



COUNCIL RESOLUTION No. 39-2019

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ESTABLISHING A SPECIAL CITY TAX INCENTIVE FOR ANNEXATION OF THE CEREGHINO FARMS SUBDIVISION.

WHEREAS, the Cereghino Farms subdivision is a 55-lot development that was approved by Clackamas County on January 24, 2018, and the property is located south of Lake Road and east of Kuehn Road; and

WHEREAS, prior to Clackamas County approval of the development, City Manager Ann Ober and the developer of the Cereghino Farms subdivision signed a Memorandum of Understanding that stated the developer would annex the property to the city if the city allowed the project to be built to county standards and provided property tax incentives; and

WHEREAS, following county approval of the subdivision, negotiations between the developer and the city resulted in a final annexation agreement that was signed by the city manager and the developer on April 30, 2019. The agreement provides for timely building permit services and tax incentives; and

WHEREAS, annexation of the property would be beneficial to the city and the future residents of the subdivision in that the residents would have the opportunity to be full participants in city civic life and activities including voting in city elections, participating on city committees, and running for city office; and

WHEREAS, the tax incentives would waive city property-related taxes for three years and phase-in taxes over seven years, taxes would be collected at the full city rate after ten years.

Now, Therefore, be it Resolved that the City Council of the City of Milwaukie directs the city manager and finance director to carry out the necessary annual notifications to the county assessor to provide for reduced property taxes over ten years for the Cereghino Farms subdivision as set forth in Exhibit A.

Introduced and adopted by the City Council on 5/21/19.

This resolution is effective on 5/21/19.

Mark F. Gamba, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

EXHIBIT A

Tax rates applicable for each full fiscal year following annexation

This exhibit sets the percentage of the City of Milwaukie ad valorem tax rate that will be applied over the ten-year period outlined in the annexation agreement between the City and Cereghino Farms, LLC.

The annual ad valorem tax rates for the properties within the Cereghino Farms subdivision are expressed below as percentage of the rate paid by other City properties. Over the first three years, no City tax will be assessed. Over the next seven years, the rates will increase by approximately an equal amount each year so that at the end of the full ten-year period, the properties will pay 100% of the City tax rate.

The table below provides a schedule of the specified ratio for each year.

| Ad Valorem Tax Rates for the Cereghino Farms Subdivision Property Expressed as a Percentage of the Full Rate Paid by Other Properties in the City | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal Year | 2020/ 2021 | 2021/ 2022 | 2022/ 2023 | 2023/ 2024 | 2024/ 2025 | 2025/ 2026 | 2026/ 2027 | 2027/ 2028 | 2028/ 2029 | 2029/ 2030 |
| Rate % | 0.0% | 0.0% | 0.0% | 14.3% | 28.6% | 42.9% | 57.2% | 71.5% | 85.8% | 100% |

The rate adjustments listed above apply for all City of Milwaukie property taxes including rates for the City of Milwaukie permanent rate, City of Milwaukie urban renewal, and City of Milwaukie bonds.