

RESOLUTION NO. UR 23-01

A RESOLUTION ADOPTING THE BUDGET, MAKING APPROPRIATIONS AND DECLARING TAX INCREMENT FOR THE 2023-2025 BIENNIUM

ADOPTING THE BUDGET

BE IT RESOLVED that the Oregon City Urban Renewal Commission hereby adopts the 2023-2025 Biennial Budget in the amount of \$10,490,800 now on file at City Hall at 625 Center Street, Oregon City, Oregon.

MAKING APPROPRIATIONS

BE IT FURTHER RESOLVED that the amounts for the budget period beginning July 1, 2023 and ending June 30, 2025, and for the purposes shown below are hereby appropriated:

	Appropriation	Total
URBAN RENEWAL FUND		
Oregon City Urban Renewal Agency	\$ 10,426,800	
Contingency	64,000	
Total Adopted Budget		<u>\$10,490,800</u>

DECLARING TAX INCREMENT

BE IT FURTHER RESOLVED that the Oregon City Urban Renewal Commission hereby resolves to certify to the county assessor a request for the Oregon City Downtown/North End Urban Renewal District to set the incremental assessed value to \$0 for the fiscal year 2023-24, which will generate approximately \$0 of taxes imposed, and to set the incremental assessed value to \$55,165,000 for the fiscal year 2024-25, which will generate approximately \$828,000 of taxes imposed by dividing the taxes under Section 1c, Article IX, of the Oregon Constitution and ORS Chapter 457.

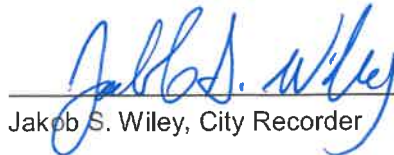
BE IT FURTHER RESOLVED that this resolution shall take effect immediately upon its adoption by the City Commission.

Approved and adopted at a regular meeting of the Urban Renewal Commission held on the 21st day of June 2023.



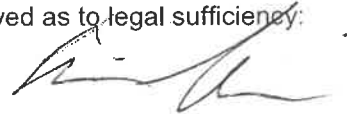
Michael Mitchell, Chair

Attested to this 21st day of June 2023:



Jakob S. Wiley, City Recorder

Approved as to legal sufficiency:



City Attorney

**Oregon City Urban Renewal Agency
Urban Renewal Commission Revised Biennial Budget
July 1, 2023, through June 30, 2025**

Introduction

The Oregon City Urban Renewal Agency's 2023-2025 Proposed Biennial Budget is balanced and has been prepared in accordance with Oregon Budget Law. For the period July 1, 2023, through June 30, 2025, the total budget is \$15,927,600.

The Agency is a separate legal entity from the City of Oregon City that is established under State law. Oregon Revised Statutes Chapter 457.035(1) creates "a public body corporate and politic to be known as the urban renewal agency" for each municipality. The Oregon City Urban Renewal Commission is responsible for providing oversight for the District as specified in the Downtown/North End Urban Renewal Plan, amended in September 2007.

On November 8, 2016, voters approved Measure 3-514, which was intended to limit the use of urban renewal in Oregon City. On July 18, 2017, the Circuit Court determined that the measure is preempted by Oregon Revised Statutes Chapter 457. The Court found that the measure is inconsistent with State law and the Agency's expenditures are not restricted. This decision was appealed to the Oregon Court of Appeals. On November 15, 2022, the Court of Appeals declared that a portion of the measure, specifically part E of Section 59 in the Oregon City Municipal Code is unenforceable as preempted by state law.

The Urban Renewal Commission approved the 11th amendment to the Urban Renewal Plan on December 21, 2022. This amendment updated the project plan to three primary projects, which are the Rossman Landfill, Clackamette Cove, and the Stimson Property, and several secondary projects, including the County Courthouse on Main Street, Improvements to the End of the Oregon Trail Interpretive Center, and downtown railroad Quiet Zone, and development of the vacant 12th and Main Street property.

On May 16, 2023, voters rejected Measure 3-597, which requested the approval for the Urban Renewal Agency to borrow up to \$44 million for projects in the Urban Renewal Plan. The proposed budget presented reflects a status quo budget while recognizing that the Urban Renewal Commission has yet to determine the future of the Urban Renewal Agency after learning the outcome of the election. In spite of this, the responsibility of the Urban Renewal Budget Committee is to review the proposed budget and determine the tax levy, the uses of all resources, and approve the budget. Subsequently, the Urban Renewal Commission has the responsibility to review the approved budget, revise if necessary, and adopt the budget. While the timing of the election in May, the requirement to adopt a budget by June 30, and the publication of mandatory newspaper notices for Budget Committee meetings all complicated the forward process, the Urban Renewal Agency must still meaningfully determine the future. At a minimum, the declaration of the tax increment for the 2023-24 and 2024-25 tax years will determine if the agency continues to collect new revenue (approximately \$3.15 million per year) toward the projects identified above. The second key choice of the Urban Renewal Agency is the use of new tax increment revenue as well as existing funds on hand (\$9.2 million). The future is in the hands of the Urban Renewal Agency.

Budget Highlights

The approved budget is funded by total biennial revenues of \$6.7 million (excluding beginning fund balance), 95% of which are from property taxes. Revenues increased by \$68,000, or 1%, over the previous budget. Tax increment increases are budgeted at 2.0% for each year of the biennium. Other revenue sources include income from property rentals and investment income.

**Oregon City Urban Renewal Agency
Urban Renewal Commission Revised Biennial Budget
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Projected spending for the biennium totals \$15.86 million and is comprised of minimum operating and legal costs as well as capital projects. Finally, the budget includes costs to operate Agency owned rental properties. An operating contingency of \$0.64 million is available for appropriation to projects pending the Urban Renewal Commission's review.

The Downtown/North End Urban Renewal Plan includes an established debt limit of \$130.1 million as a maximum for urban renewal investment ("maximum indebtedness").

Respectfully,

A handwritten signature in black ink, reading "Anthony J. Konkol III". The signature is written in a cursive, flowing style.

Anthony J. Konkol III
Executive Director, OCURA

Oregon City Urban Renewal Agency
Urban Renewal Commission Revised Biennial Budget
July 1, 2023, through June 30, 2025

Urban Renewal	2017-2019 Actual	2019-2021 Actual	2021-2023 Amended Budget	2023-2025 Proposed Biennium	2023-2025 Approved Biennium	2023-2024 URC Revised Budget	2024-2025 URC Revised Budget	2023-2025 URC Revised Biennium
Resources								
Beginning Fund Balance	\$ 3,399,456	\$ 5,468,808	\$ 3,073,311	\$ 9,230,800	\$ 9,230,800	\$ 9,230,800	\$ 60,000	\$ 9,230,800
Property Taxes	5,390,098	6,237,989	6,287,500	6,336,800	6,336,800	46,000	854,000	900,000
Rental Income	164,347	208,197	221,000	240,000	240,000	120,000	120,000	240,000
Interest Income	217,125	181,543	90,000	90,000	90,000	30,000	60,000	90,000
Other Income	95,000	126	30,000	30,000	30,000	15,000	15,000	30,000
Total Resources	\$ 9,266,026	\$ 12,096,663	\$ 9,701,811	\$ 15,927,600	\$ 15,927,600	\$ 9,441,800	\$ 1,109,000	\$ 10,490,800
Requirements								
Agency Administration	\$ -	\$ 440,000	\$ 440,000	\$ 440,000	\$ 440,000	\$ 220,000	\$ 220,000	\$ 440,000
Legal & Consultant Services	5,537	176,448	240,000	240,000	240,000	120,000	120,000	240,000
Rental Expenses	49,628	64,039	100,000	100,000	100,000	50,000	50,000	100,000
Cost Reimbursement	-	867,490	-	-	-	-	-	-
Operating Materials and Supplies	7,856	8,947	12,000	14,000	14,000	7,000	7,000	14,000
Community Programs and Grants	120,000	-	-	-	-	-	-	-
Capital Outlay	395,038	40,450	-	15,069,600	15,069,600	8,984,800	648,000	9,632,800
Principal and Interest	3,219,159	7,526,578	-	-	-	-	-	-
Operating Contingency	-	-	8,909,811	64,000	64,000	60,000	64,000	64,000
Unappropriated Fund Balance	5,468,808	2,972,711	-	-	-	-	-	-
Total Requirements	\$ 9,266,026	\$ 12,096,663	\$ 9,701,811	\$ 15,927,600	\$ 15,927,600	\$ 9,441,800	\$ 1,109,000	\$ 10,490,800

BUDGET HIGHLIGHTS

- ❖ Agency Administration includes minimum staff time/contracts to operate (policy meetings, contract management, investments, debt service, financial audits, impact reports, etc.).
- ❖ Legal & Consultant Services are costs to administer the future projects and support the Commission.
- ❖ Rental Expenses are costs to manage and maintain properties (Amtrak Station, Clackamas Landscape, two houses).
- ❖ Operating Materials and Services are costs for transcription and audit services.
- ❖ Capital Outlay represents the balance of available funds for capital projects as identified in the Urban Renewal Plan.

URC REVISED HIGHLIGHTS

- ❖ Property Taxes: Incremental Assessed Value is \$0 in 2023-24 with prior year tax collections as \$46,000. Incremental Assessed Value is \$55,165,000 in 2024-25, which anticipates approximately \$828,000 in 2024-25 levy collections plus prior years tax collections as \$26,000.
- ❖ Capital Outlay reduced to reflect lower revenue.