

URBAN RENEWAL AGENCY - SPECIAL MEETING
Wednesday, January 8, 1997
Carnegie Center

A Special Meeting of the Urban Renewal Agency was held at the Carnegie Center, 606 John Adams, Oregon City, at 7:00 PM.

Roll call showed the following present:

Daniel W. Fowler, Chair
Timothy J. Powell, Member
Edward Allick, Member
Douglas Neeley, Member
John F. Lynch, Jr., Member
Charles Leeson, Executive Director
Rich Carson, Comm. Development Director
Clackamas County Commission members

The meeting was called to order by Chair Fowler who called on the Community Development Director to present the Agency Report. Carson presented the Downtown County Building Financing Proposal - Resolution No. UR96-6, which noted that on the January 8, 1997 agenda was Resolution No. UR96-6 which provided funding to assist Clackamas County in relocating its Department of Transportation and Development and Utilities Department offices from the current Abernethy Road location to a site at 12th and Main Streets in downtown Oregon City. The reason for the relocation was to get the offices out of the floodplain and to retain the offices in the City's Regional Center. The damage sustained to County facilities by the floods of '96 was considerable and there was a need to act expeditiously to finalize the relocation. The County is evaluating three separate relocation options: the Oregon City Hilltop area, Sunnyside and downtown Oregon City. The County owns the land on the Hilltop and one-story construction is the least costly option of the three.

The Oregon City Urban Renewal Agency had previously worked toward financing this move through the use of Downtown District funding. However, passage of Ballot Measure 47 resulted in the Agency bonding most of the tax increment for both of its districts, and stipulating to submit all capital improvements projects to the voters. The next possible election is either March or May 1997. The County is going to make a relocation decision before that. There are also a number of legislative and legal questions still unknown at this time with regard to spending urban renewal funds -- with or without a vote. For this reason, a new financing approach was developed. The following is a revised financing proposal for locating the County building in downtown Oregon City.

1. \$5,574,004 is paid to Clackamas County over a 5 year period in order to:
 - a) have the County deed over to the Agency the current County share on all remaining lots (1,4,5,6,7) in the current Red Soils Industrial Park-Phase I and to purchase approximately 17.4 acres of County owned land in the Hilltop District for Red Soils-Phase 2; and b) help underwrite the County relocating and building their new building downtown;
2. The Oregon City Urban Renewal Agency will borrow \$4.5 million from US Bank. The funds will be put in an interest bearing escrow account. The collateral for the loan will be land deeded over to the Agency by the County and the bank loan will be repaid with the proceeds from the industrial lots sales, as follows:

\$1,127,115 = Red Soils Phase I - Lots 1,4 and 7 (10.35 acres) sold at \$2.50 per square foot.
\$1,100,870 = Red Soils Phase I - Lots 5 and 6 (9.18 acres) sold at \$2.75 per square foot.
\$2,273,832 = Red Soils Phase 2 (17.4 acres) sold at \$3.00 per square foot.
\$4,501,817 = Total Estimated Land Sales Revenues

3. The balance needed to meet the \$5.5 million commitment for the County Building is \$1,072,187. There are three potential sources of revenue to secure the remaining funds:
 - a) the beginning balance for the Downtown District on July 1, 1996 was \$757,112. This is money that is outside of both Ballot Measure 47 and the bond restrictions and can be used for this project;
 - b) the beginning balance for the Hilltop District on July 1, 1996 was \$1,007,532. This too is outside of both Ballot Measure 47 and the bond restrictions. The Agency has already received over \$739,084 from the sales of Lots 2, 3 and 8. All or part of this money could be paid out of the Hilltop District toward the County's downtown building;
 - c) finally, there will be new revenue generated from the new tax increment created by converting public land to private land. The latter may or may not be impacted by legislative or judicial actions taken on Ballot Measure 47. However, there is the possibility that the City will benefit financially from the increment growth. \$357,000 is the total estimated new tax increment generated over the life of the Hilltop District from this proposal.
4. Both bond resolutions state that: "The Agency hereby covenants and agrees that it shall not spend any Bond proceeds to finance Urban Renewal Projects until those projects have been submitted to the voters of the City of Oregon City." Since the Agency is borrowing the funds from a bank and will repay the funds from land sales, the action will not need to be submitted to the voters of Oregon City.
5. The benefit to the Urban Renewal Agency of passing this resolution are:
 1. The creation of approximately 1,114 new family-wage jobs.
 2. The retention of 800 County jobs in the City and downtown.
 3. The addition of \$357,000 in tax increment to the Agency in the Hilltop District.
 4. The addition of new land (Red Soils Industrial Park - Phase 2) to the City's tax base that will reduce the individual taxpayer's burden.
 5. The County will move its people and offices out of the floodplain.
 6. The Agency maintains complete architectural and land use control of development of Red Soils Industrial Park - Phase 2.

Resolution No. UR96-6 authorizes the Executive Director to:

- a) Complete a development agreement with the County to relocate their operations to downtown;
- b) Prepare the required budget amendments for appropriating and expending Agency funds; and
- c) Prepare the loan agreement with US Bank for \$4.5 million.

Carson concluded by noting that this was not the final action; the Agency will be directing the Executive Director to prepare the development agreement with the County and to prepare the loan agreement with US Bank.

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On the call for questions, Neeley questioned previous sources of funding that were presented at the last meeting that were not presented here and wanted these discussed, and regarding the change of values to the Red Soils properties from the last meeting. Carson responded that the change was probably the result of Metro planning studies. The Manager reminded that funding from Metro Enhancement was too "what if" to be presented for decision.

At this point, the audio tape was recorded very low and conversation was not clear for transcription.

Lynch spoke stating that his vision of downtown Oregon City has been one of a governmental center. If the City is able to come to terms tonight he saw this as completing a transition from a commercial center to a governmental center and fully supported this transition. He wanted to be sure there was the capability to do it. He was troubled about the repayment being predicated on the sale of the property. To this point, the City has been able to be selective to whom lots were sold to maximize the jobs instead of just putting structures on the land that does not contribute to the maximum potential to the economy of Oregon City. He wanted to know what the City has committed to in Urban Renewal, what there is in terms of an increment coming in on an annual basis and if the annual payments could be met if land sales did not proceed at the anticipated pace.

The Manager responded affirmatively with that meaning all the assets were committed. This would be the project.

Carson's response was too low to be picked up by the tape recorder.

Lynch asked if there was a figure that the increment was producing today in both districts and what is obligated today in terms of debt service and other projects, i.e. Beavercreek intersection and Molalla Avenue, Stimson property, etc. To recap, he wanted to know the amount of income and the obligations. Carson responded there is a two-year commitment of \$210,000 per year to buy the Stimson property.

The balance of his response was too low to transcribe.

Wimmer noted that this years increment is about \$1,480,000 for the two districts; \$825,000 for Downtown and \$656,000 Hilltop. The obligations are about \$400,000 on \$2 million debt service and about \$200,000 on Stimson. Measure 47 makes this unknown for the future.

Neeley expressed concern about the sources being all Hilltop which could be perceived as going into the Downtown area.

There was discussion about this concern, however it was too low to transcribe.

Neeley then spoke of the need for a new library and that the Library Building Committee would be meeting in the near future. Most of this was too low to transcribe.

Neeley spoke of no access to park area in the hilltop business district; Hillendale was in driving distance. He felt a need for public right of way that would extend from the cul-de-sac toward Hillendale and would not want to preclude the use of some of the land for public purposes with no discussion having been held on this aspect.

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Allick asked what projects would be placed on hold because of this commitment and asked if the Downtown Streetscape was one. The Manager responded that there was no question this would be put on hold because it would not be realistic. Allick asked about the Seventh Street Corridor project. The Manager responded that was without question. Allick wanted this to be very clear. Allick expressed appreciation to staff for presenting the proposal that the Agency requested.

Fowler asked something about the effect of Measure 47; however, the tape recording was too low to transcribe as was the Manager's response.

Lynch noted that when we suggest that it is in the best interest of the City to locate downtown, there are other issues that are not as readily apparent as the cost of construction. If it costs \$4 to \$5 million to locate downtown, what isn't so apparent is that if they locate at Red Soils there is additional traffic impacts; issues of moving persons up and down the hill and what will have to be done to the infrastructure to accommodate that and also, there is the issue of ready access to the people that need County services. A lot of the services are needed by the least able citizens, those that cannot drive. It is his belief that centrally located in a regional center, like Oregon City, the County services become accessible to those that need them most.

Neeley felt it would be worthwhile to find out what the businesses downtown feel because it would impact them.

Powell was concerned about long term effect. He felt if the County moved one piece they would want to integrate all in that one area. He believed this was just the first step and thought that long term Oregon City would lose all of the County. He felt this had to be done.

Neeley asked if the property was sold, does the money have to go into the Urban Renewal area. The response was affirmative.

A female spoke on behalf of the Board of Directors for the Chamber of Commerce noting that they were in support of whatever it takes to keep the County in the Oregon City area. One reason was the easy access into the downtown area.

Mike Levine, Chair of the Downtown Association, felt this was a win-win situation for the City and would help the downtown by keeping the County in the City; it would help the hilltop; and would create jobs for the City in both areas.

Paul Koch, 909 Center Street, applauded the Board members and staff for this. He felt it takes too long to make decisions and felt we lacked a total community vision which would make the decisions easier. The Board is responding to the voters regarding Measure 5 and the water rate measure. He felt it would be a travesty to have the downtown lose the County as a resource.

It was moved by Lynch, second by Powell, to adopt Resolution No. UR96-6.

Allick expressed being supportive of this because of the jobs that are needed downtown. Lynch was supportive because of what it does for both areas of the City and wants the City to have the ability to be selective in the sale of Red Soils. He suggested that all other projects be placed on hold until there is a full understanding of the impact of Measure 47. He wanted a project list submitted to the voters at a future date after there is an understanding of Measure 47. Neeley felt there would be a short term economic

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impact if the County agencies would leave. He was in support of the motion. Powell wished County management was present to understand the commitment from the City to keep them here for many reasons. Fowler believed the best location for the County was in downtown Oregon City on a State highway with easy access to another State highway. He believed that Urban Renewal was doing the right thing by renewing an urban area which is the charge of the Agency.

The tape recording ended at this point.

MOTION CARRIED.

RESOLUTION NO. UR96-6

A RESOLUTION AUTHORIZING THE EXPENDITURE OF FUNDS FOR THE PURPOSE OF SUPPORTING CLACKAMAS COUNTY RELOCATION OF ITS OFFICES CURRENTLY LOCATED IN THE FLOODPLAIN TO DOWNTOWN OREGON CITY

THE URBAN RENEWAL AGENCY MAKES THE FOLLOWING FINDINGS:

WHEREAS, the Agency supports Clackamas County moving its facilities out of the floodplain; and

WHEREAS, the Agency wishes to support the City's Regional Center designation by focusing the location of government services in the downtown area; and

WHEREAS, the Agency will increase the tax increment, and create more jobs and investment in the Hilltop District by transforming public property to private property in the newly created Red Soils Phase 2; and

WHEREAS, the Agency will retain existing jobs in the Downtown District's relocated County building.

NOW, THEREFORE, BE IT RESOLVED by the Oregon City Urban Renewal Agency that the Executive Director is authorized and directed to complete a development agreement with the County for financing the relocation of the County's Abernethy Road operations to downtown at a cost of \$5,574,004; to prepare the required budget amendments for appropriating and expending Agency funds; and to prepare a loan agreement with U. S. Bank for \$4.5 million.

Adopted, signed and approved this 8th day of January, 1997.

/s/Daniel W. Fowler
Chair

/s/Doug Neeley
Member

/s/Timothy J. Powell
Commissioner

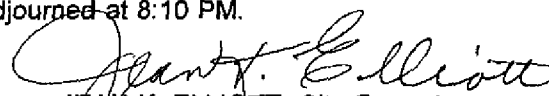
/s/Jack Lynch
Commissioner

/s/Edward Allick
Commissioner

Comprising the City Commission
of Oregon City, Oregon

With no further business to discuss, the meeting adjourned at 8:10 PM.

Tape transcribed by:
jke


JEAN K. ELLIOTT, City Recorder

