

**Dundee Urban Renewal Agency  
Board Meeting Minutes  
Tuesday, September 19, 2017**

**Call to Order**

Chair Russ called the meeting to order at 8:13 PM.

**Board and Staff Attendance**

Present: Chair David Russ, Storr Nelson, Ted Crawford, Kristen Svicarovich, Tim Weaver, Jeannette Adlong, and Doug Pugsley. Staff: Rob Daykin, Executive Director, Peter Watts, Legal Counsel, and Melissa Lemen, Administrative Assistant.

**Public Attendance**

Doug Rux, Newberg Community Development Director.

**Amendments to the Agenda**

None.

**Public Comment**

None.

**Approval of Minutes**

**The motion** was made and seconded approving the May 23, 2017 Dundee Urban Renewal Agency Board Meeting Minutes. **The motion** passed unanimously.

**Urban Renewal Plan Implementation Strategies**

Doug Rux, Community Development Director, City of Newberg, provided the Board with a handout reflective of his powerpoint presentation. He indicated that tonight's conversation should be a valuable stepping stone for a potential subsequent conversation regarding prioritizing desired projects within the Dundee Urban Renewal District. Mr. Rux reviewed that there are a variety of ways to do an urban renewal plan and pointed out that it is governed by ORS 457.

Mr. Rux reviewed the Dundee Urban Renewal Area boundaries as well as the maximum indebtedness. He noted the total estimated cost for the long list of potential projects in the Dundee Urban Renewal Plan (DURP) are far beyond the allowed maximum indebtedness, and further pointed out that inflation or estimate time horizon on project estimates were not factored in. Detailed discussion ensued.

Mr. Rux reviewed committed debt. He pointed out that nearly all of the money collected in the first five years will go back to pay the debt to the City for the undergrounding project along Highway 99W; only a small amount of money will be left to be able to use for urban renewal after those annual debt payments are made. He indicated that it takes approximately 5-7 years from the time an urban renewal district is created in order to start generating enough revenue that the City could start to bond against or that could be negotiated with a developer. Additional discussion ensued.

Mr. Rux described his extensive background experience in urban renewal over the past 28 years. He shared that he was the past president of the Association of Oregon Redevelopment Agency, on the Board for 10 years, and has worked with Cities around the state creating plans, amending plans, etc. He reviewed that oftentimes in the first five year period smaller improvement projects (such as facade improvement or lighting projects) are commonly selected in order to spruce things up until new development can begin. Mr. Rux pointed out that in the first five years it is mainly tax revenue from the 3% annual growth in assessed valuation that is available to work with. Discussion ensued. Mr. Rux explained that committing \$350,000 for the sidewalks and underground utility conduit along Highway 99W for the first five year period means that the Agency will need to carefully negotiate and commit to assisting future projects based upon the goals and objectives in the Plan. C. Pugsley inquired as to whether or not the five year payback could potentially be lengthened. Mr. Rux informed that this could be modified though guidance from legal counsel. Additional detailed discussion ensued.

**DURP GOALS:** Mr. Rux reviewed the four outlined DURP goals and objectives, and noted that these are very typical of what is seen in urban renewal plans. He described in detail the delay pattern that evolves as priorities shift and new development projects are completed; the tax increment cannot be collected on the new development until after it is completed. Mr. Rux informed that contained in ORS 457 it is noted that projects eligible for urban renewal funding are to be identified in the Plan, though noted that there has been a movement in the past few years of being broader and more flexible with that. He reviewed there is not a reference in the Plan to the projects listed in the report to the Plan. He advised that when urban renewal district boundaries are drawn, the cross-section of the roadways need to be identified and taken into consideration as urban renewal dollars cannot be spent outside of the urban renewal district boundary. Mr. Rux pointed out the importance of being mindful early on in the process with regard to where the urban renewal boundaries are located, making sure to anticipate that what will potentially be constructed will occur within that boundary.

**URBAN RENEWAL ACTIVITIES/FINDINGS:** Mr. Rux reviewed Urban Renewal Activities A-F. He emphasized the importance of having marketing funds set aside to promote the urban renewal plan, which is already included in the DURP. Mr. Rux pointed out that promoting the DURP will assist in bringing in new investment within the district which creates a tax increment. Mr. Rux explained that assisting new development in the long term this will create the additional tax revenue that when the district closes will all go back to all of the overlapping taxing districts.

Mr. Rux reviewed that each of the DURP activities include three consistent components that are present with regard to the benefit of the urban renewal area, how it meet the goals and objectives, and the benefits to the plan objectives overall. Additional detailed discussion ensued with regard to the potential nuances in doing implementation based upon the priorities. Mr. Rux pointed out the Agency has the ability to pick and choose the projects they wish to assist with based on being able to justify the three elements of their findings with regard to those projects. Mr. Nelson inquired as to whether or not urban renewal agencies typically are consistent in their decisions with regard to projects presented to them to which Mr. Rux informed they are not. Mr. Rux shared a detailed example from his previous urban renewal experience.

Though the City has completed development agreements for public improvements as a component of a land use decision, Mr. Rux pointed out that urban renewal development agreements are somewhat different and unique. Detailed discussion ensued with specific examples reviewed. He pointed out that urban renewal agreements may shift or be renegotiated at different points in the process. Mr. Rux reviewed that in his experience considering the value of projects and what tax increment would be created, along with whether it meets the goals and objectives of the Plan, would be important factors in making decisions with regard to completing projects and/or funding considerations. He pointed out that more dollars may go toward one project with less to another, though potentially both projects could be assisted by helping in different ways or utilizing different tools.

Mr. Nelson inquired as to whether or not the information regarding funding methods provided by urban renewal is public information. Mr. Rux informed that discussions and contract negotiations would take place in the Agency Executive Sessions, though once the contract is signed it becomes public information. Additional discussion ensued.

Mr. Rux reviewed that information found in Dundee's report regarding a leverage ratio of 5:1 is something very difficult to achieve early in a plan; this may be achievable later in the plan. Though Mr. Rux pointed out that this information is not contained within the Plan itself, he reviewed that it should be considered on a case by case basis with careful consideration of the goals and objectives along with the findings created to determine what that leverage amount should be.

**PROPERTY ACQUISITION:** Mr. Rux informed that the Agency does have the authority to move forward with condemnation proceedings. He reviewed that property that is condemned can then only be used for public purposes and not sold. Additionally, he pointed out that those types of transactions should be done in a negotiated fashion rather than using the eminent domain provision. He did advise that there are some benefits of eminent domain as the threat of eminent domain provides some tax advantages to the property owner; it could be used as a tool initially (without the intent of using it) and then negotiated out of the transaction.

Mr. Rux discussed that there will come a time when the desired properties that the City would like to acquire will need to be identified and included with the Plan. Detailed discussion ensued with regard to some of the pros and cons about when to potentially disclose that information.

**PLAN AMENDMENTS:** Mr. Rux briefly discussed the two processes for Plan amendments. Substantial amendments require the same notice, hearing and approval procedures as used in the adoption of the original Plan and minor amendments require approval by resolution of the Agency and by resolution of the City Council.

Mr. Rux discussed with the Agency some of the pros and cons associated with listing the projects in the Plan. He noted that by listing the projects the plan is transparent and people know what is being proposed. Additionally, he pointed out that there is some value to flexibility and in not specifically listing out the projects that is also present; though this doesn't allow the same transparency.

INDEBTEDNESS: Mr. Rux discussed in detail potential options for financing the DURP. When considering a desired project or potentially partnering with a developer to try and complete a project, Mr. Rux pointed out the importance of being mindful of what the revenue stream is coming in when considering funding options. Mr. Rux pointed out that many agencies have an intergovernmental agreement (IGA) with their City. He reviewed that with information contained in the municipal code and bylaws that are already established, an IGA may not be needed or it may be found that there is a benefit. Additional discussion ensued. Mr. Rux pointed out that once the priorities for projects are determined; it also helps the City understand what their obligations may be over time for things that the Agency is unable to fund.

Mr. Rux reviewed the importance of tracking the maximum indebtedness amount and noted that bond issuance costs, etc. also need to be factored into the maximum indebtedness. He pointed out that this amount cannot be exceeded unless the Agency has gone through the process of a substantial amendment to try to increase it.

ADMINISTRATION: Mr. Rux reviewed that the Executive Director is responsible for administering the Plan. Additional Staff and administrative costs were discussed. Mr. Rux discussed some of the potential options with regard to covering these costs. Additionally, he pointed out that an annual audit must be completed as well. He also pointed out that the Agency will need to complete a separate Agency budgeting process annually along with annual reports which are due in March each year. Detailed discussion ensued.

Mr. Rux indicated that he sent C.A. Daykin information from the Association of Oregon Redevelopment Agencies (AORA) with regard to best practices with urban renewal. He encouraged the Agency members to review Chapter 6 which discusses urban renewal implementation. He also pointed out that there is information contained in the document which discusses the pros and cons of having an Advisory Committee which advises the Agency on projects and expenditures. He pointed out that the Agency is not required or obligated to have an Advisory Committee, though when looking for public input sometimes it is better to have a Committee in place. Mr. Rux reviewed that AORA has merged with the Oregon Economic Development Association (OEDA). He described how these associations were formed and put into place to help monitor activities taking place within in the State. Mr. Rux reviewed that the membership fee to join OEDA is reasonable and pointed out the value in addressing questions using the ListServ as a resource.

Mr. Rux led an introductory discussion regarding the potential projects that the Agency might consider. He pointed out that the list of projects exceeds the Agency's financial capabilities, and in order to complete all of those projects the Agency will need to find other financial resources. Additional detailed discussion ensued. Mr. Rux stressed the importance of obtaining knowledge from property owners regarding their desires and interests pertaining to the property. He noted that beginning these discussions early and having an understanding of both sides is a very important planning tool. Mr. Nelson inquired as to whether gathering this information is typically done by the Executive Director to which Mr. Rux indicated is usually the case in smaller cities such as Dundee.

Chair Russ reviewed the philosophies used in initially determining the list of projects for the DURP. He pointed out that the Agency looked at what the City was lacking in infrastructure in the areas where development was potentially desired. Mr. Rux reviewed that this approach does provide the maximum flexibility in these areas for the Agency to respond. He discussed some of the consequences as well as benefits of prioritizing projects. Mr. Rux pointed out that there are many policy choices presently hanging in the balance. Detailed discussion ensued. Mr. Rux challenged the Agency to consider which projects from the list are would propel DURP to what the Agency vision is by creating the urban renewal district in the first place. Prioritizing and setting more specific goals from the list would be beneficial moving forward. Mr. Rux pointed out that oftentimes urban renewal plans have a schedule listed in them. Discussion ensued regarding the fact that consideration should be given to what projects will provide the most benefit to the community and citizens as well as businesses as a whole. Mr. Rux explained that once these projects are determined, an anticipated schedule can then be compiled in a report which can later be modified if needed. He pointed out that projects on the schedule could be switched around by the Agency based upon opportunities that arise. Chair Russ shared his concern with regard to changing the order of priorities once they've been placed on a schedule. Mr. Rux pointed out that the schedule is actually only a timeline and an estimate of when the projects may be completed. He also advised that the Agency has the responsibility of making difficult decisions at times based on opportunities presented. Mr. Rux explained that an urban renewal plan is not a stagnant document but rather one that morphs and changes over time. Detailed discussion ensued.

Chair Russ inquired as to whether prioritizing projects is an Agency level change. Mr. Rux stated that it is not a Plan amendment, but is clarifying how the Agency wishes to implement the Plan. Ms. Svicarovich suggested that having a better understanding of the land owners in the community and what their thoughts and ideas are will help the Agency develop the list of priorities.

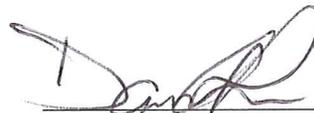
Mr. Rux reviewed that he has shared insights from his experiences, and pointed out that while it is perfectly fine to move forward as things stand now and keep flexibility at a maximum, he is willing to come back together with the Agency and have a discussion about how to potentially prioritize some projects if they so desire. Mr. Rux also informed that even after a discussion the Agency doesn't desire to make any changes that would be fine as well. Chair Russ voiced his opinion that keeping the maximum flexibility in place at this time seems favorable given the limited amount of financial resources. He also noted that he is not aware of anyone who has expected a list of priorities at this time though Mr. Rux indicated his belief that these questions will be asked of the Agency soon; it is only a matter of time.

C.A. Daykin reviewed that a number of inquiries and pre-applications for development in the urban renewal area have occurred with the City Planner. One of the benefits of the Agency taking more initiative (rather than waiting for property owners to present their proposals) would be to take the lead as some of these projects not only could facilitate the development but also could potentially dictate what that public infrastructure looks like, and perhaps lessen the chance of possible conflicts with other properties that may want to develop also. A specific example was reviewed and discussed with regard to the TSP Plan for the Ninth to Eleventh Street connection. C.A. Daykin pointed out that it may be beneficial for the City/Agency to take the

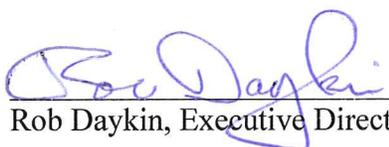
lead in situations such as this rather than having four or five different property owners each doing their own thing. One way to achieve what is most beneficial to everyone involved could be for urban renewal to fund a transportation engineer to lay out the best possible route to serve the adjoining properties. Discussion ensued and C.A. Daykin shared a second similar example in detail pertaining to Ninth Street from Highway 99W to Alder Street where multiple properties would be involved. He indicated that this could be a potential opportunity for the Agency to make decisions with regard to how the street will look and serve the future developments rather than waiting for that development to take place. Additional detailed discussion ensued with regard to the potential advantages of being proactive now in the early stages of the urban renewal plan. Without taking a more proactive approach to planning, C.A. Daykin reviewed that public improvements will default to the minimum requirements under the Development Code. Ms. Adlong shared her support of being more proactive though indicated she would like to review the information in more detail which Mr. Pugsley voiced support of as well. Mr. Crawford pointed out that prioritizing based on practicality will eliminate some of the projects. Mr. Rux reviewed again the potential benefits for outlining a timeline. C.A. Daykin pointed out that many of the listed projects were anticipated to be financed with private development as well. Additional detailed discussion ensued. Chair Russ supported the idea of scheduling a workshop to review the project list in greater detail to try and come to a conclusion with regard to the direction the DURP will take. Mr. Pugsley supported this idea as well.

C.A. Daykin reviewed that the Agency has no other pending business at this time and pointed out that holding a workshop session prior to the preparation of the FY 2018-19 budget might be helpful. The consensus of the Agency was move forward with scheduling a workshop session in November. C.A. Daykin shared his belief that it is important for the City to take the lead on design of some of the public improvements that are most likely to be developed first. He pointed out, in contrast, that the DURA doesn't really have the funds to help finance the actual improvement, but if there were a means to enter into a development agreement to offset that in future years that could potentially be an option if it could propel development. Mr. Rux reviewed that using developers as a financing tool with a development agreement as the contract could be an option. Detailed discussion ensued. Mr. Rux reiterated that there are creative ways that financing can be dealt with, including help from the City Attorney with regard to structuring the contacts appropriately. Additionally, Mr. Rux offered to provide the Agency with examples of development agreements from different agencies if they desire the information. Chair Russ proposed Mr. Rux and C.A. Daykin developing an outline for the upcoming workshop.

The Dundee Urban Renewal Agency meeting was adjourned at 9:26 PM.



David Russ, Chair



Rob Daykin, Executive Director