

City of Dundee
Special City Council Minutes
June 23, 2015

Call to Order

Mayor Russ called the meeting to order at 7:12 P.M.

Council and Staff Attendance

Present: Mayor David Russ, Councilors Kristen Svcarovich, Tim Weaver, and Ted Crawford.
Excused Absence: Councilors Storr Nelson, Doug Pugsley, and Jeannette Adlong. Staff member: Rob Daykin, City Administrator.

Public Attendance

Jennie Messmer and Renata Wakeley, Mid-Willamette Valley Council of Governments (COG).

Block Park/Street Closure Application

City Administrator Daykin explained an application was submitted to close Elm Street between Eighth and Ninth Streets for the purpose of a block party on Saturday, July 4. The Police Department and Fire Chief reviewed the application and recommended approval. All of the residents located in the street closure area signed the application, except for one resident who was purportedly on vacation. Council approval is required to close the street. **The motion** was made and seconded to approve the Block Party/Street Closure application. **The motion** passed unanimously.

Urban Renewal Workshop

C.A. Daykin stated the City contracted with the COG for the preparation of a feasibility study on the establishment of an urban renewal district in Dundee. The first phase is a workshop with the Council, which is being conducted at this meeting. The second phase is the preparation of the feasibility study, if authorized to proceed by the City. Daykin also provided a summary of the Dundee Charter provisions on implementing an urban renewal district.

Jennie Messmer covered the following issues with a power point presentation:

- Tax increment financing (TIF) is used to pay for improvements in an urban renewal area that will remove blight and spur economic development.
- TIF revenues are generated by the increase in total assessed value in an urban renewal area following its establishment. The original base distribution of taxes prior to the establishment of the urban renewal district continues to all taxing agencies.
- An urban renewal area is created with specific boundaries, improvements to be funded by TIF, and a maximum indebtedness, all of which are described in an urban renewal plan.
- When the projects funded by TIF are paid off the entire valuation is returned to the general property tax rolls for distribution to all taxing agencies.
- Dundee City Charter appears to have requirements for public votes at various stages of implementing an urban renewal district, including: 1) the determination that blight exists and the solution is an urban renewal district, 2) the establishment of boundaries for the urban renewal district, and 3) approval of debt to be repaid by TIF.
- Completing a feasibility study will help guide the decision on whether to take actions leading to the preparation of a plan. The cost of preparing a plan is estimated between \$20,000 and \$25,000.

Mayor Russ asked whether property taxes will increase for those properties included in an urban renewal district. Messmer stated no, it's the distribution of taxes to the taxing agencies that changes, not the amount. Upon its formation, the amount received by the taxing agencies, including the City of Dundee, from the urban renewal district will remain constant until the district is terminated. Urban renewal will not affect the distribution of taxes from the bonded debt levies. Taxes generated from any increase in assessed value of the district are received by the district for financing the specific improvements identified in the plan. Assessed value increases include the State constitutional 3% limit as well as from the value of new development. Typically, the amount of tax revenue generated in the earlier years of an urban renewal district is too light to fund projects right away. However, the value from new development will accelerate the growth of tax revenue to the point debt may more effectively be issued to finance the projects. That is why when setting the boundaries it is important to consider which properties have potential for new development and which are already fully developed.

Councilor Crawford inquired on negative public sentiment to urban renewal and the perception that they never end once started. Messmer stated that urban renewal is an effective financing mechanism to foster economic development, but noted the State legislature did implement some new requirements in recent years, such as requiring a maximum indebtedness amount be set in the plan. The maximum indebtedness essentially represents the maximum value of improvements to be funded through the urban renewal district. Also, some agencies, such as fire districts, have significant political influence and may oppose the formation of an urban renewal district. Schools are not as affected since the amount they receive from local property taxes are supplemented by the State legislature using a state-wide formula. The reward from implementing urban renewal is upon its termination the new development that was accelerated by the improvements and elimination of blight will result in a much greater amount of tax revenue that is then distributed to all agencies. Still, it is important to get buy-in from the other taxing agencies. C.A. Daykin noted the two government agencies that would be most affected are Yamhill County and Chehalem Parks and Recreation District. Daykin noted the park property on Fifth Street could benefit from urban renewal projects, including street frontage and water line improvements, which would otherwise be the responsibility of the Parks District when they develop the property. Messmer confirmed urban renewal tax revenues could be leveraged with other sources, including infrastructure improvements imposed on private development as a condition of development approval.

Mayor Russ inquired the definition of "blight". Messmer stated blight is not just the deteriorated condition of existing structures, but can also mean inadequate streets, open space, utilities or other infrastructure that results in stagnant or unproductive use of developable properties. Messmer noted blight is a general condition of the area and that individual properties may be included in an urban renewal district even if they do not have evidence of blight if those properties are logically connected to the improvements to eliminate blight.

C.A. Daykin stated the provisions on urban renewal under the Dundee Charter Chapter XI appear to be written in a manner to discourage the use of urban renewal with the requirement for multiple public votes. Daykin stated he has researched charters of other cities, but only found about six cities that had charter provisions, usually of limited scope that either requires a public vote for a new plan or has a limitation on related debt. In all cases, those cities already had urban renewal in place. Dundee's Charter Chapter XI appears to be unique and some of the provisions appear to be in conflict with each other or unclear. Daykin stated he requested that an opinion from the City Attorney on the interpretation of the Charter provisions, and whether an urban renewal plan could be submitted to the voters as an amendment to the Charter.

The consensus of the Council was to table the decision to authorize the preparation of the urban renewal feasibility study until the Council reviewed the City Attorney's interpretation of the Charter provisions.

The meeting was adjourned at 8:40 P.M.



David Russ, Mayor

Attest:



Debra Manning, MMC, Assistant City Recorder