

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO.205

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE RECOMMENDING THE CREATION OF A 95TH AVENUE URBAN RENEWAL DISTRICT

WHEREAS, The Wilsonville City Council and its Urban Renewal Agency recognize the importance of implementing economic-development objectives that result in large capital investment in the community that generates a substantial number of family-wage jobs and contributes to the city's tax base;

WHEREAS, the City Council has directed staff to work with the Oregon Business Development Department, dba "Business Oregon," and Clackamas County to develop an incentive proposal for recruiting a high-tech solar-panel manufacturer ("SoloPower") to Wilsonville that generates a \$250-plus million capital investment in the community and produces 400 family-wage jobs over a five- to ten-year period;

WHEREAS, the City's incentive package will result in the redevelopment of a mostly vacant warehouse, formerly known as the Nike Distribution Center ("Nike DC"), into a high-value manufacturing facility producing state-of-the-art solar-panel products for use domestically and for export world-wide;

WHEREAS, this 508,277 square-foot warehouse was vacated in November of 2008, that 399,000 square-foot continues to remain vacant, that the property is currently losing assessed value and that it has a very limited market for potential tenants;

WHEREAS, creation of the proposed 95th Avenue Urban Renewal District will result in a new, single-property district that leverages an anticipated \$250-plus million investment for conversion to a high-value manufacturing facility with several hundred family-wage jobs;

WHEREAS, the proposed 95th Avenue Urban Renewal District will "rebate" approximately \$7 million of the new tax-increment generated by SoloPower;

WHEREAS, the rebate must be used on improvements to the subject property, which is anticipated to undergo tenant improvements totaling approximately \$40 million over the course

of five to 10 years to support the installation of 4 equipment lines known as “tranches” with each line estimated to have an investment of \$60 million;

WHEREAS, in August of 2009, the City Council approved City Council Resolution No. 2203, thereby adopting a number of goals, including “Council Goal 4: Stimulate business and job creation in the community.”;

WHEREAS, Council Goal 2 from City Council Resolution No. 2203 is to “Engage the community in smart growth and sustainability concepts” and that this goal is advanced through the recruitment of a “sustainable” business involved in renewable-energy solar-products manufacturing that produces high-wage jobs that may be filled by residents of the community;

WHEREAS, the *Wilsonville Comprehensive Plan*, Jan. 2010, “Land Use and Development: Industrial Development,” Implementation Measure 4.1.3.b, p. D-11 states that the City’s policy is to “Maintain high-quality industrial development that enhances the livability of the area and promotes diversified economic growth and a broad tax base.”;

WHEREAS, page 26 of the *City of Wilsonville Economic Opportunity Analysis Report* dated January 2008, which is a supporting document to the *Wilsonville Comprehensive Plan*, states that “Target Industries” for Wilsonville include “Light manufacturing,” “High tech manufacturing,” and “Sustainable product manufacturing and distribution. Wilsonville can capitalize on its location within the region and the west coast to develop and distribute sustainable products for transportation and building construction industries”;

WHEREAS, Goal 4 of the *City of Wilsonville Economic Opportunity Analysis Report* encourages “growth of compact employment and industrial development by increasing commercial and industrial job densities per acre...to accommodate living wage jobs in concentrated developments.”;

WHEREAS, SoloPower meets Wilsonville’s “Target Industries” criteria and is a capital-intensive, high-quality industrial development meeting the stated policies of the City’s comprehensive plan and supporting economic opportunity analysis by seeking to develop approximately 400 family-wage jobs over the next several years at one site with nearly double the number of regular, “permanent” jobs than previously were housed at the same facility when

used as a warehouse distribution center, thereby further the objective of “increasing...industrial job densities per acre.”

WHEREAS, the site is served by existing city infrastructure and is located near SMART Central transit center and WES commuter rail station and park-and-ride, furthering the City’s goal to focus on “compact employment” and “concentrated development”;

WHEREAS, the rehabilitation of the site will not create additional impacts on services of other taxing agencies within the proposed District, and with the aforementioned rebate at 75%, the URA intends to under-levy so as to make the remaining 25% of increment available to all taxing agencies within the proposed District, and to maintain the District’s life of not more than 10 years;

WHEREAS, on January 13, 2011, SoloPower, Inc. publicly announced that the California-based manufacturer of flexible, thin film solar cells and modules will locate a high volume manufacturing facility in Wilsonville to construct a 75 MW manufacturing line and that upon completion, the facility will have a nameplate capacity of 300MW, employ approximately 400 people, and have a total investment of more than \$250 Million;

WHEREAS, this state-of-the-art production facility will greatly enhance SoloPower’s ability to provide powerful, flexible, lightweight solar modules to its growing list of global customers;

WHEREAS, the City of Wilsonville faced strong competition from California, Arizona, and the City of Portland in recruiting SoloPower;

WHEREAS, these other jurisdictions provided a number of financial incentives, including Enterprise Zones and tax abatement programs;

WHEREAS, the financial incentive resulting from the proposed 95th Avenue Urban Renewal District is critical to SoloPower’s decision to site in Wilsonville and the formation of the proposed URA District provides the City with an economic tool to further the public purposes of economic redevelopment of declined and hard to develop sites, family wage job creation, and the recruitment of new, sustainable businesses.

NOW, THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF

WILSONVILLE RESOLVES AS FOLLOWS:

1. The Urban Renewal Agency Board hereby authorizes staff to move forward with the planning processes and statutory requirements necessary to create a new urban renewal district to be called the 95th Avenue Urban Renewal District, and which shall consist of the property to be occupied by SoloPower (the former Nike DC) and adjacent full-street 95th Avenue right of way.

2. The Urban Renewal Agency authorizes staff to hold a Public Open House to present the proposed urban renewal district to the public and to solicit public comment and input.

3. The Urban Renewal Agency authorizes staff to take the plan and report for the proposed urban renewal district to the City's Planning Commission for their input regarding conformance with the City's Comprehensive Plan and for recommendation to the City Council.

4. The Urban Renewal Agency authorizes staff to consult with other taxing jurisdictions to be affected by the proposed plan, to advise such jurisdictions that the agency's intent is to keep the maximum debt set forth in the plan and not amend it to be increased during the life of the plan, to seek their comments and input, and approval of the plan for the proposed urban renewal district.

5. The Urban Renewal Agency authorizes staff to return to the Agency upon completion of all statutory requirements, together with reasonable and prudent conditions for advancing any grants or tax abatement to SoloPower, to solicit the Agency's recommendation to City Council for adoption of an ordinance to adopt the proposed 95th Avenue Urban Renewal District.

6. This Resolution is effective upon adoption.

ADOPTED by the Wilsonville Urban Renewal Agency at a regular meeting thereof this 20th day of January 2011, and filed with the Wilsonville City Recorder this date.



Tim Knapp, Chair

ATTEST:



Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

| | |
|----------------------|-----|
| Chair Knapp | Yes |
| Board Member Núñez | Yes |
| Board Member Hurst | Yes |
| Board Member Goddard | Yes |
| Board Member Starr | Yes |

List of Exhibits

Exhibit A – Draft Plan
Exhibit B – Draft Report
Exhibit C – Boundary Map
Exhibit D – Legal Description
Exhibit E – Schedule
Exhibit F – Draft Letter to Taxing Districts

SW 95th Avenue Urban Renewal Plan



January 20, 2011

LIST OF PARTICIPANTS

Mayor: Tim Knapp

City Council: Richard Goddard
Steven Hurst
Celia Nunez
Scott Starr

Urban Renewal Agency: City Council and Mayor

City Manager Pro Tem: Jeanna Troha
Finance Director: Gary Wallis
Director, Public Works: Delora Kerber
Director, Planning: Chris Neamtzu
Assistant Community
Development Director: Stephan Lashbrook
Urban Renewal Manager: Kristin Retherford

Planning Commission: Marta McGuire, Chair
Amy Dvorak
Al Levit
Ray Phelps
Tom Sullivan
Ben Altman

Consultant Team: Tashman Johnson LLC
Elaine Howard Consulting LLC
Jeannette Launer, Attorney

TABLE OF CONTENTS

| | | |
|-------|--|----|
| I. | <u>INTRODUCTION</u> | 1 |
| II. | <u>GOALS AND OBJECTIVES</u> | 4 |
| III. | <u>OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES</u> | 6 |
| IV. | <u>URBAN RENEWAL PROJECTS</u> | 6 |
| V. | <u>PROPERTY ACQUISITION AND DISPOSITION</u> | 7 |
| VI. | <u>RELOCATION METHODS</u> | 8 |
| VII. | <u>TAX INCREMENT FINANCING OF PLAN</u> | 8 |
| VIII. | <u>FUTURE AMENDMENTS TO PLAN</u> | 9 |
| IX. | <u>RELATIONSHIP TO LOCAL OBJECTIVES</u> | 11 |
| | APPENDIX B. LEGAL DESCRIPTION | |

INTRODUCTION

Background

The City of Wilsonville is strategically located on the fringe of the metropolitan area, just south of the confluence of the I-5 and I-205 freeways, making it a very desirable location for economic development.

In the fall of 2010, the City of Wilsonville was invited by Business Oregon, the State's economic development department, to participate in confidential business-recruitment discussions with a solar-energy-generating products manufacturer considering siting a new facility in Oregon and other states. The firm, SoloPower, is headquartered in San Jose, Calif., and produces state-of-the-art "thin-film" solar panels and siding products. SoloPower's expansion to Wilsonville will generate a \$250-plus million capital investment in the community and produce more than 400 family-wage jobs over a 5 to 10-year period.

The City has had to compete with California, Arizona, and Portland locations and the financial incentives they offer, including Enterprise Zones and other tax abatement programs. This led to the City Council's recognition that the existing recessionary environment would require a new and creative approach to recruiting SoloPower and implementing successful economic-development goals that would result in large capital investment in the community, generate a substantial number of family-wage jobs and contribute to the city's tax base. Consequently, the City worked closely with Business Oregon and Clackamas County to develop an incentive package for competitively recruiting SoloPower.

The resulting incentive package consists of a \$4 million advance from the City's general fund, of which 50% is guaranteed to be reimbursed by Clackamas County should anticipated tax revenues not exceed the advance, and a proposed a limited-scope urban renewal district that brings both immediate and long-term financial benefits to all taxing jurisdictions, including city, county, school district, fire district and community college. No new public services are required since the property is already developed. A substantial portion of the urban renewal proceeds are to be used for tenant improvements of the warehouse that increase the building's assessed value and safeguards have been built into the proposal to protect taxpayers' interests, and high-wage job targets need to be met for the company to receive the full benefit. Further, SoloPower, will be redeveloping a mostly vacant warehouse that has not been fully occupied since 2008 and which has lost 25% of its assessed valuation over the prior two-year period.

SoloPower is also receiving a \$200 million US Department of Energy Loan to facilitate their company expansion as well as \$20 million in BETC credits at the state level and a \$14 million State Energy Loan to locate their manufacturing facility in Oregon.

)

SW 95th AVENUE URBAN RENEWAL PLAN

The SW 95th Avenue Urban Renewal Plan (Plan) is for the purpose of redevelopment of a vacant structure, putting it to full economic use to provide jobs and increase revenue for the City of Wilsonville and other taxing districts.

The boundary can be seen in Figure 1.

Purpose of Urban Renewal

The purpose of urban renewal is to improve specific areas of a city that are poorly developed, underutilized, or underdeveloped. These areas can have old, deteriorated and/or vacant buildings, public spaces that need improvements, streets and utilities in poor condition, a complete lack of streets and utilities altogether, or other obstacles to development.

Urban renewal allows for the use of tax increment financing to fund urban renewal projects. Urban renewal is unique in that it brings its own financing source: tax increment financing (TIF). Tax increment revenues - the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the urban renewal area is first established - are used to repay borrowed funds. The funds borrowed are used to pay for urban renewal projects.

In general, urban renewal projects can include construction or improvement of streets, utilities, and other public facilities, assistance for rehabilitation or redevelopment of property, acquisition and re-sale of property (site assembly) from willing sellers, and improvements to public spaces. The specific projects to be approved in this Plan are outlined in Sections III and IV.

The SW 95th Avenue Urban Renewal Area (Area) is presently an underutilized industrial building that has been vacant for two years. The assessed value has decreased by 25 percent over the past two years. There are presently no programs administered by the City of Wilsonville which can fully fund the assistance required for redevelopment of the Area. The projects in the Plan address these needs.

This Plan has been developed with the input of the City and allows for opportunities for input by the community through public meetings.

The Area, shown in Figure 1, consists of approximately 26.08 acres of land and 1.53 acres of right of way for a total of 27.61 acres.

The Plan will be administered by the Wilsonville Urban Renewal Agency (Agency). The Agency is comprised of the five elected City Council members, with the City Manager acting as the Executive Director. Major changes to the Plan, if necessary, must be approved by the City Council, as outlined in Section VIII of this Plan. The Plan is accompanied by an Urban Renewal Report (Report) that contains additional information, as required by ORS 457.085. The information in the Report is the technical information, which includes:

SW 95th AVENUE URBAN RENEWAL PLAN

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact in light of increased population or added services;
- Reasons for selection of each area in the Plan;
- The relationship between each project to be undertaken and the existing conditions;
- The total cost of each project and the source of funds to pay such costs;
- The estimated completion date of each project;
- The estimated amount of tax increment funds required in the Area and the anticipated year in which the debt will be retired;
- A financial analysis of the Plan, with sufficient information to determine feasibility;
- A fiscal impact statement that estimates the impact of tax increment financing upon all entities levying taxes upon property in the Area, and;
- A relocation report.

The Plan is anticipated to take ten years to implement. The maximum amount of indebtedness (amount of tax increment financing for projects and programs) that may be issued for the Plan is \$11,572,111. The total amount of funding required for servicing this debt is \$12,158,431.

GOALS AND OBJECTIVES

The goals of the Plan represent its basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve the goals. The goals are linked to sections of the Wilsonville Comprehensive Plan. The urban renewal projects identified in Chapters III and IV of the Plan are the specific means of meeting the goals and objectives.

Goals and Objectives:

Citizen Involvement

Goal: To encourage and provide means for the general public and interested parties to be involved in all phases of the planning process.

Objectives:

1. Meet with citizen and business groups to explain urban renewal and receive input.
2. Conduct public meetings to allow for input from citizens of Wilsonville.
3. Provide information on urban renewal on the City of Wilsonville website.

Economic Development

Goal: Encourage industrial development to provide a balanced tax base and take advantage of the City's strategic location along I-5 and the rail line. Maintain high-quality industrial development that enhances the livability of the area, promotes diversified economic growth, stimulates and creates jobs.

Objectives:

1. Convert underutilized land into productive development that will provide jobs and add to the industrial base in the City of Wilsonville.
2. Facilitate property improvements and upgrades through assistance to business owners.
3. Provide incentives for job creation.

Infrastructure

Goal: To help provide for infrastructure capacity to facilitate economic development.

Objectives:

1. Provide upgrades to street, sewer, storm sewer, water, and electrical systems, as necessary, to help facilitate economic development.

SW 95th AVENUE URBAN RENEWAL PLAN

Figure 1. Urban Renewal Area Boundary



III. **OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES**

The urban renewal projects for the Plan are designed to support economic development in the Area. An outline of major urban renewal project activities is shown in this section. Descriptions of the projects are in Section IV.

Redevelopment Assistance
Infrastructure Improvements

URBAN RENEWAL PROJECTS

Urban renewal projects authorized by the Plan are described below. Public improvements authorized under the Plan include a redevelopment program and infrastructure improvements. The scope, budget, and priorities for urban renewal projects and programs will be decided by the Agency as it administers the Plan.

Projects authorized by the Plan are:

Redevelopment Assistance

Provide redevelopment assistance to allow for the redevelopment of property tied to specific redevelopment and job creation goals.

Public Facilities

Provide upgrades to street, sewer, storm sewer, water, and electrical systems, as necessary, to help facilitate economic development.

PROPERTY ACQUISITION AND DISPOSITION

The Plan authorizes the acquisition and disposition of property as described in this section. Property includes any and all interests in property, including fee simple ownership, lease, easements, licenses, or other rights to use. Eminent domain would only be used if necessary for the acquisition of land for public improvements, and after the Agency has taken all steps required by law to attempt to acquire the land by voluntary agreement with the property owner.

Property Acquisition for Public Improvements

The Agency may acquire any property within the Area for the public improvement projects undertaken pursuant to the Plan by all legal means.

Property Acquisition from Willing Sellers

The Plan authorizes the Agency acquisition of any interest in property within the Area that the Agency finds is necessary to support private redevelopment, but, except as noted below, only in those cases where the property owner wishes to convey such interest to the Agency. The Plan does not authorize the Agency to use the power of eminent domain to acquire property other than as described in Section V, Part A, above.

Land Disposition

The Agency will dispose of property acquired for a public improvement project by conveyance to the appropriate public agency responsible for construction and/or maintenance of the public improvement. The Agency may retain such property during construction of the public improvement. The schedule for disposition of land for a public improvement project will be determined by the timing of the construction of the public improvement.

The Agency may dispose of property acquired under Section V, Part B by conveying any interest in the property. The schedule for disposition of land acquired under Subsection B of this Section V will be determined by the Agency when the Agency determines the acquisition is necessary pursuant to Section V, Part B, above. These determinations may be made by Resolution of the Agency.

Property shall be conveyed at its fair reuse value. Fair reuse value is the value, whether expressed in terms of rental or capital price, at which the urban renewal agency in its discretion determines such land should be made available in order that it may be developed, redeveloped, cleared, conserved, or rehabilitated for the purposes specified in such plan. Because fair reuse value reflects limitations on use of the property to those purposes specified in the Plan, the value may be lower than the property's fair market value.

Where land is sold or leased, the purchaser or lessee must agree to use the land for the purposes designated in the Plan and to begin and complete the building of

its improvements within a period of time that the Agency determines is reasonable.

RELOCATION METHODS

When the Agency acquires occupied property under the Plan, residential or commercial occupants who are renting or leasing such property shall be offered relocation assistance, as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations as necessary for the administration of relocation assistance.

TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on loans, usually in the form of tax increment bonds. The proceeds of the bonds are used to finance the urban renewal projects authorized in the Plan. Bonds may be either long-term or short-term.

Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. Under current law, the property taxes for General Obligation bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.

General Description of the Proposed Financing Methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues;
- Advances, loans, grants, and any other form of financial assistance from the Federal, State, or Local governments or other public bodies;
- Loans, grants, dedications, or other contributions from private developers and property owners, including but not limited to, assessment districts, and;
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements, and indebtedness incurred in (1) planning or undertaking project activities, or (2) otherwise exercising any of the powers granted by ORS Chapter 457, in connection with the implementation of this Plan.

The financing for projects in the early stages of the urban renewal plan may come from the City of Wilsonville, or other public sources. If approved by the Agency, these loans will be considered an obligation of the Plan and will be

SW 95th AVENUE URBAN RENEWAL PLAN

repaid from anticipated tax increment revenues, as shown in Section VIII of the Urban Renewal Report.

Tax Increment Financing and Maximum Indebtedness

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the un-segregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion, is \$11,572,111. This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness.

Prior Indebtedness

Any indebtedness permitted by law and incurred by the Agency or the City of Wilsonville in connection with the preparation of this Plan, or prior planning efforts that support the preparation or implementation of this Plan, may be repaid from tax increment revenues from the Area, when, and if, such funds are available.

FUTURE AMENDMENTS TO PLAN

The Plan may be amended as described in this section^[EH1].

Substantial Amendments

Substantial Amendments are solely amendments:

- Adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area, or;
- Increasing the maximum amount of indebtedness that can be issued or incurred under the Plan.

Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing, and approval procedure required of the original Plan under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Planning Commission, and approval by the City Council by non-emergency ordinance after a hearing. Notice of such hearing shall be provided to individuals or households within the City of Wilsonville, as

SW 95th AVENUE URBAN RENEWAL PLAN

required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and .115.

Council Approved Amendments

Council Approved Amendments consist solely of amendments that result in:

- Material changes to the goals and objectives of the Plan, or;
- Addition or expansion of a project that is materially different from projects previously authorized in the Plan.

Council Approved Amendments require approval by the Agency by resolution and by the City Council by ordinance.

Minor Amendments

Minor Amendments are amendments that are not Substantial or Council Approved Amendments. They require approval by the Agency by resolution.

Amendments to the Wilsonville Comprehensive Plan and/or Wilsonville Code: Planning and Development

Amendments to the City of Wilsonville Comprehensive Plan and/or Wilsonville Code: Planning and Development that affect the Urban Renewal Plan and/or the Urban Renewal Area shall be incorporated automatically within the Urban Renewal Plan without any separate action required by the Agency or the City Council.

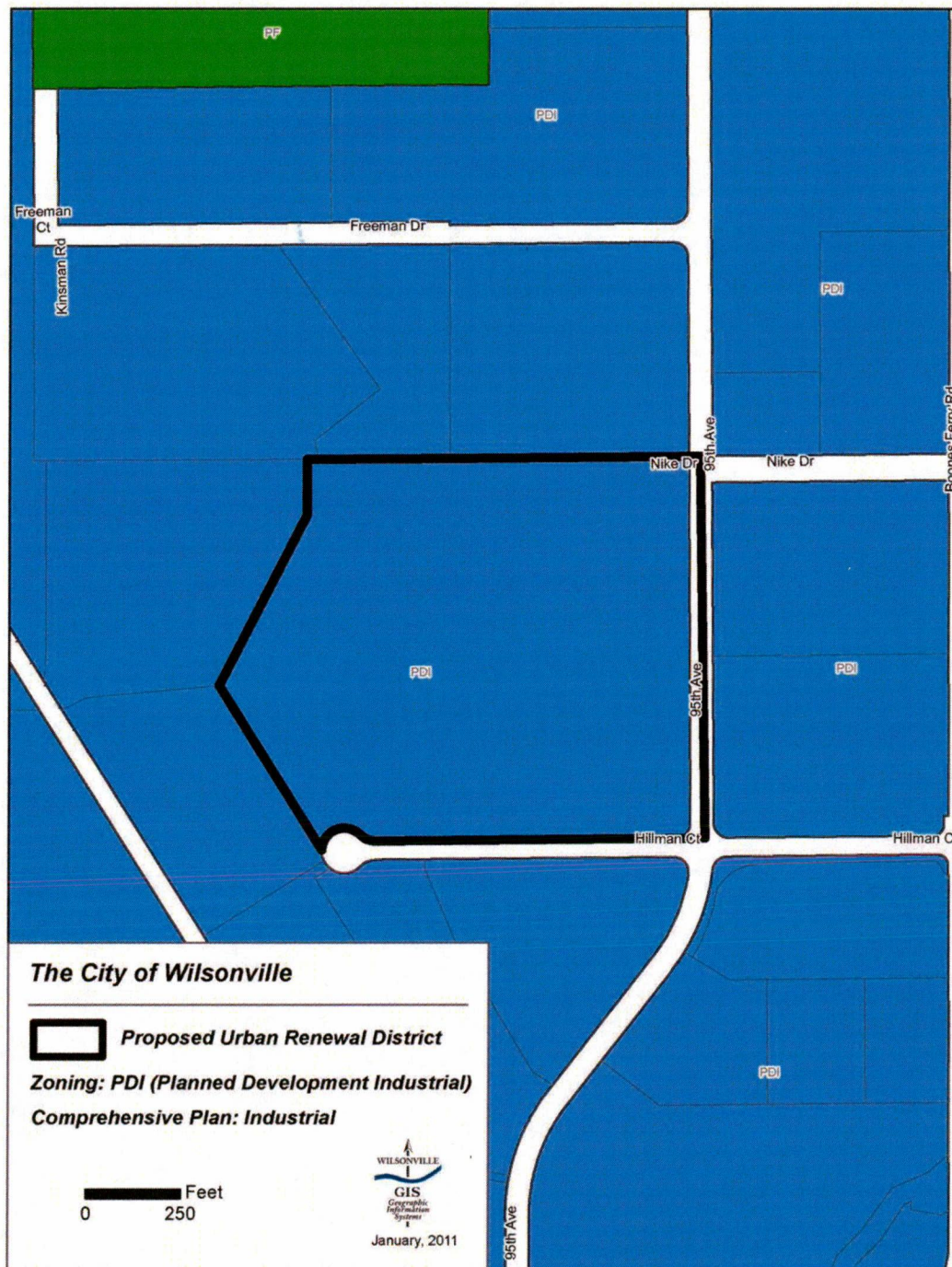
RELATIONSHIP TO LOCAL OBJECTIVES

The City of Wilsonville Comprehensive Plan and the Wilsonville Development Code: The Planning and Development Ordinance govern land use in the Area. The use, development, or redevelopment of all land within the Area shall comply with the provisions of the City's Comprehensive Plan, implementing ordinances, codes, policies, and regulations, and with all other applicable Federal, State, County, and City regulations. The City's acknowledged Comprehensive Plan and its implementing ordinances, codes, policies, and regulations as they exist on the effective date of the Plan or as they may be amended from time to time, are incorporated hereby by reference as if they were included in full. The City's Development Code and all applicable Building, Health, and Safety Codes as they exist on the effective date of this Plan or as they may be amended from time to time, are hereby made a part of this as though included herein in full. These documents indicate proposed land uses, maximum densities, and building requirements.

The Plan relates to local planning and development objectives contained within the City of Wilsonville's Comprehensive Plan, Wilsonville Code: Planning and Development and the City of Wilsonville Transportation System Plan. This Section describes the purpose and intent of these plans, the particular goals and policies within each planning document to which the proposed Plan relates, and an explanation of how the Plan relates to these goals and policies.

Figure 2 shows the Comprehensive Plan and Zoning Designations. The numbering of the goals and policies will reflect the numbering which occurs in the original document. The wording in these sections comes directly from the respective documents so it cannot be changed. It is shown in *italicized text*. The wording in regular text is text that has **not** been taken directly from an original planning document, but is how the urban renewal plan relates to the original document.

Figure 2. Comprehensive Plan and Zoning Designation



A. City of Wilsonville Comprehensive Plan

The Comprehensive Plan is an official statement of the goals, policies, implementation measures, and physical plan for the development of the City. The Plan documents the City's approach to the allocation of available resources for meeting current and anticipated future needs. In doing so, it records current thinking regarding economic and social conditions. Because these conditions change over time, the Plan must be directive, but flexible, and must also be periodically reviewed and revised to consider changes in circumstances.

CITIZEN INVOLVEMENT

Goal: To encourage and provide means for interested parties to be involved in land use planning processes, on individual cases and City-wide programs and policies.

Policy 1.1.1 The City of Wilsonville shall provide opportunities for a wide range of public involvement in City planning programs and processes.

The Plan relates to this goal and policy as there was a comprehensive planning process undertaken in the drafting of the Plan. The process included a presentation to the Wilsonville Chamber of Commerce to receive business community input, and a public open house for the community at large. The Plan was also presented to the Planning Commission and City Council in meetings where citizen input was received. In addition, a mailing to citizens of Wilsonville provided initial information about the Plan and provided contact information for more in-depth details about the Plan. Information was also posted on the City of Wilsonville website.

Implementation Measure 1.1.1.b. Support the Planning Commission as the City's official Citizens Involvement Organization with regular, open, public meetings in which planning issues and projects of special concern to the City are discussed and resultant recommendations and resolutions are recorded and regularly reported to the City Council, City staff, and local newspapers. The Planning Commission may schedule special public meetings as the Commission deems necessary and appropriate to carry out its responsibilities as the Committee for Citizen Involvement.

The Plan relates to this implementation measure as there was an open public meeting in front of the Planning Commission to inform and discuss the Plan.

Implementation Measure 1.1.1.e. Encourage the participation of individuals who meet any of the following criteria:

1. *They reside within the City of Wilsonville.*
2. *They are employers or employees within the City of Wilsonville.*
3. *They own real property within the City of Wilsonville.*
4. *They reside or own property within the City's planning area or Urban Growth Boundary adjacent to Wilsonville.*

The Plan relates to this implementation measure as there were 2 meetings to inform and discuss the Plan. There was also a city-wide mailing to inform citizens about the City Council hearing on the Plan.

Implementation Measure 1.1.1.f. Establish and maintain procedures that will allow any interested parties to supply information.

The Plan relates to this implementation measure as there were 2 meetings to inform and discuss the Plan. There was also a city-wide mailing to inform citizens about the City Council hearing on the Plan.

GOAL 1.2: For Wilsonville to have an interested, informed, and involved citizenry.

Policy 1.2.1 The City of Wilsonville shall provide user-friendly information to assist the public in participating in City planning programs and processes.

The Plan relates to this goal and policy as there was a comprehensive planning process undertaken in the building of the Plan as described under policy 1.1.1. The Plan was also presented to the Planning Commission and City Council in meetings where citizen input was received. In addition, a mailing to citizens of Wilsonville provided initial information about the Plan and provided contact information for more in-depth details about the Plan. Information was also posted on the City of Wilsonville website.

Implementation Measure 1.2.1.b. Using press releases or other means, publicize the ways in which interested parties can participate and the topics which will be considered by public boards.

The Plan relates to this implementation measure as there were 2 meetings to inform and discuss the Plan. There was also a city-wide mailing to inform citizens about the City Council hearing on the Plan.

Policy 1.3 The City of Wilsonville shall coordinate with other agencies and organizations involved with Wilsonville's planning programs and policies.

The Plan relates to this goal and policy as all overlapping taxing jurisdictions were informed of the Plan, were provided copies of the documents, and were given opportunities for input.

Implementation Measure 1.3.1.b Where appropriate, the City shall continue to coordinate its planning activities with affected public agencies and private utilities. Draft documents will be distributed to such agencies and utilities and their comments shall be considered and kept on file by the City.

The Plan relates to this implementation measure as all overlapping taxing jurisdictions were informed of the Plan, were provided copies of the documents, and were given opportunities for input.

URBAN GROWTH MANAGEMENT

GOAL: 2.1 To allow for urban growth while maintaining community livability, consistent with the economics of development, City administration, and the provision of public facilities and services.

Policy 2.1.1. The City of Wilsonville shall support the development of all land within the City, other than designated open space lands, consistent with the land use designations of the Comprehensive Plan.

The Plan relates to this goal and policy as land which is in the urban growth boundary but has been vacant and underutilized will be used for future redevelopment and job creation.

Implementation Measure 2.1.1.a. Allow development within the City where zoning has been approved and other requirements of the Comprehensive Plan have been met.

The Plan relates to this implementation measure as land where zoning has been approved and other requirements of the Comprehensive Plan have been met, but has been vacant and underutilized, will be used for future redevelopment and job creation.

Implementation Measure 2.1.1.c. Encourage a balance between residential, industrial, and commercial land use, based on the provisions of this Comprehensive Plan.

The Plan relates to this implementation measure as industrial land will be put to its full use.

Implementation Measure 2.1.1.d. Establish and maintain revenue sources to support the City's policies for urbanization and maintain needed public services and facilities.

The Plan relates to this implementation measure as tax increment financing is being established to help assist in the redevelopment of an existing structure within the urban growth boundary to provide for full use of the structure and provide future jobs.

Policy 2.2.1. The City of Wilsonville shall plan for the eventual urbanization of land within the local planning area, beginning with land within the Urban Growth Boundary.

The Plan relates to this policy as land which is in the urban growth boundary will be put to full use.

Implementation Measure 2.2.1.b. The City of Wilsonville, to the best of its ability based on infrastructure provided at the local, regional, and state levels, shall do its fair share to increase the development capacity of land within the Metro UGB.

The Plan relates to this implementation measure as the city will assist in the redevelopment of an existing structure within the urban growth boundary to provide for full use of the structure and provide future jobs.

PUBLIC FACILITIES AND SERVICES

GOAL 3.1: To assure that good quality public facilities and services are available with adequate capacity to meet community needs, while also assuring that growth does not exceed the community's commitment to provide adequate facilities and services.

Policy 3.1.1 The City of Wilsonville shall provide public facilities to enhance the health, safety, educational, and recreational aspects of urban living.

Policy 3.1.2 The City of Wilsonville shall provide, or coordinate the provision of, facilities and services concurrent with need (created by new development, redevelopment, or upgrades of aging infrastructure).

The Plan relates to this goal and policies as there are existing public facilities to service the underutilized site.

Implementation Measure 3.1.2.a. Urban development will be allowed only in areas where necessary facilities and services can be provided.

The Plan relates to this implementation measure as the site to be redeveloped has the necessary facilities and services for redevelopment.

Implementation Measure 3.1.3.c The City shall continue to employ pay-back agreements, development agreements, and other creative solutions for facilities that are over-sized or extended from off-site at the expense of only some of the benefited properties.

The Plan relates to this implementation measure as the City is using tax increment financing to help leverage the redevelopment of property which will use existing public facilities.

TRANSPORTATION

Goal 3.2 To encourage and support the availability of a variety of transportation choices for moving people that balance vehicular use with other transportation modes, including walking, bicycling and transit in order to avoid principal reliance upon any one mode of transportation.

Policy 3.2.1 To provide for safe and efficient vehicular, transit, pedestrian and bicycle access and circulation.

The Plan relates to this goal and policy as there is an existing transportation network to service the underutilized site. There are sidewalks on both sides of the street and there are bicycle lanes.

Implementation Measure 3.2.1.a. Plan and implement a well-connected network of streets and supporting improvements for all applicable travel modes.

The Plan relates to this implementation measure as there is an existing transportation network to service the underutilized site.

Implementation Measure 3.2.1.b. Provide safe and efficient multi-modal travel between the connecting roadways (and the surface street network, if applicable).

The Plan relates to this implementation measure as there is an existing transportation network to service the underutilized site.

Goal 3.4: To facilitate the safe, efficient and economic flow of freight and other goods and services within the city and the region.

The Plan relates to this goal as there is an existing transportation network to service the underutilized site. The site is zoned for industrial use and the road system is built to the capacity required for industrial uses.

LAND USE AND DEVELOPMENT

GOAL 4.1 To have an attractive, functional, economically vital community with a balance of different types of land uses.

The Plan relates to this goal as the proposed use conforms with the existing zoning on the site and will help contribute to the economic vitality of the community.

Implementation Measure 4.1.1.j. Development will coincide with the provision of public streets, water, and sanitary sewer and storm drainage facilities....

The Plan relates to this implementation measure as there are existing public services to service the underutilized site.

These facilities shall be: (a) capable of adequately serving all intervening properties as well as the proposed development; and, (b) designed to meet City standards.

The Plan relates to this implementation measure as there are existing public services to service the underutilized site and intervening properties and the public services are designed to meet City standards.

Policy 4.1.3 City of Wilsonville shall encourage light industry compatible with the residential and urban nature of the City.

The Plan relates to this policy as the City is working in partnership with a business which is compatible with the residential and urban nature of the City.

Implementation Measure 4.1.3.a Develop an attractive and economically sound community.

The Plan relates to this implementation measure as the City is working in partnership with a business which will assist in developing an attractive and sound community.

Implementation Measure 4.1.3.b. Maintain high-quality industrial development that enhances the livability of the area and promotes diversified economic growth and a broad tax base.

The Plan relates to this implementation measure as the City is working in partnership with a business to provide a high-quality industrial development that will enhance the livability of the area and promote diversified economic growth and a broad tax base.

Implementation Measure 4.1.3.c. Favor capital intensive, rather than labor intensive, industries within the City.

The Plan relates to this implementation measure as the City is working in partnership with a business to provide a capital intensive industry within the City.

Implementation Measure 4.1.3.d. Encourage industries interested in and willing to participate in development and preservation of a high-quality environment. Continue to require adherence to performance standards for all industrial operations within the City.

The Plan relates to this implementation measure as the City is working in partnership with a business which is interested in and willing to participate in development and preservation of a high-quality environment and will adhere to performance standards established by the City.

Implementation Measure 4.1.3.e. Site industries where they can take advantage of existing transportation corridors such as the freeway, river, and railroad.

The Plan relates to this implementation measure as the City is working in partnership with a business to redevelop an existing site which is well-served by the existing transportation corridors.

Implementation Measure 4.1.3.f. Encourage a diversity of industries compatible with the Plan to provide a variety of jobs for the citizens of the City and the local area.

The Plan relates to this implementation measure as the City is working in partnership with a business to provide a diversity of jobs for the citizens of the City and the local area.

Implementation Measure 4.1.3.g. Encourage energy-efficient, low-pollution industries.

The Plan relates to this implementation measure as the City is working in partnership with a "green industry" business.

B. Wilsonville Development Code - Planning and Land Development

The Wilsonville Development Code - Planning and Land Development is enacted for the purpose of promoting the general public welfare by ensuring procedural due process in the administration and enforcement of the City's Comprehensive Plan, Zoning, Design Review, Land Division, and Development Standards. It is contained as Chapter 4 of the Wilsonville Code.

The zoning designation for the property in the Area is PDI - Planned Development Industrial Zone. It is shown in Figure 2. The Plan is not proposing any new zones nor land uses, nor are there any proposals that would modify any of the existing zones or land uses. The Plan will comply with all requirements of the existing zoning.

Section 4.135. PDI- Planned Development Industrial Zone.

(.01) Purpose: The purpose of the PDI zone is to provide opportunities for a variety of industrial operations and associated uses.

C. City of Wilsonville Transportation System Plan Roadway Element

The City of Wilsonville Transportation System Plan Roadway Element (TSP) was prepared by *DKS Associates* in September of 2001.

The purposes of this Transportation Systems Plan (TSP) are to:

- Comply with state mandates for transportation planning as specified by the statewide Transportation Planning Rule (TPR). Per OAR (Oregon Administrative Rules) 660-012-0015, the purpose of the TSP is to “establish a system of transportation facilities and services adequate to meet identified local transportation needs consistent with regional TSPs and adopted elements of the State TSP”.*
- Develop standards for the transportation system.*
- Address current problem areas.*
- Identify future roadway needs required to support predicted growth over the next 20 years.*
- Provide guidelines for future transportation planning.*

The TSP contains policies and implementation measures designed to fulfill the City’s transportation needs through the year 2020. Many of these policies and implementation measures will become the City’s standards for future transportation planning; however, several of these policies and measures seek to “encourage”, “promote”, or “support” particular actions in an effort to create a positive environment in Wilsonville. They represent an ideal or a suggestion and are not to be interpreted as a requirement of the TSP or any implementing document of the TSP on any individual, business, or organization. In time, these measures may be supported by incentives.

This TSP provides details to guide transportation investment for the future and to determine how land use and transportation needs can be balanced to bring the most benefit to the City.

The Plan relates to the City of Wilsonville Transportation System Plan Roadway Element as the redevelopment planned for the Area is an industrial use and SW 95th Avenue will be used as designated in the TSP. The street within the Area is SW 95th Avenue and is classified as a Commercial Industrial Street.

The TSP also designates SW 95th as being in an Industrial Center and there are transit locations specified in the Area. SW 95th Avenue is also designated for bicycle lanes and sidewalks on both sides of the street. There are presently

sidewalks on both sides of the street and bicycle lanes are demarcated by 8" wide thermoplastic lines.

APPENDIX B: LEGAL DESCRIPTION

EXHIBIT B

REPORT ON THE
SW 95th AVENUE URBAN RENEWAL PLAN



January 20, 2011

Consultant Team:

Tashman Johnson LLC
Elaine Howard Consulting LLC
Jeannette Launer, Attorney

TABLE OF CONTENTS

| | | |
|-------|---|----|
| I. | <u>INTRODUCTION</u> | 27 |
| II. | <u>EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES</u> | 28 |
| A. | <u>PHYSICAL CONDITIONS</u> | 29 |
| B. | <u>INFRASTRUCTURE</u> | 31 |
| C. | <u>SOCIAL CONDITIONS</u> | 32 |
| D. | <u>ECONOMIC CONDITIONS</u> | 32 |
| E. | <u>IMPACT ON MUNICIPAL SERVICES</u> | 34 |
| III. | <u>REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN</u> | 35 |
| IV. | <u>THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA</u> | 35 |
| V. | <u>THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS</u> | 36 |
| VI. | <u>THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT</u> | 37 |
| VII. | <u>THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED</u> | 37 |
| VIII. | <u>FINANCIAL ANALYSIS OF THE PLAN</u> | 38 |
| IX. | <u>IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA</u> | 39 |
| X. | <u>RELOCATION REPORT</u> | 40 |
| XI. | <u>COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA</u> | 40 |

I. **INTRODUCTION**

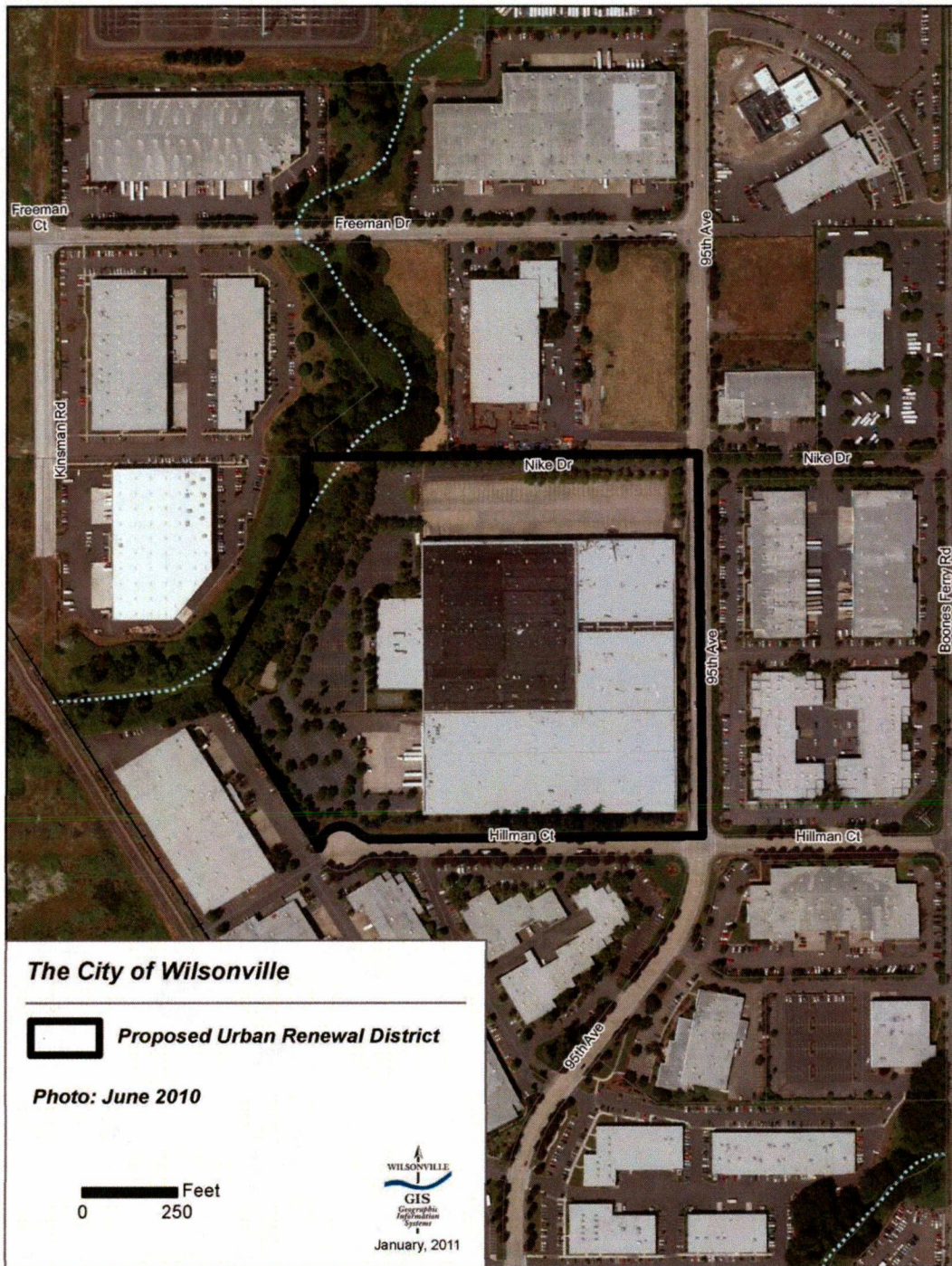
The SW 95th Avenue Urban Renewal Area Report (Report) contains background information and project details for the SW 95th Avenue Urban Renewal Plan (Plan). The Report is not a legal part of the Plan but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides the information required in ORS 457.085(3). The format of the Report is based on this statute.

The Area is shown in Figure 1.

DRAFT

Figure 1. Wilsonville Urban Renewal Area



II. **EXISTING PHYSICAL, SOCIAL, AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES**

This section of the Report describes existing conditions within the SW 95th Avenue Urban Renewal Area (Area), documenting the occurrence of “blighted areas” as defined by ORS 457.010(1).

A. **Physical Conditions**

1. Land Use

The Area, shown in Figure 1 above, contains one 26.08 acre parcel and 1.53 acres of right of way, for a total of 27.61 acres. The property has been vacant since 2008.

An analysis of property classification data from Clackamas County 2010-11 Assessment and Taxation database was used to determine the assessor’s land use designation of parcels in the Area. The property is designated as Industrial: Improved use.

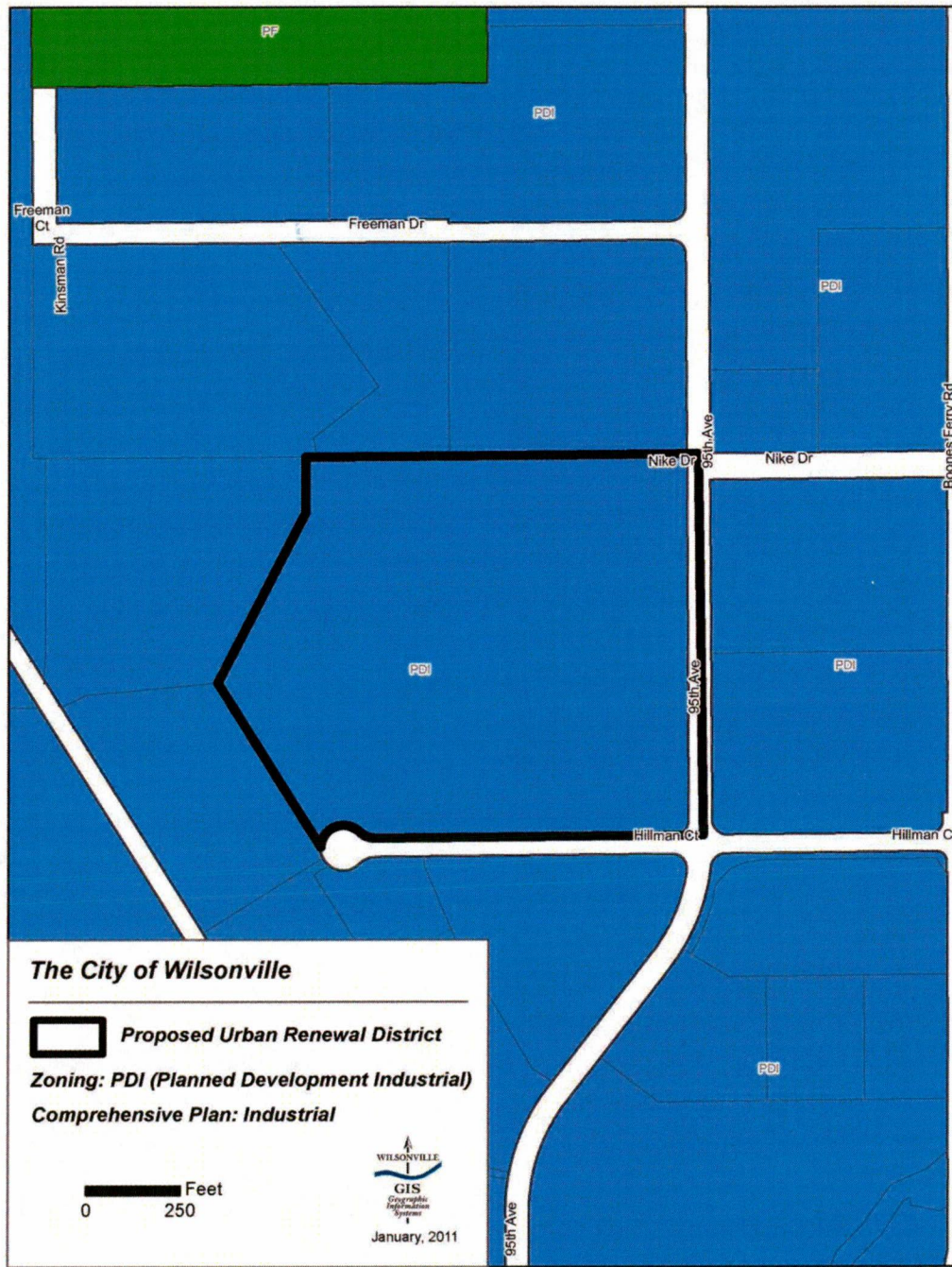
2. Zoning

One hundred percent (100%) of the Area (26.08 acres) is zoned Planned Development Industrial (PDI).

3. Comprehensive Plan

The Area is designated Industrial in the Comprehensive Plan.

Figure 3. The Wilsonville Urban Renewal Area Zoning



B. Infrastructure

1. Transportation

The street within the Area is SW 95th Avenue.

SW 95th Avenue is a three lane street with sidewalks on both sides. According to the Wilsonville Transportation Systems Plan update of 2009 (TSP), *it has a smooth surface with some signs of cracking, but not detectable to the driver.* The portion of SW 95th Avenue which fronts this Area is classified in the TSP as a commercial/industrial street, indicating a route primarily serving industrial areas. SW 95th Avenue to the north of the Area is classified as a minor arterial.

The level of service on SW 95th Avenue is rated as C or better in the TSP. SW 95th has designated bicycle lanes on both sides of the street and is designated as a community connector. SW 95th Avenue is designated in the Wilsonville Transit Master Plan (August 2008) as a major transit street. It is served approximately every 30 minutes on weekdays by SMART regional transit. There are bus stops on SW 95th Avenue directly within the Area.

2. Water, Wastewater, and Storm Drainage Facilities

The water, wastewater, and storm drainage facilities are in excellent condition. There are no capital improvement plans for any of these facilities in the Area.

3. Parks and Open Space

There are no parks in the Area.

4. Public Spaces

There are no public spaces within the Area.

5. Public Parking

There is public parking in the Area.

6. Public Buildings

There are no public buildings in the Area.

C. Social Conditions

There are no parcels in the Area classified by the Clackamas County Assessor as having residential use. However, as an indicator of the need for employment, there is a 10.3 percent unemployment rate in Clackamas County, and a 10.7 percent rate in the Portland Metropolitan Service Area, indicating the need for new employment opportunities for the citizens of Wilsonville.

D. Economic Conditions

1. Taxable Value of Property Within the Area

The estimated total 2010-11 assessed value of the Area, including all real, personal, personal manufactured, and utility properties, is \$17,483,524, a decrease of 13 percent from the 2009-10 value. The 2009-10 value was a decrease of 12 percent from the prior year's taxes, or a total decrease of 25 percent over the last two years. Prior to the decreases starting in the 2009 tax year, the property was increasing in value at a rate of 2.6 - 3 percent a year.

The 2010-11 total assessed value of the City of Wilsonville is \$2,566,501,870.

2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (the value of buildings and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the Improvement to Land Ratio (I:L). The values used are real market values. In urban renewal areas, the I:L may be used to measure the intensity of development or the extent to which an area has achieved its short- and long-term development objectives. A healthy condition of industrial real estate investment in the Wilsonville area would be 5:1^[EH2]. The I:L ratio for this property is 2.2:1.

This growing lack of proper utilization of land results in a stagnant and unproductive condition of land that is potentially useful and valuable for contributing to the public health, safety, and welfare, and constitutes blight in accordance with ORS 457.010(1)(h).

3. Vacancy Rates

The property has 508,277 square feet of leasable space. The October 2010 vacancy rates for Clackamas County are shown below. The rates show that there is a huge amount (45%) of vacant industrial and office/flex space in Clackamas County.

| Space Type | Oct-10 | TOTALS | | % Vacancy |
|----------------------------|------------|------------------|------------------|------------|
| | RBA | RBA | Vacant Space | |
| Industrial/Warehouse | 3,050,709 | | 1,426,863 | 47% |
| Office/Flex/Retail/Other | 766,238 | | 273,131 | 36% |
| TOTAL | | 3,816,947 | 1,699,994 | 45% |
| ALL Comm/Indus in City | 9,799,378 | | 1,699,994 | 17% |
| | 11,952,880 | | | |
| RBA=Rentable Building Area | | | | |

Source: City of Wilsonville

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area is described in Section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

Projected increases in industrial occupancies within the Area will generally result in higher demand for fire, life safety, and public safety services. The projected increase in occupancies within the Area will also raise the demand for water, sewer, and storm drainage services.

These impacts will be offset by the positive benefits of the assistance provided to the business to relocate and redevelop this property^[EH3]. It will include:

- Approximately \$12,000,000 in tenant improvements in Phase One.
- Approximately \$12,000,000 in tenant improvements in Phase Two.
- Approximately \$60,600,000 investment in Tranche One.
- Approximately \$60,600,000 investment in Tranche Two.
- Approximately \$121,200,000 investment in Tranche Three.
- An agreement to provide employment as follows:
 - Create and maintain 100 permanent, full-time (FTE) positions for five consecutive years for Tranche One;
 - 100 FTE for five consecutive years for Tranche Two;
 - 100 FTE for five consecutive years for Tranche Three^[RK4], and;
 - 100 FTE for five consecutive years for Tranche Four, totaling 400 FTE.
- Pay new employees at least 200% of the state minimum wage with at least 20 positions per every 100 FTE's at 300% of the state minimum wage, excluding benefits.
- First Source Hiring and Contracting Agreement with the Oregon Employment Department.
- Provide permanent increases to the assessed value of the property to provide for funds to make the assistance to the business and to provide future tax revenues for the locality once the urban renewal plan is terminated.

These commitments will help offset the fiscal impacts from the urban renewal area. The total cash value of the advances and rebate incentives provided by the City of Wilsonville is estimated at \$16,188,431. These incentives provide a leverage of City of Wilsonville investment to private investment of 1:16.45.

III. **REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN**

There is one urban renewal area in the Plan and it was selected to improve and prevent the future occurrence of blighted areas as defined in ORS 457.010(1).

IV. **THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA**

This section describes the relationship between the urban renewal projects called for in the Plan and the conditions generally described in Section I of this Report, which are described more specifically below.

A. Redevelopment Assistance

1. Create a Redevelopment Assistance Program to allow for payment to businesses for assistance in preparing a vacant property for occupancy in order to create jobs and economic activity in Wilsonville.

Relationship to Existing Conditions

There are presently no programs to assist with redevelopment assistance^[EH5] in^[RK6] the Area. The property is presently vacant and has been so for two years. The assessed value of the property has decreased over the past two years and will continue to decrease unless the building becomes occupied with a productive use.

B. Public Facilities

1. Construct improvements to public facilities as required for servicing development.

Relationship to Existing Conditions

There are presently no programs to assist with improving public facilities^[EH7] in^[RK8] the Area. The property is presently vacant and has been so for two years. The assessed value of the property has decreased over the past two years and will continue to decrease or remain at its present rate unless the building becomes occupied with a productive use.

V. **THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS**

The assistance will be from two sources, a loan from the City of Wilsonville and from tax increment revenues as generated through the urban renewal area.

Table 1: Projects and Costs in Year of Expenditure Dollars

| REVENUES | |
|----------------------------|---------------------|
| Tax Increment Revenues | \$12,158,431 |
| Proceeds of Loan From City | 4,030,000 |
| Total Revenues | 16,188,431 |
| PROJECT COSTS | |
| Redevelopment Assistance | 11,572,111 |
| Repayment of City Loan | |
| Principal | 4,030,000 |
| Interest | 406,320 |
| Administrative Costs | 180,000 |
| Total Costs | \$16,188,431 |

DRAFT

DRAFT REPORT ON SW 95th AVENUE URBAN RENEWAL PLAN

VI. **THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT**

Projects will be ongoing and accomplished over the life of the Plan. Estimated completion dates are shown in Table 2 below.

VII. **THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED**

Table 2 shows the annual and total certified tax increment revenues and loan proceeds and their allocation to loan repayments, redevelopment assistance, and administrative costs. It is anticipated that all debt will be retired by the end of FY 2019. The maximum indebtedness of the Plan is \$11,572,111. This is the total of the principal amount of debt to be issued, repayable from tax increment revenues. The total amount of tax increment revenues required to service the maximum indebtedness is \$12,158,431.

Table 2: Anticipated Completion Dates for Projects

| FYE Ending June 30 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Totals |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|-------------------|
| REVENUES | | | | | | | | | |
| Tax Increment Revenues | | 912,332 | 1,521,563 | 2,723,752 | 2,682,269 | 2,239,049 | 1,287,254 | 792,212 | 12,158,431 |
| Proceeds of Loan From City | 2,030,000 | 2,000,000 | | | | | | | 4,030,000 |
| Total Revenues | 2,030,000 | 2,912,332 | 1,521,563 | 2,723,752 | 2,682,269 | 2,239,049 | 1,287,254 | 792,212 | 16,188,431 |
| PROJECT COSTS | | | | | | | | | |
| Redevelopment Assistance | 2,000,000 | 2,000,000 | 567,570 | 1,765,336 | 1,722,214 | 1,437,524 | 1,287,254 | 792,212 | 11,572,111 |
| Repayment of City Loan | | | | | | | | | |
| Principal | | 719,932 | 871,590 | 830,877 | 865,751 | 741,851 | 0 | | 4,030,000 |
| Interest | | 162,400 | 52,403 | 97,539 | 64,304 | 29,674 | 0 | | 406,320 |
| Administrative Costs | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 0 | | 180,000 |
| Total Costs | 2,030,000 | 2,912,332 | 1,521,563 | 2,723,752 | 2,682,269 | 2,239,049 | 1,287,254 | 792,212 | 16,188,431 |

DRAFT REPORT ON SW 95th AVENUE URBAN RENEWAL PLAN

VIII. **FINANCIAL ANALYSIS OF THE PLAN**

The estimated tax increment revenues through FY 2019, as shown in Table 2 above, are based on projections of the assessed value of development within the Area.

Table 3 shows the projected incremental assessed values, the projected tax rates used to calculate tax increment revenues, and the maximum annual tax increment revenues (not adjusted for under-collection, penalties and interest). The Agency intends to collect less than the maximum annual tax increment revenues should the maximum revenues not be required for project costs. The amount the Agency projects to collect is the "Tax Increment Revenues Certified." These amounts, in turn, are used for the projections in Table 2.

As a result of certifying less than the maximum tax increment revenues, the Agency is projected to effectively return part of the incremental assessed value which will be distributed to the taxing districts. This is shown in Table 3 as the Incremental Assessed Value Released to Taxing Districts.

Table 3: Projected Incremental Assessed Value and Tax Increment Revenues

| FYE Ending June 30 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------------|
| Prior Total Assessed Value | 18,000,000 | 82,260,000 | 138,727,800 | 251,429,634 | 247,163,400 | 227,626,802 | 208,110,106 | |
| Change In Assessed Value | 64,260,000 | 56,467,800 | 112,701,834 | -4,266,234 | -19,536,598 | -19,516,696 | -19,496,197 | |
| Total Assessed Value | 82,260,000 | 138,727,800 | 251,429,634 | 247,163,400 | 227,626,802 | 208,110,106 | 188,613,909 | |
| Base Assessed Value | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | 18,000,000 | |
| Incremental Assessed Value | 64,260,000 | 120,727,800 | 233,429,634 | 229,163,400 | 209,626,802 | 190,110,106 | 170,613,909 | |
| Tax Rate | 14.1975 | 14.1703 | 14.1893 | 14.2097 | 13.0877 | 13.0719 | 13.0728 | |
| Maximum Tax Increment Revenues | 912,332 | 1,710,753 | 3,312,197 | 3,256,340 | 2,743,540 | 2,485,097 | 2,230,403 | |
| Tax Increment Revenues Certified | 912,332 | 1,521,563 | 2,723,752 | 2,682,269 | 2,239,049 | 1,287,254 | 792,212 | 12,158,431 |
| Incremental Assessed Value Released to Taxing Districts | 0 | 13,351,141 | 41,471,133 | 40,400,000 | 38,546,883 | 91,635,106 | 110,013,909 | |

IX. IMPACT OF THE TAX INCREMENT FINANCING, BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area. Table 4 shows the present value of the permanent rate revenues foregone throughout the life of the urban renewal area and the average annual revenues foregone.

Table 4: Present Value of Permanent Rate Revenues Foregone, Total and Annual

| Present Value Permanent Rate Taxes Foregone (2013\$) Through FYE 2019 | Total Value | Average Annual |
|--|--------------------|-----------------------|
| CLACKAMAS COMMUNITY COLLEGE | 422,872 | 60,410 |
| CITY WILSONVILLE | 1,909,513 | 272,788 |
| CLACKAMAS COUNTY | 1,821,333 | 260,190 |
| COUNTY EXTENSION & 4-H | 37,878 | 5,411 |
| COUNTY LIBRARY | 301,055 | 43,008 |
| VECTOR CONTROL | 4,924 | 703 |
| COUNTY SOIL CONSERVATION DISTRICT | 30,303 | 4,329 |
| FIRE DISTRICT 64 TUALATIN VALLEY FIRE AND RESCUE | 1,155,435 | 165,062 |
| PORT OF PORTLAND | 53,105 | 7,586 |
| SRV 2 METRO - OREGON ZOO | 73,181 | 10,454 |

The present value of average impact of foregone revenues as a percentage of the total permanent rate levy of each taxing district is shown in Table 5.

Table 5: Percent Average Annual Revenues Foregone as Percent of Projected 2013 Permanent Rate Levy in Clackamas County

| Taxing District | Projected Permanent Rate Levy in | Percent of Perm. Rate Levy |
|--|---|-----------------------------------|
| CLACKAMAS COMMUNITY COLLEGE | 15,299,145 | 0.4% |
| CITY WILSONVILLE | 4,754,028 | 5.7% |
| CLACKAMAS COUNTY | 48,980,819 | 0.5% |
| COUNTY EXTENSION & 4-H | 1,859,561 | 0.3% |
| COUNTY LIBRARY | 14,389,150 | 0.3% |
| VECTOR CONTROL | 241,803 | 0.3% |
| COUNTY SOIL CONSERVATION DISTRICT | 1,488,020 | 0.3% |
| FIRE DISTRICT 64 TUALATIN VALLEY FIRE AND RESCUE | 10,683,253 | 1.5% |
| PORT OF PORTLAND | 2,607,755 | 0.3% |
| SRV 2 METRO - OREGON ZOO | 2,623,300 | 0.4% |

Table 5 shows that the City of Wilsonville itself has the highest percentage of revenues foregone in comparison to the FY 12/13 permanent rate levy in Clackamas County (5.7 percent). Tualatin Valley Fire and Rescue shows average impacts of 1.5 percent of its projected FY 11/12 permanent rate levy in Clackamas County. All other taxing districts show impacts of 0.5 percent or less.

Table 6 shows the present value of revenues received after termination of tax increment financing in fiscal year 2019/2020.

Table 6: Present Value of Revenues Received after Termination of Tax Increment Financing in FY 19/20.

| Taxing District | Present Value Revenues Received in |
|--|---|
| CLACKAMAS COMMUNITY COLLEGE | 56,911 |
| CITY WILSONVILLE | 256,988 |
| CLACKAMAS COUNTY | 245,121 |
| COUNTY EXTENSION & 4-H | 5,098 |
| COUNTY LIBRARY | 40,517 |
| VECTOR CONTROL | 663 |
| COUNTY SOIL CONSERVATION DISTRICT | 4,078 |
| FIRE DISTRICT 64 TUALATIN VALLEY FIRE AND RESCUE | 155,502 |
| PORT OF PORTLAND | 7,147 |
| SRV 2 METRO - OREGON ZOO | 9,849 |

X. RELOCATION REPORT

As identified in the Plan, when the Agency acquires occupied property under the Plan, residential or commercial occupants of such property shall be offered relocation assistance as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations as necessary for the administration of relocation assistance.

XI. COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

There are two existing urban renewal areas in Wilsonville, the Year 2000 Plan and the Wilsonville West Side Plan. State law limits the percentage of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment to 25 percent for municipalities under 50,000 in population. As noted below, the frozen base plus the estimated total assessed value of the properties being added to the Area, including all real, personal, personal manufactured, and utility properties, is \$17,483,524. The estimated total acreage of the Area is 27.61 acres, including public right of way. The existing urban renewal areas are shown in the table below. When calculating the three urban renewal areas together,

23.63 percent of the acreage in the City would be in urban renewal areas, and 5.73 percent of the assessed value of the City would be in urban renewal areas. This is below the statutory limitation of 25 percent in both cases.

Table 7: URA Conformance with AV and Area Limits

| Urban Renewal Area | Acres | Frozen Base |
|---|---------------|-----------------------|
| | | Assessed Value |
| Year 2000 Plan (Eastside Urban Renewal) frozen base | 629 | \$88,313,858 |
| Wilsonville West Side Urban Renewal frozen base | 457 | 14,972,924 |
| SW 95th Avenue | 28 | 17,483,524 |
| Total in Urban Renewal | 1,114 | 120,770,033 |
| City of Wilsonville 2011 acreage/assessed value | 4,712 | 2,566,501,870 |
| City assessed value less "excess value" from existing urban renewal areas | | \$2,108,900,790 |
| <i>Total Amount of City in URAs</i> | <i>23.63%</i> | <i>5.73%</i> |

DRAFT

MEMORANDUM

TO: Stephan Lashbrook, Kristin Retherford
FROM: Jeff Tashman, Elaine Howard
SUBJECT: Memo To Overlapping Taxing Districts
DATE: January 12, 2011

The Attachment should be put on your letterhead and transmitted to the overlapping taxing districts. Elaine Howard is available to assist you in answering questions for the taxing districts or in attending meetings with the districts if they desire. You will want to add in more about the project background in the first paragraph.

DRAFT

The City of Wilsonville has been working with a manufacturing company named SoloPower that is looking to expand manufacturing operations outside of their current location in San Jose, California,. SoloPower manufactures state-of-the-art "thin-film" solar panel and siding products

and after considering a number of other locations both in and outside of Oregon, has chosen to expand their operations by redeveloping and reusing a vacant 26-acre parcel in the industrial area of Wilsonville on SW 95th Avenue. This redevelopment will result in \$250-plus million in capital investment in the community and produce more than 400 family-wage jobs over the next 5 to 10-year period.

Part of the financial package to support this redevelopment is the creation of an urban renewal area for the property and use of the tax increment revenue for the purposes of the redevelopment. This area is called the SW 95th Avenue Urban Renewal Plan ("Plan"). The Plan calls for specific development milestones and specific employment goals by the redeveloper. In return, it allows for tax increment financing to help support the redevelopment[EH9].

The Plan consists of a ***new, single-property, short-duration district*** which is structured to provide a financial incentive that equates to tax abatement. The district will "rebate" 75% of the new tax-increment generated by the new capital investment, estimated at \$11 million, for company investment in bricks and mortar improvements to the subject property, which is anticipated to undergo tenant improvements totaling approximately \$40 million over the course of five to 10 years.

As planned, only the specific building/tax lot and adjacent road right-of-way will be included in the district boundary.

All existing taxing jurisdictions affected by the new, limited-scope urban renewal district will continue to receive their current taxation rates, including any voter-approved levy funds, plus an additional 25% of the new urban-renewal increment. In totality, this equates to a projected \$12.2 million in new taxes shared by the city, county, fire district, school district and others in just the next ten years.

- The first \$4 million of increment will repay the Wilsonville General Fund's advance to the .
- Then 75% of increment will be returned to Project Solo for payment of tenant improvements for production lines 1-4. A five year limit is applied to each production line.
- 25% of the increment will be released to jurisdictions via the under-levy mechanism now possible through the HB3056.
- The district will end at the earlier of: the 5th year of either production line 3 or 4, or tax bills of 2021.
- Maximum debt will be \$12-14 million (Project Solo gets \$7+ million, UR/City gets \$4+ million)

Taxing districts ("overlapping taxing districts") that levy taxes in the urban renewal area ("Area") are affected by the tax increment financing of the urban renewal plan. While the tax increment

financing is in effect, most of the property tax revenues on the growth in assessed value inside the Area go to the Wilsonville Urban Renewal Agency to pay for urban renewal projects in the Area. However, the Wilsonville Urban Renewal Agency intends to collect less than the maximum annual tax increment revenues should the maximum revenues not be required for project costs. This analysis can be seen in Table 3 in the accompanying Report on the SW 95th Avenue Urban Renewal Plan.

(Taxes levied for General Obligation Bonds and Local Option Levies that were approved prior to October, 2001 are excluded from tax increment financing and all revenues collected go the taxing district.)

The process of adoption of an urban renewal plan requires that the proposed plan be sent to representatives of the overlapping taxing districts. While the approval of overlapping taxing districts is not required, the City Council is required to respond specifically to any written recommendations of the overlapping taxing districts. This letter is the official transmission of the proposed Draft SW 95th Avenue Urban Renewal Plan.

The Draft Report on the Plan has estimates of the impacts of the use of tax increment financing on these districts, as shown in the table below. All figures are in 2013 dollars. It is projected that the tax increment financing would last through FYE 2019. Table 1 below shows the present value of the permanent rate taxes projected to be foregone through FYE 2019, the estimated termination of the urban renewal area. It is important to remember that the building is presently vacant and the tax receipts have diminished the past two years. If not for urban renewal, the building would likely remain vacant until the economy improves. The projected term of the Area is about half the typical term of urban renewal (ten years versus 20 years). While the state statute requires an estimate of revenues foregone, it needs to be clear that these revenues would not likely be raised without the tax increment investment.

Table 1: Present Value of Taxes Foregone

| Present Value Permanent Rate Taxes Foregone (2013\$) Through FYE 2019 | Total Value | Average Annual |
|---|-------------|----------------|
| CLACKAMAS COMMUNITY COLLEGE | 422,872 | 60,410 |
| CITY WILSONVILLE | 1,909,513 | 272,788 |
| CLACKAMAS COUNTY | 1,821,333 | 260,190 |
| COUNTY EXTENSION & 4-H | 37,878 | 5,411 |
| COUNTY LIBRARY | 301,055 | 43,008 |
| VECTOR CONTROL | 4,924 | 703 |
| COUNTY SOIL CONSERVATION DISTRICT | 30,303 | 4,329 |
| FIRE DISTRICT 64 TUALATIN VALLEY FIRE AND RESCUE | 1,155,435 | 165,062 |
| PORT OF PORTLAND | 53,105 | 7,586 |
| SRV 2 METRO - OREGON ZOO | 73,181 | 10,454 |

The present value of average impact of foregone revenues as a percentage of the total permanent rate levy of each taxing district is shown in Table 2.

Table 2: Percent Average Annual Revenues Foregone as Percent of Projected 2013 Permanent Rate Levy in Clackamas County

| Taxing District | Projected Permanent Rate Levy in Clackamas County | Percent of Perm. Rate Levy |
|--|---|----------------------------|
| CLACKAMAS COMMUNITY COLLEGE | 15,299,145 | 0.4% |
| CITY WILSONVILLE | 4,754,028 | 5.7% |
| CLACKAMAS COUNTY | 48,980,819 | 0.5% |
| COUNTY EXTENSION & 4-H | 1,859,561 | 0.3% |
| COUNTY LIBRARY | 14,389,150 | 0.3% |
| VECTOR CONTROL | 241,803 | 0.3% |
| COUNTY SOIL CONSERVATION DISTRICT | 1,488,020 | 0.3% |
| FIRE DISTRICT 64 TUALATIN VALLEY FIRE AND RESCUE | 10,683,253 | 1.5% |
| PORT OF PORTLAND | 2,607,755 | 0.3% |
| SRV 2 METRO - OREGON ZOO | 2,623,300 | 0.4% |

Table 2 shows that the City of Wilsonville itself has the highest percentage of revenues foregone in comparison to the FY 12/13 permanent rate levy in Clackamas County (5.7%). Tualatin Valley Fire and Rescue shows average impacts of 1.5% of its projected FY 11/12 permanent rate levy in Clackamas County. All other taxing districts show impacts of 0.5% or less.

Table 3 shows the present value of revenues received after termination of tax increment financing in fiscal year 2019/2020.

Table 3: Present Value of Revenues Received after Termination of Tax Increment Financing in FY 19/20.

| Taxing District | Present Value Revenues Received in FY 19/20 |
|--|--|
| CLACKAMAS COMMUNITY COLLEGE | 56,911 |
| CITY WILSONVILLE | 256,988 |
| CLACKAMAS COUNTY | 245,121 |
| COUNTY EXTENSION & 4-H | 5,098 |
| COUNTY LIBRARY | 40,517 |
| VECTOR CONTROL | 663 |
| COUNTY SOIL CONSERVATION DISTRICT | 4,078 |
| FIRE DISTRICT 64 TUALATIN VALLEY FIRE AND RESCUE | 155,502 |
| PORT OF PORTLAND | 7,147 |
| SRV 2 METRO - OREGON ZOO | 9,849 |

For more information, please contact:

Jeanna Troha
 City Manager Pro Tem
 City of Wilsonville
 503-570-1503
 troha@ci.wilsonville.or.us

Attachments:

- A: Draft SW 95th Avenue Urban Renewal Plan
- B: Draft Report on the SW 95th Avenue Urban Renewal Plan