



URBAN RENEWAL AGENCY

of the City of Wilsonville, Oregon

ANNUAL URBAN RENEWAL REPORT
for Fiscal Year Ending
June 30, 2013

The Creekside Woods affordable senior housing complex involved cooperation between the City, local, state, and federal organizations in conjuncture with non-profit Northwest Housing Alternatives. The Year 2000 Plan (Eastside District) contributed twice to this project, first by acquiring the Wesleyan Church property and then by assisting a non-profit to construct on this parcel.

The City's Community Center appears in background and provides many services to Creekside residents which can access the Center from an attached skybridge.

Introduction

Each year an urban renewal agency must prepare a report for the governing body and the general public in accordance with ORS 457.460. The report 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 meets these minimum requirements and additionally provides the reader with other information about Wilsonville's Urban Renewal Agency and its activities.

The Urban Renewal Concept

Tax increment financing is used in areas where private development has stagnated or is not feasible. Public funds are needed 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

The major source of funding for urban renewal projects has been tax increment financing. This type of financing is used in areas where property values are not rising as rapidly as the rest of the community. During the process desired public improvements like road-ways, parks, and other amenities (urban renewal plan) are identified, urban renewal financing to fund these projects is obtained, and the desired improvements are completed. Private investment in the area is encouraged. As property values rise, 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, 2013, the total land area for the city was approximately 4,712 acres and 1,085 or 23% 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 assessed value frozen base for fiscal year ended June 30, 2013 for each district.

District	Area Cap Test		Assessed Value Test	
	Acreage	% of City	Amount	% of City
Year 2000 Plan	629	13.3%	\$ 44,087,806	1.7%
West Side Plan	456	9.7%	16,526,288	0.6%
Combined	1,085	23.0%	60,614,094	2.4%
Total City	4,712	100.0%	\$ 2,550,754,301	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 properties added or removed from the district, 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 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. Unlike the division of tax portion which cannot be reduced, the Urban Renewal Board may choose to set the Special Levy at less than the maximum allowed. 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.

Tax Increment Available for Fiscal Year Ended June 30, 2013

	Year 2000 Plan	West Side Plan
Total Assessed Value	\$387,727,579	\$235,387,494
Less: Frozen Base Value	(44,087,806)	(16,526,288)
Incremental Value	\$343,639,773	\$218,861,206
Tax Increment (Estimated)		
From Division of Taxes ¹	\$4,000,000	\$3,259,511
From Special Levy	n/a	n/a
	\$4,000,000	\$3,259,511

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

In November 1990, Oregon voters passed a property tax limitation measure (Measure 5) that has impacted urban renewal financing and established a \$10 limit per thousands 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 is that repayment of urban renewal bond debt (past, present, or future) must now come within the \$10 limit for local governments that is traditionally used for services.

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 schools are to be included in the general government category when determining the \$10 limit. The effect of this ruling accelerates the likelihood of the general government category taxes hitting the \$10 ceiling. However, this should not pose an immediate problem for Wilsonville because the assessed value of properties within the district is less than its real market value, and there is no compression loss to urban renewal or local governments. Less than 15% of the assessed value within the district (essentially industrial properties) is assessed anywhere close to real market value.

In 2012-13, the cumulative tax rate for all local governments ranged between \$6.5552 and \$9.6324 per thousand depending upon which tax code area the property resides.

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).

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 2012-13			
District	Taxes Levied in Clackamas County ¹	Year 2000 UR as %	West Side UR as %
City of Wilsonville	\$7,078,411	11.4%	7.5%
Clackamas County	\$93,418,028	0.8%	0.6%
Clackamas Extension & 4-H	\$1,942,337	0.8%	0.6%
Clackamas Library District	\$15,437,693	0.8%	0.6%
Clackamas Soil Conservation Distr.	\$1,903,953	0.8%	0.6%
West Linn/Wilsonville Schools	\$35,215,406	5.2%	3.4%
Tualatin Valley Fire & Rescue	\$11,444,939	4.0%	2.6%
Clackamas ESD	\$13,679,502	0.9%	1.0%
Clackamas Community College	\$20,020,897	1.2%	0.8%
Vector Control	\$252,565	0.8%	0.6%
Port of Portland	\$2,723,818	0.8%	0.5%
Metro Service District	\$7,515,562	1.0%	0.7%

¹City of Wilsonville includes Washington County Taxes.
Amounts rounded to the nearest whole percent.

Tax Increment Calculations

Property Tax Limitation and Tax Increment (Measure 5)

Effects of Urban Renewal on Tax Collections (Measure 5)

Financial Reports

The tables on the following pages contain financial information on the two 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.



Construction is currently underway on an upgrade to the Wastewater Treatment Plant, as shown above, with a \$2 million contribution from the Year 2000 Plan District. Initially identified in a 2004 Plant Facility Master Plan, the upgrade will address noise and odor concerns from homeowners and businesses. Plant capacity will greatly increase allowing the City to meet the demands of future development in the short and long-term.

Year 2000 Plan

The Year 2000 Plan was adopted August 29, 1990. Substantial Plan Amendment to increase maximum indebtedness approved in June 2007.

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.

To pay for urban renewal projects, the Agency must issue debt. A substantial plan amendment passed in June 2007 increased the maximum debt limit to \$92,687,423. Through June 30, 2013 \$75,385,000 of debt has been issued leaving a balance of \$17,302,423 available for future projects. The following tables summaries the debt outstanding as of June 30, 2013.

Outstanding Debt	
Long Term Debt:	
Series 2003 Note Payable	\$ 1,177,000
Series 2005 Note Payable	2,410,000
Series 2010 Note Payable	7,100,000
Total Outstanding Debt	\$ 10,687,000

With the passage of the substantial plan amendment, the district is no longer eligible to assess a special levy. As stated earlier, a special levy has not been levied since 2002-03.

When the district was formed it encompassed 755 acres and had a frozen tax base of \$61,401,520 (restated for measure 50 impacts). Since then, the district has changed significantly. Beginning in 2003 the Board began a practice of removing parcels from the district so as to limit tax increment collections to approximately \$4 million per year. In June 2007 the Board formalized the practice and passed a Resolution directing staff to periodically remove parcels to limit tax increment collections to \$4 million per year. After FY 2010 the law changed and allowed the Agency to certify to less than 100% of the available taxes. The table below presents the properties removed and the effect of under-levying for FYE 2013.

Assessed Value of Properties Removed or Underlevied

Fiscal Year Ending	Acreage	Assessed Value in Millions	Key Properties	Annual Tax Reduction
Properties Removed From the District (Value based on the year removed):				
2005	80.8	\$30.0	Mentor Graphics	\$450,000
2006	27.5	\$15.7	Sysco Foods	240,000
2009	17.7	\$10.2	Residential	150,000
2010	29.0	\$14.0	Fred Meyer	215,000
Total	155.0	\$69.9		\$1,055,000
Effect of Under-Levying:				
2011	Certify to less than 100% of available increment			\$735,000
2012	Certify to less than 100% of available increment			747,256
2013	Certify to less than 100% of available increment			618,899
Total				\$2,537,256

The Agency has certain debt covenants that restrict how much assessed value can be removed. Staff is careful to assure that these covenants are met. \$4 million per year is sufficient to meet current debt service coverage requirements.

Plan Adopted

Financing the Projects

District Reduction

Assessed Value Removals

Impact of Removals

The cumulative effect on certain jurisdictions is shown below. This reflects taxes that each entity received instead of being divided to the District.

Annual and Cumulative Impact of Assessed Value Removals

	Estimate for 2012-13	Cumulative 2005-2012
City of Wilsonville	\$324,450	\$1,549,450
Clackamas County	\$309,000	\$1,479,000
Tualatin Valley Fire & Rescue	\$200,850	\$955,850
West Linn/Wilsonville School District	\$896,100	\$4,276,100
Other jurisdictions	\$211,150	\$996,150
UR tax reduction total	\$1,941,550	\$9,256,550

Projects

Completed:

- Land acquisition of Boozier Property at Wilsonville Road and Memorial Drive. Acquired in 1993, \$1.3 million.
- Memorial Drive road construction also referred to as Day Dream Ranch escape. Constructed in 1994, \$1.2 million.
- Interagency agreement with Wilsonville High School for joint use of facility for city and public purposes. Agreement signed in 1995, \$2.2 million.
- I-5/Wilsonville Road interchange. A joint project with Oregon Department of Transportation and City of Wilsonville. Included demolition of existing interchange, widening from two lanes to six, widening of access and egress ramps, landscaping, walkways, and right of way. Construction began 1996 with completion in 1999, \$3.3 million.
- Wilsonville Road west from railroad tracks to city limits (phases 3 & 4). Improvements include widening, sidewalks, bike paths, etc., \$9.2 million.
- I-5 and Wilsonville Road interchange improvements and Wilsonville Road reconstruction. Planning, widening of road and related streetscape improvements from west of the interchange to the railroad tracks. Completed 2013, \$12.2 million.
- Boones Ferry Road widening and reconstruction, \$.7 million.
- Main Street acquisition of right of way for street improvements. Acquired in 2000, \$0.4 million.
- Main Street acquisition of right of way for street improvements. Acquired in 2000, \$0.4 million.
- Town Center Park construction. Landscaping, walkways, picnic area, water feature and parking. Completed 2005, \$2.2 million.
- Wilsonville High School public facilities. Completed 2005, \$1.1 million.
- Wilsonville High School Field Improvements, \$.4 million.
- Murase Plaza and park design and construction. Substantially completed June 2006, \$6.6 million.
- Kaiser and Town Center Loop East right of way land acquisition, \$1.8 million.
- City Hall land acquisition and construction. Completed October 2006, \$10.8 million.
- Acquisition of Wesleyan Church property, October 2007, \$4.2 million.
- Senior housing, Creekside Woods, completion November 2010, \$1.3 million.
- Wilsonville Road Interchange Art Project (Beauty/Bridge), \$.9 million.
- Boeckman Bike/Pedestrian Improvements, \$.4 million.
- Waste Water Treatment Plant, \$2.0 million.
- Boeckman Bike/Pedestrian Improvements, \$.4 million.

Underway:

- Canyon Creek Road Extension

Planned for Future:

- Old Town Half Street Improvements
- Projects to be determined by through the Urban Renewal planning process.

Statement of Resources and Expenditures
Capital Projects Fund

	2012-13 Actual Budgetary Basis	2013-14 Budget Budgetary Basis
REVENUES		
Investment revenue	\$ 14,395	\$ 15,000
Other	61,737	-
Total Revenues	76,132	15,000
EXPENDITURES		
Wilsonville Road Interchange Improvements	1,270,833	-
Waste Water Treatment Plant	2,000,000	-
Boeckman Bike/Ped Improvements	331,855	-
BPA Schield Wires - Canyon Creek	49,565	-
Canyon Creek Road Extension	-	700,000
Old Town Half Street Improvement	-	75,000
Other Projects	-	-
Planning, Financing, and Administration	1,535,423	537,455
Contingency	-	997,061
Total Expenditures	5,187,676	2,309,516
Excess (deficiency) of revenues over (under) expenditures	(5,111,544)	(2,294,516)
OTHER FINANCING SOURCES		
Issuance of debt	3,500,000	-
Net change in fund balances	(1,611,544)	(2,294,516)
Fund balances - beginning	3,920,464	2,294,516
Fund balances - ending	\$ 2,308,920	\$ -

Statement of Resources and Expenditures
Debt Service Fund

	2012-13 Actual Budgetary Basis	2013-14 Budget Budgetary Basis
REVENUES		
Tax Increment	\$ 4,188,919	\$ 4,125,000
Interest Income	45,639	50,000
Total Revenues	4,234,558	4,175,000
EXPENDITURES		
Payment of Bond Principal	6,043,000	2,647,000
Interest Expense	531,538	428,000
Total Expenditures	6,574,538	3,075,000
Excess (deficiency) of revenues over (under) expenditures	(2,339,980)	1,100,000
Fund balances - beginning	7,125,844	4,778,634
Fund balances - ending	\$ 4,785,864	\$ 5,878,634

West Side Plan

Plan Adopted

The West Side Plan was adopted November 3, 2003. A substantial plan amendment was adopted September 15, 2008.

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.

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. Through June 30, 2013 \$32,000,000 of debt has been issued leaving a balance of \$8,000,000 available for future projects. In addition, the district owns ten acres of land purchased for the original school site that is available to be sold to fund capital projects. The following tables summaries the debt outstanding as of June 30, 2013.

Outstanding Debt	
Long Term Debt:	
Series 2009 Note Payable	\$ 8,555,000
Series 2011 Note Payable	4,665,000
Series 2012 Note Payable	7,710,000
Series 2013 Note Payable	7,000,000
Total Outstanding Debt	<u>\$ 27,930,000</u>

Projects

Completed:

- Land acquisition for school site, park and park improvement. Land acquired, \$3.4 million.
- Boeckman Road extension from 95th west to Grahams Ferry. Completed June 2008, \$13.4 million.
- Barber Street improvements from Boberg to Kinsman. Widening, curbs, gutters, sidewalks, and rail road crossing. Completed October 2008, \$5.5 million.
- Barber Street improvements from Boberg to Boones Ferry, \$.6 million
- Land acquisition for elementary school site, December 2010, \$3.4 million
- Villebois Piazza, \$.7 million

Underway:

- Park improvements in Villebois, \$.7 million through 6/30/13
- Payment of deferred water system development charges, \$1.8 million through 6/30/13

Planned for Future:

- Barber Street, Phase 2. Improvements westerly from Kinsman to the Villebois neighborhood.
- Tooze Road Improvements, 110th to Grahams Ferry Road
- Brown Road Improvements
- Old Town Escape

**Statement of Resources and Expenditures
Capital Projects Fund**

	2012-13 Actual Budgetary Basis	2013-14 Budget Budgetary Basis
	<u> </u>	<u> </u>
REVENUES		
Intergovernmental	\$ 24,234	\$ -
Investment revenue	1,186	1,500
Total Revenues	<u>25,420</u>	<u>1,500</u>
EXPENDITURES		
Villebois park Plaza	671,881	623,716
Planning, Financing, and Administration	1,439,201	1,197,134
Contingency	-	6,783,585
Total Expenditures	<u>2,111,082</u>	<u>8,604,435</u>
Excess (deficiency) of revenues over (under) expenditures	(2,085,662)	(8,602,935)
OTHER FINANCING SOURCES		
Issuance of debt	2,000,000	8,000,000
Net change in fund balances	(85,662)	(602,935)
Fund balances - beginning	500,568	602,935
Fund balances - ending	414,906	\$ -
Adjustment from budgetary basis to generally accepted accounting basis:		
Development charge payable	<u>(665,670)</u>	
Fund balances - generally accepted accounting principles basis	<u>(250,764)</u>	

The deficit ending balance arises from a \$665,670 liability due to the City Water SDC fund for fire sprinkler credits.

**Statement of Resources and Expenditures
Debt Service Fund**

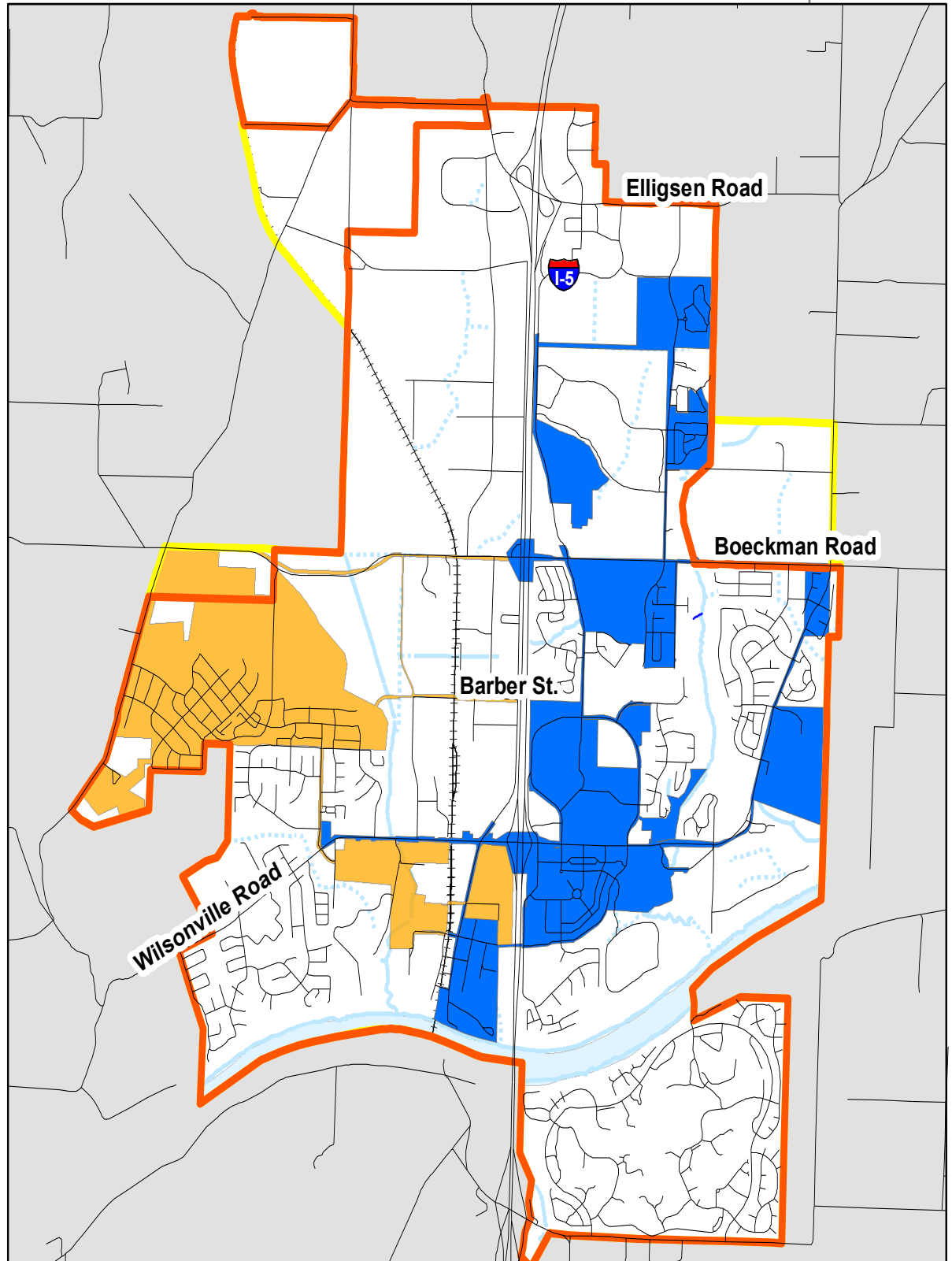
	Actual Budgetary Basis	Budget Budgetary Basis
	<u> </u>	<u> </u>
REVENUES		
Tax Increment	\$ 2,992,609	\$ 3,300,600
Interest Income	31,373	30,000
Total Revenues	<u>3,023,982</u>	<u>3,330,600</u>
EXPENDITURES		
Payment of Bond Principal	9,820,000	1,385,000
Interest Expense	1,043,032	1,472,200
Total Expenditures	<u>10,863,032</u>	<u>2,857,200</u>
Excess (deficiency) of revenues over (under) expenditures	(7,839,050)	473,400
OTHER FINANCING SOURCES		
Issuance of debt	7,000,000	-
Net change in fund balance	(839,050)	473,400
Fund balances - beginning	5,220,897	4,185,797
Fund balances - ending	\$ 4,381,847	\$ 4,659,197



In partnership with the West Linn/Wilsonville School District, the City helped fund the acquisition of approximately ten acres of land which now houses the Lowrie Primary School in the Villebois Master Plan Area. The opening of Wilsonville’s newest school helps solve overcrowding problems at Boones Ferry Primary School.

Planners first slated the new school for the north end of Villebois, but existing infrastructure motivated moving the site to the development’s east end and ultimately costed less.

**Map of Urban
Renewal Districts**



**The City of Wilsonville
Urban Renewal Districts**

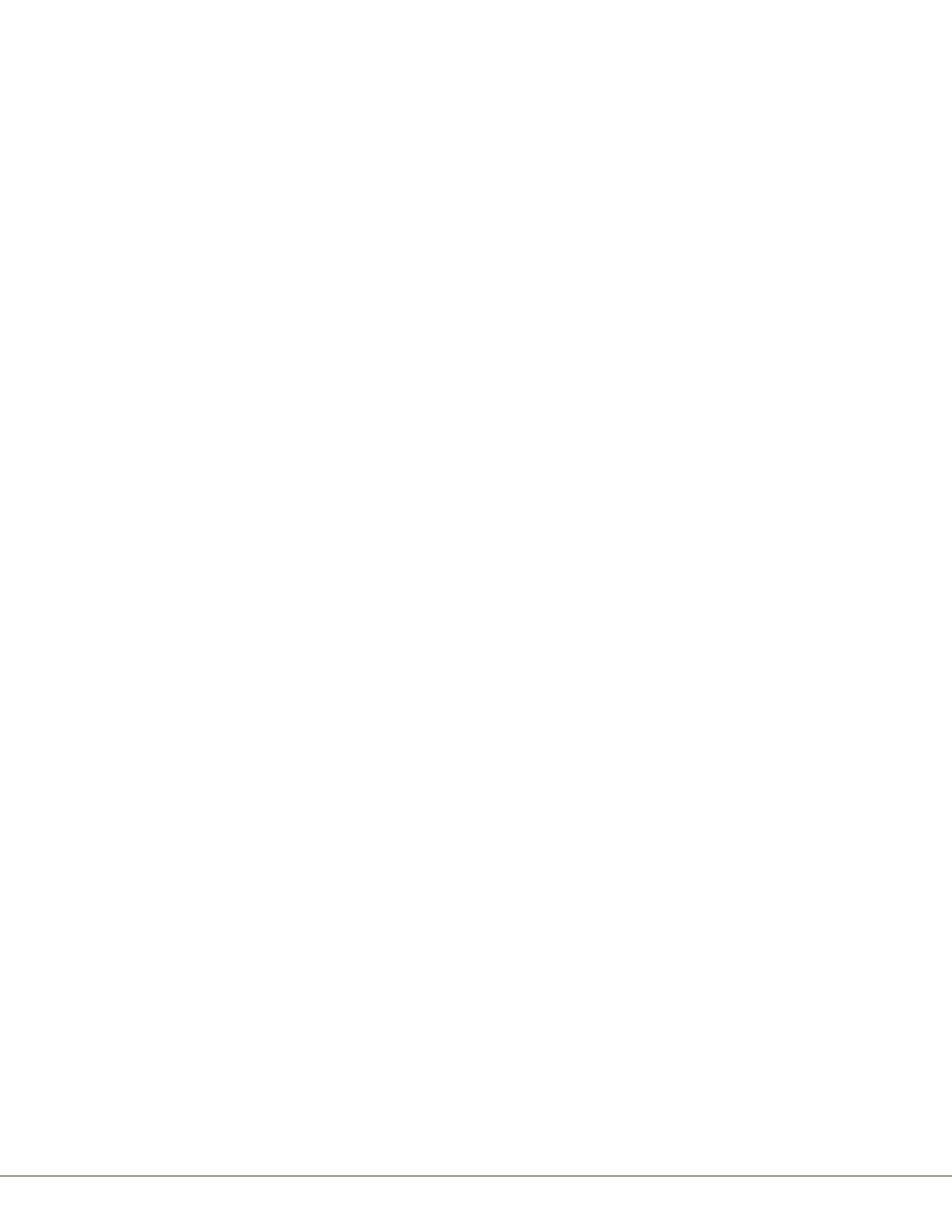
-  City Limits
-  UGB
-  West Side Plan
-  Year 2000 Plan



0 Feet
2,000



January 2010



Urban Renewal Agency

City of Wilsonville

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Wilsonville, OR 97070

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