

Urban Renewal Agency

Agenda Packets

1989

## OREGON CITY URBAN RENEWAL AGENCY

There will be a meeting of the Oregon City Urban Renewal Agency on Wednesday, November 29, 1989 at approximately 9:00 p.m. in the Commission Chambers, City Hall, 320 Warner-Milne Road, Oregon City, Oregon. The meeting follows a City Commission information meeting on a proposed tree cutting ordinance and design review standards.

### A G E N D A

1. Approval of October 12, 1989 minutes.

### PUBLIC HEARING

2. Urban Renewal Agency Budget Adoption.

Recommendation from Budget Committee.

### REPORTS

3. Water Fund Transfer Resolution.
4. Executive Director Salary.
5. Discussion of Urban Renewal Planning Issues.

Report from Charles Kupper

6. Executive Session

Negotiations on two development proposals.

Information Handout: Development Potential of Red Soils Property.

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## OREGON CITY URBAN RENEWAL AGENCY

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## OREGON CITY URBAN RENEWAL AGENCY

A meeting of the Oregon City Urban Renewal Agency was held on October 12, 1989 in the City Commission Chambers at 6:30 p.m.

Those present: Mayor David Spear  
Commissioner Carol Powell  
Commissioner Dan Fowler  
Commissioner Suzanne VanOrman  
Commission Bob Smith  
Thomas Fender III, City Manager  
John Block, Development Services Director  
Irmgard Marggi, Secretary

There were approximately 7 interested citizens present, several Department Directors and one member of the press.

The meeting was called to order at 5:35 p.m. Commissioner Smith stated he has questions to ask of the City Manager and John Block on financing done during the past three months which he learns of by reading the newspaper.

Concern 1 - Purchase of a piece of ground belonging to Clairmont Club. Smith requests an explanation of how it was purchased; approximate price, and why no Commission action on buying the property. Smith was aware of Urban Renewal Agency action, but not of City Commission action. Minutes of the April 28, 1989 Urban Renewal Agency were presented by John Block.

Commissioner Smith suggested the need for Block to obtain an appraisal, then ask for City Commission approval. Block noted standard acquisition process was followed. Urban Renewal Agency purchased the property at the appraised price of \$285,000. Commissioners Smith and VanOrman claimed they have never received minutes of the April meeting.

Concern 2 - Does the Urban Renewal Agency have an established budget? The Finance Director stated currently the Agency does not have a budget; a supplemental budget will be established shortly, however, will not include sufficient funding to purchase the Clairmont property outright. It was questioned whether money can be spent if there is no budget. Harper stated the Water Fund purchased this property and will re-sell to the Urban Renewal Agency for a 10% return; however, this will not occur for another 3 years or so. It is a future obligation of the Urban Renewal Agency.

Concern 3 - Transfer of money from one account to another, is this not a City Commission action? Response was this is just an investment similar to placing money in a certificate of deposit. Concern was expressed as to who is responsible for what is done with the money should there be a failure; noting the Commissioners and City Officials would not like being liable for such debts that have been incurred. Harper did not feel there is that much risk; besides there was a limited time to finalize the transaction. It was also questioned as to when the Commission becomes cognizant as the decision-making body; that no one was authorized to make the purchase. Block stated this was done through a memo in May. Confusion may have been created through the various "hats" worn by the City Commission. Urban Renewal Agency authorized purchase of the property; discussion taking place in an executive session. Block understood the purchase was to be financed through a bank or by borrowing from the Water Fund. Harper noted a budget was to be adopted after July and not it May; therefore, the Water Fund provided the funds for the property purchase.

Is the Water Fund is adequately secured? Block believes so. If the property needs to be disposed of no money will be lost. Smith understands the Urban Renewal Agency is only a planning committee, and decisions of that committee should be brought to the City Commission for action. Last year the City adopted an ordinance establishing powers of the Urban Renewal Agency. Decisions should be made by the Urban Renewal Agency and be on record that purchase is to be made and from what money; realizing approval by the City Commission is needed before following through on any purchase. Smith further wished to know if there is a spending limit. Block noted the Agency has authority to borrow monies on projected revenues amounting to approximately \$4 million, and that the Plan Amendment is to overcome stagnation in the District.

Commissioner Fowler stated he was under the assumption that the property was going to be purchased. (Smith stated it "stinks"). Commissioner Powell remembers the discussion and felt all members thoroughly understood what was being voted on. Commissioner VanOrman requested an exact amount on what is to be spent and Smith wants appraisal figures and report. Smith feels this was not done according to Commission action; however, he does not want to stop projects neither does he want to pay off any debts. Request was made that the City Manager be sure there is a definite procedure so there is no future confusion on such matters. Fender will check with the City Attorney.

Block presented Urban Renewal Agency Report No. 89-1 regarding a resolution forwarding the Urban Renewal District Plan Amendment to the City Commission for adoption. Block noted the Plan Amendment has been presented to the Oregon City School Board and the O.C. 2000 group. A copy of the School Board resolution was given to members of the Urban Renewal Board. It was further noted

that the Planning Commission had held a hearing and recommended approval of the Plan Amendment. The Agency need only to accept the Amendment and adopt Resolution No. 89-1 for City Commission approval.

On discussion, Smith noted the Planning Commission seemed to feel additional time was necessary for review. Fowler expressed concern about tax lot 293 (Danielson's), and questioned Carol Suzuki on the status. Block stated the Amendment boundary does not include the particular tax lot mentioned; not any of the Danielson property. It is not in the District, but may be necessary for construction of the project. Suzuki stated it is "scary" for them since there is no plan; they need all the property they have, and are very concerned. Danielson's definitely want tax lot 293 stricken from the records. Block notes a dilemma; tax lots are not cut and that is why this property was not included. It is the southeast entrance to the Hilltop Mall and would be eliminated with the proposed Red Soils access project. Two tax lots were created in 1983 by error on the County level with no knowledge by the property owner. It was questioned if this Agency could go on record that these tax lots be excluded from the District? Block replied yes, the Amendment boundary is nowhere near the Mall. Suzuki requests that no Danielson property be taken.

It was moved by Smith, seconded by Fowler, to delete tax lot 293 from the Urban Renewal District.

Roll Call: Powell, Aye; Fowler, Aye; Smith, Aye; VanOrman, Aye; Spear, Aye.

Clarification was made that this lot is not in the District boundary, but is in the proposed plan as a possible acquisition. Suzuki questioned, if this lot is included can the Urban Renewal Agency take action; if out, then the City Commission will take action? Smith volunteered to withdraw the motion. VanOrman noted if it is omitted now, then Urban Renewal Agency can not buy the property and will need to go through the City Commission; if it is not included in the Plan, then Urban Renewal monies are not available for purchase.

It was moved by Powell, seconded by VanOrman, to approve Resolution No 89-1 as submitted with the understanding that tax lot 293 will not be in the District boundary, but would remain in the plan as needed for possible acquisition, and forward to the City Commission.

Roll Call: VanOrman, Aye; Smith, Nay; Fowler, Aye; Powell, Aye; Spear, Aye.

Smith commented he desires to see private enterprise develop the land, rather than the City.

Agenda item No. 2 - Supplemental Budget. There is a need for a Budget Committee and recommendation was made that the Oregon City Budget Committee function in this capacity.

It was moved by VanOrman, seconded by Powell, that the Oregon City Budget Committee be empowered by the Urban Renewal Agency to be the Budget Committee for this body.

Roll Call: Powell, Aye; Fowler, Aye; Smith, Aye; VanOrman, Aye; Spear, Aye.

On discussion, Fender stated appointment of the Budget Committee to also be the Agency's Budget Committee would be included in the first Budget Committee meeting scheduled for early November.

Agenda Item No. 3 - Executive Director's Salary. Background information, in June the City Commission appointed John Block as Executive Director of the Urban Renewal Agency using existing City staff positions to coordinate the service. Three options were presented to the Agency:

1. A contract position.
2. A part-time and eventual full-time position.
3. Shared responsibilities with an existing City staff position.

VanOrman stated this is not the time to discuss this issue. There is no income nor budget. A budget needs to be presented to the Budget Committee to make decision as to what is in order, the this matter can be presented to the City Commission. Smith appeared to be in favor of option No. 3; however, wants to know what amount of time is spent outside City hours or after working hours.

Report was made that there is a beginning balance of \$27,500 and \$15,000 in tax receipts which equals \$42,500. Information will be sought as to what projects are to be looked. Urban Renewal Agency business is a lot of extra work. Harper noted the salary would be commensurate with the budget. The Urban Renewal Agency should pay back all expenses the City has had over the past five years. The expected revenue this year is about \$30,000. It was questioned as to what options are available; this is not enough material. Facts and more information are needed which in turn needs to be presented to the Budget Committee. Block will do it for this year and will wait for the Budget Committee process to determine the salary. It was moved by VanOrman, seconded by Smith, to refer this matter to the Budget Committee.

Roll Call: Powell, Aye; Fowler, Aye; Smith, Aye; VanOrman, Aye; Spear, Aye.



Report No. 89-4 was presented to the Agency - Mr. Block noted several items contained therein were to be discussed in Executive Session. The meeting was adjourned to Executive session at 7:40 p.m.

# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated

November 29, 1989

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Subject: Urban Renewal Agency Budget  
Public Hearing

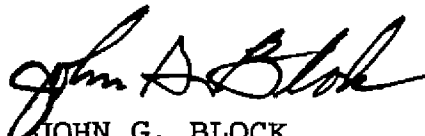
Report No. 89-5

On the November 29, 1989 Urban Renewal Agency agenda is a public hearing to consider adoption of the Fiscal Year 89-90 budget for the Agency. As previously discussed, this is the first budget in the Agency's 6-year history and represents a milestone in moving the Urban Renewal effort forward.

The Agency's Budget Committee met November 13 and adopted a motion forwarding a budget to the Agency for consideration. A copy of the recommended budget is attached for Agency review.

The budget includes a beginning cash balance and projected revenue totalling \$59,770, and expenditures in personal services, materials and services, capital outlay and debt service of \$59,770. The budget is a balanced budget.

The debt service expenditure item is planned to pay the first year's interest on the transferred Water Funds from the Clairmont Club acquisition. It is recommended the Agency adopt the budget as recommended by the Budget Committee.



JOHN G. BLOCK  
Executive Director

JGB:im

attach.

cc: Thomas Fender III, City Manager  
Scott Harper, Finance Officer

URBAN RENEWAL AGENCY

OREGON CITY URBAN RENEWAL AGENCY  
SUPPLEMENTAL BUDGET FOR FISCAL YEAR 1989-90

BUDGET COMMITTEE  
November 29, 1989

Establishing the Oregon City Urban Renewal Agency Budget  
This budget will initiate the ability of the Oregon City Urban  
Renewal Agency to make expenditures. Revenues have accrued  
in the last two years from tax increment financing and the  
value of the district indicates revenues will continue.

REVENUES:

Current tax increment collection	\$30,000	
Prior tax increment collection		
Miscellaneous		
Interest revenue	2,000	
Beginning cash balance	27,770	
	-----	
		\$59,770
		=====

EXPENDITURES: Materials and Services

Personal Services	\$7,620	
Materials & Services	10,000	
Materials & Services (Administrative charges)	6,490	
Capital Outlay	13,000	
Debt Service	22,180	
Other	380	
Transfers	100	
	-----	
		\$59,770
		=====

The Urban Renewal Agency functions separately from other City of Oregon City funds. The Agency's board is comprised of the same membership as the Oregon City Commission and therefore the responsibility for reporting falls on the City. The budget document for the Agency will have a summary of the impact on each taxing district effected by the apportionment of taxes to the Agency.

Personal Services are salary and related costs for the Agency director. Administrative Services are to the General and Development Services funds of the City for work on behalf of the Agency. The debt service will make payments on principal and interest for the Water Fund loan on the purchase of the Clairmont Property.

# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated  
November 29, 1989

1 1  
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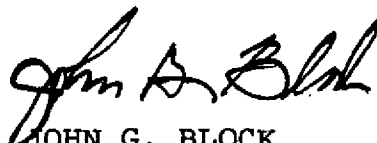
Subject: Discussion of Water Fund Transfer  
Resolution

Report No. 89-6

On the November 29, 1989 Urban Renewal Agency agenda is a continuing discussion on finalizing the use of water funds for the purchase of the former Clairmont Club property. This matter was discussed at the October 12 Urban Renewal Agency meeting, and at the November 1 City Commission meeting.

At issue had been if use of water funds were formally authorized by the City Commission. Staff advised the Commission of the use of water funds in a memorandum dated May 30, 1989, but City Attorney opinion indicates that a resolution authorizing the transfer needs to be adopted. Attached is a copy of the legal opinion and resolution for Commission review.

The resolution will be brought back to the City Commission for consideration at the December 6 meeting, but because of Urban Renewal Agency budget consideration this item is presented here for discussion.

  
JOHN G. BLOCK  
Executive Director

JGB:im

attach.

cc: Thomas Fender III, City Manager  
Scott Harper, Finance Officer

URBAN RENEWAL AGENCY

To: Ed Sullivan  
From: Peggy Hennessy  
Date: November 1, 1989  
Re: Acquisition of Clairmont Club Property

Even if the Commission formally authorized the use of water fund money for the purchase of the Clairmont Club property, a resolution or ordinance would have been required before the loan was made.

ORS 294.450 (4) prohibits the outright transfer of funds from one fund to another:

It shall be unlawful to transfer appropriations from any special revenue fund to the general fund or any other special revenue fund.

However, ORS 294.460 (1) provides for loans between funds:

It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body, except loans shall not be made from funds created for the purpose of retiring indebtedness unless otherwise provided by the charter of any city or county or in any statute relating to municipal corporations. The resolution or ordinance shall state the need for the loan and provide that the money so loaned shall be returned to the fund from which it was borrowed by the end of the ensuing year. The payment of any loans not repaid in the year in which the loan is made shall be budgeted as a requirement in the ensuing year.

The loan cannot be made unless authorized by official resolution or ordinance. Oregon City's charter provides that ordinances shall be effective 30 days after approval, unless there is an emergency clause making them effective immediately.

There is no resolution or ordinance authorizing a loan from the water fund to the urban renewal fund.

The May 30, 1989, Report No. 89-14 from J. Scott Harper views the matter as an investment of water fund money, in which case ORS 294.035 applies. ORS 294.035 provides:

Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may, after having obtained a written order from the governing body of the county, municipality, political subdivision or school district, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus of funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in subsections (1) to (13) of this section. \* \* \*

- (1) Bonds for which sinking fund was created
- (2) Legally issued general obligations of U.S. and western states
- (3) Interest bearing bonds of county, school, port, etc.
- (4) & (5) Interest bearing bonds of city
- (6) Bonds issued by party to ORS 451.140 agreement
- (7) Time deposit, certificate of deposit, savings accounts
- (8) Share account or credit union account
- (9) Insurance or annuity contracts
- (10) Trusts
- (11) Bankers' acceptance guaranteed by qualified financial institution
- (12) & (13) Commercial paper

None of the above include investment in real property as an approved investment.

Bob Frey at the Department of Revenue (371-2244) said that he believed the City's authority is limited to this list. He recommended that we speak to the League.

I also spoke with Sandra Arp at the League (800) 452-0338 who recommended that we speak with the finance people for Eugene and Medford. Warren Wong (Eugene) 687-5046; John Jalali (Medford) 770-4487. Neither Mr. Wong nor Mr. Jalali were available.

RESOLUTION NO. 89-

A RESOLUTION AUTHORIZING TRANSFER OF FUNDS TO THE URBAN RENEWAL AGENCY FUND FROM THE WATER FUND FOR THE ACQUISITION OF CLAIRMONT CLUB PROPERTY.

WHEREAS, the Commission has authorized the acquisition of the Clairmont Club property for urban renewal purposes; and

WHEREAS, there are insufficient funds in the urban renewal agency fund to cover the cost of acquisition; and

WHEREAS, there are surplus funds in the water fund; and

WHEREAS, ORS 294.060 (i) authorizes loans from one fund to another.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF OREGON CITY, that \$285,456.32 shall be transferred from the Water Fund to the Urban Renewal Fund in the form of a loan for the acquisition of the Clairmont Club property; and

BE IT FURTHER RESOLVED that the money so loaned shall be returned to the Water Fund by the end of the ensuing year; and

BE IT FURTHER RESOLVED such loan shall be at 10% compounded monthly interest; and

BE IT FURTHER RESOLVED that nay part of the loan which is outstanding at the end of this year shall be budgeted as a requirement in the ensuing year.

Adopted, signed, and approved this 15th day of November, 1989.

\_\_\_\_\_  
Mayor-Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Comprising the City Commission  
of Oregon City, Oregon

RESOLUTION NO. 89-XI

# CITY OF OREGON CITY

Incorporated 1844

Dated

November 29, 1989

## REPORT

Page 1 of 1

Subject: Discussion of Executive Director Salary Report No. 89-7

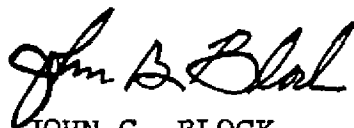
On the November 29, 1989 Urban Renewal Agency agenda is a continuing discussion on a salary for the Executive Director. This matter was discussed at the October 12 Urban Renewal Agency meeting, and at the November 13 Budget Committee meeting. At the October 12 meeting the Commission deferred any action because there was no budget as yet for the Agency. At the November 13 meeting, the Budget Committee did not want to get involved in any policy decision about a particular position, but did recommend an amount of personal services in the proposed budget to cover the salary request.

To simplify this issue, the Agency needs to first decide if they want an Executive Director or not. If they do then by what method should a Director be hired and at what salary. The Commission, in May, appointed me to serve as Executive Director; however, the Commission took that action without knowledge of cost implications. Since the duties of the Executive Director are not in the Development Service Director position the options remain to either:

1. Hire a part-time position.
2. Hire a consulting firm to provide services.
3. Assign duties to existing staff position with pay differential.

As previously discussed there has been a pay differential precedent in the South Fork Manager position. I have indicated my willingness to serve in the Executive Director position for as long as the Agency would want me involved; however, I would want a pay differential of \$500 per month, retroactive to July 1, for the extra duties.

If the Agency is unwilling to compensate for the extra duties then I desire to withdraw from the Executive Director position.



JOHN G. BLOCK  
Executive Director

JGB/im

cc - Thomas Fender III, City Manager  
- Scott Harper, Finance Officer

URBAN RENEWAL AGENCY



# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated

November 29, 1989

Page 1 of 1

Subject: Report on Planning Issues

Report No. 89-8

On the October 29, 1989 Urban Renewal Agency agenda is a report from Charles Kupper on planning issues surrounding the legal opinion that tax increment from the hilltop (Red Soils) portion of the District cannot be used downtown. Attached is the Kupper report for Agency review.

There are several legal and policy issues involved, but the basic approach is that since the downtown portion of the District has a negative tax increment and little opportunity for added value; the downtown portion could be removed from the existing District and consolidated into a new District in the North End area.

This could tie into the North End Renewal District Feasibility Study currently underway. If the Agency supports this action there are two significant actions required. The first is to do a major amendment to the existing District to remove the downtown area, and the second is to create the new District to include the downtown area and North End area.

As presented in the report, this recommendation would create several opportunities in the existing and new District. There are political ramifications with any Renewal District activity, but the consultants believe it is possible.



JOHN G. BLOCK  
Executive Director

JGB/im

attach.

cc - Thomas Fender III, City Manager  
- Scott Harper, Finance Officer

URBAN RENEWAL AGENCY

November 1, 1989

To: John Block

From: Charles Kupper

Re: Urban Renewal Planning Issues

This will confirm our conversation last week. Our discussion involved a twofold approach to further urban renewal actions in Oregon City:

1. Amendment of the present Oregon City renewal plan to remove the downtown core area and project activities from the plan.
2. Creation of a new renewal district which would include the downtown core area, along with the area proposed for the End of the Oregon Trail Interpretive Center. The HOPP residential area would be excluded from this boundary.

The following material covers some issues and suggestions relating to our next steps in implementing that twofold approach:

#### **I. PLAN AMENDMENT - Legal Issues**

I asked Richard Forester to provide advice on any issues he might see arising from an amendment of the current plan. He noted he recently had done an plan amendment in Newport, Oregon, which deleted land from an renewal area, and felt that the same issues and procedure would apply here. Specifically, he noted:

- Since Oregon City has incurred no bonded indebtedness, there should be no major problem in removing land (and potential value additions) from the project area.
- The purposes of the amendment are sound - (a) to expend revenues produced in the Red Soils area for the benefit of that area (rather than the downtown), and (b) to reflect the fact that experience has shown that downtown is not likely to produce the revenues projected in the initial plan. That suggests that the current plan activities and timetable will not be met, and it is therefore advisable to amend the

CHARLES KUPPER

plan to eliminate the downtown, and those activities. *Note: This rationale must be carefully written, for we are proposing to re-incorporate the downtown, and some of the old activities, into a new plan.*

- Removing the downtown core from the plan will constitute a major amendment, with the same requirements as the recently completed first amendment.
- Mr. Forester advises that clarity should be of paramount concern in this amendment. We should take the opportunity to make certain it reads as, and is understood as, a plan which now applies to **the Red Soils Area only**. The plan should be thoroughly reviewed to remove all references, activities, impacts, and findings relating to the downtown core area. Project expenditures, timing of expenditures, and tax impacts all should be revised to reflect only the results of Red Soils area actions. It is especially important to re-work the financial assumptions, for it is possible that removing the downtown core will produce lesser tax impacts than originally projected.
- There is no legal impediment to removing the downtown core from the current plan, and then including it in a new plan. New findings of blighting conditions must be made, but that should pose no problem.
- Mr. Forester noted that the boundary expansion undertaken in the first amendment effectively "used up" this plan's capacity for expansion under the 20% restriction on acreage amendments. Thus, you will not be able to expand the Red Soils area boundary by 20%, even after removing the downtown core area acreage.
- If the downtown core acreage is removed, Oregon City still may have up to 25% of its total acreage in renewal areas. Thus, a new district and the Red Soils plan area can total about 800 acres between them.
- Regarding timing of proceeding with a new amendment, ORS 457.135 states that a plan is presumed free from legal attack 90 days after its adoption. The first amendment thus would be conclusively valid in January, 1990. We could work on a second amendment during the interim, but it seem wise to wait until the date for legal challenge has passed before formally introducing a second amendment.

## II. PLAN AMENDMENT - Policy Issues

The second amendment and new renewal plan do become inter-related. There should be no problem in constructing a sound rationale for deleting the core area from the existing plan. Still, there were political and policy objectives behind including the downtown core in the renewal plan, and if those objectives still have a base of support, they must

be addressed as part of the amendment strategy. I'd suggest the strategy proceed along two avenues:

1. Emphasize the legal and financial complications of continuing to have a divided project boundary. Among them are potential difficulties in selling bonds for project activities, possible legal challenge if revenues from the Red Soils area are expended in the downtown area, a downtown activities list that may no longer be valid, and the near impossibility of completing all proposed downtown activities within the life of the current plan. Emphasize that the Red Soils part of the plan seems financially sound, and well able to stand on its own as a good renewal project. Continuing the current split boundary can only jeopardize the most feasible part of the current plan.
2. Address concerns that deleting the core area from the boundary means abandoning the City's commitment to the downtown. Build the case for re-examining the downtown core as part of a new renewal plan. Since the plan's adoption in 1983, a number of assumptions and circumstances regarding the downtown have changed considerably. Those changes indicate it may not be possible to carry out the current list of downtown activities, or carry them out within the life of the current plan. That fact alone seems to require re-thinking the downtown component of the plan. Emphasize that what you are trying to do is to detach downtown issues from the existing plan, and create a new plan with a revised downtown strategy.

It is appropriate to re-visit the downtown strategy and list of project activities in light of changing economic conditions, changing County facility plans, and the progress on End of the Oregon Trail planning. The potential of the End of the Trail project can not be ignored. It could become the anchor attraction around which downtown revitalization could center. Oregon City should make every effort to help the project along. A revised downtown strategy, and list of activities should be linked to the End of the Oregon Trail plan. A new renewal area with re-defined objectives, activities, and logical boundaries makes sense as a way to carry out the revised strategy.

### **III. - NEW RENEWAL PLAN - Policy Issues**

It seems unwise to spend much time on details of the new renewal plan until we feel sure that there is support for the amendment we are proposing. I would suggest that our initial efforts be directed toward building support for the amendment. However, the Enhancement Committee probably needs at least a conceptual feel for the change in direction the new plan may take. The most important change is the likely exclusion of the HOPP area, and the need to find other funds to carry out HOPP area activities. You have stated you could provide the Committee with information on alternative sources of funding for their activities.

The HOPP area members of the Enhancement Committee should be clear that new development in the HOPP area itself provided most of the financing potential in the plan we were discussing a few months ago. Development in the commercial areas was considered too speculative, and too long-term in nature to be of any real help in carrying out HOPP area activities. That explanation may help alleviate feelings that a plan which excludes HOPP will "take funds away" from HOPP activities.

I would suggest we first play off the amendment ideas against whoever you consider to be key players in supporting or opposing the amendment. If that initial discussion seems favorable to the amendment concept, then we should meet with the Enhancement Committee as soon as possible to let them know the direction we would like to take, and its implications.

I will call or meet with you to discuss the ideas outlined here, and if you agree with the strategy, we will start pulling together information to support the amendment concept.

# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated

November 29, 1989

Page 1 of 1

Subject: Executive Session - Negotiations

Report No. 89-9

### CONFIDENTIAL U.R.A. REPORT

On the November 29, 1989 Urban Renewal Agency agenda is correspondence on two development proposals for Agency review. Both proposals depend on the Red Soils access being constructed and have implications on land acquisition at Red Soils and construction financing of the Beaver Creek/Molalla intersection project.

A recommendation on the Urban Renewal Agency's acquisition of Red Soils and on financing the Beaver Creek/Molalla intersection project needs to be discussed.



JOHN G. BLOCK  
Executive Director

JGB/im

attach.

cc - Thomas Fender III, City Manager  
- Scott Harper, Finance Director

URBAN RENEWAL AGENCY

# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated

November 29, 1989

Page 1 of 1

Subject: Executive Session - Negotiations

Report No. 89-9

### CONFIDENTIAL U.R.A. REPORT

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A recommendation on the Urban Renewal Agency's acquisition of Red Soils and on financing the Beaver Creek/Molalla intersection project needs to be discussed.



JOHN G. BLOCK  
Executive Director

JGB/im

attach.

cc - Thomas Fender III, City Manager  
- Scott Harper, Finance Director

URBAN RENEWAL AGENCY



# GRAPHIC TOOLING & SYSTEMS, INC.

21203 S. MOLALLA AVE • OREGON CITY, OR 97045  
(503) 656-7471

November 8, 1989

Mr. John G. Block  
Development Services Director  
City of Oregon City  
320 Warner Milne Road  
Oregon City, Oregon 97045

Re: Red Soils Property

Dear Mr. Block:

This letter is to advise you of the intent of Graphic Tooling & Systems, Inc. and Richard J. Stevens to acquire property in the area commonly known as the Red Soils property in Oregon City. It is our intent to purchase four acres of property immediately and to obtain an option for the purchase of another four acres within three years. The property will be purchased in the name of Richard J. Stevens and leased to Graphic.

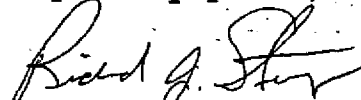
We intend to construct a 30,000 square foot manufacturing facility with office space. The preliminary estimated cost of the facility is about \$1,300,000. The second phase would involve about 70,000 additional square feet for manufacturing and warehouse.

I anticipate that the present employment of about 25 people by Graphic will double within a year after occupancy. About 150 employees will be expected when the second phase is completed.

This letter is not an offer to purchase, although I expect the transaction to be completed. It is subject to a satisfactory price for the property being negotiated, satisfactory financing and adequate infrastructure being installed.

We request the assistance of the Oregon City Urban Renewal Agency in arranging for infrastructure, dealing with Clackamas County and helping in any other way that appears reasonable. Please advise as soon as possible if this proposal is workable so we can proceed promptly. Graphic needs new quarters very soon.

Very truly yours,

  
Richard J. Stevens  
President



# CITY OF OREGON CITY

Incorporated 1844

August 15, 1989

Wilson Choy, Project Development Manager  
Robert Randall Corporation  
9500 S. W. Barbur Blvd, Suite 300  
Portland, Oregon 97219

Subject: Red Soils Property

Dear Wilson:

This letter confirms our telephone conversation of last week on the extension of the Red Soils access road across the North side of the Randall Property and the benefits that will be derived from the Randall property.


Attached are copies of the Plan and Zone Change conditions on the Randall property, diagrams of the proposed Red Soils access road, and projected traffic volumes on the road, for your information.

The Plan and Zone Change conditions included a requirement that right-of-way for the proposed road be dedicated and that utilities, drainage, streets, sidewalks, lighting and traffic signalization be provided within and adjacent to the property.

In order to facilitate the development of the property, the City's Urban Renewal Agency would be willing to construct the utility, street, drainage, sidewalk and lighting improvements on the North side of the Randall property. These improvements will cost approximately \$560,000 and will directly benefit the Randall property.

In order for the Urban Renewal Agency to proceed with the project, the Robert Randall Corporation will need to dedicate the required right-of-way. If you want to pursue the project, please so advise.

Sincerely,



JOHN G. BLOCK  
Executive Officer

JGB/im

Attachments  
cc - Urban Renewal Agency

**URBAN RENEWAL AGENCY**

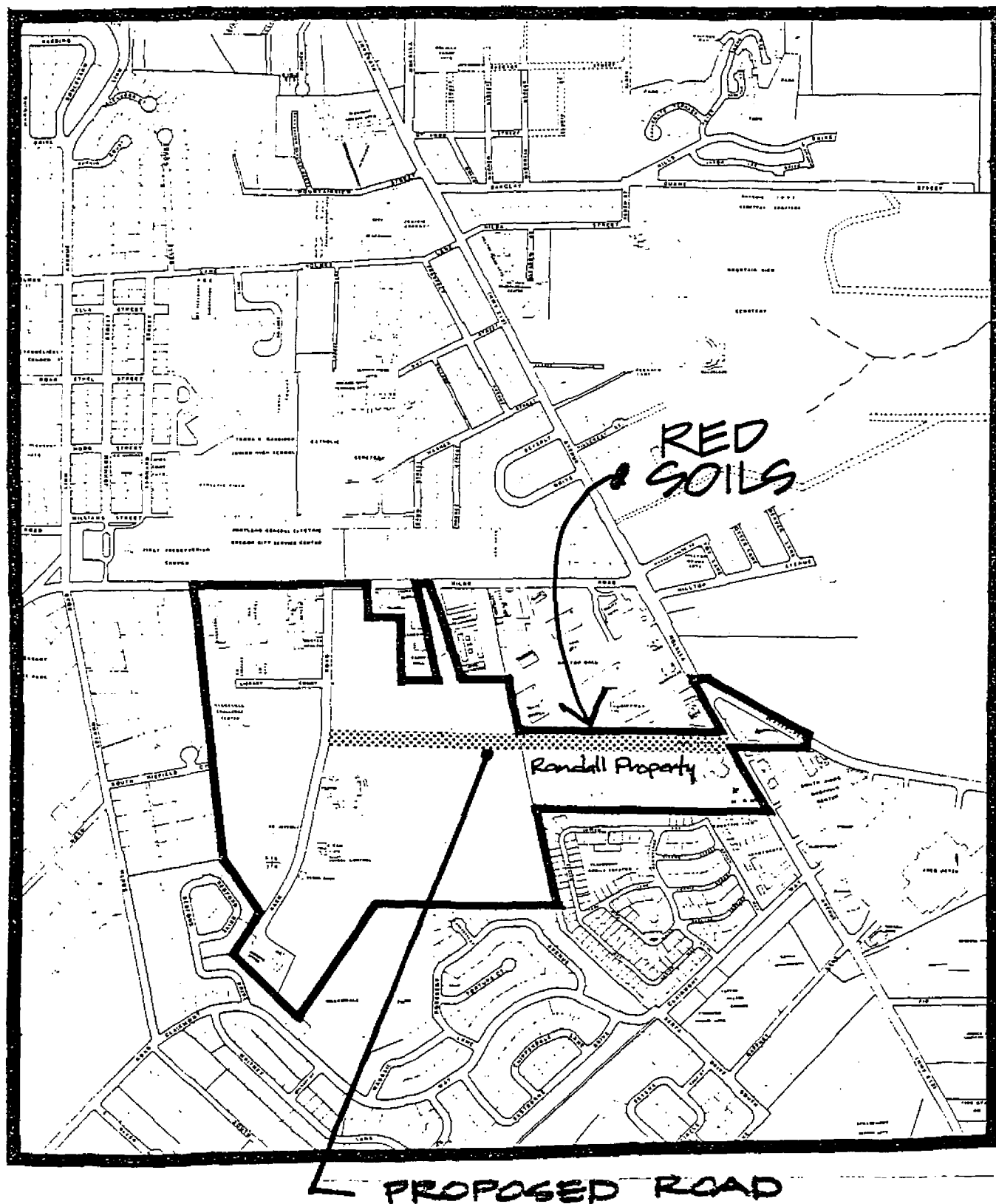
320 Warner Milne Rd. • Oregon City, OR 97045 • (503) 657-0891

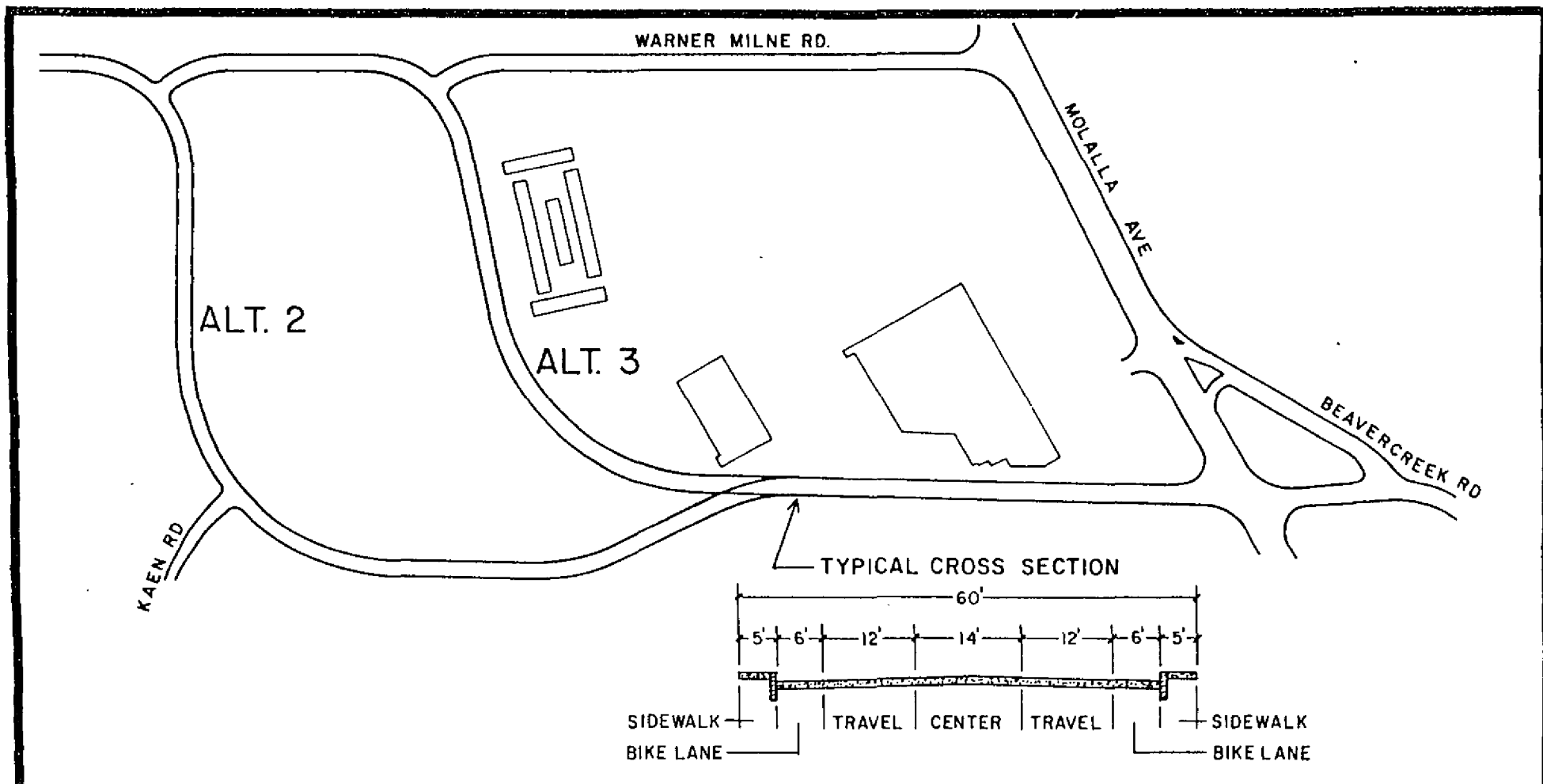
CONDITIONS OF APPROVAL  
ZONE/PLAN CHANGE  
CLACKAMAS COUNTY/ROBERT RANDALL CORP.

1. Allowable uses should be restricted to those in Section 11-3-15 (A,3) and to office uses allowed in the "LO" zone (Section 11-3-9). Land intensive (i.e. not employee intensive) or other incompatible industrial uses are specifically prohibited. Commercial uses are allowed only as a small, integrated portion of an office or industrial development, essentially serving the needs of that development only.
2. A substantial buffer between industrial and residential uses will be required, as well as screening through the use of landscape materials where appropriate.
3. A site and phased development plan for all parcels as a unit will be required. Development shall be coordinated in phases and a compatible landscape and design theme will be required. The comprehensive plan and zoning designation of industrial is contingent upon approval of a site and phased development plan by the Planning Commission.
- ④. Utilities, drainage, streets, sidewalks, lighting and traffic signalization shall be provided within and adjacent to the properties to specifications of the City Engineer and the State Highway Department.
- ⑤. Land for public streets shall be dedicated from Molalla Avenue, to the specifications of the City Engineer.
6. All site plan review is to be done by the Planning Commission, including review of the phased development plan. The Planning Commission may attach additional conditions of approval as necessary.
7. In the case of a new access road to Molalla Avenue, Robert Randall Co. and Clackamas County will be required to dedicate land for public road purposes, to the satisfaction of the City Engineer.
8. In the event of non-development within a three-year period (from the date of approval of the plan and zone change by the City Commission), the plan and zoning designation of Industrial are subject to review and revocation by the Planning Commission.
9. The 1.5 acre parcel abutting Molalla Avenue is more suitable for commercial development if new road access is provided to the rear 10.5 acres as part of an overall development scheme.

# MAP 1

## OREGON CITY DOWNTOWN RENEWAL DISTRICT SUB-AREAS.





## ALTERNATIVES 2 AND 3 BEAVERCREEK ROAD EXTENSION

NORTH  
NOT TO SCALE.



CLACKAMAS COUNTY  
DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT  
PLANNING AND ECONOMIC DEVELOPMENT DIVISION

FIGURE  
3



**MEMORANDUM**

**TO:** Mr. Ken Dauble  
Community Planning Manager  
Department of Planning & Economic Development  
**CLACKAMAS COUNTY**

**FROM:** Wallace M. Hobson, Principal  
**REAL ESTATE STRATEGIES**

**DATE:** June 16, 1989

**SUBJECT: DEVELOPMENT POTENTIAL OF RED SOILS PROPERTY**

Real Estate Strategies has been retained by Clackamas County to evaluate the development potential of the Red Soils Property. This memorandum report summarizes the results of our analysis and conclusions. The specific research objectives of our analysis are outlined as follows:

- 1) Determine the highest and best uses supportable by the site in the context of its locational and physical attributes, market feasibility, and potential revenue generated. Uses evaluated include office, retail, industrial, and multi-family residential.
- 2) Estimate the potential revenue generated from the most feasible land uses and the timeframe over which revenue would be derived.
- 3) Recommend guidelines for realizing the highest and best uses identified and achieving the best financial rate of return. These recommendations address sources of market support, marketing strategies, and site planning requirements.

**METHODOLOGY**

Sources of information for this analysis include:

- 1) Field work conducted by Real Estate Strategies including an on-site inspection of the subject property; and

- 2) Interviews with knowledgeable real estate professionals, including property managers, developers, commercial brokers, and public sector land use planners.

Supporting documentation on which the analysis and recommendations are based are shown in the exhibits included as an attachment to this report.

### **Critical Assumptions**

Throughout the analysis, the critical assumption is made that the siting of a 200-bed state intake facility in the southwest corner of the site will not appreciably impact private development of the portion of the property placed on the market. This assumption is based on the opinions of Bruce Lord of Lord & Associates who is completing a study of the impacts of a planned medium-security state intake facility on surrounding properties.

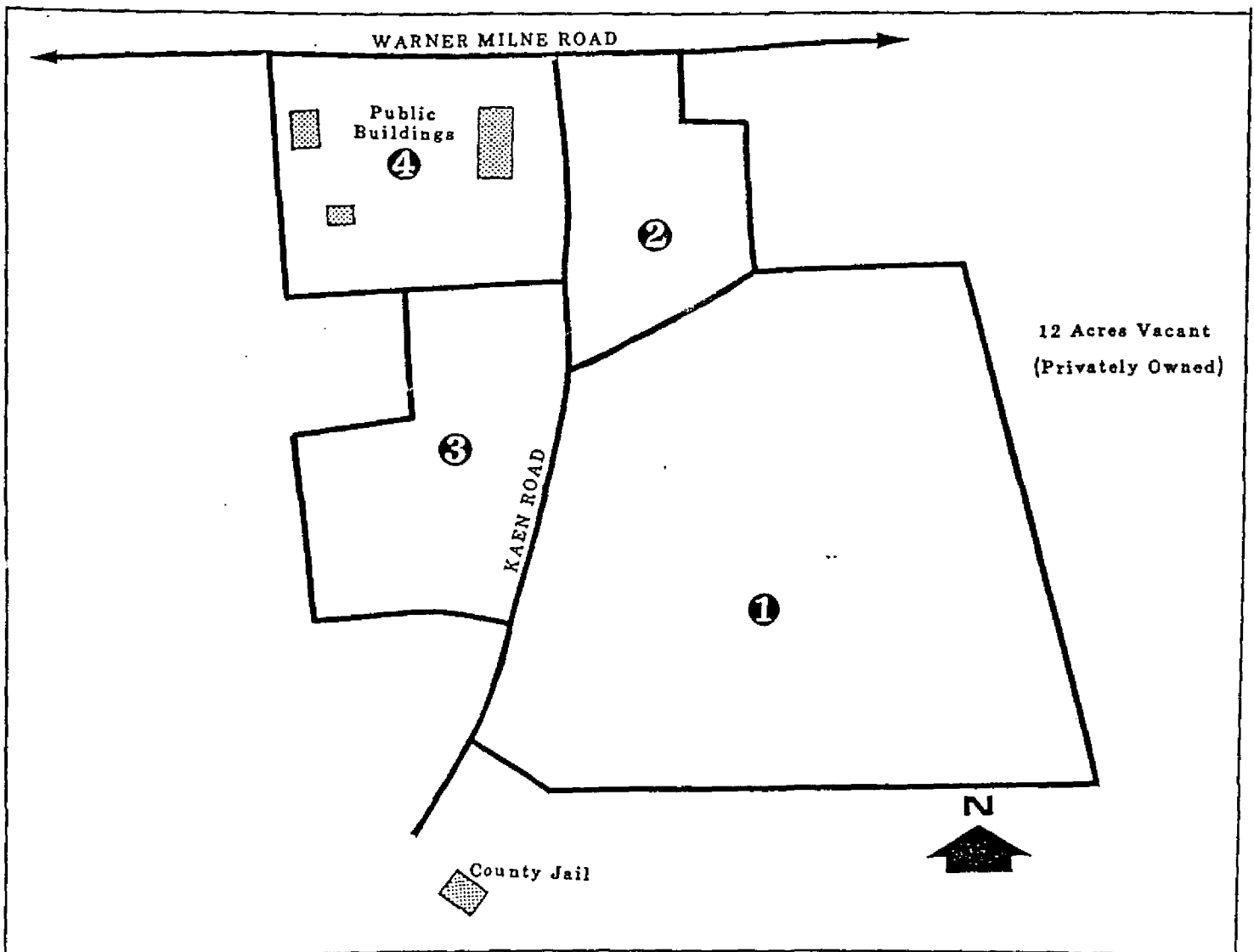
The evaluation of the potential for industrial uses is based on two key assumptions: 1) Direct access from the Red Soils property to Oregon City Bypass will be provided prior to use of the property by industrial firms; and 2) The financial burden of high property taxes in Oregon City, relative to other Oregon communities which would be incurred by a business sited at Red Soils can be mitigated. The high property taxes in Oregon City have been cited as major constraints to industrial development at Red Soils

### **SUMMARY FINDINGS AND RECOMMENDATIONS**

The highest and best uses for the Red Soils property are considered to be industrial, multi-family, and public interim uses as follows (see Figure 1):

Figure 1

## RECOMMENDED USES BY AREA



- 1 - Industrial, approximately 45 acres
- 2 - Multi-Family (or industrial) 7-8 acres
- 3 - Interim Public Uses, industrial over longer term, 12 acres
- 4 - Interim Public Offices, industrial or multi-family over longer term, 12 acres



<u>Map Code</u>	<u>Use</u>	<u>Site</u>	<u>Location</u>
1	Industrial	45 acres	East of Kaen Road
2	Multi-Family (or industrial)	7-8 acres	East of Kaen Road with frontage on Warner Milne Rd.
3	Public Interim Uses; industrial over longer-term	12 acres	West of Kaen Road, south of public offices
4	Industrial or Multi-family; public offices as interim use over short-term	12 acres	West of Kaen Road with frontage on Warner Milne Rd.

### Industrial

Industrial uses are best suited to the land area lying to the east of Kaen Road. Potential buyers will most likely be industrial firms rather than speculative developers. Approximately 45 acres of the property will be suitable for sale to an industrial end-user. The timing of sales of industrial property will depend on the asking price and sustained regional economic growth. Real Estate Strategies believes the 45-acre industrial portion of the site could be disposed in 12 months to 2 years at a price below \$1.00 per square foot. The estimated relationship between price level (in 1989 dollars) and achievable absorption rate is as follows:

<u>Price 1/</u>	<u>Sales Period</u>
\$0.70 to \$1.00/sq. ft.	Short term (1-2 years)
\$1.00 to \$1.50/sq. ft.	Medium term (3 to 6 years)
\$1.50 or more/sq. ft.	Long term (more than 6 years)

1/ Estimated raw land value of property with direct access to Oregon City Bypass and utilities to boundary of property, but no on-site improvements.

It will be critical to have direct access to Oregon City Bypass, have all urban services in place, and have mechanisms in place to mitigate the current high property tax rate in Oregon City, if necessary, prior to successful marketing to industrial end-users.

Upon completion of the necessary improvements, marketing efforts will be most successful by:

- 1) Listing the property with a national commercial brokerage firm with proven experience selling industrial parcels to end-users in the Portland metropolitan area.
- 2) Providing those involved in marketing the property with a professionally prepared brochure which highlights the merits of the site as an industrial location.
- 3) Working jointly with local and state economic development organizations to market Oregon City and the Red Soils site.

The remaining portions of the Red Soils property can also support industrial uses, but may take longer to sell because of existing public uses and less flexibility in offering a choice of sizes and configurations.

### **Multi-Family**

The vacant area of the Red Soils property lying east of Kaen Road with frontage along Warner Milne Road is considered to be a good site for the development of rental apartments. Current market conditions warrant the sale of approximately 8 acres of multi-family land for a 150-unit project. Based on recent sales prices of multi-family land in east Clackamas County, a price of \$2,000 to \$2,500 per unit at approximately 20 units per acre is realistically achievable. Real Estate Strategies believes the disposition of this portion of the Red Soils property can be achieved in a 12 to 24 month period.

Marketing of this portion of the property can commence immediately upon a proper zoning designation. The property should be listed with a major brokerage firm with a proven track record in the Portland region and east Clackamas County.

As noted above, this portion of the property is also suitable for industrial use. However, development of multi-family housing may provide an advantage over industrial development because multi-family development appears to offer the opportunity to achieve a shorter sales period. It is recommended that both the industrial and multi-family potential of this

area be considered to maximize flexibility in responding to the market for vacant property at Red Soils.

### **Interim Land Uses**

The 12-acre area currently occupied by public offices with frontage along Warner Milne Road could support industrial or multi-family development. However, the potential of redevelopment of this area should be reevaluated at a future date, based on the timing of and ability to relocate the existing public office activities. For the short term, this area is considered best suited for public offices as an interim use. If redevelopment for private use becomes a short-term option, multi-family development here in addition to the area west of Kaen Road, does not appear to be supportable by the market over the short term. Again, maintaining the flexibility to market this area for industrial or multi-family uses will maximize the potential to achieve the most expedient sale of this site.

The 12-acre area lying west of Kaen Road and south of the public offices is suitable for industrial uses. However, this area of Red Soils may take longer to develop as industrial space because it is smaller, less visible, and more isolated than the portion of the property lying to the east of Kaen Road. Care should be taken in site planning of the Red Soils property to ensure that these 12 acres also have direct access to Oregon City Bypass, if a single larger user locates on the property east of Kaen Road. Because this 12-acre portion of Red Soils may take longer to market, it is recommended that consideration be given to interim uses such as additional government or institutional facilities or public recreation space such as a soft ball diamond.

### **SUPPORTABLE LAND USES**

Urban land uses have key site and location requirements which must be met in order for successful development to occur. The locational and physical attributes of the Red Soils property as they pertain to the site requirements of the land uses evaluated are critical in assessing the highest and best use for development of the site. The key characteristics of the property are discussed below, followed by an evaluation

of the development potential for office, retail, industrial, and multi-family residential uses.

### **Site Characteristics**

The property consists of approximately 75 acres zoned for industrial use and is located in what is known as the Hilltop Area of Oregon City above the Willamette River escarpment. The site is situated in the southern portion of Oregon City near the Portland metropolitan Urban Growth Boundary (UGB). The property itself is generally flat with less than five percent slope; is regularly configured; and has significant views to the east of Mt. Hood and the Cascade Mountains from all areas within the site (Exhibit 1).

Red Soils is bounded to the north by Warner Milne Road, an east-west two-lane arterial connecting to Molalla Avenue (Highway 213). The site has approximately 1,450 feet of street frontage along this road. Molalla Avenue runs northwest into downtown Oregon City, and south to the Mulino Airport and the community of Molalla. The Mulino Airport is a publicly-owned reliever airport 11 miles from the site. Access to the site currently exists to and from Warner Milne Road on Kaen Road. Access to the Portland metropolitan regional transportation system is afforded by Beavercreek Road, which runs west from Molalla Avenue to Oregon City Bypass, a four-lane highway connecting to Interstate Highway 205 (I-205) lying approximately two miles to the north.

Surrounding land uses include residential housing to the north and south; a 12-acre vacant parcel directly east; and a small community shopping center to the northeast. Land uses further east include South Ridge Shopping Center and Fred Meyer. The sheriff's office, and County jail are located in the southwest corner of the total County property. Plans call for the County jail to be expanded to include a 200-bed State intake facility. This facility will serve to provide a medium-security transfer center for social offenders enroute to their permanent prison facility. Also, within the Red Soils property are County and public offices including a library and mental health center. These uses are housed in wood-frame, single-story buildings located on 14 acres lying within the northwest corner of the property.

## **Office and Retail Development Potential**

The key site requirements for speculative office and retail development include good visibility to drive-by traffic on a major arterial with high traffic counts, good egress and ingress to the site, proximity to supporting commercial uses, and ample parking opportunities.

### **Office**

The Red Soils property is not considered to offer a good development opportunity for speculative office space in the short to medium term (1 to 5 years). The office tenant typically requires a location easily seen, conveniently accessed by both his clients and employees, and proximate to other commercial activities including retail and service businesses. The subject site, while within easy distance of existing commercial uses, lacks frontage along a well-traveled arterial. Any interest in office development in the Hilltop Area is more likely to occur along Molalla Avenue where traffic counts are approximately twice as great as along Warner Milne Road.

### **Retail**

Successful retail development is even more dependent on good visibility and exposure to high traffic volume than office development. Developers of retail space typically seek sites located near a signalized intersection along arterials with a traffic volume averaging at least 20,000 vehicles per day or more.

As described above, road frontage of the Red Soils site is located along Warner Milne Road which receives only half the average daily traffic volume that Molalla Avenue carries. Because of the site's lack of frontage along Molalla Avenue, retail development on the site is unlikely to be adequately competitive with retail facilities along Molalla Avenue. While population growth will increase future traffic flows along Warner Milne Road, retail development is not considered to be a highest and best use of the subject property because lost opportunity costs are likely to be incurred by the property owner over the time required for adequate traffic volume past the site to occur.

## Potential for Industrial and Multi-family Residential

Of the land uses evaluated, industrial and multi-family development of the property is considered to be best suited to the site's physical and locational characteristics. Both of these land uses are much less dependent on the visibility and exposure to traffic which retail and office uses require. The Red Soils site has important competitive advantages which support industrial and multi-family development. The market potential of industrial and multi-family development of the site as it relates to the site's competitive advantages are discussed in detail below.

### MARKET FEASIBILITY

#### INDUSTRIAL

In its simplest form, the market for industrial land is generally segmented into two markets: Land purchased by an industrial firm on which to locate its operations and industrial land purchased by developers to build speculative facilities to be leased. Interviews with industrial land brokers and developers suggest the most probable market for the Red Soils property in the short to medium term will be end-users who purchase their own site, rather than development of speculative industrial space for lease.

#### Potential to Attract Industrial End-Users

The Red Soils site has an important competitive advantage in the industrial market in east Clackamas County by virtue of its size and proximity to affordable housing. Red Soils is one of only four sites in Clackamas County that are larger than 30 acres. The three other sites include:

- 1) 156 acres owned by Southern Pacific south of Highway 212. (This location is well suited for distribution and warehousing activities because of its proximity to I-205. Asking prices start at \$65,000 per acre, or \$1.50 per square foot);

- 2) 87 acres owned by Southern Pacific along Harmony Road. (Over half of this site lies within a floodplain which substantially decreases the effective buildable area of the site); and
- 3) 78 acres owned by Seventh-Day Adventists located in Gladstone along I-205. (This site offers attractive opportunities for higher priced commercial development, and is likely to be priced at rates above those acceptable to many industrial end-users.).

Relative to available large-acre industrial sites in east Clackamas County, Red Soils offers a good alternative for an industrial end-user if competitively priced.

The decision by industrial firms to purchase land in a particular location depends on several factors, which include but are not limited to land price, availability of affordable labor, strong regional economic climate, supportive business environment, and energy costs. Unfortunately, the relative importance of factors which enter into this decision making process vary among firms, and preclude unambiguous predictions of where and how much land new and expanding firms will purchase. However, some notable examples of land sales activity among new and expanding industrial firms in the Portland Metropolitan Area provide grounds for determining realistic sales opportunities for the Red Soils site. These examples are outlined below.

A.   Property:   Roseway Industrial Park  
      Location:   Tualatin Valley Highway at 234th Avenue,  
                  Hillsboro  
      Size:       86 acres  
      Year Available:   1986  
      Land Sold to Date:   39 Acres  
      Most Recent Sale:  
          Date:        3/3/89  
          Size:        18.6 Acres  
          Price:       \$1.72/Sq. Ft.  
          Buyer:       Strandberg

Roseway Industrial Park, developed by BenjFran Development Company, offers some similarities to Red Soils in terms of its distance from a major regional highway. Until a recent 19-acre sale, only 20 acres had absorbed over a three-year period.

B. Property: Rivergate Industrial District  
Owner: Port of Portland  
Recent Sales:

Date: 10/15/85  
Size: 3.6 Acres  
Price: \$1.32/Sq. Ft.  
Buyer: Tokyo Kasei

Date: 2/10/89  
Size: 10 Acres  
Price: \$1.55/Sq. Ft.  
Buyer: Sealy Mattress

The Rivergate Industrial District encompasses approximately 2,700 acres of industrial land. While Rivergate accommodates marine industrial uses, warehousing and manufacturing firms have also purchased sites. The industrial district is proximate to labor pools in St. Johns and North Portland; however, access from the district to the major regional highways is somewhat limited due to both distance and traffic congestion. Tokyo Kasei is a small Japanese biological research company, and Sealy Mattress is a manufacturer of bed mattresses.

C. Property: Banfield Corporate Park  
Location: 181st and I-84, Gresham  
Size: 110 acres  
Year Available: 1985  
Recent Sale:

Date: 6/23/87  
Size: 55 Acres  
Price: \$1.49/Sq. Ft.  
Buyer: Albertson's

The Banfield Corporate Park was developed by Upland Industries, a subsidiary of Union Pacific Railroad, in 1985. Albertson's was the first end-user to purchase a site in the industrial park and uses the site for its regional distribution center. While the site has immediate access to I-84, it is arguably less centrally located within the Portland region than the locations of major food distributors in Clackamas County, which include Fred Meyer, Safeway, Kienow's and United Grocers. More than two years passed before the initial 55 acres within the park were absorbed.



- D. Property: 229th and Cornelius Pass Road, Hillsboro  
Size: 86 acres  
Recent Sale:  
Date: 3/3/89  
Size: 19 Acres.  
Price: \$1.21/Sq. Ft.  
Buyer: Toshiba Ceramics

Kaiser Development recently sold this property to a Japanese manufacturer of specialized ceramic products for the high-tech industry. The major appeal of this location for a high-tech firm like Toshiba Ceramics is proximity to the other high-tech industries which are so prevalent in Washington County.

- E. Property: Bedford Properties  
Location: Shute Road and Evergreen, Hillsboro  
Size: 212 acres  
Year Available: 1986  
Land Sold to Date: 38.5 Acres  
Most Recent Sale:  
Date: 6/6/89  
Size: 38.5 Acres  
Price: \$1.19/Sq. Ft.  
Buyer: TOK International Incorporated

This Sunset Corridor site has been available for sale for three years. Just recently, the high-tech Japanese manufacturer of semiconductor materials (TOK International Incorporated) purchased 39 acres, the first parcel sold to date. The Sunset Corridor holds a strong attraction to new high-tech firms because of the agglomeration effect experienced in Washington County, whereby firms choose to locate in the area because of the presence of major established high-tech industries.

- F. Property: Fujitsu site, Stark Street, Gresham  
Sales Summary:  
Date: 12/84  
Size: 220 Acres  
Price: \$1.85/Sq. Ft.

Fujitsu's decision to locate at its present site in Gresham, is considered to be based on factors including a proven track record of Oregon perceived as an attractive business environment by Japanese firms; the availability of suitably-sized sites; and proximity to sources of labor. Fujitsu's site selection illustrates the fact that an industrial manufacturer can be targeted to locate on a site which does not have immediate access to the region's major highways. The entry of this company

also marks a break from the historical trend, whereby high-tech firms have been mostly attracted to Washington County, and to a lesser extent, Clark County, Washington.

- G.   Property: Tualatin Business Campus  
      Location: Tualatin Road near Pacific Hwy. 99, Tualatin  
      Size: 240 acres  
      Year Available: 1985  
      Land Sold to Date: 40 Acres  
      Most Recent Sale:  
          Date: 1/23/89  
          Size: 40 Acres  
          Price: \$1.03/Sq. Ft.  
          Buyer: JAE Oregon Incorporated

The Tualatin Business Campus is a large expanse of land in a rural setting which is part of an urban renewal zone. The Tualatin Development Commission recently sold the first parcel to a Japanese manufacturer of electrical connectors. The site has reasonable access to Highway 99, but access to the interstate freeway along Pacific Highway is hampered by traffic congestion. The property sold at a relatively low price and is less accessible to local sources of labor than the Red Soils property.

### Industrial Price and Absorption

The case studies outlined above serve to provide pricing parameters for disposition of the Red Soils site. The rate at which land is absorbed by the market will largely depend on price and the level of commitment to marketing the property for that use. Among the land sales evaluated above, industrial land prices range from a low of \$1.03 per square foot to a high of \$1.85 per square foot. This price range is considered to represent a reasonable value which can be achieved for industrial land at Red Soils.<sup>1</sup>

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<sup>1</sup> Real Estate Strategies is not a M.A.I. appraiser. This estimate of value is based only on the apparent ability of the subject property to support industrial end-users and the sales data outlined above. Real Estate Strategies recommends an M.A.I. appraisal of the property prior to disposition.

The duration of the absorption period will vary depending on the asking price, as well as sustained economic growth in the industrial sector of the economy. Based on projected employment growth and new demand for industrial building space for the Portland metropolitan region, good opportunities for disposition of the Red Soils property should occur. Demand for industrial space is derived generally from the manufacturing, transportation, communication, and public utilities, and wholesale trade employment sectors. Future growth in these sectors is projected to increase by approximately 5,000 employees annually over the 1989-1995 period. Based on industry standards, the corresponding increase in demand for industrial space is expected to average roughly 2.7 million square feet annually over the next six years. Because Clackamas County has an established industrial base within the Portland region, it is anticipated that the county will continue to capture a significant portion of projected new demand for industrial space (Exhibits 2 and 3).

While it is difficult at best to predict the timing during which a major industrial sale of Red Soils property will occur, Real Estate Strategies' opinions regarding the relationship between price and rate of absorption for the 45-acre area east of Kaen Road is as follows:

<u>Price (1989 Dollars)</u>	<u>Sales Period</u>
\$0.70 to \$1.00/sq. ft.	12 months to 2 years
\$1.00 to \$1.50/sq. ft.	3 to 6 years
\$1.50 or more/sq. ft.	6 years or more

These opinions assume the property has direct access to Oregon City Bypass, and an aggressive marketing effort is sustained. The prices assume a raw land value with access and services to the site, but no on-site improvements.

The land area east of Kaen Road but south of potential apartment sites along Warner Milne Road, is best suited for industrial uses. This potential industrial area comprises approximately 45 acres of the entire Red Soils property. Direct access from this area to the Oregon City Bypass is critical to the successful industrial development of the site. In addition, appropriate zoning ordinances must be in place which are clearly accepted and adopted by the City and the community, and adequate urban services to the site must be in place. Working together with owners of adjacent vacant property will be important to ensure orderly and compatible development.

Mechanisms to mitigate the financial burden incurred by an end-user due to high Oregon City property taxes will be vital to ensure a successful marketing effort. Oregon City is perceived in the business community to have the highest property taxes in Oregon.

A national commercial land brokerage firm with a presence in the Portland market and demonstrated experience marketing industrial land to end-users should be enlisted to market the site.

A brochure which describes and emphasizes the high quality of the industrial portion of the site should be prepared and provided to those involved in marketing the property. Photographs of the site should emphasize the views of Mt. Hood and the Cascade Mountains. Other features to emphasize include, but are not limited to, availability of labor and affordable housing, benefit of proximity to Clackamas Community College, and convenient access to I-205.

Efforts to market the site to industrial end-users will be enhanced by working cooperatively with economic development organizations and business associations. The Oregon City area could benefit from joint marketing efforts which focused on all I-205 communities east of the Willamette River.

Joint cooperation with Oregon Economic Development Department is also important to monitor any interest expressed by industrial firms considering moves to the Portland region, and to ensure the site can be marketed through state marketing events such as trade missions.

### **Speculative Industrial Space**

Speculative industrial building space is considered to be less easily attracted to the subject property compared to end-users over the short and medium term. At present, the most competitive locations in east Clackamas County for speculative industrial space are along Highways 224 and 212. The attractiveness of these locations relative to other east Clackamas areas is indicated by the recent building activity by major developers including Trammel Crow, Lincoln Properties, and Northwest Development. The strength of the Hwy. 212/224 market is underscored by the fact that a vast majority of the net absorption of speculative industrial space in Clackamas County has occurred in this area. Of the 196,000 square feet of building space absorbed in Clackamas County during 1988, slightly more than 183,000 square feet were absorbed east of the Willamette River (Exhibit 4).

Speculative industrial space in north Clackamas County is considered to have a major competitive advantage over speculative space sited on the Red Soils property because the north Clackamas area has exhibited rapid increases in economic growth and is more centrally located within the region. Opportunities to develop speculative space have attracted developers to this area because the existing strong business identity aids greatly in marketing newly completed space. Tenants in the north Clackamas area enjoy a full range of supporting services housed in Class A office buildings and a major regional retail center. Because of the concentration of commercial uses in north Clackamas, speculative industrial space can also be marketed to some office users.

While the potential could exist in the longer term to develop speculative space on the Red Soils property, north Clackamas is expected to maintain its superior competitive position, as it still offers a significant amount of vacant buildable industrial land. Further, this market appears well-supplied at present as evidenced by the amount of existing vacant space and lease rates relative to the region as a whole. Vacancies in east Clackamas averaged almost 28 percent at the end of 1988, compared to only 18 percent for the Portland metropolitan region as a whole. Price levels in east Clackamas are also lower than average at a rate of \$0.21 per square foot, compared to \$0.38 per square foot for the region as a whole (Exhibit 4). These facts suggest less competitive industrial locations in east Clackamas County will not have sufficient market support in the short term to offer speculative industrial development opportunities.

#### **MARKET FOR MULTI-FAMILY RESIDENTIAL**

The apartment market in east Clackamas County has exhibited strong growth in the past two years. Approximately 1,500 apartments have been constructed between 1987 and the present, and an additional 2,000 units are currently under construction or in the planning stage. The vast majority of market activity has occurred in the vicinity of Clackamas Town Center as a result of that area's rapid evolution into a major employment center. Apartment developers have generally targeted an upscale market, with rents averaging \$425 and \$535 per month for one- and two-bedroom apartments, respectively. To date, these projects have enjoyed strong market support with an overall average vacancy of 97 percent for projects fully leased, and an average rate of absorption of 20 units per month per project.

While the market in north Clackamas has been very active, Oregon City has not shared appreciably in that activity. A review of the number of multi-family building permits issued in Oregon City reveals an average rate of only 30 multi-family permits per year over the past five years, compared to 1,200 per year for all of Clackamas County (Exhibit 5). The only project identified of appreciable size and recent construction in Oregon City is Barclay Village, a two-phase 146-unit project completed in March, 1988. The absorption rate for this project was slower than average, at a rate of eight units per month with rents ranging from \$450 to \$520 for one- and two-bedroom units, respectively. Barclay Village is not as easily accessible or visible as other new east Clackamas area apartments, which may explain the slow rate of absorption. The project may have been somewhat overpriced, as well, relative to the local Oregon City market.

In order to assess the market potential for apartments developed at Red Soils, apartment developers were interviewed and a survey of apartments located within the Red Soils vicinity was conducted. Apartment developers feel there is presently an opportunity for successful development of smaller project, sized approximately 150 units, which target lower- to middle-income households. A survey of Oregon City apartments reveals average monthly rents of \$411 overall (compared to \$485 for north Clackamas apartments), at an average occupancy rate of 97 percent (Exhibits 6 and 7).

The historical low level of apartment construction in Oregon City, in conjunction with the currently tight market conditions, indicate opportunity currently exists for new apartment development due to pent-up demand. Projected need for additional multi-family housing units in Oregon City compiled by Metropolitan Service District, indicates future growth in demand for 350 units between now and 1995 (Exhibit 8). It should be noted that this projected rate may be conservative, because most recent apartment building activity throughout the Portland Metropolitan Area has targeted the high end of the market, rather than meeting demand for lower- to middle-income market segments. Thus, a modestly priced project sited at Red Soils could well capture market demand from other underserved markets.

#### **Multi-Family Land Pricing and Absorption**

Potential price levels achievable for the subject property can be estimated by reviewing apartment land sales within the east Clackamas County area. Land prices of the new apart-

ments developed in the Clackamas Town Center area generally show an incremental increase in value proportionate to the sites' proximity to the regional shopping center. Land prices range from a low of \$1,550 per unit at The Woods (May 1987), and \$2,300 per unit for Crystal Lake in Milwaukie (January 1987), to a high of \$5,900 per unit for Lake's Landing (December 1988), a planned 390-unit project sited along a man-made lake near Clackamas Town Center. The low price paid for the Woods site may not be representative of the market for buildable sites, because of site constraints due to steep slope (Exhibit 9).

It is estimated that an achievable land price for apartments on the Red Soils site would probably be similar to prices in Milwaukie, or perhaps slightly lower. Based on this assumption, a \$2,000 to \$2,500 per unit price for apartment land at Red Soils appears reasonable.

The land area east of Kaen Road with frontage along Warner Milne Road and bounded by the Red Soils boundary on the west, while suitable for industrial development, is also suited for multi-family development. Multi-family development here may offer an advantage in disposing of the Red Soils property expediently because the market appears to support an immediate disposition of multi-family land, and fewer preparations are required to begin marketing this area for multi-family use. Based on current and future multi-family market potential, a site sized to accommodate approximately 150 units is appropriate. Assuming a typical density of 20 dwelling units per acre, the site could be as large as 7 to 8 acres. Based on the estimated achievable price per unit of \$2000 to \$2,500, the resulting price of disposing of 8 acres of multi-family land is \$320,000 to \$420,000.

Real Estate Strategies believes this apartment site could be sold within 12 to 24 months, assuming assurances to the purchaser that the permitting process can be completed expediently and at reasonable cost are provided. Marketing of this property can commence immediately upon establishing the appropriate zoning ordinances. In order for the sale to proceed in a timely fashion, assurances must be provided to the purchaser that the City and local community accept the designated use.

It is recommended that the property is listed with a major brokerage firm with a proven track record in the Portland region in general, and the east Clackamas area in particular.

## INTERIM LAND USES

The land area south of the public offices and west of Kaen road totaling approximately 12 acres, is suited for industrial use at present. However, because it is separated from the remainder of the property and less visible, it may take longer for this portion of Red Soils to sell as an industrial site. If a single end-user locates at Red Soils, east of Kaen Road, care should be exercised to ensure direct access to Oregon City Bypass from these 12 acres is maintained to best preserve the marketability of this area. This site could serve interim public uses including recreational space such as a softball diamond until such time as interest by a private firm is expressed.

The 12-acre area with frontage along Warner Milne Road, presently occupied by public uses, could support multi-family housing or industrial uses. However, the logistics of relocating the existing public activities will need to be resolved prior to disposition of this site. Current apartment market conditions do not warrant disposing of this site for multi-family development in addition to the vacant acreage along Warner Milne Road already suitable for apartments. Thus, it is recommended that the existing public uses be considered an interim use, subject to reevaluation for industrial or multi-family use at a later time.



## EXHIBITS

## Exhibit 1

### RED SOILS SITE VICINITY

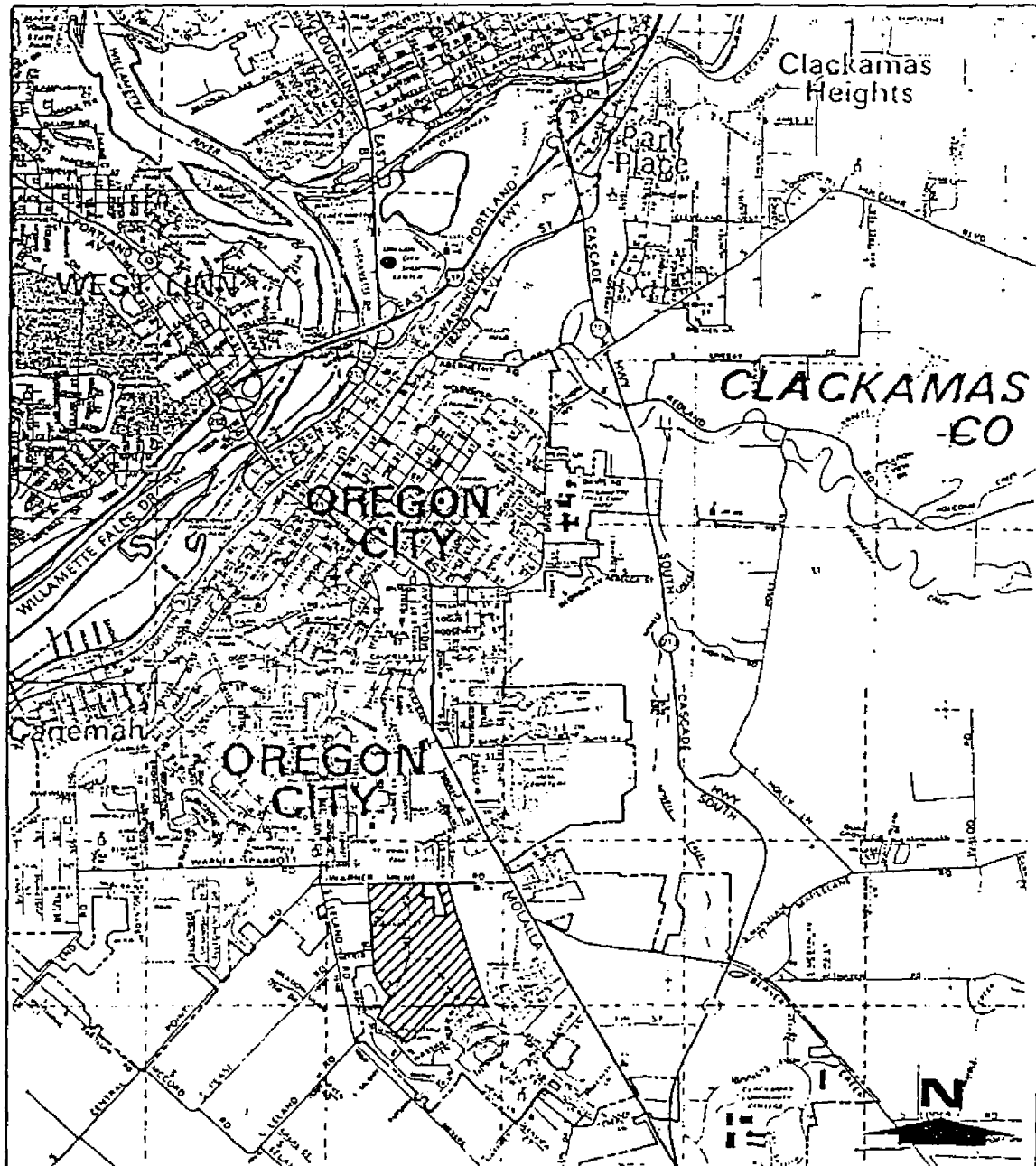


Exhibit 2

PROJECTED CHANGE IN EMPLOYMENT BY SECTOR DISTRIBUTIONS 1970-1995  
PORTLAND SMSA

	1980	Percent Total	1985	Percent Total	1988	Percent Total	1995	Percent Total	Average Annual New New Employment 1989-1995
Manufacturing	119.0	20.8%	107.4	22.6%	115.1	23.6%	134.7	24.2% 1/	2,804
T.C.P.U.	37.1	6.5%	36.7	7.7%	38.6	7.9%	44.5	8.0% 2/	848
Trade: Wholesale	46.5	8.1%	48.7	10.2%	52.1	10.7%	61.2	11.0% 3/	1,306
OTHER 4/	370.5	64.6%	283.2	59.5%	282.2	57.8%	316.2	56.8%	4,860
	-----		-----		-----		-----		-----
TOTAL	573.1	100.0%	476.0	100.0%	488.0	100.0%	556.7	100.0%	9,818
	=====		=====		=====		=====		=====

1/ Assumes that the % distribution of F.I.R.E. grows at the same rate as between 1980 and 1985 (0.67%).

2/ Assumes that the % distribution of Professional Services grows at the same rate as between 1972 and 1985 (1.56%).

3/ Assumes that the % distribution of Other Services grows at the same rate as between 1972 and 1985 (1.56%).

4/ Includes: F.I.R.E., Services, Retail Trade, Agriculture, Mining, & Construction

SOURCE: U.S. Bureau of Labor Statistics, Metropolitan Service District,  
and Real Estate Strategies

Exhibit 3

ESTIMATED INDUSTRIAL SPACE DEMAND 1/  
PORTLAND SMSA  
1989-1995

Employment Category	Estimated Annual Net New Jobs Added 1989-1995		Industrial Space Capture Factor 3/		Space Requirement Per Worker (S.F.)		Annual Net New Portland Metro Space Demand
Manufacturing	2,804	x	70.6%	x	750	=	1,484,471
T.C.P.U. 2/	848	x	70.6%	x	500	=	299,294
Wholesale Trade	1,306	x	70.6%	x	1,000	=	921,882
	-----		-----		-----		-----
	4,958	x	70.6%	x	773	=	2,705,647
							=====

1/ Includes demand for both end-user and multi-tenant space for all industrial product types including: warehouse/distribution, flex, and manufacturing.

2/ Transportation, communication, and public utilities

3/ Based on overall capture of 60%, and assumes mfr., t.c.p.u., and whsl. trade comprise 85% of all industrial space demand.

SOURCE: U.S. Bureau of Labor Statistics, Metropolitan Service District, and Real Estate Strategies

Exhibit 4

COMPARATIVE CHARACTERISTICS OF SPECULATIVE INDUSTRIAL BUILDING SPACE  
(Year Ending 1988)

Area	Existing Net Rentable Space of Metro (Sq. Ft.)	Proportion of Metro (Percent)	Vacant Space (Sq. Ft.)	Proportion of Metro (Percent)	Rate of Vacancy (Percent)	Net Absorption (Sq. Ft.)	Proportion of Metro (Percent)	Lease Rate (Net) (\$/Sq. Ft.)
Portland Metro	34,037,751	100.0%	5,956,073	100.0%	17.5%	2,060,862	100.0%	\$0.38
Clackamas	3,890,325	11.4%	1,034,618	17.4%	26.6%	195,558	9.5%	\$0.32 1/
E. Clackamas	2,547,606	7.5%	700,666	11.8%	27.5%	183,158	8.9%	\$0.21 2/

1/ Excludes Wilsonville and Oregon City.

2/ Excludes Oregon City

Source: Grubb & Ellis; Real Estate Strategies (1989).

Exhibit 5

RESIDENTIAL BUILDING PERMITS BY YEAR

Year	Clackamas County			Oregon City		
	Multi-Family	Single-Family	Total	Multi-Family	Single-Family	Total
1977	795	2,997	3,792	47	142	189
1978	688	2,669	3,357	16	75	91
1979	644	1,906	2,550	30	53	83
1980	359	1,459	1,818	56	58	114
1981	699	983	1,682	0	5	5
1982	150	536	686	0	7	7
1983	113	909	1,022	0	7	7
1984	288	860	1,148	0	17	17
1985	1,115	1,028	2,143	0	21	21
1986	1,071	1,062	2,133	38	13	51
1987	996	1,173	2,169	108	15	123
1988	1,295	1,384	2,679	0	15	15
3 yr avg.	1,121	1,206	2,327	49	14	63
5 yr avg.	953	1,101	2,424	29	16	69
12 yr avg.	684	1,414	2,503	25	36	39

Source: Oregon State Housing Division; Real Estate Strategies (1989).

## EXHIBIT 6

SUMMARY OF SELECTED RENTAL APARTMENT PROJECTS  
OREGON CITY  
(June, 1989)

Map Code	Project Name/ Location	Began Leasing	Unit Characteristics				Occupancy		Monthly Rent Characteristics			Features	Tenant Characteristics
			Total	Type	Size	Mix	Units	%	Range	Average	\$/S.F.		
1	Barclay Square 290 Warner Milne Oregon City	Jun-79	16	1B/1b	--	30%	16	100%	\$273- \$273	\$273	--	Pool	Tenants work: 50% Oregon City 50% Portland
			30	2B/1b	--	56%	30	100%	\$315- \$315	\$315	--		
			8	3B/1b	--	15%	8	100%	\$370- \$370	\$370	--		
			54		--		54	100%		\$311	--		
2	Barclay Village I 775 Cascade Ave. Oregon City	Apr-87	6	1B/1b	759	7%	6	100%	\$450- \$450	\$450	\$0.59	Pool, spa, gym, clubhouse, tennis courts, trail network	Tenants mix of single, married, retired & family
			43	2B/1b	927	47%	43	100%	\$490- \$490	\$490	\$0.53		
			42	2B/2b	984	46%	42	100%	\$520- \$520	\$520	\$0.53		
			91		942		91	100%		\$501	\$0.53		
2	Barclay Village II 775 Cascade Ave. Oregon City	Mar-88	8	1B/1b	759	15%	7	88%	\$450- \$450	\$450	\$0.59	same as above	same as above
			23	2B/1b	927	42%	22	98%	\$490- \$490	\$490	\$0.53		
			24	2B/2b	984	44%	20	83%	\$520- \$520	\$520	\$0.53		
			55		927		49	89%		\$497	\$0.54		
3	Beavercourt Duplexes 13967 S. Beavercreek Rd. Oregon City	Apr-70	20	1B/1b	825	47%	20	100%	\$315- \$340	\$328	\$0.52	--	Mixture with a large retired population
			15	2B/1.5b	825	35%	14	93%	\$425- \$450	\$438	\$0.53		
			8	3B/1.5	975	19%	7	88%	\$440- \$490	\$465	\$0.48		
			43		760		41	95%		\$391	\$0.52		
4	Cinnamon Square 13609 S. Gaffney Lane Oregon City	Jun-74	18	1B/1b	--	51%	18	100%	\$300- \$300	\$300	--	Pool	Retired, Families, Single
			12	2B/1b	--	34%	11	92%	\$375- \$375	\$375	--		
			5	2B/1b	--	14%	5	100%	\$420- \$420	\$420	--		
			35		--		34	97%		\$343	--		
5	Clipper Ridge 595 May Oregon City	Jun-72	22	1B/1b	--	50%	18	82%	\$300- \$300	\$300	--	Pool	Variety of Tenants
			22	2B/1b	--	50%	20	91%	\$375- \$375	\$375	--		
			44		--		38	86%		\$338	--		
			44		--		44	100%			--		
6	Fernwood Court 18721 S. Central Pointe Rd. Oregon City	Oct-77	40	2B/1b	--	91%	40	100%	-- --	--	--	Fireplaces, backyard patios	Single, Married, Families, Retired
			4	3B/1b	--	9%	4	100%	-- --	--	--		
			44		--		44	100%			--		
			44		--		44	100%			--		

## EXHIBIT 6

SUMMARY OF SELECTED RENTAL APARTMENT PROJECTS  
OREGON CITY  
(June, 1989)

Map Code	Project Name/ Location	Began Leasing	Unit Characteristics				Occupancy		Monthly Rent Characteristics			Features	Tenant Characteristics	
			Total	Type	Size	Mix	Units	%	Range	Average	\$/S.F.			
7	Mt. Pleasant	Jun-75	40	2B/1.5b T	800	68%	40	100%	\$385-	\$385	\$385	\$0.48	play area	Mostly Families
	1208 Linn		19	3B/1.5b	1,000	32%	19	100%	\$525-	\$525	\$525	\$0.53		
	Oregon City		-----	-----	-----	-----	-----	-----	-----	-----	-----			
	Total/Weighted Average		59		864		59	100%		\$430	\$0.50			
8	Mt. View	May-77	46	1B/1b	800	46%	46	100%	\$345-	\$345	\$345	\$0.43	pool & play area	Mix of Elderly, Families & Singles
	1840 Molalla Av.		33	2B/1b	850	33%	33	100%	\$415-	\$415	\$415	\$0.49		
	Oregon City		21	3B/1b	910	21%	21	100%	\$455-	\$455	\$455	\$0.50		
	Total/Weighted Average		100		840		100	100%		\$391	\$0.47			
9	Oregon City Terrace	- -	10	1B/1b	- -	21%	10	100%	- - - -	NA 1/	- -	- -		
	600 May		26	2B/1b	- -	54%	26	100%	- - - -	- -	- -	- -		
	Oregon City		12	3B/1b	- -	25%	12	100%	- - - -	- -	- -	- -		
	Total/Weighted Average		48		- -		48	100%		- -	- -	- -		
Grand Total/Weighted Average			573		875		558	97%		\$411	\$0.47			

T = Town House

1/ Units are priced under Section 8

Source: Real Estate Strategies (1989).



## Exhibit 7

### SELECTED OREGON CITY APARTMENTS

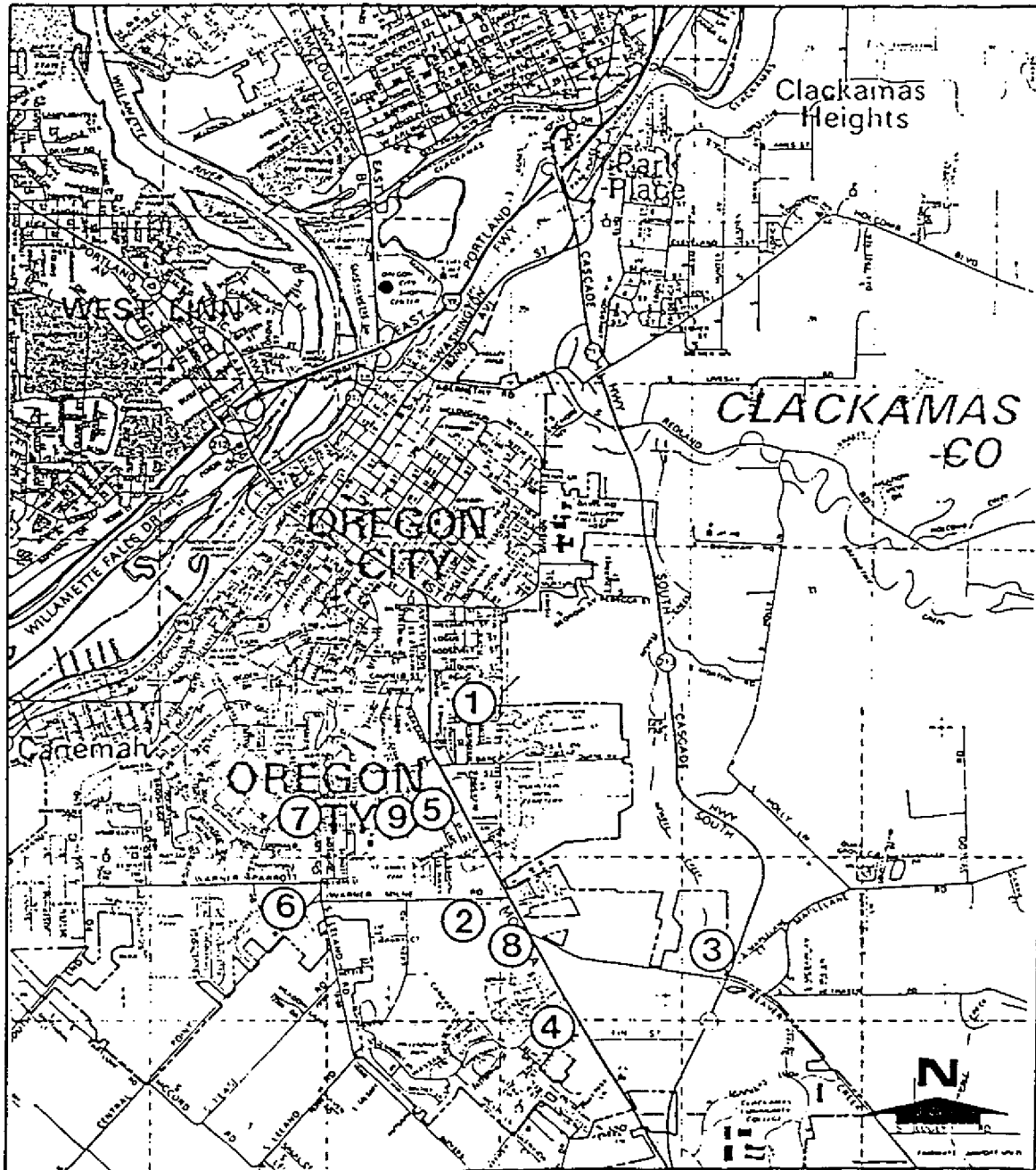


Exhibit 8

HISTORICAL AND PROJECTED CHANGE IN HOUSING STOCK  
Oregon City

Year	Number of Dwelling Units				Total
	Multi-Family	% Total	Single-Family	% Total	
1980	2,078	23.5%	6,747	76.5%	8,825
1987	2,270	23.9%	7,224	76.1%	9,494
1995	2,707	24.8%	8,219	75.2%	10,926
1987-95 Change	437	0.9%	995	-0.9%	1,432
Annual Average:	55		124		179

Source: Metropolitan Service District; Real Estate Strategies  
(1989).

Exhibit 9

SELECTED MULTI-FAMILY LAND SALES 1/  
Clackamas Area Apartment Sites

<u>Property/Developer</u>	<u>Size (Acres)</u>	<u>Number of Units</u>	<u>Transaction Price (\$)</u>	<u>Date of Sale</u>	<u>Price per Unit</u>
The Woods Viega	5.0	120	\$186,200	May-87	\$1,552
Crystal Lake Bowen/Hunt	7.8	150	\$350,000	Jan-87	\$2,333
The Turn at Town Center; Town Ctr. Apts. LTD	8.5	288	\$988,150	Feb-86	\$3,431
Chesapeake Pointe Bowen/Hunt	5.7	159	\$413,400	Aug-87	\$2,600
North side of Causey at I-205; Bowen/Hunt	NA	242	\$774,400	1988	\$3,200
Steven's View/ Sunnyside Terrace Robert Randall	7.0	155	\$573,500	Option	\$3,700
Trails at Mt. Scott Hrebec	NA	222	\$754,800	Dec-88	\$3,400
Lake's Landing Mueller Group	NA	390	\$2,301,000	Dec-88	\$5,900

Exhibit 9  
(Continued)

SELECTED MULTI-FAMILY LAND SALES 1/  
Clackamas Area Apartment Sites

<u>Property/Developer</u>	<u>Size (Acres)</u>	<u>Number of Units</u>	<u>Transaction Price (\$)</u>	<u>Date of Sale</u>	<u>Price per Unit</u>
S. of Monterey Ave., N. of Clack. Twn. Ctr. Trammell Crow	10.5	284	\$1,259,117	Pending	\$4,434
Steven's Terrace Robert Randall	NA	330	\$1,485,000	Winter '89	\$4,500

Source: Henry Schulte, Grubb & Ellis; Stewart Title; Ticor Title; Bruce Ostley, Coldwell Banker Appraisal Services; Mark Barry M.A.I.; Reese & Associates; Real Estate Strategies (1989).

EXECUTIVE SESSION  
URBAN RENEWAL AGENCY  
NOVEMBER 29, 1989 - 11:06 P.M.

At the executive session of the Urban Renewal Agency information was presented regarding the development of the Robert Randall property on the south side of the Danielson Hilltop Mall. An access to Red Soils needs to be built that will allow development of a 100,000 square feet Business Park. This could function as an anchor for Red Soils, making available 11 sites of business park similar to Teton Drive in Tualatin.

On discussion it was questioned whether this development would be compatible with Clairmont Estates and the retirement home. Three industrial office buildings and a mini-storage building are planned. The uses are permitted outright in the zone and will include fencing and landscaping. There are three other businesses interested in locating at Red Soils with Urban Renewal assistance. One is a graphic tool company that is interested in 4 acres of Red Soils. Another is a wood stove company located in Tualatin that needs approximately 40,000 square feet initially on 4 acres and will expand by an additional 20,000 square feet on 2 more acres within two years. The third is an industrial fabrication business, that needs approximately 40,000 square feet also on 4 acres.

Funds for the project will need to be borrowed from a bank - \$1 million for Red Soils access and \$2 million to purchase 50 acres of Red Soils. The recommendation is to buy one-half the property with the option to purchase the remainder of the property as businesses are interested. A cul-de-sac on the south side of the Red Soils access road would improve access to 50 acres. Any infrastructure done will add value to the land. VanOrman desires figures and how obligation will be met, square footage and how to do records.

VanOrman desires much information, the URA needs City Commission approval to make an offer to purchase the land. Block stated there is a need to obtain a commitment from the County that they will sell. On Monday, November 27, Block met with Commissioner Darlene Hooley who appears open to the idea. There is a need to push the County since there has been no positive action recently to market the property. URA will need to provide roads and drainage, plus a small amount of water lines; the new jail facility will provide infrastructure on Kaen Road. Block will obtain offer and bring the information back to URA - this may be approximately a 6 month process, noting he was appalled at the loss of lottery grant funds that had preceded his being hired by the City.

Fender noted the End of the Oregon Trail (E.O.T.) and work being done by Tom DeJardin and Rena Cusma of Metro on promoting a domed stadium package at the landfill site. A discussion meeting is to be held next Wednesday, December 6. Incorporation of EOT and URA could be a possibility.

It was moved by Fowler, that we instruct the Executive Director of the Urban Renewal Agency to approach Clackamas County; to enter into an earnest money agreement to purchase Red Soils, subject to numerous conditions, then return to the URA for approval to negotiate with the County for the purchase of Red Soils and communicate to the URA the results. Motion died for lack of a second.

It was moved by Fowler that the Urban Renewal Agency direct John Block to enter into preliminary discussion and negotiate with the County for the purchase of Red Soils and report progress to URA and bring back the necessary information to the URA before decisions are made. Seconded by Powell.

Roll call: VanOrman, Aye; Fowler, Aye; Powell, Aye; Spear, Aye.

The Executive Session was adjourned at 11:30 p.m.

Respectfully submitted,

# CITY OF OREGON CITY

Incorporated 1844

Dated

October 12, 1989

## REPORT

Page 1 of 2

Subject: Resolution No. 89-1  
A Resolution Forwarding the  
Urban Renewal District Plan Amendment  
to the City Commission for Adoption

Report No. 89-1

On the October 12, 1989 Urban Renewal Agency Agenda is a Plan and Report on a proposed amendment to the City's Downtown Urban Renewal District. The Agency authorized Charles Kupper and Associates to prepare the Plan Amendment March 1, 1989 and the amendment is now ready for acceptance.

The amendment will:

1. Eliminate blighting conditions in the Amendment Area, including inadequate streets and traffic congestion, inadequate pedestrian and bicycle facilities, substandard and obsolete buildings, inadequate sewer, water and drainage facilities, and underutilized and unproductive land.
2. Make public improvements necessary to encourage new private investment in the Amendment Area and the Red Soils district including streets, sewer, water and drainage facilities.
3. Increase taxable values in the Amendment Area.
4. Improve the east-west accessibility between Red Soils and the rest of the Hilltop area and the Oregon City Bypass, and create safer highway conditions.
5. Improve the accessibility between major development opportunities and Beaver Creek Road.
6. Plan for and support development and redevelopment along the Beaver Creek Road corridor which is consistent with the Comprehensive Plan.

Eight projects are planned totaling approximately \$8.2 Million. The Urban Renewal share of the project cost is approximately \$3.8 Million. The projects will be built in phases over the remaining nine year life of the District, with a \$2.2 Million bond issue planned in the initial year to fund the first three projects.

URBAN RENEWAL AGENCY

# CITY OF OREGON CITY

Incorporated 1844

Dated

October 12, 1989


## REPORT

Page 2 of 2

Subject: Resolution No. 89-1  
A Resolution Forwarding the  
Urban Renewal District Plan Amendment  
to the City Commission for Adoption

Report No. 89-1

If the Agency supports the amendment it should accept the amendment and adopt Resolution 89-1 forwarding the amendment to the City Commission for adoption.

  
JOHN G. BLOCK  
Executive Director

### Attachments

cc - Thomas Fender III, City Manager

URBAN RENEWAL AGENCY



RESOLUTION NO. 89-1

A RESOLUTION FORWARDING A PLAN AMENDMENT TO THE OREGON CITY DOWNTOWN RENEWAL DISTRICT TO THE OREGON CITY COMMISSION FOR ADOPTION.

WHEREAS, the Oregon City Urban Renewal Agency is empowered to administer the Oregon City Downtown Renewal District, and

WHEREAS, the Downtown Renewal District has suffered from a lack of tax increment financing to meet the objectives of the District, and


WHEREAS, the Urban Renewal Agency recognizes the need to expand the Downtown Renewal District boundary and plan new projects to meet the original objectives of the Downtown District, and


WHEREAS, the area proposed for inclusion into the District is blighted according to ORS requirements, and

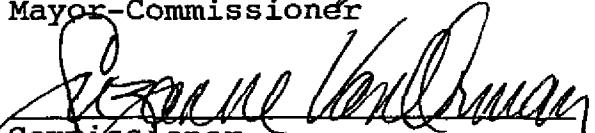
WHEREAS, the Urban Renewal Agency has caused to be prepared an amendment to the Downtown Renewal District, in accordance with ORS requirements,

NOW, THEREFORE, BE IT RESOLVED by the Oregon City Urban Renewal Agency, that the amendment to the Downtown Renewal District, titled First Amendment to the Oregon City Renewal Plan is hereby accepted and is forwarded to the City Commission of Oregon City for adoption.

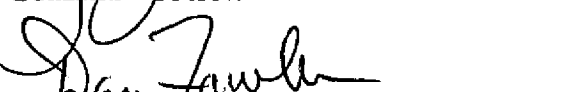
Adopted, signed and approved this *12<sup>th</sup>* day of *October* 1989.

  
\_\_\_\_\_  
Mayor-Commissioner

  
\_\_\_\_\_  
Commissioner

  
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Commissioner

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Commissioner

  
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Commissioner

Comprising the Urban Renewal  
Agency of Oregon City, Oregon

October 12, 1989

1 1

Subject: Fiscal Year 89-90 Budget

Report No. 89-2

On the October 12, 1989 Urban Renewal Agency agenda is a report from Scott Harper, Finance Officer to appoint an Urban Renewal Agency Budget Committee and to approve a supplemental budget for Fiscal Year 89-90. Refer to attached report.

For efficiency reasons, it is recommended that the City's Budget Committee be appointed to serve as the Urban Renewal Agency's Budget Committee.

If the Agency supports the recommendation it should adopt a motion approving the City Budget Committee as the agency's budget Committee and schedule a meeting date.

  
JOHN G. BLOCK  
Executive Director

JGB/im

attach.

cc - Scott Harper, Finance Director

CITY OF OREGON CITY

M E M O R A N D U M

DATED: August 11, 1989

TO: Tom Fender, City Manager

FROM: Scott Harper, Finance Officer



SUBJECT: Budget for Urban Renewal Agency (URA)

John Block and I have discussed the initiation of active operation of the U.R.A.. After review with Clackamas County Officials on procedures, the following steps need to be taken:

1.) Have City Commission appoint U.R.A. Budget Committee. Shortcut and best operating system is to have same people as City Budget Committee. When City Budget Committee meets they simply adjourn and reconvene as U.R.A. Budget Committee.

2.) U.R.A. Budget Committee will approve a supplemental budget for 89-90.

REVENUES:	Beginning Cash Balance:	27,500
	Tax Receipts 89-90	<u>15,000</u>
		<u>42,500</u>

EXPENDITURES:

M. & S. - Pay Oregon City Dev. Serv. Fund Adm. Charge	14,110
M. & S. - Current M. & S.	10,000
C. O. - Capital Outlay	5,000
Transfer - Repay City of Oregon City prior costs	<u>13,390</u>
Set up loan & repayment schedule	<u>42,500</u>

3.) The supplemental budget notice can be combined with notice for a City of Oregon City supplemental budget which would follow on the findings of the audit for actual 1988-89 Fiscal Year. Advertising and other relevant rules are same as for city budget. No vote is necessary.

4.) Authorization for checking account, signatories, accounting and reporting procedures. The U.R.A. is within the audit scope of the annual report for the City of Oregon City, as the governing body is the same. Records will be hand written or PC for 1st year. Cash reserve is with Clackamas County Treasure. (See below.)

5.) Future revenues are dependent on increases in value and by budgeting in May through July can be fairly precise. Budget to be filed by August 1st.

CLACKAMAS COUNTY TREASURER  
RECAP OF TRANSACTIONS 07/01/89 THRU 07/31/89

11062 OREGON CITY URA DEBT SERVICE

DATE	TYP IDENT	CREDIT	DEBIT	REMARKS
07/01/89	BF 00000	26,928.02	0.00	BAL FWD AS OF 07/01/89
07/13/89	TC 00000	1.90	0.00	JUNE UNSEG INTEREST
07/13/89	TC 00000	45.42	0.00	1987-1988 TXTO
07/13/89	TC 00000	179.97	0.00	1988-1989 TXTO

BALANCE FORWARD AS OF 07/31/89 27,155.31

AVERAGE DAILY BALANCE FOR THE MONTH 27,067.33

BF = BALANCE FORWARD    TC = TAX CREDIT    CD = DISBURSEMENTS  
CR = CREDIT RECEIPTS    CL = CLAIMS    PA = PAYROLL  
JC = JOURNAL VOUCHER (CREDIT)    JD = JOURNAL VOUCHER (DEBIT)

# CITY OF OREGON CITY

Incorporated 1844

Dated

October 12, 1989

## R E P O R T

Page 1 of 1


Subject: Fiscal Year 89-90 Budget

Report No. 89-2

On the October 12, 1989 Urban Renewal Agency agenda is a report from Scott Harper, Finance Officer to appoint an Urban Renewal Agency Budget Committee and to approve a supplemental budget for Fiscal Year 89-90. Refer to attached report.

For efficiency reasons, it is recommended that the City's Budget Committee be appointed to serve as the Urban Renewal Agency's Budget Committee.

If the Agency supports the recommendation it should adopt a motion approving the City Budget Committee as the agency's budget Committee and schedule a meeting date.

  
JOHN G. BLOCK  
Executive Director

JGB/im

attach.

cc - Scott Harper, Finance Director

URBAN RENEWAL AGENCY

CITY OF OREGON CITY

M E M O R A N D U M

DATED: August 11, 1989

TO: Tom Fender, City Manager

FROM: Scott Harper, Finance Officer



SUBJECT: Budget for Urban Renewal Agency (URA)

John Block and I have discussed the initiation of active operation of the U.R.A.. After review with Clackamas County Officials on procedures, the following steps need to be taken:

- 1.) Have City Commission appoint U.R.A. Budget Committee. Shortcut and best operating system is to have same people as City Budget Committee. When City Budget Committee meets they simply adjourn and reconvene as U.R.A. Budget Committee.
- 2.) U.R.A. Budget Committee will approve a supplemental budget for 89-90.

REVENUES:	Beginning Cash Balance:	27,500
	Tax Receipts 89-90	<u>15,000</u>
		<u>42,500</u>

EXPENDITURES:

M. & S. - Pay Oregon City Dev. Serv. Fund Adm. Charge	14,110
M. & S. - Current M. & S.	10,000
C. O. - Capital Outlay	5,000
Transfer - Repay City of Oregon City prior costs	<u>13,390</u>
Set up loan & repayment schedule	<u>42,500</u>

3.) The supplemental budget notice can be combined with notice for a City of Oregon City supplemental budget which would follow on the findings of the audit for actual 1988-89 Fiscal Year. Advertising and other relevant rules are same as for city budget. No vote is necessary.

4.) Authorization for checking account, signatories, accounting and reporting procedures. The U.R.A. is within the audit scope of the annual report for the City of Oregon City, as the governing body is the same. Records will be hand written or PC for 1st year. Cash reserve is with Clackamas County Treasure. (See below.)

5.) Future revenues are dependent on increases in value and by budgeting in May through July can be fairly precise. Budget to be filed by August 1st.

CLACKAMAS COUNTY TREASURER  
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JC = JOURNAL VOUCHER (CREDIT)    JD = JOURNAL VOUCHER (DEBIT)

October 12, 1989

1 1

Subject: Executive Director's Salary

Report No. 89-3


On the October 12, 1989 Urban Renewal Agency agenda is a request to establish and approve a salary for the Executive Director position for the Urban Renewal Agency. The duties and responsibilities of the Executive Director fall outside the established positions and the normal duties of the City's classified positions and as such should be established separately and a compensation plan approved.

The precedence for separate compensation is with the South Fork Manager. The options for the position are threefold.

1. A contract position.
2. A part-time and eventual full-time position,
3. Shared responsibilities with an existing City staff position.

The City Commission approved the latter option in May as the Agency began implementing the Renewal District Plan. This decision can be reviewed at any time, and as necessary, changes made. I would recommend that I serve through the Fiscal Year 89-90 budget year with a review as part of the Fiscal year 90-91 budget process. If this is acceptable the Agency should discuss the question of appropriate compensation.

To facilitate discussion on an amount, my current salary as Development Services Director is approximately \$20.00 per hour. If I worked an average of 25 hours per month on Urban Renewal activities this would amount to a salary of \$500 per month or \$6,000 for the Fiscal Year 89-90 budget. I do work approximately 25 hours per month on Urban Renewal activities and would feel comfortable with this salary. If acceptable I would encourage the salary be made retroactive to July 1, 1989.

  
JOHN G. BLOCK  
Executive Director

JGB/im

cc - Thomas Fender III, City Manager  
- Scott Harper, Finance Officer



# CITY OF OREGON CITY

Incorporated 1844

Dated

October 12, 1989

## REPORT

Page 1 of 1

Subject: Executive Director's Salary

Report No. 89-3

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JOHN G. BLOCK  
Executive Director

JGB/im

cc - Thomas Fender III, City Manager  
- Scott Harper, Finance Officer

URBAN RENEWAL AGENCY

October 12, 1989

1 4

Subject: Project Review

Report No. 89-4

On the October 12, 1989 Urban Renewal Agency agenda is an information report on the various Urban Renewal Agency projects.

Downtown Renewal District

1. Plan Amendment

The Plan Amendment Report, prepared by Charles Kupper and Associates is complete and ready for Agency acceptance. Following acceptance it should be forwarded to the City Commission for adoption.

2. Tri-Met Transit Center

Tri-Met is completing the final phases of the Federal Environmental Review process. Tri-Met will begin construction design this fall with construction planned for Spring 1990.

3. Downtown Parking

An agreement is being prepared between the Agency and Clackamas County to develop a 40 space off-street Parking Lot in the vicinity of 12th and Main Street. The lot will offset the loss of the 20 spaces on Moss Street being displaced by the Tri-Met Transit Center project and 19 spaces required for the Stokes Building. Negotiations are centering on the financial contribution of the County.

4. Sewage Treatment Plant Site

An agreement is being prepared between the City, County and Agency agreeing to jointly market the site for private development. With execution of the agreement funds will be released for demolition of the sewage treatment plant. Negotiation is centering on the distribution of sale proceeds and future tax increment revenue.

5. Marketing Plan

The Marketing Plan prepared by Bruce Lord and Associates is complete. The Plan recommends a first phase project that would take one building, or if possible one block in the downtown core area, and through a joint venture with the Agency rehab for new retail and office uses. The project is pending receipt of tax increment revenue.

October 12, 1989

2 4

Subject: Project Review

Report No. 89-4

6. Red Soils Development

The County continues their low-key approach to marketing the site. The State Intake Facility coupled with the District Plan Amendment should resolve access and utility constraints and open up greater interest in the site. The Agency is participating with State, Portland Development Commission, and County officials on recruiting a Japanese firm for 20 acres of the site.

The Agency is also working with three other firms on 20 additional acres for development. All inquiries seem to hinge on the access road being built. If these projects move forward the Agency may need to buy the portions of Red Soils needed to package the projects. There has been some lack of interest from individual businesses negotiating directly with the County.

7. County Office Consolidation

The Agency submitted a financial offer of \$4.2 Million to the Board of County Commissioners in May if they would locate their consolidated facility downtown. The Board responded in June indicating that they appreciated the offer but wanted to look at other options. The Agency has met with County Officials since then and believe a new approach is needed. On the October 12 agenda is a request for executive session on negotiations to further discuss this issue.

8. Beavercreek/Molalla Intersection Improvement

The Agency completed the purchase of the former Clairmont Club property in June and is working with Clackamas County on a preliminary design of the intersection. The Agency met with County, State and Federal officials on including the intersection improvement project in the Environmental Review process for the Beavercreek Road/Molalla Avenue/Warner-Milne Road Federal Aid Urban (F.A.U.) project. The intersection project can be included in the overall project but the project will need to be approved by the City Commission first. To answer concerns from the Danielsons, additional traffic engineering analysis is being provided and an intergovernmental agreement with Clackamas County on funding and construction schedule is being prepared.

October 12, 1989

3 4

Subject: Project Review

Report No. 89-4

9. Robert Randall Property

The Agency offered Randall a \$500,000 incentive package to develop a \$5 Million business park on the property. This project depends on the Red Soils access road being built. An agreement with Randall is being prepared but cannot be executed until the Red Soils access road is approved.

End of the Oregon Trail Renewal District

1. District Feasibility Study

The City Commission approved a contract with Charles Kupper and Associates in May to study the feasibility of creating an Urban Renewal District in the North End Area. Funding for the contract was approved by The Enhancement Committee. The Enhancement Committee serves as the advisory committee on the study.

The study is approximately 50% complete with a preliminary report due in November. An informational hearing will be held at that time. Major components in the plan include land assembly and site clearance activities in the Lagoon area and road, drainage and sidewalk improvements in the Park Place neighborhood.

2. Lagoon Redevelopment

The Board authorized a letter of interest be sent to the Bankruptcy Court to acquire the Lagoon property in May. Follow-up meetings were held to discuss purchase price and terms. The Trustee for the Court indicates a minimum price of \$5.5 Million. Since this amount is higher than the Agency first discussed, the Agency is considering joint venture opportunities.

The Agency has met with several potential joint venture developers and needs further discussion with the Board prior to proceeding further. An executive session is requested to further discuss this issue.

October 12, 1989

4 4

Subject: Project Review

Report No. 89-4

3. End of the Oregon Trail Master Plan

Clackamas County is requesting proposals for the preparation of a Master Plan in the North End area to better determine the location, scale and type of project, construction cost and operating budget for the End of the Oregon Trail project.

This project is important to the entire North End area and the Master Plan a key step in the planning process. The Agency is represented on a policy advisory board for the Master Plan and will advise as the study progresses.

Since there are industrial development pressures in the area the Agency may want to recommend that the City Commission consider land use revisions to the Comprehensive Plan.

  
JOHN G. BLOCK  
Executive Officer

JGB:im

cc: Thomas Fender III, City Manager

# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated

October 12, 1989

Page \_\_\_\_\_ of \_\_\_\_\_

1 4

Subject: Project Review

Report No. 89-4

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URBAN RENEWAL AGENCY

# CITY OF OREGON CITY

Incorporated 1844

Dated

October 12, 1989

## REPORT

Page 2 of 4

Subject: Project Review

Report No. 89-4

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# CITY OF OREGON CITY

Incorporated 1844

Dated

October 12, 1989

## REPORT

Page 3 of 4

Subject: Project Review

Report No. 89-4

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# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated

October 12, 1989

Page 4 of 4

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Report No. 89-4

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Since there are industrial development pressures in the area the Agency may want to recommend that the City Commission consider land use revisions to the Comprehensive Plan.

  
JOHN G. BLOCK  
Executive Officer

JGB:im

cc: Thomas Fender III, City Manager

October 12, 1989

1 2

Subject: Resolution No. 89-1  
A Resolution Forwarding the  
Urban Renewal District Plan Amendment  
to the City Commission for Adoption

Report No. 89-1

On the October 12, 1989 Urban Renewal Agency Agenda is a Plan and Report on a proposed amendment to the City's Downtown Urban Renewal District. The Agency authorized Charles Kupper and Associates to prepare the Plan Amendment March 1, 1989 and the amendment is now ready for acceptance.

The amendment will:

1. Eliminate blighting conditions in the Amendment Area, including inadequate streets and traffic congestion, inadequate pedestrian and bicycle facilities, substandard and obsolete buildings, inadequate sewer, water and drainage facilities, and underutilized and unproductive land.
2. Make public improvements necessary to encourage new private investment in the Amendment Area and the Red Soils district including streets, sewer, water and drainage facilities.
3. Increase taxable values in the Amendment Area.
4. Improve the east-west accessibility between Red Soils and the rest of the Hilltop area and the Oregon City Bypass, and create safer highway conditions.
5. Improve the accessibility between major development opportunities and Beaver Creek Road.
6. Plan for and support development and redevelopment along the Beaver Creek Road corridor which is consistent with the Comprehensive Plan.

Eight projects are planned totaling approximately \$8.2 Million. The Urban Renewal share of the project cost is approximately \$3.8 Million. The projects will be built in phases over the remaining nine year life of the District, with a \$2.2 Million bond issue planned in the initial year to fund the first three projects.


October 12, 1989

2 2

Subject: Resolution No. 89-1  
A Resolution Forwarding the  
Urban Renewal District Plan Amendment  
to the City Commission for Adoption

Report No. 89-1

If the Agency supports the amendment it should accept the amendment and adopt Resolution 89-1 forwarding the amendment to the City Commission for adoption.



JOHN G. BLOCK  
Executive Director

Attachments

cc - Thomas Fender III, City Manager

RESOLUTION NO. 89-1

A RESOLUTION FORWARDING A PLAN AMENDMENT TO THE OREGON CITY DOWNTOWN RENEWAL DISTRICT TO THE OREGON CITY COMMISSION FOR ADOPTION.

WHEREAS, the Oregon City Urban Renewal Agency is empowered to administer the Oregon City Downtown Renewal District, and

WHEREAS, the Downtown Renewal District has suffered from a lack of tax increment financing to meet the objectives of the District, and

WHEREAS, the Urban Renewal Agency recognizes the need to expand the Downtown Renewal District boundary and plan new projects to meet the original objectives of the Downtown District, and

WHEREAS, the area proposed for inclusion into the District is blighted according to ORS requirements, and

WHEREAS, the Urban Renewal Agency has caused to be prepared an amendment to the Downtown Renewal District, in accordance with ORS requirements,

NOW, THEREFORE, BE IT RESOLVED by the Oregon City Urban Renewal Agency, that the amendment to the Downtown Renewal District, titled First Amendment to the Oregon City Renewal Plan is hereby accepted and is forwarded to the City Commission of Oregon City for adoption.

Adopted, signed and approved this            day of            1989.

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Mayor-Commissioner

\_\_\_\_\_  
Commissioner

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Commissioner

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Commissioner

\_\_\_\_\_  
Commissioner

Comprising the Urban Renewal  
Agency of Oregon City, Oregon

October 12, 1989

1 2

Subject: Resolution No. 89-1  
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Urban Renewal District Plan Amendment  
to the City Commission for Adoption

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October 12, 1989

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Report No. 89-1

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JOHN G. BLOCK  
Executive Director

Attachments

cc - Thomas Fender III, City Manager

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Adopted, signed and approved this            day of            1989.

\_\_\_\_\_  
Mayor-Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

\_\_\_\_\_  
Commissioner

Comprising the Urban Renewal  
Agency of Oregon City, Oregon

RESOLUTION NO. 89-1

# CITY OF OREGON CITY

Incorporated 1844

## REPORT

Dated

November 29, 1989

1 1

Page \_\_\_\_\_ of \_\_\_\_\_

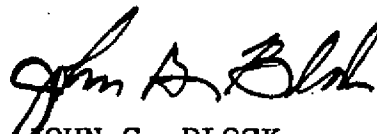
Subject: Discussion of Water Fund Transfer  
Resolution

Report No. 89-6

On the November 29, 1989 Urban Renewal Agency agenda is a continuing discussion on finalizing the use of water funds for the purchase of the former Clairmont Club property. This matter was discussed at the October 12 Urban Renewal Agency meeting, and at the November 1 City Commission meeting.

At issue had been if use of water funds were formally authorized by the City Commission. Staff advised the Commission of the use of water funds in a memorandum dated May 30, 1989, but City Attorney opinion indicates that a resolution authorizing the transfer needs to be adopted. Attached is a copy of the legal opinion and resolution for Commission review.

The resolution will be brought back to the City Commission for consideration at the December 6 meeting, but because of Urban Renewal Agency budget consideration this item is presented here for discussion.

  
JOHN G. BLOCK  
Executive Director

JGB:im

attach.

cc: Thomas Fender III, City Manager  
Scott Harper, Finance Officer

URBAN RENEWAL AGENCY



To: Ed Sullivan  
From: Peggy Hennessy  
Date: November 1, 1989  
Re: Acquisition of Clairmont Club Property

Even if the Commission formally authorized the use of water fund money for the purchase of the Clairmont Club property, a resolution or ordinance would have been required before the loan was made.

ORS 294.450 (4) prohibits the outright transfer of funds from one fund to another:

It shall be unlawful to transfer appropriations from any special revenue fund to the general fund or any other special revenue fund.

However, ORS 294.460 (1) provides for loans between funds:

It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body, except loans shall not be made from funds created for the purpose of retiring indebtedness unless otherwise provided by the charter of any city or county or in any statute relating to municipal corporations. The resolution or ordinance shall state the need for the loan and provide that the money so loaned shall be returned to the fund from which it was borrowed by the end of the ensuing year. The payment of any loans not repaid in the year in which the loan is made shall be budgeted as a requirement in the ensuing year.

The loan cannot be made unless authorized by official resolution or ordinance. Oregon City's charter provides that ordinances shall be effective 30 days after approval, unless there is an emergency clause making them effective immediately.

There is no resolution or ordinance authorizing a loan from the water fund to the urban renewal fund.

The May 30, 1989, Report No. 89-14 from J. Scott Harper views the matter as an investment of water fund money, in which case ORS 294.035 applies. ORS 294.035 provides:

Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may, after having obtained a written order from the governing body of the county, municipality, political subdivision or school district, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus of funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in subsections (1) to (13) of this section. \* \* \*

- (1) Bonds for which sinking fund was created
- (2) Legally issued general obligations of U.S. and western states
- (3) Interest bearing bonds of county, school, port, etc.
- (4) & (5) Interest bearing bonds of city
- (6) Bonds issued by party to ORS 451.140 agreement
- (7) Time deposit, certificate of deposit, savings accounts
- (8) Share account or credit union account
- (9) Insurance or annuity contracts
- (10) Trusts
- (11) Bankers' acceptance guaranteed by qualified financial institution
- (12) & (13) Commercial paper

None of the above include investment in real property as an approved investment.

Bob Frey at the Department of Revenue (371-2244) said that he believed the City's authority is limited to this list. He recommended that we speak to the League.

I also spoke with Sandra Arp at the League (800) 452-0338 who recommended that we speak with the finance people for Eugene and Medford. Warren Wong (Eugene) 687-5046; John Jalali (Medford) 770-4487. Neither Mr. Wong nor Mr. Jalali were available.

RESOLUTION NO. 89-0

A RESOLUTION AUTHORIZING TRANSFER OF FUNDS TO THE URBAN RENEWAL AGENCY FUND FROM THE WATER FUND FOR THE ACQUISITION OF CLAIRMONT CLUB PROPERTY.

WHEREAS, the Commission has authorized the acquisition of the Clairmont Club property for urban renewal purposes; and

WHEREAS, there are insufficient funds in the urban renewal agency fund to cover the cost of acquisition; and

WHEREAS, there are surplus funds in the water fund; and

WHEREAS, ORS 294.060 (i) authorizes loans from one fund to another.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF OREGON CITY, that \$285,456.32 shall be transferred from the Water Fund to the Urban Renewal Fund in the form of a loan for the acquisition of the Clairmont Club property; and

BE IT FURTHER RESOLVED that the money so loaned shall be returned to the Water Fund by the end of the ensuing year; and

BE IT FURTHER RESOLVED such loan shall be at 10% <sup>annual</sup> ~~compounded~~ ~~monthly~~ interest; and

BE IT FURTHER RESOLVED that <sup>any</sup> ~~no~~ part of the loan which is outstanding at the end of this ~~year~~ shall be budgeted as a requirement in the ensuing year.

Adopted, signed, and approved this <sup>6th</sup> ~~15th~~ day of <sup>December</sup> ~~November~~, 1989.

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Mayor-Commissioner

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Commissioner

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Commissioner

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Commissioner

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Commissioner

Comprising the City Commission  
of Oregon City, Oregon

RESOLUTION NO. 89-XI