
Urban Renewal Agency

of the City of Wilsonville, Oregon



Annual Urban Renewal Report
For Fiscal Year Ending
June 30, 2017

Introduction

Each year an urban renewal agency must prepare a notice for the governing body and the general public in accordance with ORS 457.460. The notice is to include a financial recap of the preceding year and the budget for the current fiscal year. Additionally, it is to include an analysis of the impact of carrying out the urban renewal plan on the tax rate for each of the overlapping governmental units within the urban renewal district.

The following report expands upon these minimum requirements by providing the reader more detailed information about Wilsonville’s Urban Renewal Agency and its activities. The required notice for each Urban Renewal Area is incorporated at the end of each respective section.

The Urban Renewal Concept

Tax increment financing is used in areas where private development has stagnated or is not feasible without public sector investment and partnership. Public investment through urban renewal is one way to change those conditions. The types of urban renewal activities undertaken generally include land assembly and development of infrastructure and public amenities (i.e. streets, utility lines, lighting, public open spaces, parks).

As the result of the publicly funded efforts, investment becomes feasible for private developers. Developments consistent with the City’s urban renewal plan are then allowed to go forward.

How Tax Increment Financing Works

Urban renewal is a mechanism that freezes the assessed value in a designated geographical area at a point in time. As the assessed property value in the designated urban renewal area grows above that frozen base, the incremental revenue is distributed to the Urban Renewal Agency to pay for urban renewal projects intended to encourage private development. During the process of forming urban renewal areas, the desired projects, which may include public improvements like roadways, parks, and other amenities, are identified in an urban renewal plan. Urban renewal financing in the form of a bond is obtained to fund the projects, and the desired improvements are completed. Private development in the area then becomes more feasible. As property values rise with increased development, tax revenues increase, and that increase is used to pay off the urban renewal bonds.

Urban Renewal Value and Area Caps

Oregon state law allows Wilsonville to create urban renewal districts with up to 25% of the city’s total land area. As of June 30, 2017, the total land area for the city was approximately 4,858 acres and 1,180 or 24.3% of the total was within our urban renewal districts.

The law also limits the total assessed value within all urban renewal districts to 25% of the city’s total assessed value. The assessed values are measured at the time a district is created or subsequently adjusted. The table below presents the Urban Renewal value and area cap tests.

District	Area Cap Test		Assessed Value Test	
	Acreage	% of City	Amount	% of City
Year 2000 Plan	449	9.2%	\$ 44,087,806	1.3%
West Side Plan	411	8.5%	16,526,288	0.5%
Coffee Creek Plan	258	5.3%	99,003,704	2.9%
TIF Zones	62	1.3%	60,543,652	1.8%
Combined	1,180	24.3%	220,161,450	6.5%
Total City	4,858	100.0%	\$ 3,403,012,022	100.0%

Tax Increment Calculations

Tax increment is used for the payment of debt for urban renewal activities described in the urban renewal plans adopted by the City of Wilsonville.

To determine the amount of the tax increment allocation, the total assessed value within each urban renewal area is segregated by the County Assessor into two parts: (a) the total taxable assessed value in the district at the time the Urban Renewal Plan was adopted (Frozen Base Value) adjusted by under-levying by the urban renewal area and by properties added or removed from the area, and (b) the difference between the Frozen Base Value and the current total assessed value (Incremental Value).

With the passage of measure 50, urban renewal property taxes are generated by two processes. First is a process called “division of tax,” referring to taxes levied by each overlapping government or special district on the Incremental Value. Second is a Special Levy on property within Wilsonville. This special tax rate protects bondholders and permits the Urban Renewal Agency to recover increment “lost” due to roll back of assessed values and tax rates. The Special Levy can only be assessed on a limited amount of indebtedness – explained in the Financing the Urban Renewal Projects section. The City has not assessed the Special Levy since 2002-03 and is precluded from doing so when it approved a substantial plan amendment in June 2007. The table below displays the tax increment available for both the Year 2000 Plan and West Side Plan and the effect of under-levying for fiscal year 16-17.

Tax Increment Available for Fiscal Year Ended June 30, 2017

	<u>Year 2000 Plan</u>	<u>West Side Plan</u>
Total Assessed Value	\$438,251,352	\$453,523,447
Less: Frozen Base Value	<u>(44,087,806)</u>	<u>(16,526,288)</u>
Incremental Value	\$394,163,546	\$436,997,159
 Tax Increment		
Taxes Available 16-17 (est.)	\$5,124,126	\$5,680,963
Taxes Levied 16-17 ¹	<u>4,240,000</u>	<u>5,129,714</u>
<i>16-17 Taxes reverted back to Districts</i>	\$884,126	\$551,249

¹ Year 2000 Plan division of taxes limited to \$4.2 million

Note: Coffee Creek formed; 1st increment not expected until Fall 2017

Property Tax Limitation and Tax Increment
(Measure 5)

In November 1990, Oregon voters passed a property tax limitation measure (Measure 5) that established a \$10 limit per thousand of real market value for property tax collection for local governments. It is important to note that the \$10 limit is based on real market value rather than assessed value of a property. The impact of this measure on urban renewal is that repayment of urban renewal debt (past, present, or future) must now come within the \$10 limit for local governments.

In a 2002 Oregon Supreme Court ruling, the limitations of Measure 5 were clarified so that urban renewal tax dollars related to the division of taxes from education are to be included in the general government category when determining the \$10 limit. Similarly, Measure 5 established a \$5 limit per thousand of real market value for education. The effect of this ruling accelerates the likelihood of the general government category taxes hitting the \$10 ceiling but decreases the likelihood of the education category reaching the \$5 ceiling. In 2016-2017, the cumulative tax rate for all local governments within Wilsonville City limits ranged between \$7.0194 and \$9.6747 per thousand depending upon which tax code area the property resides.

Effect of Urban Renewal on Tax Collections (Measure 50)

Carrying out the urban renewal plans has an effect on various taxing entities sharing (over-lapping) the property within the Wilsonville Urban Renewal districts. Measure 50 required a change from a levy-based system to a rate based system, resulting in a modification of the way the County Assessor computes the allocation of taxes from the overlapping districts.

The division of taxes process means that taxes associated with the incremental value is received by the Urban Renewal Agency instead of the various taxing districts (e.g. Clackamas County, City of Wilsonville, West Linn Wilsonville School District, Tualatin Valley Fire & Rescue, among others).

The following table shows the taxing districts that levy taxes within the city’s Urban Renewal Agency, the total amount of taxes levied, and the percent of those taxes that were received by the Wilsonville Urban Renewal Agency.

Overlapping Tax Districts, Fiscal Year 2016-17³

District	Taxes Levied in Clackamas County ¹	Allocation to Year 2000 ²	Year 2000 UR as %	Allocation to West Side ²	West Side UR as %
City of Wilsonville	\$8,577,632	\$696,706	8.1%	\$1,007,492	11.7%
Clackamas County	\$111,567,213	\$728,375	0.7%	\$1,053,442	0.9%
Clackamas Extension & 4-H	\$2,319,687	\$14,903	0.6%	\$21,736	0.9%
Clackamas Library District	\$18,436,870	\$120,154	0.7%	\$173,891	0.9%
Clackamas Soil Conservation Distr.	\$2,320,256	\$14,903	0.6%	\$21,736	0.9%
West Linn/Wilsonville Schools	\$40,995,101	\$1,440,353	3.5%	\$2,082,976	5.1%
Tualatin Valley Fire & Rescue	\$13,874,934	\$421,625	3.0%	\$609,549	4.4%
Clackamas ESD	\$16,355,215	\$108,348	0.7%	\$156,801	1.0%
Clackamas Community College	\$25,614,765	\$168,899	0.7%	\$244,379	1.0%
Vector Control	\$301,633	\$1,863	0.6%	\$2,795	0.9%
Port of Portland	\$3,253,000	\$19,249	0.6%	\$27,947	0.9%
Metro Service District	\$10,343,531	\$26,701	0.3%	\$38,504	0.4%

¹City of Wilsonville includes Washington County Taxes.

Amounts rounded to the nearest tenth percent.

²Values from Clackamas County Table 4E

³Newly formed Coffee Creek did not have an increment in FY16-17

TIF Zone Urban Renewal District Sites

On March 12, 2013, the citizens of Wilsonville voted in favor of creating up to six single-property Urban Renewal Districts to incentivize capital investment and job creation by manufacturers. These Urban Renewal Districts, which will be referred to as Tax Increment Financing Zones (TIF Zones) will provide incentives to qualifying companies by rebating up to 75% of the property tax increment in each TIF Zone. This rebate will only occur for businesses that meet the TIF Zone program’s qualifying criteria. Unless a business applies for the program and meets the TIF Zone’s criteria, tax increment revenue for the TIF Zone will be under-levied and will continue to flow to all of the affected taxing districts.

Once a TIF Zone is activated by a qualifying business, then the Agency will begin to collect tax increment revenue for that TIF Zone, of which 75% will be rebated to the qualifying business. Approximately 1% of the increment will be collected by the Wilsonville Urban Renewal Agency for administrative costs, and the remaining increment (approximately 24%) will be under-levied and shared by the overlapping taxing districts.

By 2014, three of the TIF Zones had been leased or purchased by businesses who would not benefit from the TIF Zone program within the program’s time frame. Consequently, the City Council eliminated these three TIF Zones in the fall of 2014, leaving the three remaining TIF Zones. These three TIF zones are set to expire November 4, 2018.



26755 SW 95th Ave URD



27255 SW 95th Ave URD



26440 SW Parkway Ave URD

Financial Reports

The tables on the following pages contain financial information on the three funds used to account for the activities of the Urban Renewal Agency. The reports were prepared by the Finance Department of the City of Wilsonville using a modified accrual basis of accounting pursuant to ORS 457.460. The fiscal year is the period running July through June of the respective years indicated. Financial Reports can be found at the end of each section: the Year 2000 Plan, West Side Plan and Coffee Creek Plan.

Year 2000 Plan

Plan Adopted

The Year 2000 Plan was adopted August 29, 1990. Plan Mission Statement: To eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

Financing the Urban Renewal Projects

To pay for urban renewal projects, the Agency must issue debt. The Plan had an original maximum indebtedness of \$53,851,923 when first adopted in 1990. A substantial plan amendment passed in June, 2007, that increased the maximum debt limit to \$92,687,423. The table below summarizes the debt activity for the Year 2000 Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted April 1998	\$ 53,851,923	
Increased September 2007	<u>38,835,500</u>	
Total Maximum Indebtedness	<u>92,687,423</u>	
<u>Debt Issued</u>		
June 1994	8,760,000	Park land, Memorial Dr, High School IGA
December 1996	3,075,000	Wilsonville Rd and Interchange
June 1998	3,000,000	Wilsonville Rd and Interchange
June 2000	6,000,000	Wilsonville Rd and Town Center Park
August 2001	3,000,000	Wilsonville Rd - various portions
June 2002	5,000,000	Wilsonville Rd - various portions
June 2003	3,000,000	Wilsonville Rd - various portions
December 2003	10,000,000	Wilsonville Rd, High School improvements
September 2005	4,850,000	Town Center Park, Murase Park
September 2005	10,000,000	City Hall construction
October 2007	4,200,000	Wesleyan Church property acquisition
June 2009	3,000,000	Wilsonville Rd Interchange improvements
September 2010	8,000,000	Wilsonville Rd Interchange improvements
April 2013	3,500,000	Sewer Plant Upgrade, Canyon Creek So Road
June 2014	2,000,000	Canyon Creek So to Town Center Loop East
May 2015	2,000,000	Canyon Creek So to Town Center Loop East
April 2016	2,000,000	East-West Connector (aka Old Town Escape); and Town Center Concept Planning
Total debt issued through June 2017	<u>81,385,000</u>	
Balance Available, June 30, 2017 (Maximum Indebtedness less Total Debt Issued)		
	<u>\$ 11,302,423</u>	
Outstanding Debt as of June 30, 2017		
Series 2010 Note Payable	<u>\$ 5,860,000</u>	

Year 2000 Plan

Statement of Resources and Expenditures

CAPITAL PROJECTS FUND

	2016-17 Actual Budgetary Basis	2017-18 Budget Budgetary Basis
	<hr/>	<hr/>
REVENUES		
Investment revenue	\$ 29,090	\$ 20,000
Other	-	-
Total Revenues	<hr/> 29,090 <hr/>	<hr/> 20,000 <hr/>
EXPENDITURES		
Canyon Creek Road Extension	16,000	-
Town Center Concept Planning	114,986	88,000
East West Connector	362,876	1,100,000
Planning, Financing, and Administration	555,246	627,446
Contingency	-	2,865,172
Total Expenditures	<hr/> 1,049,108 <hr/>	<hr/> 4,680,618 <hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,020,018)	(4,660,618)
OTHER FINANCING SOURCES		
Issuance of debt	-	3,000,000
Net change in fund balances	<hr/> (1,020,018) <hr/>	<hr/> (1,660,618) <hr/>
Fund balances - beginning	<hr/> 2,828,903 <hr/>	<hr/> 1,660,618 <hr/>
Fund balances - ending	<hr/> \$ 1,808,885 <hr/>	<hr/> \$ - <hr/>

Year 2000 Plan
Statement of Resources and Expenditures

Debt Service Fund

	2016-17 Actual Budgetary Basis	2017-18 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 4,055,840	\$ 4,000,000
Interest Income	55,599	75,000
Other revenues		35,000
Total Revenues	4,111,439	4,110,000
EXPENDITURES		
Payment of Bond Principal	330,000	4,740,000
Short Term Debt	-	3,000,000
Interest Expense	263,075	890,247
Total Expenditures	593,075	8,630,247
Excess (deficiency) of revenues over (under) expenditures	3,518,364	(4,520,247)
OTHER FINANCING SOURCES		
Transfer Out	-	-
Net change in fund balances	3,518,364	(4,520,247)
Fund balances - beginning	5,478,203	9,009,397
Fund balances - ending	\$ 8,996,567	\$ 4,489,150

West Side Plan

Plan Adopted

The West Side Plan was adopted November 3, 2003 with the mission to eliminate blight in areas within the Agency’s jurisdiction, and in the process, attract aesthetically pleasing, job producing private investments that will improve and stabilize property values and protect the area’s residential livability and its environmental values.

At creation, the district encompassed 394 acres and had a frozen tax base of \$3,605,856 (restated for Measure 50 impact). The September, 2008, plan amendment added 62 acres and \$12,920,432 to the frozen base.

Financing the Urban Renewal Projects

To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$40,000,000 was created. A substantial plan amendment was adopted in February 2016 which increased the maximum indebtedness to \$49,400,000. The table below summarizes the debt activity for the West Side Plan.

Date	Issue Amount	Key Projects
<u>Maximum Indebtedness</u>		
Adopted October 2003	\$ 40,000,000	
Increased, February 2016	<u>\$ 9,400,000</u>	
	\$ 49,400,000	
<u>Debt Issued</u>		
June 2005	15,000,000	Boeckman Rd Extension, School property
September 2005	10,000,000	Boeckman Rd, Barber St
June 2008	5,000,000	Boeckman Rd, Barber St, park improvements
April 2013	2,000,000	Villebois parks and fire sprinklers
June 2014	2,000,000	Barber Street extension, Villebois Parks
May 2015	1,000,000	Barber Street extension, Villebois parks
July 2015	5,000,000	Barber Street extension, Villebois parks, and Tooze Road
Total debt issued through June 2016	<u>40,000,000</u>	
Balance Available, June 30, 2017 (Maximum Indebtedness less Total Debt Issued)		
	<u>\$ 9,400,000</u>	
Outstanding Debt as of June 30, 2017		
Series 2009 Note Payable	\$ 6,935,000	
Series 2011 Note Payable	3,915,000	
Series 2012 Note Payable	6,460,000	
Series 2013 Note Payable	5,980,000	
Series 2015A- Taxable	3,478,705	
Series 2015B Non-Taxable	464,768	
	<u>\$ 27,233,473</u>	

West Side Plan

Statement of Resources and Expenditures

Capital Projects Fund

	2016-17 Actual Budgetary Basis	2017-18 Budget Budgetary Basis
	<u> </u>	<u> </u>
REVENUES		
Intergovernmental	\$ -	\$ -
Investment revenue	15,122	13,500
Total Revenues	<u>15,122</u>	<u>13,500</u>
EXPENDITURES		
Barber Street Extension	22,007	-
Villebois Park Edelweiss	243,040	-
Planning, Financing, and Administration	884,615	454,278
Water System Development Charges	-	500,000
Contingency	-	869,932
Total Expenditures	<u>1,149,662</u>	<u>1,824,210</u>
Excess (deficiency) of revenues over (under) expenditures	(1,134,540)	(1,810,710)
OTHER FINANCING SOURCES		
Issuance of debt	-	-
Net change in fund balances	<u>(1,134,540)</u>	<u>(1,810,710)</u>
Fund balances - beginning	2,745,462	1,810,710
Fund balances - ending	1,610,922	\$ -
Adjustment from budgetary basis to generally accepted accounting basis:		
Development charge payable	<u>(1,557,668)</u>	
Fund balances - generally accepted accounting principles basis	<u>53,254</u>	

The deficit ending balance arises from a \$1,557,668 liability due to the City Water SDC fund for fire sprinkler credits.

West Side Plan

Statement of Resources and Expenditures

Debt Service Fund

	2016-17 Actual Budgetary Basis	2017-18 Budget Budgetary Basis
REVENUES		
Tax Increment ¹	\$ 5,705,108	\$ 5,080,000
Interest Income	123,753	115,000
Total Revenues	5,828,861	5,195,000
EXPENDITURES		
Payment of Bond Principal	1,768,994	1,834,765
Interest Expense	1,094,277	1,032,000
Total Expenditures	2,863,271	2,866,765
Excess (deficiency) of revenues over (under) expenditures	2,965,590	2,328,235
OTHER FINANCING SOURCES		
Issuance of debt	-	-
Net change in fund balance	2,965,590	2,328,235
Fund balances - beginning	6,552,417	9,286,032
Fund balances - ending	\$ 9,518,007	\$ 11,614,267

¹ In FY 17-18, the West Side Plan increment reached the cap of 12.5% of the original maximum indebtedness, triggered by the 2016 substantial amendment.

Coffee Creek Plan

Plan Adopted

The Coffee Creek Plan was adopted on October 17, 2016. The Coffee Creek Urban Renewal area seeks to develop a new employment area in Northwest Wilsonville that will attract general industrial, warehouse, flex, and research and development related business. The Coffee Creek Urban Renewal area is composed of approximately 258 total acres and is entirely within Washington County. Key projects identified for improvement are infrastructure enhancements to existing roadways, utility development, and property acquisition and disposition. No activity took place in fiscal year 16-17; the first increment is expected in FY 17-18 and expenditures are not expected until fiscal year 19-20 or later.

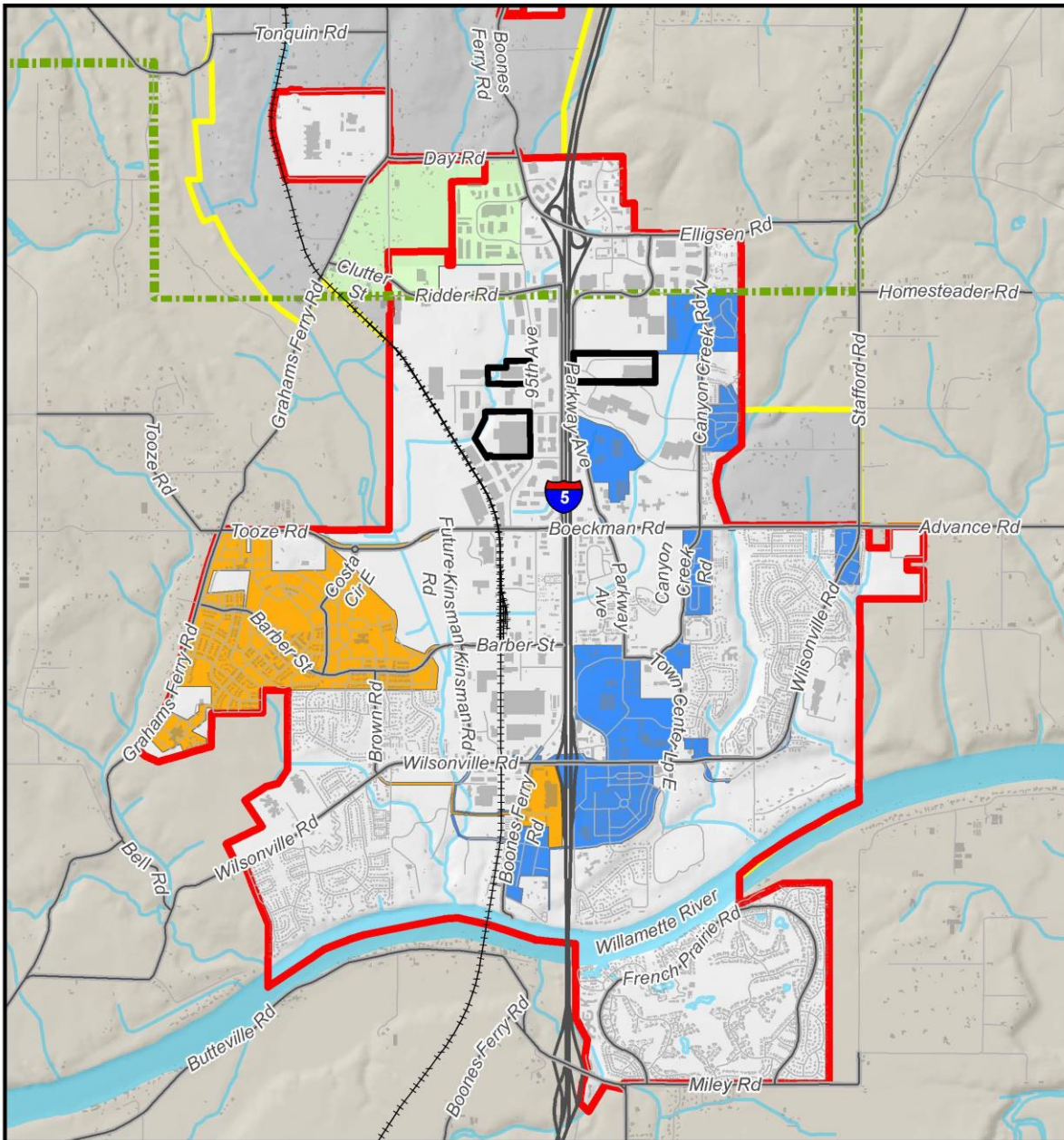
Financing the Urban Renewal Projects

To pay the cost of urban renewal projects, the Agency must issue debt. At plan adoption, a debt limit of \$67,000,000 was created. No debt has been issued for the Coffee Creek Plan as of June 30, 2017.

Statement of Resources and Expenditures

Debt Service Fund

	2016-17 Actual Budgetary Basis	2017-18 Budget Budgetary Basis
	Basis	Basis
REVENUES		
Tax Increment	\$ -	\$ 53,000
Interest Income	-	265
Total Revenues	-	53,265
EXPENDITURES		
Payment of Bond Principal	-	-
Interest Expense	-	-
Total Expenditures	-	-
Excess (deficiency) of revenues over (under) expenditures	-	53,265
OTHER FINANCING SOURCES		
Issuance of debt	-	-
Net change in fund balance	-	53,265
Fund balances - beginning	-	-
Fund balances - ending	\$ -	\$ 53,265



The City of Wilsonville, Oregon
 Clackamas and Washington Counties

**Urban Renewal Areas &
 Tax Increment
 Finance Zones**

- Coffee Creek URA
- Year 2000 URA
- West Side URA
- TIF Taxlots
- City Limits
- County Boundary
- UGB



4/20/2017

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