

AGENDA
City of Oregon City, Oregon
TUESDAY, APRIL 27, 2010

URBAN RENEWAL BUDGET COMMITTEE
5:30 p.m.

NOTE LOCATION CHANGE TO CITY HALL

Urban Renewal Budget Committee:

Robb Crocker, Chair
Nancy Walters
Alice Norris
Doug Neeley
Daphne Wuest
Casey Flesch
Tina Hansen
Warren Kitchen
Laura Zentner
Mike Caudle

James Nicita
Rocky Smith, Jr.
Graham Peterson
Brian Shaw
Don Slack
Chris Geiger
William Gifford
Autumn Rudisel
Justin Carlton

Meeting Held at:

City Hall
Commission Chambers
625 Center Street
Oregon City, OR 97045
503-657-0891

1. Convene Convene Fiscal Year 2010-11 Urban Renewal Budget Committee, and Roll Call
2. Review Budget Committee Process, Authority, and Decisions
3. Approval of Minutes
 - a. Minutes of the April 28, 2009 Meeting
 - b. Minutes of the April 29, 2008 Meeting
4. Election of Chairperson
5. Receive the Budget Message from Budget Officer
 - a. Budget Message and FY 2010-11 Budget
6. Review of Budget Document
 - a. Review of Budget Document
7. Discussion and Consideration of any Adjustments
8. Specifying the Amount of Tax Revenue (Maximum from Division of Taxes)
9. Establishing the Maximum for Total Expenditure for the Commission
10. Approval of Budget Recommendation for FY 2010-11, Forwarded to URC
11. Adjournment

11. Adjournment

www.orcity.org and available on demand following the meeting.

City Hall is wheelchair accessible with entry ramps and handicapped parking located on the east side of the building. Hearing devices may be requested from the City Recorder prior to the Commission meeting. Disabled individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.



OREGON CITY

URBAN RENEWAL COMMISSION 2010/11 BUDGET REPORT

Prepared by:

**David Frasher
City Manager**

**Nancy J.T. Kraushaar, P.E.
City Engineer/Public Works Director**

**David L. Wimmer
Finance Director**

April 27, 2010

Urban Renewal Budget Report
For
Fiscal Year 2010/2011 Budget
Oregon City Downtown/North End Urban Renewal District

Introduction

The Oregon City Urban Renewal Commission (URC) is responsible for oversight of urban renewal activities in Oregon City's Downtown/North End Urban Renewal District pursuant to the Downtown/North End Urban Renewal Plan. The Downtown/North End Urban Renewal Plan has established a debt limit of \$130.1m as a maximum for urban renewal investment. The URC has targeted its development strategy toward Oregon City's designation as one of Metro's Regional Centers.

The District continues to work diligently to complete the Cove project. All required property transactions have occurred and site work is expected to begin in late summer, 2010. Construction of 200 apartments units are also anticipated to begin during this same time period. The Rivers project was but on hold by the developer due to the uncertainties associated with the retail market and the local political environment. The developer may reconsider the project in the future. Both the Cove and Rivers are important catalyst projects, and should stimulate additional significant investments in Oregon City while promoting regional center densities and land use goals. Additionally, the District will experience significant public transportation improvements, including Phase 2 of the McLoughlin Blvd Enhancement project and the design and preparation of the "jug handle" project for construction at Washington Street and Highway 213.

The FY 2009/10 was marked by significant activities in the District. Those activities and accomplishments are listed below:

Downtown District Activities for FY 2009/10

1. Clackamette Cove Development – UR Funding remains an important factor in the due diligence phase of the mixed use development of Clackamette Cove. The URC approved \$10 million in funding in the form of a City backed line of credit that was used to purchase property needed for the project. The money was also used to reimburse the developer for documents related to project planning and reports. A major component (Kaiser Medical Clinic) withdrew from the project and was replaced by a developer (Slayden) who will construct 200 apartment units. The URC also modified the DDA, extending the time of contingency period 2 from April 15, 2010 to July 15, 2010. This was needed to allow the developer to obtain required land use and building permits for the apartment phase of the project.

2. Rivers Project – Although URC staff completed a draft DDA for the Rivers, Center Cal Properties has suspended their participation in the project. Uncertainties in the economic and political environment may impair the ability of the URC to bring this project to successful completion. However, our federal and state legislative delegation and staff were successful in obtaining funding for the needed interchange improvements at I205/Hwy 213, which will be of great help in removing this roadblock to redevelopment of the landfill and surrounding properties.
3. Civic Complex - The URC purchased the McLean Clinic in FY 2008/09 and in FY2009/2010 it was renovated as our new City Hall. The building houses the general administration functions of the City and its City Commission Chambers. Currently, the building is home to the Public Works Engineering Group until the existing Public Works Operations Center is redeveloped at 122 S. Center Street. Once completed, Public Works will move to the new facility, the City will end its lease with Red Side Equities and the City's Community Development Department will move into City Hall. The District received a \$2m loan from the City for the renovation of the McLean Clinic. The District will repay the loan over the next five years. The UR District borrowed this amount from the City of Oregon City and will pay an interest only loan in the amount of \$37k. The District will repay this loan according to Oregon financial statutes over the next five years. The IGA provides for a five year extension if the URC is unable to repay in the first five year period.
4. McLoughlin Blvd Enhancement Project – The URC, in partnership with ODOT, completed construction of the McLoughlin Blvd Enhancement Phase 1 project. The project consists of major street and pedestrian improvements along McLoughlin Blvd from 10th Street to the I-205 overpass. These improvements will provide safer traffic flows along McLoughlin Blvd and better pedestrian access to the Willamette River. The project features a major river overlook and public art. Coupled with the City's development of Jon Storm Park, the project also provides a new local street connection at 12th Street while advancing the Waterfront Master Plan and the Downtown Community Plan.
5. Bluff/Promenade Improvements – UR funds of \$160k augmented the one million dollars in federal stimulus funds to complete the phased restoration of historic railings, stairs, and stonework on the promenade and grand staircase. The first two phases were completed in 2003-05.
6. Amtrak Station - Phase II, with a budget of \$1.5 million, included the purchase and moving of the depot building. Phase II also provides for the construction of additional parking at the Amtrak Station. This project is underway, and expected to be completed in FY 09/10.
7. Urban Renewal Grant/Loan Investments – URC awarded \$100k in grants to local business in the District for storefront improvements in FY 09/10. This program has become very successful and the number of applications is increasing. New guidelines for awarding grants are anticipated to be in place for the next budget cycle.

Report on 2010/2011 Revenue Projections and Proposed Project Activities.

District tax collections are anticipated to be \$1.7m for FY 2009/10. Additionally the District will generate \$5k in interest income and receive \$60k in rental income. The District obtained a \$10m line of credit that will be reimbursed with an Urban Renewal bond. The District has a beginning fund balance of \$2.2 million for FY 2010-11.

Proposed Downtown/North End District Activities

1. Clackamette Cove – The URC investment in the Cove project will facilitate the construction of Phase 1 and 2 of this project. Phase 1 and 2 includes the street and utility infrastructure and provides for the cut, fill and grading work to prepare the site for development. Additionally, Phase 1 and 2 includes the esplanade, parks, and natural areas. Construction of Phase 3, consisting of 200 apartments is anticipated to begin in FY 10/11. \$6,553,600 is budgeted for this project in FY 2010-11.
2. McLoughlin Blvd Enhancement Project Phase 2– The McLoughlin Blvd Enhancement Project, phase 2, will include improvements to the section between Dunes Drive and the Clackamas River Bridge. There is no money budgeted for 2010-11 for Phase 2, but there is \$308,000 budgeted for Phase 1.
3. Rossman Landfill Site - The status of the Rivers project is uncertain. However, unless otherwise directed, City staff will continue to discuss this site and potential opportunities with interested parties and report periodic updates to the URC. No funds are budgeted for this endeavor for 2010-11.
4. Blue Heron – The URC will consider possible expansion of the District to cover this area and possible redevelopment options for the area in the future. No funds are specifically budgeted for this site for 2010-11.
5. Market/Feasibility Studies - The URC anticipates studies related to determining the feasibility of housing in the downtown and development of recruitment strategies in the north end.
6. Urban Renewal Grant/Loan Investments – URC awarded \$100k in grants to local business in the District for storefront improvements in FY 09/10. It is estimated that \$80,000 of the \$100,000 will be spent in 2009-10. This program has become very successful and the number of applications is increasing. New guidelines for awarding grants are anticipated to be in place for the next budget cycle. \$120,000 is budgeted for this program in 2010-11.

Highlights and concerns for 2010-11 and beyond

There is \$6,553,600 left to draw on the 2009-10 Line of Credit. All of those proceeds are allocated to the Cove project. The one year draw period ends in November, 2010 and the three year line of credit will need to be converted to another debt instrument not later than November, 2012. Since the debt service reserve will need to be in place when the LOC is converted to permanent financing the full amount is reserved in this budget to ensure that sufficient funds exist to implement the conversion. The new reserve is estimated to be \$796,340, the same as the 2008 Bond Reserve. The Line of Credit currently requires a reserve of \$389,900, so the additional amount reserved is \$408,440 in the 2010-11 budget.

After funding the Debt Service Reserve there is only \$33,872 Contingency in the 2010-11 budget.

The 2009-10 budget included a \$2,500,000 loan from the Oregon City Fleet Replacement Fund at a rate of 1.50% for five years with a five year extension. It is anticipated that \$2,100,000 will be drawn in 2009-10. An additional \$200,000 is budgeted in 2010-11 which would leave the loan at \$2,300,000, \$200,000 less than estimated.

Unless there is significant growth of increment within the District, there will be only about \$300,000 to \$500,000 left to pay for anything other than Debt Service, for 2011-12 and beyond. Delay of the Cove and of the Rivers projects limits the ability of OCURC to implement existing plan objectives. Every \$10,000,000 of value will provide another \$175,000 toward URC projects. Unless URC revenues increase, it is likely that important funding of approximately \$90,000 for Administration and Finance will be lost, as well as another \$176,243 payment to General Fund for the Economic Development Manager position. These costs, plus \$34,000 of Legal/Consultant fees totals \$300,604 of revenue to the General Fund for 2010-11.

There will be no funds available for any major projects or the ability to fund smaller programs, such as the downtown façade grant, much longer if significant incremental values do not materialize.

Urban Renewal Budget Report
For
Fiscal Year 2010/2011 Budget
Oregon City Downtown/North End Urban Renewal District

Introduction

The Oregon City Urban Renewal Commission (URC) is responsible for carrying out urban renewal activities in Oregon City's Downtown/North End Urban Renewal District as directed by the Downtown/North End Urban Renewal Plan. The Downtown/North End Urban Renewal Plan has established a debt limit of \$130.1m as a maximum for urban renewal investment. The URC has targeted its development strategy toward Oregon City's designation as one of Metro's regional centers.

The District continues to work diligently to complete the Cove project. All required property transactions have occurred and site work is expected to begin in the late summer of 2010. Construction of 200 apartment units are also anticipated to begin during this same time period. The Rivers project was but on hold by the developer due to the uncertainties associated with the retail market and local political support. The developer may reconsider the project in the future. Both the Cove and Rivers are important catalyst projects, and should bring other significant investments to the Oregon City regional center and help promote regional center densities and land use goals. Additionally, the District will experience significant public investments that include important transportation improvements, including Phase 2 of the McLoughlin Blvd Enhancement project and the completing the design and readying the "jug handle" project for construction at Washington Street and Highway 213.

The FY 2009/10 was marked by significant activities of the District. Those activities and accomplishments are listed below:

Downtown District Activities for FY 2009/10

1. Clackamette Cove Development – UR Funding continues to assist the due diligence phase of the mixed use development of Clackamette Cove. The URC did approve \$10 million in funding in the form of a City backed line of credit that was used to purchase property needed for the project. As of this writing (April 2010), one draw in the amount of \$3,446,400 has been made. The remaining \$6,553,600 will be drawn in 2010-11. The money was also used to reimburse the developer for documents related to project planning and reports. A major component (Kaiser Medical Clinic) withdrew from the project and was replaced by a developer (Slayden) who will construct 200 apartment units. The URC also modified the DDA, extending the time period of contingency period 2 from April 15, 2010 to July 15, 2010. This was needed to allow extra time for the developer to obtain required land use and building permits for the apartment phase of the project.

2. Rivers Project – The URC staff completed a draft DDA; however Center Cal Properties has put a hold on the project. Uncertainties in the economic and political environment are complicating the negotiations and threaten the ability of the URC to bring this project to a successful completion. However, our federal and state legislative delegation and staff were successful in obtaining funding for the needed interchange improvements at I205/Hwy 213, which will be of great help in removing this roadblock to redevelopment of the landfill and surrounding properties.
3. Civic Complex - The URC purchased the McLean Clinic in FY 2008/09 and in FY2009/2010 it was renovated as our new City Hall. The building houses the general administration functions of the City and its City Commission Chambers. Currently, the building is home to the Public Works Engineering Group until the existing Public Works Operations Center is redeveloped at 122 S. Center Street. Once completed, Public Works will move to the new facility and the City will end its lease with Red Side Equities and the City's Community Development Department will move into New City Hall. The District and City approved a \$2.5m loan from the City for the renovation of the McLean Clinic. As of this writing (April 2010) no funds have been borrowed as there has been funds sufficient for operations on hand within UR. The loan can be made in full or part anytime during the five year period beginning August 11, 2009. The District will repay the loan over the next five years. The UR District borrowed this amount from the City of Oregon City and will pay an interest only loan in the amount of \$37k The District will repay this loan according to Oregon financial statutes over the next five years. . Per the IGA between the City and the District this period may be extended an additional five years at the option of the District.
4. McLoughlin Blvd Enhancement Project – The URC in partnership with ODOT completed construction of the McLoughlin Blvd Enhancement Phase 1 project. The project consists of major street and pedestrian improvements along McLoughlin Blvd from 10th Street to the I205 overpass. These improvements will provide safer traffic flows along McLoughlin Blvd and better pedestrian access to the River. The project features a major river overlook and public art. This project coupled with the City's development of Jon Storm Park improves the City's riverfront and river views. The project also provides a new local street connection at 12th Street and advances the Waterfront Master Plan and the Downtown Community Plan.
5. Bluff/Promenade Improvements – UR funds of \$160k complemented the one million dollars in federal stimulus monies to complete the phased restoration of historic railings, stairs, and stonework on the promenade and grand staircase. The first two phases were completed in 2003-05.
6. Amtrak Station - Phase II, with a budget of \$1.5 million, included the purchase and moving of the depot building. Phase II also provides for the construction of additional parking at the Amtrak Station. This project is in progress, and expected to be completed in FY 09/10.
7. Urban Renewal Grant/Loan Investments – URC awarded \$100k in grants to local business in the District for storefront improvements in FY 09/10. This program has become very successful and the

number of applications is increasing. New guidelines for awarding grants are anticipated to be in place for the next budget cycle.

Report on 2010/2011 Revenue Projections and Proposed Project Activities.

District tax collections are anticipated to be \$1.8m for FY 2009/10. Additionally the District will generate \$40k in interest income and receive \$60k in rental income. The District obtained a \$10m line of credit that will be reimbursed with an Urban Renewal bond. The District has a beginning fund balance for FY 2009/10 of \$4.8m

Proposed Downtown/North End District Activities

1. Clackamette Cove – The URC investment in the Cove project will facilitate the construction of Phase 1 and 2 of this project. Phase 1 and 2 constructs the street and utility infrastructure and provides for the cut, fill and grading work to bring the site to development ready status. Additionally, Phase 1 and 2 constructs the esplanade, parks, and natural areas. Construction of Phase 3, consisting of 200 apartments is anticipated to begin in FY 10/11.
2. McLoughlin Blvd. Enhancement Project Phase 2– The McLoughlin Blvd Enhancement Project, phase 2, will include improvements to the section between Dunes Drive and the Clackamas River Bridge. Approximately 1.5 million has been budgeted for this phase of the project.
3. Rossman Landfill Site - The status of the Rivers project is uncertain, however ,the URC will work to either assist in bringing this important project forward and/or initiating discussions with other developments for this important site in the District and Regional Center.
4. Blue Heron – The URC will consider possible expansion of the District to cover this area and possible redevelopment options for the area in the future.
5. Market/Feasibility Studies - The URC anticipates studies related to determining the feasibility of housing in the downtown and north end and development of recruitment strategies.

**CITY OF OREGON CITY
URBAN RENEWAL BUDGET COMMITTEE
MEETING MINUTES**

April 28, 2009

Urban Renewal Budget Committee:

**Mike Caudle
Alice Norris
Doug Neeley
James Nicita
Rocky Smith, Jr.**

**Daphne Wuest
Chris Geiger
Autumn Rudisel
Justin Wolfe
Laura Zentner**

**Robb Crocker
Graham Peterson
Nancy Walters
Brian Shaw
Don Slack
William Gifford**

1. Convene the Fiscal Year 2009-2010 Budget Committee Meeting, and Roll Call

Roll Call:

Committee Members Present: Alice Norris, James Nicita, Doug Neeley, Rocky Smith, Jr., Daphne Wuest, Laura Zentner, Chris Geiger, Robb Crocker, Graham Peterson, Nancy Walters, Brian Shaw, Don Slack, William Gifford

Committee Members Absent: Mike Caudle, Autumn Rudisel, Justin Wolfe

Staff Present: Larry Patterson, City Manager; David Wimmer, Finance Director; Nancy Kraushaar, City Engineer and Public Works Director; Scott Archer, Community Services Director; Nancy Ide, City Recorder; Teri Bankhead, Clerical Assistant II

2. Review Budget Committee Process, Authority, and Decisions
3. Election of Chairperson

Motion by Norris, second by Neeley, to elect Robb Crocker as chair of the Urban Renewal Budget Committee for 2009-2010. Motion passed unanimously (9-0).

4. Receive the Budget Message from the Budget Officer

Larry Patterson, City Manager, reviewed the Urban Renewal proposed budget as outlined in the Budget Report.

5. Review of Budget Document

Mr. Patterson referred to a chart outlining the projects list outlined in the Urban Renewal Plan. These projects include:

- The Rivers
- Clackamette Cove
- Metro Transfer Station
- Amtrak Station
- County Shops

- City Property McLoughlin
- Stimson Property Redevelopment
- Oregon City Shopping Center
- Krueger Lumber
- End of the Oregon Trail
- Historic Downtown
- Falls Access and Viewing
- 7th Street/Bluff
- Civic Complex
- Project Admin and Related Costs
- Debt Reserve Costs/Contingency
- Debt Service
- Debt Issuance Costs

Each project provided dollar figures for:

- Public Investment
- Private Investment
- Modifications #1 (made to date)
- Modification #2 (using stimulus money)
- Public Investment (with stimulus funds)
- Private Investment (with stimulus funds)
- FY 2008/09 Budget Expense
- FY 2009/10 Budget

The FY 2009/10 total Urban Renewal budget is \$19,203,200. The total private investment (Modification #1) is \$720,000,000; the total private investment (Modification #2) is \$676,000,000.

The only project listed that will create additional increment is the Cove project. Chair Crocker asked the meaning of increment, and Mr. Patterson explained

Investment in the Cove only will provide money for additional projects in 2012, due to payment of debt service. The Rivers only will provide money for other projects in 2021. If the Rivers and the Cove are developed, money for other projects will be available in 2016. If we took out the \$20m for the Interchange for the River's only, it's 2012 with \$40m investment to make the Rivers happen, and includes \$20 for the Jughandle.

Commissioner Neeley was concerned that no money was provided for the Main Street program. He suggested reallocating some of the Cove monies to the Main Street program. Mr. Patterson responded that the Rivers was fronting the front-end costs and we would reimburse them as the increment appears. The Cove may or may not be able to front-end the costs. He noted the downtown McLoughlin Blvd. project was a major investment.

Commissioner Geiger supported Commissioner Neeley's suggestion.

Mr. Patterson said he would be glad to look at that, but it would run a risk.

Commissioner Gifford suggested robbing a project that would not create a tax increment rather than the Cove.

Commissioner Nicita asked where CenterCal was in its ability to finance the Rivers project, and Mr. Patterson stated they were having difficulty signing tenants, but they have a strong financial backing and are working toward signed tenants by the end of the year. The development agreement is still not signed, but is in the process.

Commissioner Nicita questioned the need for an enhanced Amtrak Station. Mr. Patterson responded the station has been in the works long before the Rivers began. Ms. Kraushaar stated the station was sited in the '90s during a regional study seeking a station to serve the greater metro area and the City has received Metro (Federal) money for the project. It is a piece to a much larger concept. Commissioner Norris noted the Station is above projected use.

Mr. Patterson stated if we are patient for the Cove to develop, the increment created will provide dollars to invest in the other projects and projects not on the list.

Commissioner Norris says it appeared that there was interest in continuing programs, and she felt the Cove project should not be touched, as it will stimulate many other projects.

Motion by Norris, second by Zentner to direct the City Manager to find \$100,000 annually to fund grants for the significant damage to the house. Commissioner Neeley offered an amendment to add \$10,000 to the \$100,000 for the Ermatinger house, and the \$100,000.00 to the store front. Norris and Zentner approved the amendment. Amended motion passed, 14-0.

6. Discussion and Consideration of any Adjustments
7. Specifying the Amount of Tax Revenue (Maximum from Division of Taxes)
8. Establishing the Maximum for Total Expenditure for the Commission
9. Approval of Budget Recommendation for FY 2009-10, Forwarded to Oregon City Urban Renewal Commission

Motion by Neeley, second by Slack, to forward the FY 2009-10 Urban Renewal budget to the Urban Renewal Commission for consideration in the amount of \$19,134,200 and to levy 100% division of taxes and no special levy. Motion passed 14-0.

Commissioner Nicita asked what assumptions the city is operating under related to the Metro Transfer Station. Mr. Patterson responded that this reduces the amount of tax receipts by \$69,000.00 and therefore reduces the contingency; overall reducing the total budget by \$69,000.00.

10. Adjourn

The meeting was adjourned at 6:55 p.m.

Respectfully submitted,

Nancy Ide, City Recorder

**City of Oregon City
Urban Renewal Budget Committee Meeting Minutes
April 29, 2008**

**City Hall – Commission Chambers
320 Warner Milne Road
Oregon City, OR 97045**

Committee Present

Trent Tidwell
Doug Neeley
Daphne Wuest
Damon Mabee
Laura Zentner
Autumn Rudisel
Lynd Orzen
Justin Wolfe

Staff Present

Larry Patterson, City Manager
Nancy Kraushaar, City Engineer & Public Works Director
David Wimmer, Finance Director
Gordon Huiras, Police Chief and Public Safety Director

Chair Alice Norris, absent

CALL TO ORDER, ROLL CALL, PUBLIC COMMENTS, ANNOUNCEMENTS

1. Call to Order and Roll Call

Commission President Mabee called the meeting to order at 6:20 p.m.

2. Election of Chairperson

Commissioners Mabee/Wuest m/s to nominate Ms. Rudisel as Chairperson for 2008 - 2009. Motion passed unanimously among the members present. [8:0]

3. Election of Secretary

Commissioners Mabee/Tidwell m/s to nominate Mr. Wolfe as Secretary for 2008 - 2009. Motion passed unanimously among the members present. [8:0]

4. Budget Recommendation

Mr. Patterson discussed the progress of the Urban Renewal District. The Hilltop District, now closed, increased in assessed value, and most of the major developments were done and the Beavercreek Concept Plan was completed. He reviewed progress on The Cove and Landfill properties and the McLoughlin Boulevard Enhancement Project that included the public art element. Other community accomplishments were Beavercreek Road between Molalla Avenue and Hwy. 213, Washington Street infill projects, storefront grants, phase 2 of the Amtrak station, and discussions were underway to purchase the MacLean Clinic. The urban renewal plan was amended and the debt limit was extended. Annexation to Clackamas Fire District #1 was approved by the voters. He briefly reviewed the "Oregon City Futures Plan" and "Oregon City Today" documents.

The beginning fund balance was \$1.8 million with an anticipated tax collection of \$1.675 million. There was a 5% increase in downtown value this year, and \$20 million in bond were proposed. Proposed project were The Cove with major costs in parks improvement and brining the land to a development ready condition. \$1.5 million was proposed for the Amtrak station parking lot and depot. The McLoughlin Boulevard Enhancement project was \$2.5 million with \$3.8 million in federal funds. There were also improvements between 10th Street and Dunes Drive. There

were \$110,000 budgeted for Bluff Promenade improvements including phased restoration of railings, stairs, stonework, and the grand staircase.

Ms. Kraushaar added that was the local match for a federal grant. The group discussed ongoing Amtrak funding in Congress.

Mr. Patterson noted Oregon City's success in procuring grants. There was also \$150,000 budgeted for a civic complex. He discussed the MacLean Clinic property and potential for a city hall and library site on the 7th Street Corridor. \$100,000 was allocated from grant/loan projects including storefront improvements. \$1.1 million was allocated for project administration costs including legal and consultants. He also anticipated paying off the \$.5 million existing debt.

A member of the audience asked for a list of properties purchased with urban renewal funds to determine if some might be liquidated to reduce the indebtedness and potential interest costs. The group discussed various properties, and Mr. Patterson would provide a spreadsheet.

Mr. Patterson commented on the status of The Rivers project where numbers were still being developed. He briefly reviewed the Hwy 213 interchange needs and the costs related to The Cove development based on a number of acres needed for habitat and parkland. In other words the developer's costs would go down, and the City would have to spend some money, which did not reduce the significance of the \$160 million project.

Commissioners Wuest/Wolfe m/s to approve the Budget Recommendation for FY 2008 – 2009 in the amount of \$23,538,000, to levy 100% division of taxes, and no special levy. Motion passed unanimously among the members present. [8:0]

5. Adjourn

Chair Rudisel adjourned the meeting at 6:56 p.m.

Respectfully submitted,

Nancy Ide, City Recorder



2010/11 URBAN RENEWAL BUDGET

David W. Frasher, City Manager
April 27, 2010

Budget Agenda



- I. Introduction: David W. Frasher, City Manager
- II. Budget Numbers: David Wimmer, Finance Director
- III. Committee Discussion and Approval

Urban Renewal Budget Introduction

- A. UR District success is critically important in achieving Commission goal #2, “Economic Development”

- B. Economic Development: What are “investors” looking for?

- (1) Strong Returns

- (2) Low Risk

- From Wallstreet to main street, Charles Schwabb to your fellow citizen; whether it's choosing a pension fund, real estate or buying a car, it's always about return vs. risk.

Urban Renewal Budget Introduction

C. Return & Risk in OCUR District

(1) Potential return is clear, well-defined, and growing stronger.

(2) Risk

- a. Many kinds of risk, such as environmental, legal, and financial can be determined and reduced or eliminated through research, due diligence, planning, contracting and insurance.
- b. Risks that are difficult to determine can slow or stop economic development. It's all about perception.
 - 1. Political risk (or instability). Investors are attracted to communities where political stability is the norm.
 - 2. The fine line between “constructive” political objection and unbearable risk.

Example: Applying political pressure to encourage higher quality of investment in a project can be an effective tool. It is essential to demonstrate a perception of political diplomacy (not always agreement) that relays the message “we are thrilled that you want to invest in Oregon City, but we need a bit more value in your investment.”

vs.

“You are not welcome, we do not appreciate your risk.”
 - 3. The irony is that the wrong message is likely to attract precisely that which you seek to avoid.

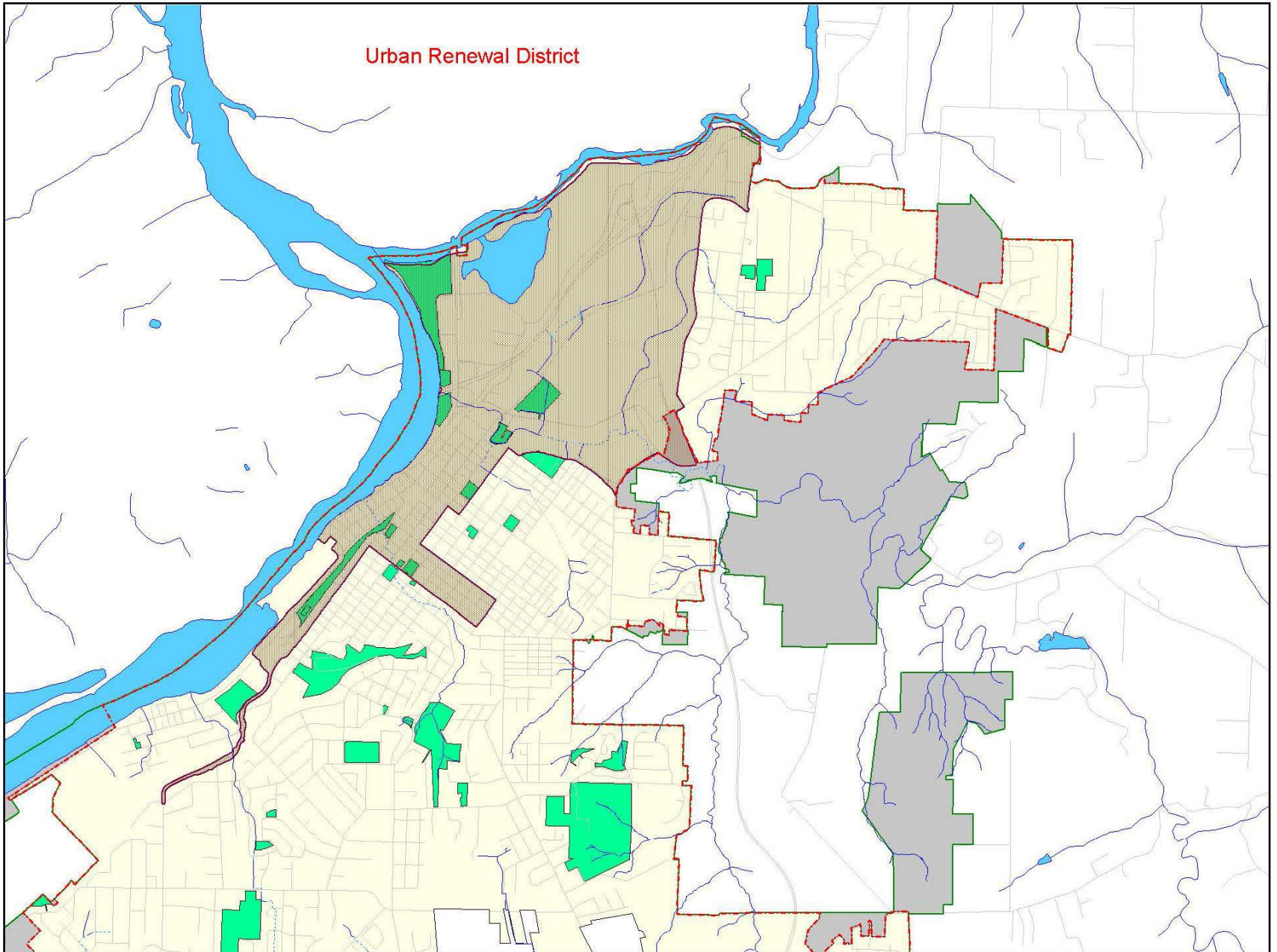
Urban Renewal Budget Introduction

- c. So, can we send the message to investors that we want the highest quality without destroying our opportunities for economic development?

“Yes we can!”

1. Remember, it's all about perception. Diplomacy, especially when discussing investments publicly, helps demonstrate that Oregon City is open to possibilities and discussion with investors.
2. I'm here to help you, to help Oregon City, and to help the Commission achieve its goal of economic development, job creation, and quality of life, in an environmentally responsible way. If you ever feel frustrated, confused, or like you want to throw up your hands about one of these UR projects, call me. We will discuss your concern and how best to resolve it. Some conflict is unavoidable, but 95% is something that can be worked out through effective communication and problem solving.

Urban Renewal District



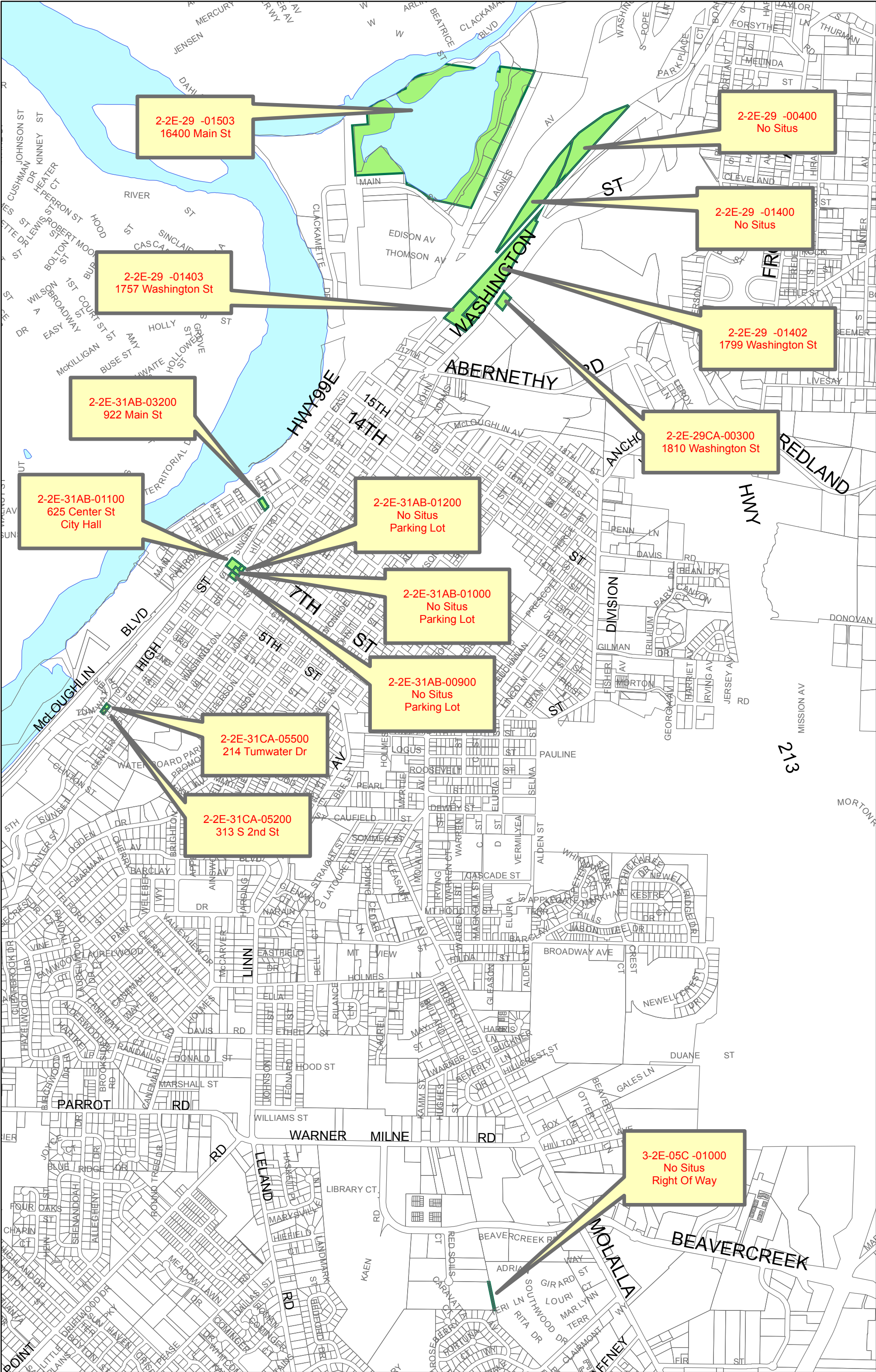
Urban Renewal Plans, Projects, and Modifications

Apr-10

Maximum Indebtedness

\$130.1m

Projects	Public	Private	Modifications	Modification	Modification	Public	Private	FY 2009-10	FY 2009-10	FY 2010-11
	Investment	Investment	#1 (2008-09)	#2 (2008-09)	#3 (2009-10)	Investment	Investment	Budget Exp	Est Actual	Budget
Rivers	30,000,000	240,000,000	10,000,000	(20,000,000)	0	20,000,000	196,000,000	0		0
Clackamette Cove	8,000,000	157,500,000	2,000,000	0	0	10,000,000	157,500,000	10,000,000	3,032,413	6,553,600
Metro Transfer Station	0	10,000,000	0	0	0	0	10,000,000	0		0
Amtrak Station	1,000,000	0	500,000	0	150,000	1,650,000	0	1,500,000	1,600,000	50,000
County Shops	5,100,000	40,000,000	(5,100,000)	0	0	0	40,000,000	0		0
City Property McLoughlin	2,000,000	15,000,000	0	0	275,000	2,275,000	15,000,000	2,000,000	1,996,375	308,000
Stimson Property Redevelopment	10,000,000	60,000,000	(10,000,000)	0	0	0	60,000,000	0		0
Oregon City Shopping Center	2,000,000	10,000,000	0	0	0	2,000,000	10,000,000	0		0
Kruegar Lumber	1,000,000	5,000,000	0	0	0	1,000,000	5,000,000	0		0
End of the Oregon Trail	1,000,000	0	0	0	0	1,000,000	0	0		0
Historic Downtown	37,500,000	140,000,000	0	0	0	37,500,000	140,000,000	0		0
Falls Access and Viewing	3,000,000	15,000,000	0	0	0	3,000,000	15,000,000	0		0
7th Street/Bluff	5,500,000	27,500,000	0	0	0	5,500,000	27,500,000	160,000	149,659	15,000
Civic Complex	10,000,000	0	0	0	0	10,000,000	0	2,400,000	2,100,000	200,000
Rehab Loan/Grant Program								100,000	80,000	120,000
Ermatinger House Repairs								10,000	0	0
Project Admin and Related Costs	11,400,000	0	0	0	0	11,400,000	0	518,000	540,194	576,604
Debt Reserve Costs/Contingency	0	0	0	0	0	0	0	824,834		1,626,556
Debt Service	0	0	0	0	0	0	0	1,621,366	965,900	1,333,840
Debt Issuance Costs	2,600,000	0	0	0	0	2,600,000	0			
Total Urban Renewal	130,100,000		(2,600,000)	(20,000,000)	425,000	107,925,000		19,134,200	10,464,541	10,783,600
Total Private Investment		720,000,000					676,000,000			



Oregon City Urban Renewal Commission

Fiscal Year 2010-11

21-Apr-10

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PROPOSED

COMPARISON OF REVENUE BY PROGRAM AND SOURCE

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	Actual 2007-08	Actual 2007-08	Adopted Budget 2009-10	Actual Through 3/31/10	Percentage Through 3/31/10 9/12 = 75.00%	Proposed 2010-11
Hilltop (200)						
Program: Operating Fund (125 & 135)						
Department:						
Property Taxes						
Property Tax	\$0	\$0	\$0			\$0
Total Property Taxes	0	0	0			0
Miscellaneous Income						
Interest Income	12,531	0	0	0		0
Total Miscellaneous Income	12,531	0	0	0		0
Beginning Fund Balance	0	0	0			0
Total Hilltop Fund	\$12,531	\$0	\$0	\$0		\$0
Actual Beginning Fund Balance	\$1,205,432	\$0				

Oregon City Urban Renewal Commission

Fiscal Year 2010-11

Expenditures

PROPOSED

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	Actual 2007-08	Actual 2007-08	Adopted Budget 2009-10	Actual Through 3/31/10	Percentage Through 3/31/10 9/12 = 75.00%	Proposed 2010-11
File: DAVID\Excel\OCURC\OCURC BREV10 -11& BEXP10-11 PROPOSED 2010-11.XLS						

Hilltop (200)						
Program: Operating Fund (125 & 135)						
Department:						
FTE Positions	N/A	N/A	N/A	N/A		N/A
Materials & Services						
Office costs				\$0	\$0	\$0
Office equipment costs						
Operating costs						
Miscellaneous	\$0	\$0				
Contract services						
Contract services - Annual	0	0				
Total Materials & Services	0	0	0	0		0
Capital Outlay						
New construction	1,217,964	0	0	0		0
Total Capital Outlay	1,217,964	0	0	0		0
Debt Service	0	0	0	0		0
Contingency			0	0		0
Total Expenditures	\$1,217,964	\$0	\$0	\$0		\$0

Oregon City Urban Renewal Commission

Fiscal Year 2010-11

21-Apr-10

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PROPOSED

COMPARISON OF REVENUE BY PROGRAM AND SOURCE

Excel\OCURC\OCURC BREV10 -11& BEXP10-11 PROPOSED 2010-11.XLS

Excel\OCURC\OCURC BREV10 - 11& BEXP10-11 PROPOSED 2010-11.XLS				Percentage		
	Actual 2007-08	Actual 2007-08	Adopted Budget 2009-10	Actual Through 3/31/10	Through 3/31/10 9/12 = 75.00%	Proposed 2010-11
Downtown (210)						
Program: Operating Fund (125 & 135)						
Department:						
Property Taxes						
Property Tax - Current	\$2,352,289	\$1,610,959	\$1,683,000	\$1,613,850	95.9%	\$1,748,000
Property Tax - Prior			50,000	0	0.0%	0
Total Property Taxes	2,352,289	1,610,959	1,733,000	1,613,850	95.9%	1,748,000
Miscellaneous Income						
Interest Income	82,437	129,304	40,000	23,188	58.0%	5,000
Rental Income	44,493	73,924	60,000	44,792	74.7%	60,000
Miscellaneous income	0	700	1,200	13,900	1158.3%	2,000
Total Miscellaneous Income	126,930	203,928	101,200	81,880	80.9%	67,000
Loan from Oregon City			2,500,000	0	0.0%	200,000
Bond Proceeds		10,000,000	10,000,000	3,446,400	34.5%	6,553,600
Beginning Fund Balance	0	0	4,800,000	0	0.0%	2,215,000
Total Downtown	\$2,479,219	\$11,814,887	\$19,134,200	\$5,142,130	26.9%	\$10,783,600
Actual Beginning Fund Balance	\$1,696,710	\$1,981,861	\$5,352,159			

Oregon City Urban Renewal Commission

Fiscal Year 2010-11

Expenditures

PROPOSED

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	Actual 2007-08	Actual 2007-08	Adopted Budget 2009-10	Actual Through 3/31/10	Percentage Through 3/31/10 9/12 = 75.00%	Proposed 2010-11
Downtown (210)						
Program:	Operating Fund (125 & 135)					
Department:						
FTE Positions	N/A	N/A	N/A	N/A	N/A	N/A
Materials & Services						
Office costs	\$82	\$50				
Office equipment costs	1,976	2,075	\$2,000	\$0	0.0%	\$0
Operating costs	141	0		32,269		35,000
Miscellaneous	218,502	24,436	16,000	15,861	99.1%	16,000
Contract services	9,285	18,000	0	0		0
Contract services - Annual	556,944	620,337	500,000	349,964	70.0%	525,604
Bond Issue Costs			0	58,500	0	0
Total Materials & Services	786,930	664,898	518,000	456,594	88.1%	576,604
Capital Outlay						
Amtrak Station	0	19,377	1,500,000	731,419	48.8%	50,000
Rehab loan/Grant program/Investments	14,547	88,169	100,000	62,430	62.4%	120,000
Ermittinger House Repairs/Reserve			10,000	0	0.0%	0
McLoughlin Blvd Project		1,145,079	2,000,000	1,019,656	51.0%	308,000
McLean Building		3,213,039	2,400,000	1,955,697	81.5%	200,000
Clackamas Cove Project			10,000,000	2,896,139	29.0%	6,553,600
Bluff/Promenade Improvements			160,000	73,257	45.8%	15,000
Civic Complex			0	0	0	0
Elevator Tunnel Improvements		25,000				
Downtown Community plan	168,300	91,182	0	0	0	0
7th & Washington Street Corridors	14,681	5,775	0	4,659	0	0
Waterfront Master Plan/Cove	20,036	80,586	0	0	0	0
Land acquisition	0	0	0	0	0	0
Total Capital Outlay	217,564	4,668,207	16,170,000	6,743,257	41.7%	7,246,600
Debt Service	1,189,575	3,111,485	1,621,366	253,905	15.7%	1,333,840
Debt Service Reserve			796,340	0	0.0%	1,592,684
Contingency			28,494	0	0.0%	33,872
Total Contingency	0	824,834	0	0	0.0%	1,626,556
Total Expenditures	\$2,194,069	\$8,444,590	\$19,134,200	\$7,453,756	39.0%	\$10,783,600

Annual debt service and additional information:

	\$10,000,000 4.95% 2008-09 Prin & Int	LOC \$10,000,000 5.045% 2009-10 Prin & Int Estimated	From Oregon City \$2,200,000 1.50% 2009-10 Prin & Int Estimated	Total Prin & Int
2010-11	796,340	504,500	33,000	1,333,840
2011-12	794,758	504,500	33,000	1,332,258
2012-13	792,433	799,875	33,000	1,625,308
2013-14	794,365	796,433	33,000	1,623,798
2012-2028	11,114,874	14,297,270	2,233,000	27,645,144
	\$14,292,770	\$16,902,578	\$2,365,000	\$33,560,348