned the need to prove the benefit. Nelson inquired if there are many restrictions on zone and use changes of the area. Dufner replied not per se, the Comprehensive Plan and zoning map guides the uses involved. Nelson inquired if it could be applied to a residential area to help fund infrastructure, such as the riverside of the City. Dufner relayed there are combinations with residential, but cautioned that often one of the goals are economic development and job creation. C. Pugsley suggested it could be an area with two separate districts, which might engage the property owners to help with the infrastructure financing. Dufner referred to Local Improvement Districts (LIDs). Daykin reviewed impediments to development such as overhead utilities and the undersized Highway 99W waterline, which could be combined in a LID or other type of assessment were the Urban Renewal would fund half the cost of the improvements and the property owner pays the balance.

Mayor Crawford noted that the City has two years to form a district to take advantage of increased property values from scheduled infrastructure improvements such as the paving preservation project and the Transportation Enhancement grant (TE) project. C. Adlong inquired if the intended area for a district was along Highway 99W. Crawford confirmed that the nonresidential areas along Highway 99W would be one area and undeveloped areas on the south and the west end.

C. Nelson questioned if it is better to include school district properties to include the upgrade or expansion of the grade school. Dufner stated if you identify school district property it would need to be included in the district to be eligible for Urban Renewal funds. Boyer added that publicly owned property would not increase in value for tax revenue purposes.

Elements of an Urban Renewal District continued,

- *The draft plan would be reviewed by the Planning Commission with a recommendation to the Council.*
- *Council hearing for approval*
- *City charter requires the plan be referred to the voters*

Dufner noted the City Charter requirement that voters have to authorize incurrence of debt if the plan includes tax increment financing. C. Pugsley clarified that any time you would incur debt on the projects it would go to the voters. Dufner noted that there is a ten-year time frame from the date of voter approval to the incurrence of debt or the urban renewal plan terminates. Also, qualified debt for these types of improvements may involve more than your typical 20-year bond, including short term loans or developer agreements for smaller amounts to fit specific projects. Daykin advised that the debt limitation would have to be reviewed for potential conflict. Boyer noted the Urban Renewal District is a separate entity from the City; the question is does that debt section apply to the Urban Renewal District under the Charter. It is normal for the Council to serve as the board for the Urban Renewal District.

C. Nelson asked if there are any advantages to negotiating with DEQ regarding blighted properties such as old gas station properties. Dufner suggested the possibility of DEQ funds for that type of site cleanup. Discussion followed on the property owned by the Chevrolet dealership in Newberg and C. Nelson asked if those types of sites are excluded. Dufner stated they could be in the district; it is your choice to assist with the rehabilitation or to exclude it from the district. The Mayor noted that the gas station at Fifth Street and Highway 99W has a no further action needed certificate from DEQ. Daykin noted that the property owner tried to develop the site into a restaurant and offices in 2007, but delays caused the loss of the investor. He noted that the Bag Connection wanted to do improvements, but the cost of infrastructure improvements stopped their property improvement project. Addressing the public infrastructure improvements can be part of the strategy to aid development. Daykin asked if a boundary would be determined during the feasibility study. Dufner replied you could consider boundaries and impacts on the taxing

districts. The estimated cost for the feasibility study for the City of Carlton was \$10,000 to \$15,000. The costs for the feasibility study and the plan can be identified as eligible for reimbursement. Carlton used general funds and a Rural Investment Fund (RIP) grant (no longer available) from the State for their district.

Boyer stressed the need to communicate with the citizens of the City. She noted the term “blighted” is a hard concept for citizens to accept and is a negative impact to work with. She suggested informing citizens outside of the district that the Urban Renewal District will appear on their property taxes, but will not affect the bottom cost; it would remain the same with or without the district. She suggested asking if the county assessor would insert an explanation with the tax mailings.

C. Nelson asked for examples of Urban Renewal Districts, which have had problems. Dufner replied the City of Canby, where they had an area, which needed to be annexed, and the voters turned down the annexation. Nelson asked the range of the lengths of Urban Renewal Districts. Dufner replied urban renewal plans are linked to either the completion of the projects on the list or reaching the maximum indebtedness. Boyer noted that one of the criticisms received against Urban Renewal Districts is that they tend to self-perpetuate themselves. She noted the two restrictions in the City’s Charter (10 year limitation and the debt limit) will make an Urban Renewal District difficult. C.A. Daykin cited an example where an investor is ready to develop and the City is not ready to improve the infrastructure, the development can’t move forward. However if the City had a short-term loan option to match with the private investment to move the project forward, but that is subject to the vote of the people. C. Pugsley inquired when cities have to pay for elections. Boyer replied even numbered years, primary and general elections, with initial approval of the district in a general election. She suggested having a professional consultant hold a workshop with the Council for their direction on the issues. Mayor Crawford asked if they could address that as part of the feasibility study. Boyer affirmed and suggested including the Dundee Civic Association.

C.A. Daykin referred to the TSP update and the improvements to the Highway 99W corridor and asked if the City should wait until that process is moving forward before trying to identify specific projects or do you look at amending the plan. Dufner stated you need flexibility to respond to changing market conditions and suggested identifying broad projects such as street infrastructure and utility improvements with a general target location. It is easier to do a minor amendment and receive the approval of the Urban Renewal Agency and the Council rather than a major amendment, such as changing the boundary or the maximum indebtedness over a set amount, which would have to go before the voters. Daykin set a scenario: An Urban Renewal District is created to aid with the undergrounding of public utilities, it will be a few years before the City incurs the project, a developer is ready now and has to underground their own utilities, four years later the City completes the project, can the developer be rebated. Dufner stated the private developer could front the cost of the improvements and the City can repay with tax increment financing.

Discussion followed on the pros and cons of a district for the Riverside. C.A. Daykin suggested reviewing why the areas are not developing. The Mayor suggested a district incorporating Eight to Tenth Streets, pointing out the need for realignments for the connection of the Riverside and the possible relocation of the Fire Hall.

Councilor Reddell stressed moving forward with caution with the economy in mind. He would favor a district encompassing the Highway 99W corridor.

Councilor Miller expressed concern with a district encompassing her property and suggested addressing the Charter issues first. C. Adlong suggested reviewing the Charter concurrently with the process of establishing an Urban Renewal District. Mayor Crawford questioned moving

forward with a feasibility study with a Charter, which hinders it. The majority consensus was to seek counsel's opinion on the Charter issues.

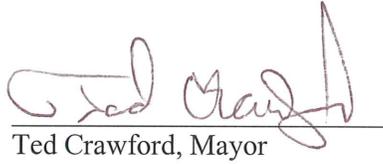
C.A. Daykin suggested:

- Determining the location of the blighted areas
- What is to be accomplished
- Is development to be aided in specific areas
- Communicate with the public

Dufner advised that the City of McMinnville formed a taskforce, are targeting their Third Street District, and are proceeding cautiously holding an open house for the taxing districts.

The majority consensus was to address an Urban Renewal District as a possible funding tool after the TSP and the Highway 99W visioning has been completed and projects identified. The Mayor suggested a taskforce to review the Charter.

The meeting was adjourned at 8:45 P.M.



Ted Crawford, Mayor

Attest:



Debra Manning, Assistant City Recorder